

MASTER REIMBURSEMENT AND CONNECTOR AGREEMENT

THIS MASTER REIMBURSEMENT AND CONNECTOR AGREEMENT (“**Agreement**”) is made and entered into effective as of _____, 2023 (the “**Effective Date**”), by and between City of Santaquin, Utah, a municipality and political subdivision of the State of Utah (“**City**”), and South Valley Holdings, LLC, a Utah limited liability company (“**Master Developer**”). City and Master Developer may be hereinafter referred to individually as a (“**Party**”) and collectively as the (“**Parties**”).

RECITALS

A. Master Developer owns approximately 340.56 acres of property located at approximately 648 N SR 198, in Santaquin, Utah, as more fully described in Exhibit “A” attached hereto (the “**Property**”).

B. Master Developer is developing a planned unit development within the Property.

C. The parties have previously executed an Amended & Restated Development Agreement recorded January 4, 2022, (Utah County Recording # 869:2022) providing for development of the Property (the “**Master Development Agreement**”). The Master Development Agreement provided that the parties would use best efforts to negotiate and enter into an agreement setting out the terms and conditions upon which Master Developer would be reimbursed by City for certain public facilities that are or will be constructed and paid for by Master Developer.

D. Certain public improvements that Master Developer shall construct in the future, both on and off the Property, have been or may be constructed larger than the standard sizes required for serving the Property or with capacity exceeding that needed for development of the Property and are intended to serve neighboring properties and to benefit the community at large.

E. These oversized facilities, as more specifically described below, are or will be system improvements (“**System Improvements**”) as defined in the State of Utah’s “Impact Fees Act,” Utah Code Title 11, Chapter 36a (“**Act**”).

F. City has adopted Impact Fee Facilities Plans, Impact Fee Analyses, and Impact Fee Ordinances (the “**Ordinances**”) for a service area containing the Property . Pursuant to the Act and the Ordinances, City will impose impact fees (“**Impact Fees**”) related to the costs of the certain necessary System Improvements (i.e.: culinary water, pressure irrigation, sanitary sewer, storm drain, transportation, recreation, etc.) within the identified service area and City may, from time to time, extend, modify, or amend such plans, analyses and/or Impact Fees pursuant to the Act.

G. City is willing to reimburse Master Developer through Impact Fees collected from the owners and/or developers of property located within the Property as provided in the Act for a portion of the costs incurred by Master Developer in constructing and installing the System Improvements. Any reimbursement shall be proportional to the benefits received from the System Improvements by the Property and by neighboring properties as they may benefit from the System Improvements and for which the City actually collects Impact Fees. Any reimbursement shall be according to and no more than the actual amount of Impact Fees collected from the Property and any neighboring properties that may benefit from the System Improvements.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Master Developer hereby agree to the following:

TERMS

1. Incorporation of Recitals and Exhibits. The foregoing Recitals and Exhibits are hereby incorporated into this Agreement.

2. Effective Date/Term of Agreement. This Agreement shall become effective upon the Effective Date and shall remain in force for the earlier of: (a) a period of twelve (12) years after the Effective Date; or (b) such date as the Reimbursement Amount (as defined below), has been paid in full (“**Term**”).

3. Reimbursement for Capital Costs for System Improvements. The Parties acknowledge that City may require Master Developer to oversize the water lines and to construct and install a culinary water booster pump station, or other System Improvements, such that they will provide more flow and/or capacity than that actually required to service the Property. In that case, an incremental portion of those System Improvements, and the costs thereof, shall be entitled to reimbursement to Master Developer, and are acknowledged by City to qualify under the Impact Fee Analyses as System Improvements for which Master Developer may be reimbursed through Impact Fees when collected by City from owners and/or developers of properties located: (a) within the Property, and (b) properties outside the Property that are directly benefitted by such System Improvements. The reimbursable System Improvement amount shall be the actual costs attributable to the oversized capacity of the improvements incurred by Master Developer for design, construction, and installation, and not estimates (the “**Reimbursement Amount**”). To the extent the above-described improvements to be installed by Master Developer are not now included in City’s Impact Fee Facilities Plan and Impact Fee Analysis, City agrees to amend such plans and associated documents as appropriate to so include such improvements. If Impact Fees derived from the Project or from development of other properties that benefit from the System Improvements during the term of this agreement are insufficient to cover the full cost of the System Improvements, the City shall assume no liability for reimbursement to the Master Developer for the remainder of the System Improvements costs.

4. Collection and Payment of Reimbursements. Impact Fees or Connector Fees collected by City for the System Improvements or Project Improvements shall be paid by City to Master Developer in accordance with applicable provisions of the Santaquin City code during the Term. However, no payment shall be made prior to acceptance of each applicable improvement giving rise to reimbursement by City. For purposes of this Agreement, “acceptance” shall mean that point in time at which City accepts the improvement pursuant to the Santaquin City code and begins the warranty period. City will provide an accounting of those sums received and the outstanding balances of the amounts to be reimbursed at the time each payment is made.

5. Payment from Impact or Connector Fees for System and Project Improvements to Master Developer.

- A. As City signals the “acceptance” of each applicable System Improvement or Non-System Improvement, Master Developer shall provide City with an itemization of expenditures comprising the Reimbursement Amount, invoices evidencing payment, and a computation indicating the incremental portion of those improvements, and the costs thereof.
- B. Within thirty (30) days after the end of each calendar quarter, City shall pay Master Developer the applicable portion of the Reimbursement Amount for which Impact or Connector Fees have been collected during the prior quarter. City shall pay Master Developer the proportionate amount of each applicable Fee collected.
- C. City shall, to the extent allowable by law, use its best efforts to keep in place Impact Fee Facilities Plans, Impact Fee Analyses and Impact Fee Ordinances, including provisions similar to those contained in the current Impact Fee Analyses to account for increases in construction costs, and any and all other similar instruments necessary or required to provide Master Developer with reimbursement payments as set forth in, and subject to the terms and conditions of this Agreement, and, without undue delay, to adopt any new or modified impact fee facilities plans, impact fee analysis, and/or impact fee ordinance or other similar instruments necessary to legally collect impact and other fees. City shall not be responsible for the reimbursement payments set forth herein if any challenge to such instruments prevents City from legally collecting such fees under the current or succeeding ordinances, plans, or analyses. However, nothing herein shall be construed to prohibit City from time to time, from amending its Impact Fee Analyses and/or Impact Fees to address changes in facts, circumstances, assumptions or the law underlying such fees, except that such amendments shall not reduce the

Reimbursement Amount or exempt any of the applicable properties from paying the Impact and Connector Fees except as may be required by law.

6. Connector Agreements. In the event Master Developer enters into any separate agreements with neighboring landowners allowing them to connect to improvements installed by Master Developer on the Property, all amounts paid by those neighbors for System Improvements shall reduce the total amount of the Reimbursement Amount.

7. Special District. In the event a special district is formed to provide for construction of any of the System Improvements, City shall exercise reasonable efforts to cause each such district to enter into a similar agreement to this Agreement to reimburse Master Developer.

8. Interest on Reimbursement Amount. No interest shall accrue or otherwise be required or included in the amount of the Reimbursement Amount. However, any amount owed by City to Master Developer that is not paid within the timeframe set forth herein shall accrue interest at the rate of eight percent per annum from the end of Term. Accrued interest will be computed based on the actual number of days elapsed in the period in which it accrues.

9. Effect of Agreement. Nothing in this Agreement shall be construed as a land use, subdivision, or building approval or to relieve Master Developer from any obligations imposed by Federal, State, or local laws, ordinances, regulations, or standards.

10. Arm's Length Transaction. Master Developer affirms that this Agreement is an arm's length transaction and is not made under duress or the threat of eminent domain. Master Developer understands that this Agreement is a legally binding document and has had opportunity to retain and consult independent counsel.

11. Waiver and Covenant Not to Sue. Master Developer acknowledges that the System Improvements serve a legitimate public interest, are reasonably related to the development of the Property, and lawfully required to be dedicated to City as part of the subdivision process. Master Developer waives any rights or claims against City and covenants not to sue City for any claims of eminent domain or unlawful exactions of any kind.

12. Indemnification by Master Developer. Master Developer shall indemnify, hold harmless and defend City from and against any and all claims, damage, and loss arising out of, or in any way relating to any and all legal challenges arising out of the execution of this Agreement.

13. Agreement Binding on All Successors in Title and Shall Run with the Land. Master Developer hereby agrees and covenants that it is Master Developer's intent that this Agreement be binding upon all successors-in-title or interest to the Property, and shall run with

the land. This Agreement may be recorded at the Utah County Recorder's Office and shall bind any successors-in-title or interest to the Property to all obligations set forth in this Agreement.

14. Assignment. This Agreement and any of its provisions, terms or conditions may be assigned by Master Developer to any other party, individual or entity only upon the sale of the Property, with Master Developer assigning both the rights as well as the responsibilities hereunder, and the new owner of the Property agreeing in writing to be bound hereby. In the event of any such assignment, Master Developer shall provide City written notice of the assignment and provide City with all applicable agreements or documentation necessary to enforce the provisions of this Agreement, specifically including whether Assignor or Assignee will be entitled to receive reimbursements pursuant to this Agreement.

15. Entire Agreement. This Agreement contains the entire agreement and understanding of the Parties and supersedes all prior written or oral agreements, representations, promises, inducements, or understandings between the Parties with regard to any reimbursements by City.

16. Binding Effect. This Agreement shall be binding upon the parties hereto and their respective officers, employees, representatives, agents, members, successors, and assigns.

17. Validity and Severability. If any section, clause, or portion of this Agreement is declared invalid by a court of competent jurisdiction for any reason, the remainder shall not be affected thereby and shall remain in full force and effect.

18. Amendment. This Agreement may be amended only in writing and signed by the Parties hereto and designated as an amendment hereto.

19. Controlling Law, Jurisdiction and Venue. This Agreement shall be governed by the laws of the State of Utah. Venue shall be in Utah County, Utah.

20. Attorney's Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs in addition to any other relief to which such party may be entitled.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first hereinabove written.

MASTER DEVELOPER:

South Valley Holdings, LLC
a Utah limited liability company

By: _____
Stephen A. Larsen
Member

_____ Date

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

On _____, 2023, Stephen A. Larsen personally appeared before me and proved on the basis of satisfactory evidence to be the person whose name is subscribed to in this document, and acknowledged that he executed the same in his capacity as a Member of South Valley Holdings, LLC.

Notary Public

CITY:

City of Santaquin
a municipality and political subdivision of the State of Utah

By: _____
Daniel M. Olson, Mayor

Date: _____

ATTEST:

By: _____
Amalie R. Ottley, City Recorder

APPROVED AS TO FORM:

By: _____
Brett B. Rich, City Attorney

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

On _____, 2023, Daniel M. Olson personally appeared before me and proved on the basis of satisfactory evidence to be the person whose name is subscribed to in this document, and acknowledged that he executed the same in his capacity as Mayor of the City of Santaquin, Utah.

Notary Public

EXHIBIT "A"

THE PROPERTY

Parcel of real property situate in Utah County, Utah, described as follows:

Beginning at a point which is East 1355.49 feet & North 20.34 feet from the southwest corner of Section 31, T9S, R2E, SLB&M.

Thence North 23°42'26" West 35.69 feet; thence South 89°59'52" West 247.45 feet; thence South 87°17'34" West 94.19 feet; thence South 24°47'09" West 148.66 feet; thence North 65°12'35" West 405.95 feet; thence along the arc of a 20.00 foot radius curve to the right a distance of 32.33 feet (curve having a central angle of 92°37'07" and a long chord bears North 18°54'01" West 28.92 feet; thence along the arc of a 1318.03 foot radius curve to the right a distance of 550.47 feet (curve having a central angle of 23°55'45" and a long chord bears North 39°22'24" East 546.47 feet; thence North 51°30'22" East 48.19 feet; thence North 79°06'48" East 57.71 feet; thence North 49°55'00" East 431.31 feet; thence south 38.68 feet; thence North 56°40'00" East 433.28 feet; thence North 34°04'44" West 14.96 feet; thence North 55°48'24" East 335.00 feet; thence South 34°11'02" East 13.34 feet; thence North 51°33'13" East 127.17 feet; thence North 86°27'29" East 82.97 feet; thence North 36°45'54" East 15.30 feet; thence North 89°08'25" East 521.27 feet; thence North 00°50'02" West 14.92 feet; thence North 89°08'25" East 118.27 feet; thence North 679.59 feet; thence West 67.96 feet; thence North 29.21 feet; thence North 36°59'25" East 584.90 feet; thence North 35°43'03" East 403.54 feet; thence North 32°52'04" East 31.79 feet; thence South 89°59'58" East 539.74 feet; thence South 00°00'03" East 181.50 feet; thence East 129.01 feet; thence South 00°40'05" East 39.18 feet; thence North 89°31'08" East 724.44 feet; thence south 209.38 feet; thence East 280.50 feet; thence North 211.73 feet; thence North 89°31'10" East 330.01 feet; thence South 00°41'06" East 2.53 feet; thence North 89°08'16" East 1344.96 feet; thence South 00°45'44" East 2602.48 feet; thence South 89°13'15" West 1446.66 feet; thence South 89°08'42" West 62.12 feet; thence South 00°57'58" West 895.70 feet; thence North 89°01'35" West 3000.00 feet; thence North 00°58'24" East 799.91 feet; thence South 89°08'35" West 854.71 feet to the point of beginning.

340.56 Acres

