

RESOLUTION No. 03-02-2006

**A RESOLUTION OF THE SANTAQUIN CITY COUNCIL AUTHORIZING
THE EXECUTION OF AN AGREEMENT WITH SUMMIT RIDGE
COMMUNITIES, LLC FOR THE DEDICATION OF WATER RIGHTS, A
WELL AND WATER STORAGE FACILITIES TO THE CITY**

WHEREAS, Summit Ridge Communities, LLC, owns certain real property located within the Santaquin City limits, which property is subject to an Annexation and Development Agreement (the "Agreement") dated December 6, 2000; and

WHEREAS, the Agreement requires that in connection with the development of the aforementioned property, the developer dedicate to the City sufficient water rights, together with a water system that includes, among other things, a water well and water storage tank; and

WHEREAS, Summit Ridge Communities desires now to dedicate a water well, a water storage tank and certain water rights to Santaquin City as required for the development of the property; and

WHEREAS, Santaquin City and Summit Ridge Communities desire now to clarify the rights and obligations of the parties upon dedication;

NOW, THEREFORE, be it resolved by the Santaquin City Council as follows:

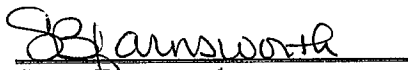
1. The Santaquin City Council approves and authorizes the Mayor to sign the Agreement with Summit Ridge Communities, a copy of which is attached hereto as Exhibit A.
2. This Resolution shall take effect immediately upon its passage.

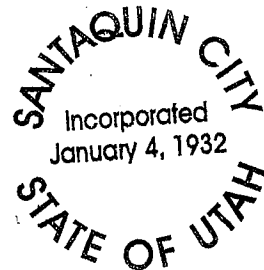
PASSED AND APPROVED this 15th day of March, 2006.

SANTAQUIN CITY COUNCIL


James E. DeGraffenried, Mayor

ATTEST:


Susan Farnsworth
Santaquin City Recorder



AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into as of the 15 day of March, 2006, by and between SUMMIT RIDGE COMMUNITIES, LLC, a Utah limited liability company ("Summit Ridge"), and SANTAQUIN CITY CORPORATION, a municipal corporation ("Santaquin City").

RECITALS

A. Summit Ridge has already obtained, or will be seeking, final plat approval from Santaquin City for the development of certain parcels of real property within the boundaries of Santaquin City.

B. Among other requirements for final plat approval, Santaquin City requires the dedication of 3.00 acre feet of water diversion rights per acre of land within the boundaries of Santaquin City.

C. Summit Ridge has previously purchased 719.93 acre feet of water credits from Santaquin City, which water credits have been and will be used at the rate of 3.00 acre feet per developed acre at final plat approval of each subdivision within the Summit Ridge project area for the development of a total of 239.977 acres. For purposes of this Agreement, "developed" means: (1) included in a subdivision plat; (2) improved, or containing improvements; or (3) otherwise requiring the delivery of water.

D. Summit Ridge now desires to dedicate, or cause to be dedicated, an additional total of 325.40 acre feet of diversion water rights to Santaquin City, in order to satisfy Santaquin City's requirement for dedication of 3.00 acre feet of diversion water rights per acre for final plat approval of an additional 108.47 acres of land, to be developed within the boundaries of Santaquin City.

E. In this Agreement, Summit Ridge desires to dedicate this 325.40 acre feet of diversion water rights to Santaquin City in consideration for Santaquin City's transfer of 325.40 acre feet of credit for water diversion rights toward the development and plat approval of an additional 108.47 acres within the boundaries of Santaquin City.

F. Summit Ridge further desires to dedicate the Summit Ridge Mile High Tank to Santaquin City in order to receive credits from Santaquin City in the amount of the entire tank capacity, which credits shall be used by the developments within the Summit Ridge project area, and Summit Ridge desires to dedicate the water well and well site to Santaquin City in order to receive credits from Santaquin City in the amount of the entire source capacity of the water well, which credits shall be used in the developments within the Summit Ridge project area.

NOW, THEREFORE, in consideration of the covenants, promises, obligations, and agreements set forth herein and for other good and valuable consideration, the parties agree as follows:

1. Summit Ridge has previously purchased 719.93 acre feet of water credits from Santaquin City, and the parties agree that this 719.93 acre feet of water credits have been and will be used at the rate of 3.00 acre feet per developed acre at final plat approval of each subdivision within the Summit Ridge project area for the development of a total of 239.977 acres.

2. Contemporaneously with the execution of this Agreement, Summit Ridge shall dedicate, or cause to be dedicated, an additional total of 325.40 acre feet of diversion water rights to Santaquin City. The total of 325.40 acre feet of diversion water rights shall be dedicated as follows: (1) 204.40 acre feet of diversion water rights, representing 40/158ths of Water Right No. 53-1496 and that portion of approved Change Application No. a25719 totaling 40/158ths or 204.4 acre feet, as represented by 40 shares of stock in Utah Lake Distributing Company, shall be transferred by Water Rights Dedication and Assignment, substantially in the form attached hereto as Exhibit A, from KBS Holdings, LLC, grantor, to Santaquin City, grantee; and (2) 121 acre feet of diversion water rights, representing 25/49ths of Water Right No. 53-1507 and that portion of approved Change Application No. a26452 totaling 25/49ths or 121 acre feet, as represented by 25 shares of stock in the East Jordan Irrigation Company, shall be transferred by Water Rights Dedication and Assignment, substantially in the form attached hereto as Exhibit B, from Summit Ridge, grantor, to Santaquin City, grantee. In addition, Summit Ridge shall cause 40 shares of stock in Utah Lake Distributing Company and 25 shares of stock in East Jordan Irrigation Company, as the shares representing the 325.40 acre feet of dedicated water rights, to be transferred to Santaquin City by means of endorsement of stock certificates to Santaquin City.

3. In consideration for the dedication of the 325.40 acre feet of diversion water rights to Santaquin City and contemporaneously with the execution of this Agreement, Santaquin City shall transfer to Summit Ridge, in substantially the form attached hereto as Exhibit C, credit for 325.40 acre feet of diversion water rights to be applied to lands developed by Summit Ridge, to satisfy the requirement of the dedication of 3.00 acre feet of diversion water rights per acre, for final plat approval by Santaquin City.

4. Santaquin City agrees that as Summit Ridge applies for final plat approval as to any of its lands to be developed, Santaquin City will use the water requirement of dedication of 3.00 acre feet of diversion water rights per acre for final plat approval for all water credits obtained as of the date of this Agreement, whether or not that requirement is changed in the future, and Santaquin City hereby waives any further obligation of Summit Ridge to dedicate water rights to Santaquin City as a direct or indirect condition for plat approval of 108.47 acres of land within the boundaries of Santaquin City, for which the 325.40 acre feet of diversion water rights are hereby dedicated. Summit Ridge shall obtain future water credits, when additional water rights or monies in lieu of water are dedicated to the City, as provided in the City Ordinance at the time of such dedication.

5. Contemporaneously with the execution of this Agreement, Summit Ridge shall dedicate the Summit Ridge Mile High Tank and water tank site to Santaquin City, substantially in the form attached hereto as Exhibit D, and Santaquin City hereby credits Summit Ridge with credits in the amount of the entire capacity of the Summit Ridge Mile High Tank, which credits shall be used for the needs of the developments of Summit Ridge, its successors and assigns, in the Summit Ridge project area.

6. Contemporaneously with the execution of this Agreement, Summit Ridge shall dedicate the water well and water well site to Santaquin City, substantially in the form attached hereto as Exhibit D, and Santaquin City hereby credits Summit Ridge with credits in the amount of the entire source capacity from the water well, which credits shall be used in the development of the properties in the Summit Ridge project area.

7. Santaquin City represents that the person or persons signing on its behalf have full authority from the Santaquin City Council to bind Santaquin City to the terms set forth herein and Santaquin City agrees to provide a corporate resolution authorizing its representatives to sign this Agreement.

8. Brian Seager, as Manager of Summit Ridge, represents that he has full authority from Summit Ridge to bind Summit Ridge to the terms set forth in this Agreement.

9. The parties agree to execute any and all documents reasonably necessary to effectuate the terms of this Agreement.

10. This Agreement shall be binding upon any inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the day and year first above written.

SUMMIT RIDGE:

SUMMIT RIDGE COMMUNITIES, LLC,
a Utah limited liability company

By: B-TS
Brian Seager
Its: Manager

SANTAQUIN CITY:

SANTAQUIN CITY CORPORATION

ATTEST:

S B Farnsworth
Santaquin City Recorder

By James E. DeGraffenried

Its: Mayor

STATE OF UTAH)

: ss.

COUNTY OF Utah)

On this 15 day of March, 2006, personally appeared before me James E. DeGraffenried and who by me duly affirmed that he is the Mayor of Santaquin City Corporation and that said agreement was signed by him on behalf of said corporation by authority of a resolution of its City Council and said Mayor acknowledged to me that said corporation executed the same.

Susan B Farnsworth
Notary Public
Residing at: Santaquin, UT

My commission expires:
11/29/09

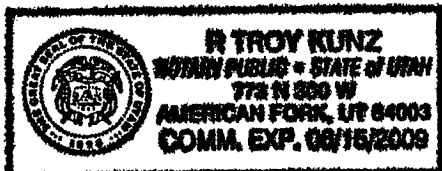


STATE OF UTAH)

: ss.

COUNTY OF Utah)

On this 10th day of March, 2006, personally appeared before me Brian Seager, and who by me duly affirmed that he is the Manager of Summit Ridge Communities, LLC, a Utah limited liability company, and that said agreement was signed by him on behalf of said Summit Ridge Communities, LLC, and said Brian Seager acknowledged to me that said Summit Ridge Communities, LLC, executed the same.



My commission expires:
6-15-2009

R. Troy Kunz
Notary Public
Residing at: 773 N 300 W
American Fork, UT 84003

When recorded, return to:

Santaquin City Corporation
45 West 100 South
Santaquin, Utah 84655

WATER RIGHTS DEDICATION
AND ASSIGNMENT

KBS Holdings, LLC, GRANTOR, hereby dedicates, conveys, and assigns to Santaquin City Corporation, at the address of 45 West 100 South, Santaquin, Utah 84655, GRANTEE, for the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the following water and water rights and water rights change application in Utah County, State of Utah:

That portion of Water Right No. 53-1496, totaling 40/158ths or 204.4 acre feet, of water and water rights in Water Right No. 53-1496, as represented by 40 shares of stock in Utah Lake Distributing Company, together with that portion of approved Change Application No. a25719 totaling 40/158ths or 204.4 acre feet of approved Change Application No. a25719 filed upon Water Right No. 53-1496, as identified in the Office of the Utah Division of Water Rights.

GRANTOR makes this dedication and assignment to GRANTEE for the sole purpose of obtaining 204.4 acre feet of water credits for Summit Ridge Communities, LLC, from GRANTEE for development of properties within the boundaries of GRANTEE.

EXECUTED this 10th day of March, 2006.

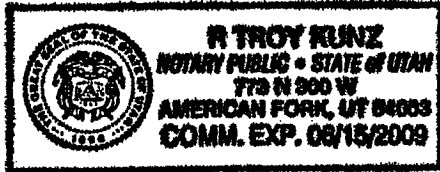
GRANTOR:

KBS HOLDINGS, LLC

By: B-TS
Brian Seager
Its: Manager

STATE OF UTAH)
COUNTY OF Utah) : ss.

The foregoing instrument was acknowledged before me on this 10th day of March, 2006, by Brian Seager, as Manager of KBS Holdings, LLC, on behalf of KBS Holdings, LLC.



My commission expires:
6-15-2009

R. Troy Kunz
Notary Public
Residing at: 773 N 300 W
American Fork UT 84003

When recorded, return to:

Santaquin City Corporation
45 West 100 South
Santaquin, Utah 84655

WATER RIGHTS DEDICATION
AND ASSIGNMENT

Summit Ridge Communities, LLC, at the address of 125 East Main Street, #403, American Fork, Utah 84003, GRANTOR, hereby dedicates, conveys, and assigns to Santaquin City Corporation, at the address of 45 West 100 South, Santaquin, Utah 84655, GRANTEE, for the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the following water and water rights and water rights change application in Utah County, State of Utah:

That portion of Water Right No. 53-1507, totaling 25/49ths or 121 acre feet, of water and water rights in Water Right No. 53-1507, as represented by 25 shares of stock in East Jordan Irrigation Company, together with that portion of approved Change Application No. a26452 totaling 25/49ths or 121 acre feet of approved Change Application No. a26452 filed upon Water Right No. 53-1507, as identified in the Office of the Utah Division of Water Rights.

GRANTOR makes this dedication and assignment to GRANTEE for the sole purpose of obtaining 121 acre feet of water credits from GRANTEE for development of properties within the boundaries of GRANTEE.

EXECUTED this 10th day of March, 2006.

GRANTOR:

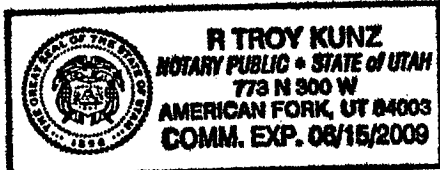
SUMMIT RIDGE COMMUNITIES, LLC

By: B-TS
Brian Seager

Its: Manager

STATE OF UTAH)
) : ss.
COUNTY OF Utah)

The foregoing instrument was acknowledged before me on this 10th day of March, 2006, by Brian Seager, as Manager of Summit Ridge Communities, LLC, on behalf of Summit Ridge Communities, LLC.



My commission expires:
6-15-2009

R. Troy Kunz
Notary Public
Residing at: 773 N 300 W
American Fork, UT 84003

TRANSFER
OF
WATER RIGHT CREDITS

Santaquin City Corporation, in consideration for its receipt of 325.40 acre feet of diversion water rights received from or on behalf of Summit Ridge Communities, LLC, a Utah limited liability company, hereby transfers to Summit Ridge Communities, LLC, 325.40 acre feet of diversion water right credits to satisfy the requirements of Santaquin City Corporation for the development and plat approval of 108.47 acres of land developed by Summit Ridge Communities, LLC, within the boundaries of Santaquin City Corporation.

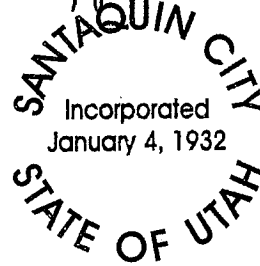
DATED this 15 day of March, 2006.

SANTAQUIN CITY CORPORATION

ATTEST:

S B Farnsworth
Santaquin City Recorder

By James E DeGraffenried
Its: Mayor

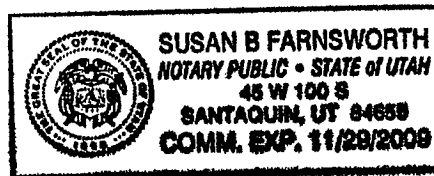


STATE OF UTAH)
 : ss.
COUNTY OF Utah)

On this 15 day of March, 2006, personally appeared before me James E DeGraffenried and who by me duly affirmed that he is the Mayor of Santaquin City Corporation and that the foregoing instrument was signed by him on behalf of said corporation by authority of a resolution of its City Council and said Mayor acknowledged to me that said corporation executed the same.

Susan B Farnsworth
Notary Public
Residing at: Santaquin, UT

My commission expires:
11/29/09



When recorded, return to:

Santaquin City Corporation
45 West 100 South
Santaquin, Utah 84655

**WATER TANK AND
WELL SITE DEDICATION**

Summit Ridge Communities, LLC, at the address of P.O. Box 130, One Summit Ridge Way, Santaquin, Utah 84655, GRANTOR, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, hereby dedicates, warrants and conveys to Santaquin City Corporation, at the address of 45 West 100 South, Santaquin, Utah 84655, GRANTEE, the following described tract of land, situated in Utah County, State of Utah:

A portion of the SE $\frac{1}{4}$ of Section 9, Township 10 South, Range 1 East, Salt Lake Base & Meridian, more particularly described as follows:

Beginning at a point located N89°05'31"E along the Section line 818.88 feet and North 494.65 feet from the South $\frac{1}{4}$ Corner of Section 9, T10S, R1E, S.L.B. & M.; thence North 358.99 feet; thence East 242.68 feet; thence Southwesterly along the arc of an 830.00 foot radius non-tangent curve (radius bears: S75°18'12"E) 212.90 feet through a central angle of 14°41'48" (chord: S7°20'54"W 212.32 feet); thence South 78.22 feet; thence along the arc of a 15.00 foot radius curve to the right 22.16 feet through a central angle of 84°37'31" (chord: S42°18'45"W 20.20 feet) to a point of reverse curvature; thence along the arc of a 530.00 foot radius curve to the left 135.59 feet through a central angle of 14°39'31" (chord: S77°17'45"W 135.22 feet); thence S69°58'00"W 74.52 feet to the point of beginning.

Contains: 1.65+/- acres

AND GRANTOR further sells, assigns, transfers, and conveys to GRANTEE that water storage tank, known as the Summit Ridge Mile High Tank, located on the above-referenced real property and all fixtures, piping and equipment associated with the Summit Ridge Mile High Tank;

GRANTOR further dedicates, warrants and conveys to GRANTEE the water well site on the following described tract of land, situated in Utah County, State of Utah:

A portion of the SW $\frac{1}{4}$ of Section 3, Township 10 South, Range 1 East, Salt Lake Base & Meridian, more particularly described as follows:

Beginning at a point on the westerly right-of-way line of the Union Pacific Railroad located N89°55'46"W along the Section line 68.82 feet and North 149.58 feet from the South ¼ Corner of Section 3, T10S, R1E, S.L.B.& M.; thence N78°56'36"W along the extension of, and along a fence line 80.41 feet; thence N9°31'25"E along a fence line 100.36 feet; thence S78°15'32"E along a fence line and extension thereof 81.61 feet to said railroad right-of-way; thence along said right-of-way: Southwesterly along the arc of a 2,015.00 foot radius non-tangent curve (radius bears: S78°23'37"E) 99.37 feet through a central angle of 2°49'32" (chord: S10°11'37"W 99.36 feet) to the point of beginning.

Contains: 8,046+/-s.f.

AND GRANTOR further sells, assigns, transfers, and conveys to GRANTEE the water well, associated fixtures, piping and equipment, and the well house located on the above-referenced property;

AND GRANTOR further agrees, as to that real property owned by GRANTOR, not to locate or allow the location of uncontrolled potential contamination sources or pollution sources within a 100-foot radius of the wellhead.

The officer who signs this Dedication hereby certifies that this Dedication and the transfers represented hereby were duly authorized by GRANTOR and that this officer has full authority from GRANTOR to bind GRANTOR to the terms of this Dedication.

Executed this 10th day of March, 2006.

GRANTOR:

SUMMIT RIDGE COMMUNITIES, LLC,
a Utah limited liability company

By: B-TS
Brian Seager
Its: Manager

STATE OF UTAH)
COUNTY OF Utah) : ss.

The foregoing instrument was acknowledged before me on this 10th day of March, 2006, by Brian Seager, as Manager of Summit Ridge Communities, LLC, on behalf of Summit Ridge Communities, LLC.



My commission expires:
6-15-2009

R. Troy Kunz
Notary Public
Residing at: 773 North 300 West
American Fork, UT 84003