

**PEAKS PUBLIC INFRASTRUCTURE DISTRICT
ACCEPTANCE RESOLUTION PURSUANT TO INFRASTRUCTURE ACQUISITION
AND PROJECT FUND DISBURSEMENT AGREEMENT
(January 14, 2025)**

WHEREAS, Peaks Public Infrastructure District, in Morgan County, State of Utah (the “**District**”), a political subdivision and body corporate and politic of the State of Utah (the “**District**”), duly organized and existing pursuant to the Special District Act, Title 17B, Chapter 1, Utah Code Annotated 1953 and the Public Infrastructure District Act, Title 17D, Chapter 4, Utah Code Annotated 1953 (the “**Special District Act**”); and

WHEREAS, the District has the power to provide certain public infrastructure, improvements and services as described in the Special District Act and Public Infrastructure District Act within and without its boundaries (collectively, the “**Public Infrastructure**”), as authorized in accordance with the Governing Document for the District approved by the Morgan, Utah County Commission on February 20, 2024 (the “**Governing Document**”); and

WHEREAS, the District and Peaks Townhomes, LLC (“**Peaks Townhomes**”) are parties to that certain Infrastructure Acquisition and Reimbursement Agreement dated September 4, 2024 (the “**Agreement**”); and

WHEREAS, capitalized terms used herein without definition shall have the meanings assigned to them in the Agreement; and

WHEREAS, the Agreement establishes the terms and conditions for the reimbursement of District Eligible Costs to Peaks Townhomes from the Project Fund, and, as applicable, for the acquisition of Public Infrastructure that is to be conveyed to the District; and

WHEREAS, pursuant to the Agreement, Peaks Townhomes has submitted an Application for Acceptance of District Eligible Costs/ Dedicated Public Infrastructure and such additional information as the District may reasonably require; and

WHEREAS, the Board has received a satisfactory Engineer’s Cost Certification, and Accountant’s Cost Certification; and

WHEREAS, the Board desires to adopt this resolution declaring satisfaction of the conditions to acceptance as set forth in the Agreement, subject to any variances or waivers which the Board may allow in its sole and absolute discretion, and with any reasonable conditions the Board may specify (hereinafter, the “**Acceptance Resolution**”).

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT:

1. Incorporation of Recitals. The above recitals are hereby incorporated into and made a part of this Acceptance Resolution.

2. Acknowledgement of Documents Received. With respect to Public Infrastructure that is being dedicated to other governmental entities, Public Infrastructure to be acquired by the District, and funds advanced, the Board makes the following findings.

- a. The Board has received and reviewed the Acceptance of District Eligible Costs/ Dedicated Public Infrastructure.
- b. Peaks Townhomes has submitted all of the information required under Exhibit A - Schedule 1 of the Agreement.
- c. The Connexion Group-Civil LLC (“**The Connexion Group**”) has reviewed the invoices and other material presented to substantiate the District Eligible Costs and issued an Engineer Cost Certification, attached hereto as **Exhibit A**, declaring the total amount of District Eligible Costs associated with the Public Infrastructure proposed for acquisition and/or reimbursement, and that such costs are reasonable and appropriate for the type of Public Infrastructure being constructed.
- d. CliftonLarsonAllen LLP has reviewed the Engineer’s Cost Certification and invoices and other material presented to substantiate the District Eligible Costs and has issued an Accountant Cost Certification, attached hereto as **Exhibit B**, declaring the total amount of District Eligible Costs associated with the Public Infrastructure proposed for acquisition/and or reimbursement.

3. Acceptance of Certified District Eligible Costs. The Board, having reviewed the Application for Acceptance of District Eligible Costs and Public Infrastructure, Engineer’s Cost Certification, Accountant’s Cost Certification, and all other information as deemed necessary and appropriate, finds and determines that the Certified District Eligible Costs to be accepted pursuant to this Acceptance Resolution is **\$859,687.32**. Based on the documentation received, the Board further finds that the applicable requirements set forth in the Agreement have been satisfied, and that the Certified District Eligible Costs are hereby approved for payment by the District subject to the terms of the Agreement.

4. Payment of Certified District Eligible Costs from the Project Fund. Pursuant to this Agreement, within 3 business days of adoption of the District Acceptance Resolution, the District shall make a requisition from the Project Fund held by the Trustee (as set forth in Section 5.1 (a) of the Indenture), which requisition shall direct that the Trustee make payment of the Certified District Eligible Costs directly to Peaks Townhomes.

[Signature Page Follows.]

ADOPTED THIS 14TH DAY OF JANUARY, 2025.

DISTRICT:

PEAKS PUBLIC INFRASTRUCTURE

DISTRICT, a body politic and corporate created
and validly existing under the laws of the State of
Utah

By: _____
Officer of the District

Attest:

By: _____
Secretary

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON

General Counsel to the District

Exhibit A

Engineer Cost Certification

Cost Certification #1
Issued for
Peaks Public Infrastructure District

Submitted:
January 14, 2025

Report By:

The Connexion Group - Civil, LLC
2921 W 38th Ave, #188
Denver, CO 80211



January 14, 2025

Peaks Public Infrastructure District
c/o White Bear Ankele Tanaka & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, Colorado 80122
Attention: Blair M. Dickhoner

Cost Certification #1 Issued For Peaks Public Infrastructure District

The Connexion Group (the “Engineer”) was engaged by Peaks Public Infrastructure District (the “District”) to serve as the District Engineer. The District has the power to provide public infrastructure, improvements, facilities and services (the “District Eligible Costs”). Peaks Townhomes, LLC (the “Developer”) has incurred costs related to the acquisition, financing, planning, design, construction, and installation of public infrastructure for the Peaks Subdivision (the “Project”); and the District has entered into an Infrastructure Acquisition And Reimbursement Agreement that establishes a process by which the District Eligible Costs shall be certified for reimbursement.

The Developer has provided copies of invoices or statements for District Eligible Costs and evidence of payment and the Engineer has reviewed the invoices and other material presented to substantiate the District Eligible Costs proposed for reimbursement.

This Engineer’s cost certification is for the purpose of outlining the Engineer’s review procedure and certifying that, in the Engineer’s professional opinion, the District Eligible Costs are reasonable as compared to the costs for similar improvements or services in a substantially similar area as the District and are related to the provision of the Public Infrastructure. Subject to the procedure and limitations outlined below, the Engineer found that from the invoices reviewed the District Eligible Costs total **\$858,627.32**.

Procedure:

This procedure for cost certification was developed for the Engineer to obtain an understanding of the project and related costs while maintaining a reasonable level of cost. The District should review the process and inform the Engineer if any part of the procedure or report is deemed unacceptable.

1. The Engineer participated in calls with the District’s representatives, consultants, and the Developer to gain a better understanding of the needs and expectations of each party.
2. The Engineer reviewed the agreements and drawings provided by the District and Developer to identify the Districts powers, eligibility of improvements, and Developer documentation submittal requirements. A list of these documents is included as Attachment A.
3. The Engineer reviewed the Developer invoices and the other materials presented as part of the application for acceptance to substantiate the amount of District Eligible Costs submitted for reimbursement and completeness of the application.
4. The submitted costs were compared to the costs for similar improvements or services in a substantially similar area to the District. Certain softs costs were compared to the total anticipated hard costs for the purpose of determining reasonableness.
5. The Engineer performed select quantity take-off from the construction drawings to verify invoiced quantities are within reason.
6. The Engineer provided the report to the District and Developer for review and confirmation that the Engineer’s understanding is accurate to the best of their knowledge.

Analysis Limitations:

- The completed procedure is intentionally simplistic to provide a streamlined process that is understandable by the public while delivering our service with heightened cost-efficiency. Different review methodology may result in variations of the costs presented.
- Recommendations are based on the information and underlying data that is currently available to the Engineer. Should the Engineer's procedure or underlying data change in the future, the Engineer would recommend evaluating the information and adjusting the cost certification procedures accordingly.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it unfit for use. No responsibility is assumed for such conditions or for engineering which may be required to discover such.
- The Engineer did not verify the quality or overall completeness of professional services provided to the District but rather determined that the contracted scope was related to the provisions of public infrastructure, that payment was made, and that the costs for the scope were reasonable.
- The Engineer relied on other engineers or appropriate design professionals to determine if the deliverables provided followed applicable regulations.
- Professional fees are not an "apples to apples" comparison, nor are they the only element to consider when analyzing for reasonableness. However, comparing professional service costs to the total hard costs or other projects provides insight and a base to begin evaluation.
- The Engineer assumed documentation provided by the Developer and District is true and correct.
- The Engineer assumed that the costs submitted pertain to infrastructure that is free and clear of any liens or encumbrances whatsoever. The Engineer did not self-confirm if any claims against the improvement exist or make a public post regarding the same.
- The Engineer relied on the Plat to determine land ownership. The Engineer did not self-confirm the current land ownership or if any claims against the land exist.
- The Engineer did not verify if other relevant agreements pertaining to these costs exist. Should relevant agreements be discovered in the future the Developer should promptly notify the District and refund any payments made by the District if determined necessary.
- The Engineer did not verify if the improvement costs have been previously reimbursed out of the cost of issuance or as part of any previous reimbursement.
- This report was prepared for a specific purpose. Users of this report for purposes other than those outlined are advised to seek professional guidance tailored to their specific circumstances.
- Improvement defects may not be immediately apparent, and improvements may function for prolonged periods prior to becoming visually detectable.
- It is assumed that the Developer holds the right to reimbursement for any costs not paid by the Developer but were submitted and included as part of this report.
- No site visit to the development was made and the Engineer did not self-confirm completion or compliance with design and construction standards.

Understanding of Improvement Eligibility:

The District serves the public infrastructure needs for the Development and is authorized to provide planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance and financing of all public improvements.

The term Public Infrastructure means infrastructure, improvements, facilities, or buildings that (i) benefit the public; and (ii) are or will be owned by a public entity or a utility, including their related soft costs. Public infrastructure does not include any infrastructure, improvements, facilities, or buildings owned or to be owned by a private person, including a homeowner association.

Summary of Public Improvements Certified in This Report:

The District Eligible Costs outlined in this report pertain to the acquisition, financing, planning, design, construction, and installation of Public Infrastructure (the “Eligible Public Infrastructure Costs”) and services and/or work directly related to the ability of the District to provide and/or the provision of Public Infrastructure, including but not limited to: District organizational costs, engineering, architectural, surveying, construction planning, and related legal, accounting, and other professional services (the “Eligible Capital Services Costs”).

The Eligible Public Infrastructure Costs certified in this report generally include:

- UDOT turn lane improvements
- Sanitary sewer improvements

The scopes below provide a general summary of the Eligible Capital Services Costs certified in this report.

- Geotechnical services for the Project
- District legal services
- Jurisdictional plan review fees
- Cost estimates for the issuance of bonds
- Planning, design, and jurisdictional review fees of the Project
- Project management and coordination

Developer Documentation Submittals:

The Developer was required to submit the following documents to the District as part of the application for acceptance. The Engineer’s findings are included under each item. The Application for Acceptance is included as Attachment B.

Requirements for Eligible Public Infrastructure Costs prior to conditional by the applicable governmental entity

1. Construction drawings:
Findings: Construction drawings were provided.
2. Copies of invoices, statements, and evidence of payment:
Findings: Invoices for expenditures included in this report were provided. Check copies, lien waivers, invoice statement showing past payments, or receipts were provided and used to verify payment to the vendors was made. Expenditures without an invoice or proof of payment were omitted from the District Eligible Costs but may be reviewed in a future report.
3. Letter establishing the Developers obligation to undertake all necessary steps to final acceptance:
Findings: Engineer recommends Developer draft a letter satisfying this requirement.
4. Evidence that real property interests necessary for the Districts use and Occupancy have been granted:
Findings: Right of way will be dedicated with completion of the improvements.
5. Executed bill of sale:
Findings: No bill of sale is necessary at this time.
6. Documentation authorizing the District to maintain improvements in the event the Developer fails to do so:
Findings: No agreement was provided for the Engineer’s review. Engineer does not find this necessary for these improvements as they will be operated by other entities.
7. Such information as the District Engineer and District Accountant may determine is necessary:
Findings: Engineer does not require any additional documentation for the completion of this report. The Engineer did not verify if the District Accountant requires additional information to issue the accountant’s certification.
8. When ultimately produced, a complete set of digital record drawings of the Public Infrastructure:
Findings: Engineer recommends the board waive this requirement as these improvements will be owned by other jurisdictions.
9. Operation and maintenance manuals otherwise a commitment to provide when available:
Findings: No O&M manuals are applicable for the improvements included in this report.
10. Evidence that any underground facilities are electronically locatable:

Findings: Not applicable at this time.

11. Test results for improvements conforming to industry standards:

Findings: Not applicable at this time.

12. Pressure test results for any irrigation system:

Findings: No irrigation system is included in this report.

Requirements for Eligible Capital Services Costs

1. Copies of invoices, statements, and evidence of payment

Findings: Invoices for expenditures included in this report were provided. Check copies, lien waivers, invoice statement showing past payments, or receipts were provided and used to verify payment to the vendors was made. Expenditures without an invoice or proof of payment were omitted from the District Eligible Costs but may be reviewed in a future report.

2. Such information as the District Engineer and District Accountant may determine is necessary

Findings: Engineer does not require any additional documentation for the completion of this report. The Engineer did not verify if the District Accountant requires additional information to issue the accountant's certification.

Engineers Review of Invoices:

The Engineer reviewed each invoice submitted by the Developer to determine the scope of work or materials being invoiced and to substantiate the District Eligible Costs. The Engineer's findings regarding the scope of work, associated proof of payment, and District Eligible Cost for each invoice are included in a table in Attachment C.

In general, the professional services expenses associated with development are required as part of the developments approval and permitting process. Certain public improvements could not be constructed without private improvements, and multiple allocation methodologies exist for these costs. The Engineer allocated professional services based on the scopes provided by the consultants. When design service costs were not broken out based on a specific improvement but rather for the completion of projects civil construction documents (or required to complete the civil construction documents), the costs were allocated 85% public and 15% private. This allocation assumes 15% of the effort was associated with the grading plans of private lots and the secondary water system. We believe this methodology provides a reasonable allocation and does not unfairly burden the District or Developer.

When possible, the Engineer assigned each expenditure to one of the cost categories included in the Application for Acceptance of District Eligible Costs based specific expenditure scope. Scopes such as general planning or design could be allocated to multiple categories, so the Engineer allocated them across the categories based on an assumed effort. Table 1 includes the Engineer allocation of the District Eligible Costs per the categories.

Table 1: Eligible Public Infrastructure Costs Per Cost Category

Street	\$173,816.64
Water	\$0.00
Sanitary	\$519,663.04
Storm	\$165,147.64
Parks & Rec	\$0.00
TOTAL	\$858,627.32

Conclusion:

The Engineer has reviewed the invoices and other materials presented to substantiate the District Eligible Costs proposed for reimbursement. In the Engineer's professional opinion, the District Eligible Costs are reasonable when compared to the costs for similar improvements or services in a substantially similar area to the District, and are

related to the provision of the Public Infrastructure. Subject to the analysis limitations and procedures outlined, the total District Eligible Costs included in this report amount to **\$858,627.32**. This report may be relied upon by the District in issuing reimbursement to the Developer but is not a recommendation to reimburse the Developer prior to the completion of all other applicable actions outlined in the Infrastructure Acquisition and Reimbursement Agreement. The District's accountant may require additional information from the Developer prior to issuing the accountant's certification, and this report may require updates if the District's accountant finds discrepancies in the provided documentation. Thank you for your attention to detail on this matter. Please contact us with any questions or concerns.

Sincerely,
The Connexion Group – Civil, LLC

Barrett Marrocco, PE
Principal

Attachments:

Attachment A – Agreements and Drawings Reviewed

Attachment B – Developer Application for Acceptance

Attachment C – Invoice Tabulation and Engineer's Understanding of Scopes

Attachment A: Agreements and Drawings Reviewed

The Engineer reviewed the agreements and drawings listed below as part of the cost certification process.

District Governing Document:

- Governing Document for Peaks Public Infrastructure District, Located in Morgan County, Utah, dated February 20th, 2024

Agreements:

- Infrastructure Acquisition And Reimbursement Agreement, by and between Peaks Public Infrastructure District, a political subdivision and body corporate and politic of the State of Utah, and Peaks Townhomes, LLC, a Utah limited liability company, Draft dated 9/4/2024.

Drawings:

- Peaks Improvement Plans, by Reeves & Associates, Inc., stamped 12/6/23
- Proposed Grading, Drainage, & Utility Plan, by Reeve & Associates, Inc., dated July 2023

Exhibit B

Accountant Cost Certification



DRAFT

ACCOUNTANT'S ACKNOWLEDGEMENT

January 10, 2025

Board of Trustees
Peaks Public Infrastructure District
c/o White Bear Ankele Tanaka & Waldron
2154 E. Commons Avenue, Suite 2000
Centennial, Colorado 80122

Re: District Eligible Costs – Cost Certification #1

In accordance with the procedures outlined in the Infrastructure Acquisition and Reimbursement Agreement between Peaks Public Infrastructure District (“District”) and Peaks Townhomes, LLC (“Developer”), we have reviewed materials presented to substantiate District Eligible Costs. The materials reviewed included Cost Certification #1 prepared The Connexion Group – Civil, LLC, the invoices summarized in Attachment C of that report, and the associated proof of payment. Based upon the Engineer Certification provided by The Connexion Group – Civil, LLC and our review of the aforementioned materials, District Eligible Costs in the amount of \$858,627.32 should be reimbursable by the District.

Pinnacle Consulting Group, Inc.
Brendan Campbell, CPA