

FORM OF ENVIRONMENTAL ESCROW AGREEMENT

THIS ENVIRONMENTAL ESCROW AGREEMENT (the “Agreement”) is made this day _____ (the “Effective Date”), by and among Silver Reef Investment Holdings, Inc. (the “Owner”), The Cove at Silver Reef Community Association (“CSRCA”), Town of Leeds (“Leeds”), and Title Company. (the “Escrow Agent”).

RECITALS

- A. Owner owns certain real property located in Leeds, Utah known as the Cove at Silver Reef subdivision, consisting of approximately one hundred and forty-five (145) acres (the “Property”).
- B. Approximately ninety (90) acres of the Property has been remediated under the Utah Department of Environmental Quality’s (“DEQ”) Voluntary Cleanup Program (“VCP”) due to waste rock left on the Property from historical mining activities.
- C. Under the VCP, portions of the Property will be subject to ongoing maintenance activities (“Ongoing Maintenance Activities”) as described in the Site Management Plan which was dated and approved by the DEQ on March of 2022 (“SMP”).
- D. Those Ongoing Maintenance Activities will also be enforced through the Environmental Covenant recorded as Entry Number 20210047099 in the Office of the Washington County Recorder’s Office on July 12, 2021 (the “Environmental Covenant”), and through the Supplemental Declaration of Covenants, Conditions and Restrictions of Silver Pointe Estates recorded as Entry Number 20210031833 on May 3, 2021, and the additional Declaration of Covenants, Conditions and Restrictions of Silver Pointe Estates that was recorded as Entry Number 20240018199 on June 10, 2024 (together, hereinafter referred to as the “CC&Rs”).
- E. The Ongoing Maintenance Activities require the Owner and the CSRCA to maintain areas defined as the Repository, Large Headframe and Small Headframe as described in the SMP.
- F. The Town of Leeds entered into a Master Development Agreement with the Owner on or about _____, also containing provisions requiring environmental controls and protections, and provisions ensuring the costs of the Ongoing Maintenance Activities are funded by the Owner and/or CSRCA.
- G. Pursuant to the Master Development Agreement, the Owner agrees to contribute the sum of up to \$100,000 (which amount shall hereinafter be referred to as the “Owner’s Portion of the Maintenance Costs”) toward the costs of Ongoing Maintenance Activities should the CSRCA lack funding to adequately perform those Ongoing Maintenance Activities.

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- H. Owner's Portion of the Maintenance Costs will be deposited in an escrow account which shall be subject to the terms of this Escrow Agreement.
- I. Owner agrees to maintain the Escrow Funds, as defined below, in the Escrow Account for a period of 5 years ("Initial Term"). After expiration of the Initial Term, Owner will decrease the amount of the Escrow Funds by \$10,000 each year until expiration of this Agreement.
- J. Owner will also place \$10,000 in the Escrow Account for the Town to use to hire an environmental professional to review yearly environmental reports or submissions required to be submitted to DEQ pursuant to the Ongoing Maintenance Activities required by the VCP. This \$10,000 will be replenished by Owner annually until the expiration of this Agreement.
- K. The Escrow Agent has agreed to serve as the escrow agent hereunder for the purposes set forth herein.
- L. The Town, Owner, and CSRCA acknowledge that the Escrow Account is being set up solely to provide assurances to the Town that the Ongoing Maintenance Activities will be paid for by the Owner and CSRCA, however, all of the Parties agree that the Town has no liability to pay for the Ongoing Maintenance Activities pursuant to the MDA, or under any state, federal, or local law or regulation.

NOW, THEREFORE, THIS AGREEMENT, WITNESSETH: That for and in consideration of the above recitals, which by this reference are incorporated herein as an integral part of this Agreement, and the mutual promises and undertakings of the parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. ESTABLISHMENT OF ESCROW FUNDS Owner hereby agrees that the Owner's Portion of the Maintenance Costs, in the amount of \$100,000 (one hundred thousand dollars) shall be placed in escrow with the Escrow Agent in accordance with this Agreement (hereinafter the Owner's Portion of the Maintenance Costs, held in escrow, shall be referred to as the "Escrow Funds"). After expiration of the 5-year Initial Term, Owner will decrease the amount of Escrow Funds by \$10,000 (ten thousand dollars) per year.
2. ENVIRONMENTAL REVIEW FUNDS Owner hereby agrees to deposit an additional \$10,000 (ten thousand dollars) in escrow with the Escrow Agent (the "Environmental Review Funds") to be used by the Town to hire an environmental professional to review any required annual reports or submissions to the DEQ pursuant to the Ongoing Maintenance Activities required under the VCP. The Environmental Review Funds will be replenished by Owner on an annual basis and left in the Escrow Account for use by the Town until the expiration of this Agreement.

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3. TERM The parties agree the Term of this Agreement is 12 years from the Effective Date. Upon expiration of the Agreement, all Escrow Funds remaining in the Escrow Account will be returned to Owner.

4. DISBURSEMENT AND RELEASE OF ESCROW AND ENVIRONMENTAL REVIEW FUNDS

a. Upon final approval of the Master Development Agreement by the Town of Leeds, Owner shall deposit the Escrow Funds with the Escrow Agent, which Escrow Funds shall be placed in an interest-bearing, federally-insured bank account in the name of the Escrow Agent, with the designation as “Escrow Agent” (hereinafter referred to as the “Escrow Account”). All interest earned on the Escrow Funds shall become a part of the Escrow Funds. Owner shall furnish the Escrow Agent with its Federal tax identification number and such other information and/or certifications as may be required in connection with the establishment of the Escrow Account (including, without limitation, IRS Form W-9) and Owner shall report any interest earned on the Escrow Funds, if applicable, as income on Owner’s tax returns in the tax year in which such interest, if any, is received by Owner.

b. The Escrow Funds shall be disbursed as follows:

(i) Upon demand by the CSRCA after providing the Escrow Agent evidence that the CSRCA is experiencing a financial hardship and incapable of financing Ongoing Maintenance Activities required by the SMP, **Environmental Covenant, or CC&Rs**. The CSRCA shall provide the Escrow Agent sufficient financial evidence that the CSRCA does not have the funds to pay for completion of required Ongoing Maintenance Activities including a) copies of bank account statements; b) an estimate for the Ongoing Maintenance Activities from a State of Utah licensed contractor or environmental consultant hired to perform such Ongoing Maintenance Activities, c) evidence it has tried and cannot collect assessments to pay for the required Ongoing Maintenance Activities from members of the CSRCA, and d) a verification letter from the State of Utah, DEQ, that such Ongoing Maintenance Activities are required to be performed **under the SMP** and the CSRCA has not performed such Activities within (90) days of being notified of the Activities required to be performed. Upon receipt of this evidence, the Escrow Agent shall disburse to the CSRCA sufficient Escrow Funds from the Escrow Account to complete the Activities detailed in the provided estimate.

(ii) Upon demand by Leeds after providing the Escrow Agent evidence that the CSRCA cannot pay for the Ongoing Maintenance Activities required by the SMP, Environmental Covenant, or CC&Rs, including a) a verification letter from the State of Utah, DEQ, that such Ongoing

Maintenance Activities are required to be performed and the CSRCA has not performed such Ongoing Maintenance Activities within (90) days of being notified of the Activities required to be performed, and b) an estimate for completion of the Activities by a State of Utah licensed contractor or environmental consultant hired to perform such Ongoing Maintenance Activities, and c) evidence sufficient to show that Leeds has made a demand that the CSRCA perform the required Ongoing Maintenance Activities and such demand has been refused by the CSRCA. Upon receipt of this evidence, the Escrow Agent shall disburse to Leeds Escrow Funds from the Escrow Account equal to the amount of the estimate for completion of the Ongoing Maintenance Activities by a State of Utah licensed contractor or environmental consultant hired to perform such Ongoing Maintenance Activities.

- c. Release of Environmental Review Funds. The Environmental Review funds shall be released to the Town upon presentation of an estimate from an environmental professional for costs associated with review of any annual report or submission required to be submitted to DEQ under the VCP program.
- d. The Escrow Agent shall send the Owner copies of all evidence provided under Paragraph 4(b) and (c) and statements showing the amount of Escrow Funds and/or Environmental Review Funds that were dispersed.

5. RELIANCE AND SCOPE OF DUTIES

- a. The Escrow Agent shall act in reliance upon any writing, instrument, certificate or signature which, in good faith, it believes to be genuine, and shall assume the validity and accuracy of any statement or a section contained in such writing or instrument, and shall assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized to do so. The duties and responsibilities of the Escrow Agent hereunder shall be limited to the holding of the Escrow Funds and Environmental Review Funds and the disposition of same in accordance with the terms of this Agreement. The Escrow Agent undertakes to perform only the duties as are expressly set forth herein and no other duties or obligations shall be inferred, implied or read into this Agreement against the Escrow Agent.
- b. The Escrow Agent shall not be liable for any mistakes of facts, or errors of judgment, or for any acts or omissions at any time unless caused by the gross negligence or willful malfeasance of the Escrow Agent with respect to the escrow established herein.
- c. If a dispute arises between the parties to the transaction as to the disposition of the Escrow Funds or Environmental Review Funds, the Escrow Agent shall: (a)

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hold the Escrow Funds and/or Environmental Review Funds until the Escrow Agent has releases signed by all parties to the transaction authorizing disposition of the same, or (b) hold the Escrow Funds and/or Environmental Review Funds until such time as one of the parties to the transaction files suit and the court in which this suit is filed orders the disbursement of the Escrow Funds and/or Environmental Review Funds, or (c) deliver such Escrow Funds and/or Environmental Review Funds into the court by filing a Bill of Interpleader.

- d. In the event of any litigation between any of the parties to this Agreement concerning the disposition of the Escrow Funds and/or Environmental Review Funds, Escrow Agent's sole responsibility may be met, at Escrow Agent's option, by delivering the Escrow Funds and/or Environmental Review Funds into the court in which such litigation is pending, and the parties hereto agree that upon deliverance of such Escrow Funds into court, no party hereto shall have any further right, claim, demand, or action against the Escrow Agent.
- 6. EXPENSES OF ESCROW AGENT Owner and CSRCA shall pay all fees and expenses charged by the Escrow Agent in connection with the administration of the Escrow Funds.
- 7. NOTICES All notices and other communications hereunder shall be in writing and shall be deemed duly given to Owner, CSRCA, Town of Leeds, and Escrow Agent, respectively, at the following addresses:

Owner:

Silver Reef Investment Holdings, Inc.
Attention: Gary Crocker
2825 E Cottonwood Parkway
Suite 330
Salt Lake City, UT 84121

Town of Leeds:

Attention: Mayor
218 N. Main Street
P.O. Box 460879
Leeds, UT 84746

CSRCA:

Attention: Gary Crocker
2825 E Cottonwood Parkway
Suite 330
Salt Lake City, UT 84121

8. MISCELLANEOUS

- a. Upon disposition of the Escrow Funds in the manner called for under this Agreement, the Escrow Agent shall be relieved from any further duties hereunder.
 - b. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall be binding upon the parties, their respective heirs, personal representatives, successors and assigns. This Agreement may be modified or amended only by the written consent of each of the parties.
 - c. In the event that any party hereto is required to retain the services of any attorney to enforce or otherwise litigate or defend any matter or claim arising out of or in connection with this Agreement, then the prevailing party shall be entitled to its reasonable legal fees from the non-prevailing party. Furthermore, in the event any party to this Agreement objects to the disposition of the Escrow Funds and subsequent thereto a court of competent jurisdiction finally determines that such party wrongfully objected to such disposition, then the objecting party shall pay the reasonable attorneys' fees of the Escrow Agent and remaining parties.
 - d. The section headings of this Agreement are for reference only and shall not be used to construe or interpret this Agreement.
9. CHOICE OF LAW This Agreement shall be governed by the laws of the State of Utah without regard to principles of conflicts of law. Time shall be of the essence with respect to each and every provision of this Agreement. The parties acknowledge that they have had the opportunity to be represented by counsel in the negotiation and execution of this Agreement, and therefore, it is expressly agreed that in the case of any vagueness or ambiguity with regard to any provision of this Agreement, there shall be no presumption of construction against the drafter of such provision, but instead this Agreement shall be interpreted in accordance with a fair construction of the law.
10. IN ADDITION TO The obligations of the parties under this Agreement shall be in addition to, and not in lieu of, the obligations of the parties under the Master Development Agreement.

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Signatures:

TOWN OF LEEDS

By: _____

Its: _____

SILVER REEF INVESTMENT HOLDINGS, INC

By: _____

Its: _____

THE COVE AT SILVER REEF COMMUNITY ASSOCIATION

By: _____

Its: _____