

**HEBER CITY CORPORATION
75 North Main Street
Heber City, UT 84032
Heber City Council Meeting**

February 17, 2026

**4:00 p.m. Work Meeting
6:00 p.m. Regular Meeting**

TIME AND ORDER OF ITEMS ARE APPROXIMATE AND MAY BE CHANGED AS TIME PERMITS

I. WORK MEETING - 4:00 P.M.

1. Review of OK3 Settlement Obligations & Agreements (Steve Osit) - *80 min*
2. Preferred Procedure for Reviewing and Updating the Airport Advisory Board (AAB) Bylaws (Jeremy Cook, City Attorney, Matt Brower, City Manager) - *30 min*

II. BREAK - 10 MIN

III. REGULAR MEETING - 6:00 P.M.

1. Call to Order
2. Pledge of Allegiance (Mike Johnston, Council Member)
3. Prayer/Thought by Invitation (Aaron Cheatwood, Council Member)

IV. CONFLICT OF INTEREST DISCLOSURE:

V. PUBLIC HEARINGS: (Council May Take Action Following Public Comment and Upon Conclusion of the Public Hearing)

1. Public Hearing for Ordinance 2026-01, Saldarini Annexation, located at 110 W Moulton Lane (Jamie Baron, Planning Manager)

VI. CONSENT AGENDA:

1. January 22, 2026, City Council Meeting Minutes for the 2026 Annual City Council Retreat Day 1; January 24, 2026, City Council Meeting Minutes for the 2026 Annual City Council Retreat Day 2; and February 3, 2026, City Council Meeting Minutes (Trina Cooke, City Recorder)

VII. PUBLIC COMMENTS: (3 min per person/20 min max)

VIII. GENERAL BUSINESS ITEMS:

1. Wasatch Commons Preferred Employer Program Presentation (Scott Ogilvie, Wasatch Commons) - *10 min*
2. Fiscal Year 2025 Financial Statement Audit Presentation (Jon Haderlie, CPA, Larson & Company, PC, Del Barney, Audit Committee Chair) - *30 min*
3. Utah Department of Transportation (UDOT) Environmental Impact Statement (EIS) Update (UDOT) - *20 min*
4. Bryan Williamson request for discussion on Villa Two Parcel in Sawmill Development (Tony Kohler, Community Development Director) - *30 min*
5. Proposed Changes to Sawmill Phase 6 & 8 (Jamie Baron, Planning Manager) - *30 min*
6. Flex Ready Homes Presentation on Potential Development at Approximately 895 South 1200 West (continued discussion from December 2, 2025) (Tony Kohler, Community Development Director) - *30 min*

IX. ACTION ITEMS: (Council can discuss; table; continue; or approve items)

1. Heber City's America 250 Monument Proposal (Matt Brower, City Manager) - *15 min*

X. COMMUNICATION:

1. 2026 Legislative Session Update (Matt Brower, City Manager)

XI. ADJOURNMENT:

Ordinance 2006-05 allows Heber City Council Members to participate in meetings via telecommunications media. In accordance with the Americans with Disabilities Act, those needing special accommodations during this meeting or who are non-English speaking should contact Trina Cooke at the Heber City Offices 435.657.7886 at least eight hours prior to the meeting.

Posted on February 12, 2026, in the Heber City Municipal Building located at 75 North Main, the Heber City Website at www.heberut.gov, and on the Utah Public Notice Website at <http://pmn.utah.gov>.

Status of Implementation of Settlement Agreement with OK3 AIR

Heber City Council, Work Session

Presented by:
Steven Osit | Kaplan Kirsch LLP

February 17, 2026



KAPLAN KIRSCH

How did we get here?

- The City adopted revised Minimum Standards on October 3, 2017, following extensive stakeholder engagement
- OK3 AIR sued the City in federal court on October 6, 2017
- OK3 AIR alleged breach of Section 3 of its lease
- OK3 AIR also alleged that several actions taken by the City and its Airport Managers were in retaliation for OK3 AIR's exercise of its First Amendment rights
- Other state law claims also alleged



Section 3

The property is leased to said Lessee for the purpose of conducting a general aviation business as a Fixed Base Operator and as a Special Services Operator as per Minimum Standards and Requirements for the Conduct of Commercial Aeronautical Services and Activities at Heber City Municipal Airport, Wasatch County, Utah, Effective March 5, 1987. . . and **as amended or changed by mutual consent between Heber City and Lessee or as amended when deemed reasonable and necessary by the City Council for safety reasons or in order to comply with State and federal rules and regulations or in order to assure reasonable and competent service at said airport**, and to do all things necessary to carry out said purposes



FAA Engagement

- Part 13 complaints filed by OK3 AIR and Paul Boyer
- Engagement by Aircraft Owners and Pilots Association
- Meetings with the City and OK3 AIR
- Concern that Section 3 may interfere with City's ability to fulfill its grant assurance obligations
- Concern about reasonable opportunities for a second FBO

Significance of Minimum Standards

- Assurance 22 requires the airport be available to all aeronautical users on reasonable and not unjustly discriminatory terms
- Minimum Standards establish uniform terms, protecting airport sponsors against claims of unjust discrimination
- Minimum Standards must be reasonable, attainable, and may not be designed to create an exclusive right
- Deviations from or changes to Minimum Standards are closely scrutinized and may result in unjust discrimination

Outcome of Litigation

- City's Motion for Summary Judgment partially granted on April 28, 2022, dismissing First Amendment claims
- Court declined to exercise jurisdiction over remaining state claims, including the breach of contract claims
- Parties engage in settlement discussions

Settlement Overview

- Release of all claims against City and Airport Managers
- Pending extensions of OK3 AIR's hangar leases
- Adjustment to market rent
- Authorization to construct Hangar F
- Implementation of Airport Master Plan, with Predevelopment Agreement between City and OK3 AIR
- Update and modernize FBO lease agreement
- Coordinated with FAA



Predevelopment Agreement

- Structured process to implement Airport Master Plan approved by City Council
- Preserves a North and South FBO Campus
- Provides OK3 AIR with opportunity to move to either campus and accommodate runway/taxiway project
- Provides City with opportunity to solicit second FBO
- Prioritizes AIP grants to support Master Plan

Section 3 and Minimum Standards

- Section 3 remains in effect until:
 - Conditional approval of the ALP
 - Light General Aviation FBO established via Minimum Standards
 - RFP issued for Light General Aviation FBO
- Then, Section 3 will be replaced with a clause that grandfathers OK3 AIR under existing Minimum Standards, but does not provide any right to consent to changes

Current Status

- Expecting environmental clearance from FAA soon
- OK3 AIR will have 90 days to submit South FBO Campus site plan, subject to the City's review and approval
- Following approval, OK3 AIR will have 6 months to select the North or South FBO Campus for relocation (may be extended)
- Following site selection, City will issue RFP for Light GA FBO
- Parties are close to finalizing revised FBO lease.

Questions?



KAPLAN KIRSCH

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SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (the “**Agreement**”) is made effective this day of _____, 2023 (the “**Effective Date**”) by and among AH Aero Services, LLC dba OK3 AIR (“OK3 AIR”) and Heber City Corporation (the “**City**”) (each a “**Party**” and, collectively, the “**Parties**”).

RECITALS

WHEREAS, the City is the owner, operator, and legal sponsor for the purposes of the Federal Aviation Administration (“**FAA**”) matters of the Heber Valley Airport (the “**Airport**”);

WHEREAS, OK3 AIR is a full-service fixed base operator located on the Airport, providing aircraft maintenance, ramp parking, fueling, de-icing, overnight hangar services, and other services pursuant to that certain Amended Agreement dated January 8, 1995, originally between Lessor and High County Aviation, Inc., and later assigned to Lessee, and as amended by the Addendum to Amended 1995 Airport Agreement dated May 8, 2012, and the Addendum to 1995 Airport Agreement dated January 26, 2015 (collectively, the “**FBO Lease**”).

WHEREAS, OK3 AIR leases certain property from the City pursuant to the FBO Lease and certain other written agreements, including ground leases for those premises known as Hangar A, Hangar E, and Daniel Hangar 1 (the “**Hangar Leases**”).

WHEREAS, several disputes arose between the Parties regarding the Parties’ respective performance under the FBO Lease, Hangar Leases, an application by OK3 AIR to build a new hangar, OK3 AIR’s planned purchase of a hangar from a third party and the conduct of the Parties’ respective business and operations at the Airport (all such disputes arising prior to the Effective Date, the “**Disputes**”);

WHEREAS, OK3 AIR filed a lawsuit entitled, *AH Aero Service, LLC dba OK3 AIR v. Heber City, a municipal corporation; Paul Boyer, an individual, in his individual and official capacity; and Denis Godfrey, an individual, in his individual and official capacity*, in the U.S. District Court for District of Utah, Civil No. 2:17-CV-01118-HCN-DAO (the “**Lawsuit**”), which Lawsuit remains pending;

WHEREAS, without admitting any liability or fault, the Parties desire to settle and compromise any and all claims between them, whether known or unknown, whether accrued or unaccrued, arising from, out of, or related to the Lawsuit and the Disputes, whether or not they were brought or could be brought in the Lawsuit, now existing or arising in the future, due to any acts, errors, omissions or fault occurring on or before the Effective Date (the “**Claims**”);

WHEREAS, the Claims between OK3 AIR and Paul Boyer and Denis Godfrey will be addressed through separate agreements between those parties.

NOW THEREFORE, in consideration of the recitals, mutual promises, covenants, releases, and agreements contained herein, the sufficiency of which is hereby acknowledged, the Parties,

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intending to be bound, hereby agree as follows:

AGREEMENT

1. **FBO Lease Addendum.** Contemporaneously with the execution of this Agreement, the City and OK3 AIR will enter into an addendum to OK3 AIR's existing FBO Lease. A copy of the FBO Lease Addendum is attached as **Exhibit A**.

2. **New Hangar.** Contemporaneously with the execution of this Agreement, the City and OK3 AIR will enter into a ground lease for land at the Airport for OK3 AIR's construction of a new hangar. A copy of the New Hangar Lease is attached as **Exhibit B**. Before commencing any construction of the new hangar, OK3 AIR shall obtain the City's written approval of plans for the relocation of the airport access road impacted by the proposed construction, such approval not to be unreasonably withheld, conditioned, or delayed; provided that the relocation of the access road complies with City roadway construction standards of general applicability. All costs associated with the relocation of the airport access road shall be at OK3 AIR's sole expense. OK3 AIR also assumes responsibility for all costs associated with the relocation of the pilot-controlled lighting antenna, should the City reasonably determine that relocation of such antenna is necessary as a result of construction. OK3 AIR agrees to begin the relocation of the airport access road and construction of the new hangar within two (2) years of receiving the City's written approval of plans, and shall coordinate construction activities with the City to ensure minimal interference with roadway access onto the Airport during the relocation of the access road.

3. **Extension of Hangar A and E Leases.** Contemporaneously with the execution of this Agreement, the City and OK3 AIR will execute amendments to the existing ground leases for Hangar A and Hangar E, such that the term of those leases shall have an initial term of 35 years with a 15-year option. Copies of the Hangar A and Hangar E lease amendments are attached hereto as **Exhibit C-1** and **Exhibit C-2**, respectively.

4. **Predevelopment Agreement.** Contemporaneously with the execution of this Agreement, the City and OK3 AIR will enter into a predevelopment agreement (the "***Predevelopment Agreement***"), addressing the proposed upgrade of the Heber Valley Airport to meet C-II airfield design standards and the Parties' respective rights and obligations relating thereto. A copy of the Predevelopment Agreement is attached hereto as **Exhibit D**. As used herein, the "***Selected Campus***" shall mean that area designated in the Final Site Notification, as defined in the Predevelopment Agreement.

5. **New Lease Agreement.** The Parties agree to work in good faith to negotiate a new FBO lease agreement (the "***New Lease Agreement***") as soon as is reasonably possible, but no later than twelve (12) months from the Effective Date of this Agreement. The New Lease Agreement will serve as an amended and restated FBO Lease, which the Parties will execute in abrogation of the FBO Lease as amended by the FBO Lease Addendum. The New Lease Agreement shall memorialize the terms of the FBO Lease, as amended by the FBO Lease Addendum, and will also contain the following additional material terms:

a. **Lease Premises.** The premises initially leased under the New Lease Agreement will include the Premises, as defined in the FBO Lease, as amended by the FBO Lease

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Addendum. The New Lease Agreement shall include provisions allowing such premises to be amended, automatically and unilaterally, so as to add portions of the Selected Campus and subtract portions of the Premises required for the development of the Airport in accordance with C-II airfield design standards, all as provided by the Predevelopment Agreement. It is anticipated that it will be necessary to demolish Hangar A and a portion of the existing apron in the future to comply with C-II airfield design standards, as reflected in the City's ALP recently submitted to the FAA for approval. The parties do not anticipate similar impacts to Hangar E or Daniel Hangar #1. Provided that it is consistent with the City's approved ALP, the New Lease Agreement shall permit OK3 AIR to conduct any operations authorized by the New Lease Agreement from Hangar E and retain no less than three acres of apron space adjacent to Hangar E, notwithstanding any requirement in the Minimum Standards, as they now exist or as they may be later amended, to maintain a contiguous leasehold. For the avoidance of doubt, it is intended by the parties that the New Lease Agreement shall eventually encompass OK3 AIR's existing leasehold under the FBO Lease, as amended by the FBO Lease Addendum, as well as areas of the Selected Campus used for vehicle parking and aircraft parking ramp/apron, as specified in the Predevelopment Agreement.

b. Term. The initial term of the New Lease Agreement shall be coterminous with the FBO Lease, as amended by the FBO Lease Addendum. In accordance with the terms of the Predevelopment Agreement, the term of the New Lease Agreement will be adjusted based on certain milestones described in the Predevelopment Agreement.

c. Revisions to "Section 3." The New Lease Agreement shall include the materials terms of Section 3, as it exists in the current FBO Lease; however, such terms shall, without any further action of the Parties, be automatically replaced in their entirety by the following provision once (1) the City has obtained conditional approval of the ALP from the FAA (as defined by the Predevelopment Agreement); (2) the City has amended the Minimum Standards as outlined in Section 7 below; and (3) the City has issued a Request for Proposals in accordance with Section IV.G or IV.H of the Predevelopment Agreement:

Subject to [a standard clause subordinating the New Lease Agreement to the City's federal grant assurance obligations], OK3 AIR shall conduct its operations during the Term in accordance with the Minimum Standards in effect on the Effective Date of the New Lease Agreement; provided, however, that OK3 shall not be required to maintain facilities or equipment in excess of the Minimum Standards as they may be amended after the Effective Date of the New Lease Agreement, in the event such amendment reduces any applicable Minimum Standards. If the lease is extended per the Option term, OK3 AIR's operations shall comply with the Minimum Standards then in effect at the beginning of the amendment or extension.

d. Remaining Terms. Except as otherwise set forth in this Section 5, the New Lease Agreement will contain all of the material terms contained in the FBO Lease, as amended by the FBO Lease Addendum. The New Lease Agreement is intended to restate the FBO Lease, as amended by the FBO Lease Addendum, implement the provisions described in Section 5(a)-(c) hereof, and modernize the form of lease and boilerplate provisions; provided, however, that neither

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Party shall be entitled to renegotiate those material lease terms addressed herein or in the FBO Lease Addendum.

6. **Fuel Truck Parking.** The City shall permit OK3 AIR to continue its practice of parking fuel trucks in aircraft storage hangars until such time that the Fire Marshal or FAA makes a final determination such practice is not permissible under existing rules or policies or otherwise creates an unacceptable safety hazard. OK3 AIR agrees, regardless of the decision of the Fire Marshal and/or FAA, to discontinue the practice of parking fuel trucks in aircraft storage hangars upon completion of its GSE Building, as defined in the Predevelopment Agreement.

7. **Amendments to Minimum Standards.** Following the execution of this Agreement, the City intends to commence a public process to amend the Airport Minimum Standards, including but not limited to establishing a category of Light General Aviation Fixed Base Operator (the “**LGA-FBO**”). Pursuant to Section 3 of the FBO Lease, OK3 AIR consents to the amendments to the Minimum Standards which are attached hereto as **Exhibit E**. The Parties acknowledge that the City’s public process may result in necessary revisions to the proposed changes or additional changes to the Minimum Standards. OK3 AIR agrees to review in good faith any such changes, and its consent to non-material changes will not be unreasonably withheld or delayed; provided, however, that OK3 AIR shall not be required to consent to any change which is materially different than the amendments set forth in Exhibit E. Upon the establishment of an LGA-FBO category, the City agrees, subject to Paragraph 11 hereof, that it shall not amend the Minimum Standards to permit an LGA-FBO to sell Jet-A or provide services to turbine aircraft, unless it satisfies all minimum standards of a Full Service FBO.

8. **Dismissal of Litigation.** Upon the execution of this Agreement, the Parties shall cause their respective legal counsel to dismiss the Lawsuit with prejudice by filing the pleadings attached hereto as **Exhibit F**.

9. **Mutual Release.** Except for the rights and obligations created under this Agreement, all of which rights and obligations are reserved and shall not be released hereby, each of the Parties for and on behalf of itself and its successors, assigns, heirs, transferees, affiliates, and all persons and entities claiming by, through or under it, do hereby fully, irrevocably and forever release, acquit and discharge each other, and the past and present owners, members, shareholders, officers, directors, elected officials, employees, agents, representatives, advisors and attorneys of each other of all claims, actions, damages, losses, and liabilities of any kind of description whatsoever, now existing or arising in the future due to any acts, errors, omissions or fault occurring on or before the Effective Date, whether accrued or unaccrued, whether known or unknown.

10. **Cooperation of Godfrey and Boyer.** This Agreement is contingent upon OK3 AIR entering separate settlement agreements with Paul Boyer and Denis Godfrey, in their individual capacities, which will be executed contemporaneous with this Agreement. It is understood that the settlement agreement with Paul Boyer will not release OK3 AIR’s legal claims pending in the Utah state court against Paul Boyer as of the Effective Date, nor shall this Agreement be contingent on the resolution thereof.

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11. **Subordination to FAA Grant Assurances.** This Agreement is subject and subordinate to the provisions of any existing or future agreements between the City and the United States of America relative to the operation or maintenance of the Airport (such provisions the “**Grant Assurances**”), the terms and execution of which have been or may be required as a condition precedent to the expenditure by or reimbursement to the City of federal funds for the development of the Airport. OK3 AIR acknowledges that it has had an opportunity to review the material terms of this Agreement with the FAA and neither party is aware of any FAA objection. Notwithstanding the foregoing sentence, however, in the event the U.S. Department of Transportation, the Federal Aviation Administration, or a court of competent jurisdiction makes a final appealable determination that the City’s ability to perform any obligations under this Agreement would violate the Grant Assurances, the City shall be immediately excused from performing such obligation (subject to the limitations set forth below) and shall in good faith negotiate a lawful resolution to the mutual satisfaction of the Parties hereto; provided, however, that if the Parties are unable to resolve the conflict or violation within ninety (90) days, the City shall unilaterally amend this Agreement in the least material manner necessary to comply with the decision of the Court or the FAA and the remaining provisions hereof will continue in full force and effect and will be construed as if the invalid provision had not been a part of this Agreement (together the “Carve-Out Remedy”). Notwithstanding the foregoing, the Carve-Out Remedy shall apply to Section 5(c) of this Agreement only in the event the FAA makes a final non-appealable determination that the amendments to the Minimum Standards identified on **Exhibit E** or any portion thereof would cause the City to violate or fail to restore compliance with the Grant Assurances, and Section 3 of the FBO Lease shall otherwise continue in full force and effect until the conditions specified in Section 5(c) are fully satisfied. In the event OK3 AIR is successful in an appeal of a decision of the Federal Aviation Administration, or a court of competent jurisdiction, any provision removed pursuant to this section shall be reinstated consistent with the Court or FAA’s decision on appeal.

12. **Compromise of Disputed Claims.** The Parties agree and understand that this Agreement and the releases contained herein are a compromise of doubtful and disputed claims, and the Parties, in compromising, do not admit but specifically deny liability to each other and intend merely to avoid any further dispute or litigation with respect to all claims hereby released.

13. **Non-Circumvent.** The Parties, and their respective successors, assigns, heirs, transferees, and affiliates, agree to not directly or indirectly take any actions, make any attempts, fail to act, act in concert with any person, agent, representative, associate, advisor, and/or entity who takes an action or fails to take any action intended to, or such that the resulting effect is to, materially undermine, frustrate, and/or circumvent the purposes of the effectiveness of the material provisions of this Agreement. For the avoidance of doubt, this provision shall apply to the City with respect only to its official actions approved by a majority vote of the City Council or those official actions taken by employees of the City pursuant to the authority expressly delegated by law or by the City Council, and shall in no way limit the speech, advocacy, or actions of City officials, employees or members of the Airport Advisory Board in their individual capacities. The Parties acknowledge that this provision is a material and bargained-for term of this Agreement. With respect to any perceived violation of this provision, a party must provide the other party with written notice and a reasonable opportunity to cure prior to initiating any legal action based on this provision. Should OK3 AIR cease to conduct business activities at the Airport or upon any change or transfer in OK3 AIR’s ownership, this paragraph shall be of no further force or effect.

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14. **Construction.** This Agreement was drafted with the full participation of all Parties. Accordingly, any ambiguity in this Agreement shall not be resolved against any particular Party, but rather should be resolved by a fair reading of what was intended by the Parties.

15. **Severability.** If any provision in this Agreement is deemed invalid, then the remaining provisions thereof will continue in full force and effect and will be construed as if the invalid provision had not been a part of this Agreement.

16. **No Third-Party Beneficiaries; No Assignment of Claims.** Each of the Parties represents and warrants that it has not assigned or transferred any claim or any interest in any claim released by this Agreement. By executing this Agreement, the Parties do not intend to benefit any person or entity not a party to this Agreement. In event of death or dismemberment of either Party, their heirs may enforce the terms of this Agreement.

17. **Default.** A Party's failure to perform any and all terms of this Agreement shall constitute a breach of this Agreement, and shall permit the other Party to seek injunctive relief, actual damages, and attorney's fees and costs after providing the other Party with written notice and not less than thirty (30) days to cure such Party's default or, if the default is not capable of cure within thirty (30) days, to commence and diligently proceed to completion those actions reasonably necessary to cure such Party's default within a reasonable time. And if no such cure is obtained by the defaulting party within a reasonable time, that Party shall be in default of this Agreement. For the avoidance of doubt, the default and termination provisions provided in each written agreement entered into pursuant to this Settlement Agreement, including without limitation the Predevelopment Agreement, shall control with respect to either Party's failure to perform thereunder and the remedies available to the non-breaching Party.

18. **Dispute Resolution.** Any dispute arising out of, relating to or in connection with this Agreement shall be resolved as set forth in the Dispute Resolution Protocol attached hereto as Exhibit G.

19. **Non-Disparagement:** With respect solely to each Parties' respective conduct in the Lawsuit, the negotiation of this Agreement, or the terms of this Agreement, the Parties agree not to make any statements (written, oral, verbal or otherwise) or to cause or encourage others to make any statements (written, oral, verbal or otherwise) that defame, disparage, ridicule, or in any way criticize any of the other Parties or their employees, directors, and officers and/or their respective business operations, reputation, practices, or conduct; provided, however, that no Party shall be in violation of this paragraph for statements incident to that lawsuit between OK3 AIR and Paul Boyer, Civil No. 170500365 (3d Dist. Ct. Utah). For the avoidance of doubt, this provision shall apply to the City with respect only to statements or actions approved by a majority vote of the City Council or statements or actions of City employees pursuant to the expressly delegated authority of City Council, and shall in no way limit the speech, advocacy, or actions of City officials or members of the Airport Advisory Board in their individual capacities. A party must provide the other party with written notice of any alleged violation of this provision and a reasonable opportunity to retract the statement(s) prior to initiating any legal action based on this provision. Should OK3 AIR cease to conduct business activities at the Airport or upon any change or transfer in OK3 AIR's ownership, this paragraph shall be of no further force or effect.

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20. **Attorney's Fees.** Each Party shall bear their own attorney's fees and costs in the Lawsuit and the negotiation and execution of this Agreement. In any dispute, claim, litigation, arbitration, or mediation arising out of or in any way relating to any Party's failure to fulfill any of its obligations under this Agreement, the prevailing Party shall be entitled to recover all reasonable costs and attorney's fees from the other Party.

21. **Entire Agreement.** This Agreement, including the recitals and any exhibits attached hereto, which are incorporated herein by reference, represents the sole and entire agreement between the Parties and supersedes all prior agreements, negotiations, and discussions between the Parties and/or their respective counsel with respect to the subject matter covered hereby.

22. **Amendment.** This Agreement shall not be amended, altered, revised, modified, terminated, or changed in any way except by further written agreement signed by all of the Parties to this Agreement.

23. **Jurisdiction, Venue, and Applicable Law.** With respect to an action to enforce the terms and conditions of this Agreement only, the Parties consent to the exercise of jurisdiction of the U.S. District Court for District of Utah and hereby agree that the venue of any action with respect to the enforcement of the terms and conditions of this Agreement shall be properly placed before this same court. This Agreement shall be interpreted under the laws of the State of Utah.

24. **Successors and Assigns.** All terms, conditions, covenants, and agreements contained herein shall bind and inure to the benefit of the respective successors, assigns, heirs, transferees, and affiliates of the Parties.

25. **Agreement May Be Executed in Counterparts.** This Agreement may be executed in counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together shall constitute one and the same instrument. The Parties agree that facsimile and scanned copies of signatures may be accepted as original copies and are fully binding upon the Parties.

[Signature Page to Follow]

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in one or more counterparts as of the date first above written.

AH AERO SERVICES, LLC:

HEBER CITY CORPORATION:

By: Nadim AbuHaidar
Its: Manager

By:
Its:

CONFIDENTIAL

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EXHIBIT A

FBO LEASE ADDENDUM

CONFIDENTIAL

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EXHIBIT B

NEW HANGAR LEASE

CONFIDENTIAL

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EXHIBIT C-1

HANGAR A AMENDMENT

CONFIDENTIAL

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EXHIBIT C-2

HANGAR E AMENDMENT

CONFIDENTIAL

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EXHIBIT D

PREDEVELOPMENT AGREEMENT

CONFIDENTIAL

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EXHIBIT E

AMENDMENTS TO MINIMUM STANDARDS

In accordance with Section 3 of the Amended Agreement dated January 8, 1995, originally between Lessor and High County Aviation, Inc., and later assigned to AH Aero Services LLC dba OK3 AIR, as subsequently amended, OK3 AIR consents to the following amendments to the Heber Valley Airport Minimum Standards dated June 16, 2016:

1. Creation of a Low Volume Self-Fueling permit for small-scale self-fueling operations involving the provision of 20 gallons or less of aviation fuel into an aircraft at any one time via Jerry can or other portable, liquid container, addressing guidance provided by the FAA in response to Allegation #22 of Paul Boyer's Part 13 Complaint dated February 21, 2019; and additional self-fueling provisions to ensure fuels are safely dispensed, dispensed only in accordance with a permit approved by the City, and providing for the suspension, revocation of permits for fuels dispensed other than in compliance with a permit.
2. Modification of the current category, "Fixed Base Operator," to "Full Service Fixed Base Operator." A Full Service Fixed Base Operator shall be permitted to sell all types of aviation fuel and perform services on all types of aircraft. The current minimum standards for Fixed Base Operators will be increased so as to be more consistent with the facilities, equipment, and services currently provided at the Airport (but not greater than what is currently provided at the Airport), including but not limited to: 10 acres of contiguous land; 9 acres of ramp; 30,000 square feet of hangar space; **a Part 145 certified maintenance facility**; and the number and type of fuel trucks, tugs, deicers, and employees.
3. Increase in the minimum standards for an "Aircraft Maintenance Operator, Avionics, Instruments, or Aircraft Assessor [sic] Overhaul/Repair Maintenance Overhaul Operators (SASO)," to require **a part 145 certification**; 10,000 square feet of hangar space and adequate facilities, apron, parking, and customer access, provided that such increased standards do not exceed the facilities, equipment, and services currently provided at the Airport.
4. Elimination of the requirement for a Fixed Base Operators to maintain a flight school.
5. Creation of a Light General Aviation FBO. A LGA FBO may only provide aviation fuel for piston aircraft (e.g. 100LL, UL94, G100, and similar fuels) and will be prohibited from providing Jet-A or providing services to turbine aircraft (through a waiver or otherwise),

Commented [SLO1]: OK3 AIR has requested that Full Service FBOs be required to maintain a Part 145 Repair Station. The City is concerned, particularly in light of Dakota Territory Tours v. Yavapai County, FAA Docket No. 16-17-18, that this requirement would violate Grant Assurance 22. We would appreciate specific guidance on this.

Commented [SLO2]: OK3 AIR has requested that Aircraft Maintenance Operators be required to maintain a Part 145 Repair Station certificate. The City is concerned, particularly in light of Dakota Territory Tours v. Yavapai County, FAA Docket No. 16-17-18, that this requirement would violate Grant Assurance 22. Only Light General Aviation Maintenance Providers (below) would be permitted to perform commercial maintenance under Part 43. We would appreciate specific guidance on this.

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unless it satisfies all minimum standards of a Full Service FBO. The minimum standards for a LGA FBO must include provisions relating to premises, insurance, personnel and safety certifications and requirements, including but not limited to the following: 4 acres of land (1.5 acres of ramp); 10,000 square feet of hangar space; storage capacity for 10,000 gallons of AvGas; **LGA maintenance requirement**; and the number and type of fuel trucks, tugs, and employees.

6. Creation of a Light General Aviation Maintenance SASO, which will provide maintenance services to piston aircraft only. The Light General Aviation Maintenance SASO must include provisions relating to premises, insurance, personnel and safety certifications and requirements, including but not limited to the following: 4,000 square feet of hangar space (unless sublessee of LGA FBO); adequate facilities, apron, parking, and customer access.

Commented [SLO3]: OK3 AIR has requested that a Light General Aviation FBO be required to provide maintenance to light aircraft. The City intends to request that an LGA FBO provide this service in its RFP; however, given the limited size of the leasehold on the North Campus, the City is concerned about *requiring* this service, lest it receive a favorable proposal from a qualified LGA FBO that does not want to provide maintenance services. We flag this as an item still under discussion, but FAA is welcome to weigh in.

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EXHIBIT F

MOTIONS TO DISMISS

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EXHIBIT G

DISPUTE RESOLUTION PROTOCOL

- A. NOTICE AND OPPORTUNITY TO CURE. Unless a shorter cure period or right to immediate termination is expressly provided in this Settlement Agreement and Mutual Release, no Party shall be considered in default of any provision of this Agreement, or any covenant or obligation pertaining to the use or occupancy of Airport property, and no right of termination shall arise, unless and until the counter-Party has provided such Party with written notice of default and not less than thirty (30) days to cure such default or, if the default is not capable of cure within thirty (30) days, such Party has within thirty (30) days commenced, and thereafter diligently proceeds to complete, those actions reasonably necessary to cure such Party's default.
- B. INFORMAL DISPUTE RESOLUTION. The Parties agree that, at all times, they will attempt in good faith to resolve all disputes that may arise under this Agreement. Upon receipt of written notice of a dispute from a Party, the Parties agree to refer the dispute to the City Manager, for the City, and the Chief Executive Officer, for Lessee (collectively, "**Designated Persons**"). The Designated Persons shall within fifteen (15) days of such written notice meet and negotiate in good faith to resolve the dispute, conferring thereafter as often as they deem reasonably necessary, and shall gather and in good faith furnish to each other any information pertinent to the dispute. All communications between the Designated Persons during the dispute resolution procedures set forth in this Paragraph shall be deemed confidential and treated as compromise and settlement negotiations and shall not be admissible in evidence by any proceeding without the mutual consent of the Parties.
- C. MEDIATION. Mediation of a dispute arising under this Agreement may not be commenced until the earlier of: (i) such time as both of the Designated Persons, after following the procedures set forth in Paragraph A and B hereof, conclude in good faith that amicable resolution through continued negotiation of the matter does not appear likely or (ii) fifteen (15) days after the date of the notice referring the dispute to the Designated Persons. If, after such time period, the dispute remains unresolved, the Parties shall attempt to resolve the dispute through mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. The place of mediation shall be in Heber City, Utah, unless the parties agree otherwise. Mediation under this paragraph shall be a necessary prerequisite to any judicial action to enforce the terms and conditions of this Agreement, unless waived in writing with the mutual consent of both Parties.
- D. JURISDICTION, VENUE AND APPLICABLE LAW. With respect to an action to enforce the terms and conditions of this Agreement only, the Parties consent to the exercise of jurisdiction of the U.S. District Court for District of Utah and hereby agree that the venue of any action with respect to the enforcement of the terms and conditions of this Agreement shall be properly placed before this same court. As such, any action to enforce this Agreement will

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first be filed with the U.S. District Court for the District of Utah. This Agreement shall be interpreted under the laws of the State of Utah.

- E. Emergency Relief. No Party shall be precluded from initiating a proceeding in a court of competent jurisdiction for the purpose of obtaining any emergency or provisional remedy to protect its rights that may be necessary and is not otherwise available under this Agreement.
- F. Tolling. If a Party receiving a notice of default under this Agreement contests, disputes or challenges the propriety of such notice by making application to the dispute resolution procedure in this Exhibit, any cure period that applies to such default shall be tolled for the time period between such application and the issuance of a final award.
- G. FAA Disputes. The Parties understand and acknowledge the FAA's exclusive jurisdiction to determine the City's compliance with its federal Grant Assurance obligations (a "***Compliance Dispute***"), and that any remedies which may be imposed by the FAA for noncompliance therewith are exclusive. Accordingly, in the event of a Compliance Dispute, and after exhausting the procedures described in Paragraphs A and B hereof, either Party may initiate an informal or formal complaint proceeding with the FAA in accordance with 14 C.F.R. Parts 13 and 16 or similar succeeding provisions, without regard to the other provisions hereof.

PREDEVELOPMENT AGREEMENT

Between

HEBER CITY CORPORATION (“City”)

And

AH AERO SERVICE, INC. d/b/a OK3 AIR (“OK3 AIR”)

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PRE-DEVELOPMENT AGREEMENT

THIS PRE-DEVELOPMENT AGREEMENT (this “Agreement”) is made as of _____ day of _____, 2023 (the “Effective Date”), by and between HEBER CITY CORPORATION, a _____ (“City”) and AH Aero Service, Inc. d/b/a OK3 AIR, a _____ (“OK3 AIR”). The City and OK3 AIR are referred to individually as a “Party” and together as the “Parties”.

Recitals

A. The City is the owner, operator, and legal sponsor for the purposes of the Federal Aviation Administration (“FAA”) matters of the Heber Valley Airport (the “Airport”).

B. OK3 AIR is a full-service fixed base operator located on the Airport, providing aircraft maintenance, ramp parking, fueling, de-icing, overnight hangar services, and other services pursuant to that certain Amended Agreement dated January 8, 1995, originally between Lessor and High City Aviation, Inc., and later assigned to Lessee, and as amended by the Addendum to Amended 1995 Airport Agreement dated May 8, 2012, the Addendum to 1995 Airport Agreement dated January 26, 2015, and the Addendum to the 1995 Airport Agreement dated contemporaneously herewith (the “FBO Lease Addendum” and, collectively, the “FBO Lease”).

C. OK3 AIR leases certain property from the City pursuant to the FBO Lease and certain other written agreements, including ground leases for those premises known as Hangar A, Hangar E, and Daniel Hangar 1 and the New Hangar (the “Hangar Leases”).

D. At its regular meeting on February 21, 2023, the Heber City Council (the “City Council”) approved an Airport Layout Plan (the “ALP” attached as Exhibit A). The ALP will be submitted to the FAA upon the completion of a Master Plan (the “Master Plan”) for the Airport, reflecting the upgrade of the Airport to meet C-II airfield design standards. Among other items, the ALP provides for a shift in the Airport runway to the south and east, which will impact property leased by OK3 AIR under the FBO Lease and Hangar Leases.

E. Contemporaneously with this Agreement, OK3 AIR and the City have entered into that Settlement Agreement and Mutual Release, which resolves certain claims and potential claims among the parties (the “Settlement Agreement”). Among other items, the Settlement Agreement contemplates that the Parties will enter a Predevelopment Agreement addressing, among other items, the relocation and expansion of OK3 AIR’s leased property as a result of the Airport upgrades proposed in the ALP and Master Plan. This Agreement is the Predevelopment Agreement contemplated in the Settlement Agreement.

F. The Settlement Agreement also contemplates that the City and OK3 AIR will enter into an amended and restated FBO lease agreement (such lease or, if such lease is not entered into for any reason, the FBO Lease, the “Current Lease”).

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Agreement

NOW THEREFORE, in consideration of the foregoing recitals (which are incorporated into this Agreement by reference), and the mutual promises herein contained, and intending to be legally bound hereby, the Parties hereto agree as follows:

I. Term. The “Term” of this Agreement shall commence on the Effective Date and shall terminate on the earlier of (1) the date upon which all areas of the Selected Campus, as defined below, have been leased by OK3 AIR in accordance with the provisions hereof; or (2) the termination date of the Current Lease, in accordance with the terms of the Current Lease.

II. General Cooperation. The Parties acknowledge that there are a number of steps that need to be accomplished to complete the Master Plan based on the ALP and achieve the upgrade of the Airport to meet C-II airfield and design standards. Accordingly, from and after the Effective Date, the Parties shall work together cooperatively and shall execute such additional documents as may reasonably be necessary to accomplish the tasks described in Paragraphs III through VIII below.

III. Master Plan and ALP Submission

A. The City shall, at its cost, diligently complete the Master Plan based on the ALP. The Master Plan shall be consistent with the ALP and shall show the reservation of space for an approximately 17.8-acre new leasehold in the southwest portion of the Airport (the “South FBO Campus”) and an approximately 9-acre new leasehold in the northwest portion of the Airport (the “North FBO Campus”) and, collectively, the “FBO Areas”). In addition, the Master Plan shall include various improvements eligible for Airport Improvement Program (“AIP”) grant funding, including but not limited to, the relocation of the runway, various taxiways, aircraft parking ramp, and various demolition and remediation requirements (collectively, the “Grant Funded Projects”).

B. Upon completion of the Master Plan, the City shall submit the Master Plan and ALP for FAA acceptance of the Master Plan and conditional approval of the ALP (together, the “Conditional FAA Approvals”). The City shall make all reasonable and necessary efforts to obtain the Conditional FAA Approvals. In the event that the FAA requires any changes to the ALP that would materially affect the size, location, access to, or economic feasibility of the FBO Areas shown on the ALP or the ability of the City to implement the Master Plan as submitted to the FAA (the “Required ALP Changes”), the City shall review the Required ALP Changes with OK3 AIR. The City and OK3 AIR shall cooperate to address the Required ALP Changes with the FAA in a manner that retains the greatest material benefit provided to OK3 AIR hereunder, including, without limitation, providing OK3 AIR with the opportunity to develop either FBO Area and construct the Minimum Program Requirements, as defined in Section IV.B, below, and the City shall resubmit an ALP to the FAA for conditional approval. In the event the City is unable to reasonably address the Required ALP Changes to the FAA’s satisfaction in a manner that preserves the material benefits provided to OK3 AIR hereunder, OK3 AIR may in its discretion terminate this Agreement and, in the event of OK3 AIR’s election to terminate this Agreement under this paragraph, the City shall not be liable to OK3 AIR as a result thereof as long as the City has complied with this Section III(B).

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C. Upon receipt of the Conditional FAA Approvals, the City shall promptly provide written notice of the Conditional FAA Approvals to OK3 AIR, and the date of such notice shall be referred to herein as the “Conditional ALP Approval Date”.

IV. Site Selection

A. Upon execution of this Agreement, OK3 AIR and the City shall diligently work together to conduct a Phase II Environmental Site Assessment of the South FBO Campus (the “Phase II ESA”). OK3 AIR and the City shall share equally in the costs incurred in conducting the Phase II ESA, which the Parties understand will not be eligible for federal funding. Upon completion of the Phase II ESA, the City will diligently pursue an appropriate mitigation plan with the Utah Department of Environmental Quality and/or other agency(ies) with jurisdiction to permit the closure of the former landfill. The City will thereafter conduct preliminary soil sampling and other analyses necessary to determine the general suitability of the South FBO Campus for the construction of improvements on the South FBO Campus, in accordance with the approved mitigation plan. OK3 AIR and the City shall share equally in the costs incurred in such sampling and analyses. The City will work with OK3 AIR and the FAA to seek funding from the FAA to reimburse the City and OK3 AIR for the costs incurred pursuant to this Section (IV)(A). The City and OK3 AIR will comply with any applicable law, regulation, or policies to ensure that such costs incurred are reimbursable through the AIP to the greatest extent possible.

B. Within ninety (90) days after completion of such sampling and analyses, OK3 AIR shall submit a preliminary site plan for the South FBO Campus (the “Preliminary Site Plan”). The Preliminary Site Plan shall include at a minimum (a) 12,000 square feet of office space; (b) 70,000 square feet of hangar space; (c) at least 13 acres of contiguous ramp space; (d) a ground support equipment structure not to exceed 10,000 square feet, which ground support structure may be used to maintain and store OK3 AIR’s equipment, including but not limited to fuel trucks, tugs, deicers and snow removal equipment; and (e) a modern fuel farm (collectively, the “Minimum Program Requirements”). The Preliminary Site Plan shall be for the purposes of facilitating the Environmental Studies, described below, and shall not be binding on OK3 AIR.

C. As soon as practical, but no greater than three (3) years from the Conditional ALP Approval Date, the City shall make all reasonable and necessary efforts to initiate with the FAA those environmental studies required under the National Environmental Policy Act (NEPA) (the “Environmental Studies”) to obtain the FAA’s unconditional approval of the ALP and to secure funding eligibility for the Grant Funded Projects and the City shall be required to pay the Local Match associated with AIP funding relating to the Environmental Studies; provided, however, that the City shall not be obligated to initiate the Environmental Studies unless and until the FAA agrees to provide AIP funding for the Environmental Studies.

D. Once initiated, the City shall diligently pursue the Environmental Studies in cooperation with the FAA, and promptly submit the completed Environmental Studies to the FAA. The City shall promptly notify OK3 AIR of the FAA’s approval of the Environmental Studies,

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issuance of a Record of Decision or other final determination under NEPA, and unconditional approval of the ALP (the “Final ALP Approval”).

E. Within ninety (90) days following Final ALP Approval, OK3 AIR shall provide the City with a South FBO Campus Site Plan. The City shall review and approve or provide comments to the South FBO Campus Site Plan within thirty (30) days. The City’s Review shall be limited to confirming that the South FBO Campus Site Plan conforms to the Master Plan, ALP, and the Minimum Standards, and such approval shall not be unreasonably withheld, conditioned or delayed. Should the City determine the South FBO Campus Site Plan is not approved because it does not conform to the Master Plan, ALP, or Minimum Standards, the City shall provide comments to OK3 AIR, and the Parties shall diligently cooperate to adjust the South FBO Campus Site Plan to address the City’s comments so that the City is able to approve the South FBO Campus Site Plan as quickly as possible. In making adjustments to the South FBO Campus Site Plan, the City’s approval shall not be unreasonably conditioned, withheld or delayed.

F. Not less than six (6) months after the City’s written approval of the South FBO Campus Site Plan (the “Site Selection Period”) OK3 AIR shall notify the City in writing (the “Final Site Notification”) of its election to either (a) lease the South FBO Campus, (b) lease the North FBO Campus; or (c) terminate this Agreement (OK3 AIR’s elected site, the “Selected Campus”). During the Site Selection Period, the City and OK3 AIR shall cooperate with each other and coordinate with the FAA to determine the general feasibility of developing the South FBO Campus and the likely extent and timing of AIP funding for the Grant Funded Projects associated with the South FBO Campus. Upon OK3 AIR’s request, the City will extend the Site Selection Period by additional three (3) month intervals if (i) OK3 AIR reasonably determines that it lacks sufficient information to determine the general feasibility of developing the South FBO Campus and the likely extent and timing of AIP funding for the Grant Funded Projects associated with the South FBO Campus; and (ii) the FAA does not object to the extension. For the purposes of the foregoing sentence, the FAA will be deemed to have objected to the extension if the Manager of the Denver Airports District Office or more senior official indicates, in writing or verbally, that the FAA objects to the extension; provided, however, that any such indication by verbal communication must be made to both parties simultaneously and memorialized by written notice from the City to OK3 AIR in accordance with Section XII.H. OK3 AIR understands and acknowledges it may be required to make its Final Site Notification prior to any determination regarding the FAA’s willingness to fund the Grant Funded Projects.

G. In the event OK3 AIR elects in the Final Site Notification to lease the South FBO Campus, the City shall, within one hundred and eighty (180) days after the Final Site Notification issue a Request for Proposals (“RFP”) for the development on the North FBO Campus of hangars and a light general aviation FBO consistent with the ALP, the terms of the Minimum Standards as amended, and the Settlement Agreement. Upon the issuance of said RFP, OK3 AIR shall have no further rights to the North FBO Campus.

H. In the event OK3 AIR elects in the Final Site Notification to lease the North FBO Campus, OK3 AIR shall have no further rights to the South FBO Campus. OK3 AIR shall

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then provide the City with a revised Preliminary Site Plan for the North FBO Campus within ninety (90) days after the Final Site Notification that will include the Minimum Program Requirements, to the extent such can be accommodated. Within one hundred and eighty (180) days of its receipt of a revised Preliminary Site Plan, the City shall make all reasonable and necessary efforts to amend the ALP in accordance with the revised Preliminary Site Plan and obtain unconditional FAA approval thereof. In the event the FAA requires any changes to the ALP that would materially affect the Preliminary Site Plan, the City and OK3 AIR will proceed as provided in Section III.B. To the extent there is sufficient developable space available on the South FBO Campus, the City shall within one hundred and eighty (180) days after the Final Site Notification issue an RFP for the development on the South FBO Campus of hangars and a light general aviation FBO consistent with the terms of the Minimum Standards as amended and the Settlement Agreement.

V. Project Execution

A. The City agrees to prioritize those Grant Funded Projects associated with the Selected Campus and any necessary enabling projects, prior to seeking AIP funding for other Grant Funded Projects and agrees that it will not seek AIP funding to relocate the runway or condemn or purchase any of OK3 AIR's existing facilities without also seeking AIP funding for Grant Funded Projects on the Selected Campus. Notwithstanding the foregoing, this provision shall not prohibit the City from applying for and/or accepting an AIP grant for any Grant Funded Project reasonably necessary to maintain the safety of the Airport, nor shall this provision prohibit the City from applying for and/or accepting an AIP grant for any Grant Funded Project that would not delay the FAA funding of the Grant Funded Projects associated with the Selected Campus. Without limiting the foregoing, the Parties agree that the following Grant Funded Projects may precede any application for funding of the Grant Funded Projects associated with the Selected Campus: (i) the upgrade and relocation of the AWOS; (ii) the Environmental Studies; (iii) the acquisition of snow removal equipment; (iv) the acquisition of property or easements necessary to facilitate the relocation of the runway and parallel taxiway in accordance with FAA standards; and (v) relocation of the access road along the southern boundary of the South FBO Campus.

B. The City shall be responsible for, and its liability to fund the Grant Funded Projects hereunder will be limited to, the local match associated with these Grant Funded Projects (the "Local Match"). The City will not be obligated to complete the Grant Funded Projects on the Selected Campus unless and until the FAA issues an AIP grant covering not less than 90 percent of the cost of the Grant Funded Projects. The Local Match shall be paid by the City. The City shall only be obligated to pay the Local Match out of the City's Airport Special Revenue Fund, and not from the City's General Fund; provided, however, that nothing herein shall be construed as preventing the City from making payments from the City's General Fund, in the City's sole discretion. The Parties further acknowledge that the timing and availability of funding for the Grant Funded Projects is partially outside the City's control, and, to that extent, cannot be specifically determined, and except as provided in Section IV(C), the City shall not be in default of its obligations hereunder as a result of its failure to timely raise the Local Match throughout the term of this Agreement, subject to the provisions of this Section V.

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VI. Leasehold Interest

A. At any time after providing the City with its Final Site Notification, OK3 AIR may provide written notice to the City of its intent to lease all or a portion of the Selected Campus (each such notice a “Notice of Intent to Lease”). Each Notice of Intent to Lease shall specify the location and approximate square footage of the area to be leased and its intended use, which shall be consistent with the approved Site Plan for the Selected Campus. Not later than sixty (60) days following the receipt of a Notice of Intent to Lease, the City shall:

1. In the case of an area to be used for the development of vehicle parking or aircraft parking ramp/apron, the Current Lease shall be amended to include the area specified in the Notice of Intent to Lease. The City shall prepare and execute a lease addendum to memorialize the addition of the area specified in the Notice of Intent to lease as a ministerial function, which addendum shall not be subject to City Council approval except as required by law. The terms of the Current Lease shall apply to the area; however, the rental rate shall be initially established at \$0.15 cents per square foot. The rental rate shall thereafter be annually adjusted by a percentage equal to the increase in the Mountain-Plains Consumer Price Index through January 31 of the then-current year, as calculated by the U.S. Bureau of Labor Statistics or any successor agency; provided, that no annual increase in the rental rate shall exceed three percent (3%); and provided further, that the rental rate shall not decrease. Notwithstanding the foregoing, the rental rate shall increase to \$0.25 cents per square foot on the fifth anniversary of the amendment to include the area, and thereafter adjusted for inflation as provided in the preceding sentence; and the rental rate shall be reset to the City’s then-current rental rate for comparable uses of airport property on the thirty-fifth anniversary of the amendment to include the area, and thereafter adjusted for inflation as provided in the preceding sentence.

2. In the case of an area to be used for the development of fuel farm facilities, the City shall prepare a lease for the area specified in the Notice of Intent to Lease on such form then in effect for the lease of airport property for comparable uses. The rental rate shall be initially established at \$0.15 cents per square foot. The rental rate shall thereafter be annually adjusted by a percentage equal to the increase in the Mountain-Plains Consumer Price Index through January 31 of the then-current year, as calculated by the U.S. Bureau of Labor Statistics or any successor agency; provided, that no annual increase in the rental rate shall exceed three percent (3%); and provided further, that the rental rate shall not decrease. Notwithstanding the foregoing, the rental rate shall increase to \$0.25 cents per square foot on the fifth anniversary of the lease, and thereafter adjusted for inflation as provided in the preceding sentence; and the rental rate shall be reset to the City’s then-current rental rate for comparable uses of airport property on the thirty-fifth anniversary of the lease, and thereafter adjusted for inflation as provided in the preceding sentence. OK3 AIR shall pay ten percent (10%) of the rental rate for the area identified in such Notice of Intent to Lease until such time that the fuel farm is operational. The term of such lease will be coextensive with the Current Lease and contain those cross-default provisions contained in the Current Lease.

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3. In the case of an area to be used for the development of any facility other than described in paragraphs VI.A.1 and VI.A.2, the City shall prepare a lease for the area specified in the Notice of Intent to Lease on such form then in effect for the lease of airport property for comparable uses, and at the City's then-current rental rate for comparable uses of airport property. The term of such lease will be coextensive with the Current Lease and contain those cross-default provisions contained in the Current Lease.

B. Upon the City's completion of the Grant Funded Projects associated with the Selected Campus, the City shall provide written notice to OK3 AIR (the date of such notice, the "Grant Funded Projects Completion Date"). Not less than thirty (30) days after the Grant Funded Projects Completion Date, the OK3 AIR shall submit one or more Notice(s) of Intent to Lease all remaining area on the Selected Campus not already under lease. The City shall process the Notice(s) of Intent to Lease as provided in Section VI.A; provided, however:

1. OK3 AIR shall pay ten percent (10%) of the rental rate for the areas identified in such Notice(s) of Intent to Lease until such time that it commences FBO operations from the Selected Campus; and

2. The term of the Current Lease and all other leases on the Selected Campus shall be reset to an initial period of thirty five (35) years and automatically extended for an additional fifteen (15) years when OK3 AIR provides the City's Airport Manager with written certification that it has completed the Minimum Program Requirements, or made a minimum capital investment of \$5 million in Adjusted Dollars in the facilities that contribute to the operation of the FBO, including but not limited to hangars, ramp and fuel farm, whichever happens earlier; provided, however, that if the lease term of the Current Lease has already been extended to fifty (50) years pursuant to the terms of the FBO Lease Addendum, the term shall be reset to initial period of fifty (50) years. For the purposes of this Agreement, "Adjusted Dollars" shall mean the dollar amount indicated in this Agreement multiplied by that fraction the numerator of which is the revised Bureau of Labor Statistics Mountain-Plains Consumer Price Index (the "Index") for December of the preceding year and the denominator of which is the Index for December 2022.

C. OK3 AIR understands and agrees that the City's construction of the Grant Funded Projects on the Selected Campus is in furtherance of the Master Plan, which shall require OK3 AIR to relocate its operations to the Selected Campus. Accordingly, OK3 AIR shall commit to completion of the Minimum Program Requirements and commencement of FBO operations on the Selected Campus within ten (10) years of the Grant Funded Projects Completion Date; or, in the event the City notifies OK3 AIR that the City reasonably anticipates demolishing a portion of OK3 AIR's existing leasehold to facilitate the Grant Funded Projects in less than ten (10) years after the Grant Funded Projects Completion Date, and such earlier date is indicated in an FAA-approved Capital Improvement Program submitted by the City, OK3 AIR shall complete those Minimum Program Requirements sufficient to commence FBO operations in accordance with the Minimum Standards on the Selected Campus within three (3) years of the City's notice thereof, and shall complete any remaining Minimum Program Requirements within ten (10) years of the Grant Funded Projects Completion Date. Notwithstanding the foregoing, if OK3 AIR's completion of the Minimum Program Requirements and commencement of FBO operations on the

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Selected Campus is delayed due to factors beyond OK3 AIR's control, such delay will not constitute a failure on OK3 AIR's part to comply with this Section, provided OK3 AIR gives timely notice to the City pursuant to Section IX(E).

VII. Obligation to Defend. This Agreement is intended to confirm an exclusive right to OK3 AIR to develop either the South FBO Campus or the North FBO Campus, in accordance with the provisions herein. Until such time as OK3 AIR provides a Final Site Notification to the City, the City will maintain a moratorium on the development of both FBO Areas. In the event the City receives a request to lease or develop any portion of either FBO Area, prior to its receipt of the Final Site Notification, or any portion of the Selected Campus (other than a Notice of Intent to Lease), after Final Site Selection, then the City shall reject such request and defend OK3 AIR's rights under this Agreement against any alleged grant assurance violation. OK3 AIR's rights in either the South FBO Campus or North FBO Campus shall only be terminated at the request of OK3 AIR, to comply with a final agency action of the FAA, or upon the termination of this Agreement by the City as set forth in Section VIII(C) below.

VIII. Defaults and Remedies

A. Event of Default. It shall be an "Event of Default" by either Party hereunder that such Party has defaulted in the performance of any of the terms, covenants, and conditions required under this Agreement and has failed to cure such default within thirty (30) days of receipt by such Party of a Default Notice, as defined below; or, if by reason of the nature of such default, the same cannot be remedied within thirty (30) days following such Party's receipt of a Default Notice, such Party fails to commence the remedying of such default within thirty (30) days following its receipt of a Default Notice, or having so commenced, fails thereafter to continue with diligence to cure such default. The defaulting Party shall have the burden of proof to demonstrate (i) the default cannot be cured within thirty (30) days and (ii) it is proceeding with diligence to cure such default, and such default will be cured within a reasonable period of time.

B. Default Notice. If a default in the performance of any of the terms, covenants, and conditions required under this Agreement occurs, the non-defaulting Party shall deliver written notice ("Default Notice") to the Party in default, specifying the nature of the alleged default. The Parties shall first attempt to resolve the alleged default, or any dispute arising out of, relating to, or in connection with this Agreement as set forth in the Dispute Resolution Protocol attached hereto as Exhibit B (the "Dispute Resolution Protocol"). The non-defaulting Party shall have no right to exercise any remedy for an Event of Default without delivering the Default Notice as provided herein and as set forth in the Dispute Resolution Protocol.

C. Remedies. Upon the occurrence of an Event of Default, completion of the Dispute Resolution Protocol, and the expiration of any applicable notice and cure periods, the non-defaulting Party shall have the right to terminate this Agreement for cause by giving written notice to the defaulting Party of such termination but shall have no other remedies at law or in equity except as expressly set forth in this Section.

1. With respect to an Event of Default by the City not constituting a Total Breach by the City (as defined in Section C(3) below), OK3 AIR shall be entitled only to its remedies in equity, including specific performance of this Agreement and

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injunctive relief; and the City and its officers, elected representatives, agents, employees, and volunteers shall not be liable to OK3 AIR for any loss of profits, expectation, consequential, incidental, indirect, special, punitive, or any other monetary damages arising from an Event of Default not constituting a Total Breach by the City.

2. With respect to an Event of Default by the City determined by a final non-appealable determination of a court of competent jurisdiction to constitute a Total Breach by the City (as defined below), except as provided below in this Section C(2), OK3 AIR shall be entitled only to its remedies in equity, including specific performance of this Agreement and injunctive relief. Notwithstanding the foregoing, at OK3 AIR's election, or in the event a court denies OK3 AIR's request for specific performance or injunctive relief for any reason (other than on the merits), then OK3 AIR may seek monetary damages against the City subject to a cap in the total aggregate amount of three million dollars (\$3,000,000.00). For the avoidance of doubt, any monetary penalties assessed by a court of competent jurisdiction for the City's failure to comply with an order of specific performance or other equitable relief shall not be subject to the foregoing monetary damages cap, and OK3 AIR's pursuit of such penalties shall not be deemed an election to seek monetary damages against the City. If OK3 AIR elects and is awarded a judgment for monetary damages resulting from a Total Breach by the City, both the City and OK3 AIR shall be relieved of any further obligations or liabilities under this Agreement and, upon the satisfaction of such judgment for monetary damages, this Agreement shall automatically terminate. The City shall in good faith endeavor to satisfy any judgment for monetary damages resulting from a Total Breach by the City in the fiscal year in which such judgment is awarded, if there are adequate City funds then available. Should the City determine in its sole discretion that it would be unable to satisfy such judgment for monetary damages in a single lump sum payment and meet its other financial obligations, then, notwithstanding any other law, the City shall have the right to divide such payment into not more than five (5) equal, annual installments, or over such longer period to which the Parties may mutually agree in writing. Nothing herein shall require OK3 AIR to bring a separate cause of action to seek monetary damages in the event of a Total Breach by the City.

3. For the purposes of this Section, a "Total Breach by the City" shall mean an Event of Default constituting a failure or refusal to perform a material obligation under this Agreement through which the City has manifested an unequivocal intent to no longer be bound by the provisions of this Agreement that require performance in the future, or a failure or refusal to comply with a Court-ordered injunction or award of specific performance. Such failure or refusal to perform shall be further limited to official actions of the City as approved by a majority vote of the City Council or those official actions taken by employees of the City pursuant to authority expressly delegated by law or by the City Council (an "Official Action"), and shall in no way be construed to apply to limit the speech, advocacy, or actions of City officials, elected representatives, employees, or members of the Airport Advisory Board in their individual capacities or to their expression of views during the course of official public proceedings of the City Council or in the performance of their public duties, unless such speech or action constitutes an Official

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Action. OK3 AIR shall have the burden of proof to demonstrate a Total Breach by the City.

4. This Section is only intended to limit the Parties' remedies for an Event of Default arising under this Agreement, and is not intended to waive or limit the remedies for any other claims or causes of action between the Parties, including those claims arising from any other agreement between the Parties, including the Settlement Agreement and the various leases between the Parties that currently exist or may exist in the future and any action brought by the City for the condemnation thereof. This Section also does not modify, waive or limit in any way either Parties' right to seek any remedy, compensation or corrective action that may be available through the FAA.

D. The Parties acknowledge that the provisions of this Section, *Defaults and Remedies*, are material and bargained-for terms of this Agreement and the Settlement Agreement, including without limitation the limitation of OK3 AIR's remedies in the event of a default by the City and the cap on aggregate damages that may be awarded only in the event of a Total Breach by the City of this Agreement, and hereby waive any right to challenge the same.

IX. General Provisions

A. Assignment. OK3 AIR shall have the right to assign this Agreement with the City's prior written approval, provided the Current Lease is assigned to the same assignee, in accordance with the provisions thereof. The City's approval shall not be unreasonably withheld, conditioned or delayed provided that OK3 AIR demonstrates that the proposed assignee has financial means and operating capacity that are substantially equivalent to the financial means and operating capacity of OK3 AIR. Any such assignment shall release OK3 AIR from its obligations under this Agreement, provided that the assignee acknowledges in writing that it shall be subject to the terms and conditions of this Agreement. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, including assignees.

B. Amendments and Changes. Except where otherwise provided herein, any amendments changes, or modifications to this Agreement or any of its Exhibits must be in writing and executed by authorized agents or representatives of City and OK3 AIR, or their respective successors or assigns.

C. Severability. If one or more clauses, sections, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, or in conflict with any Laws or Regulations, it is agreed that the remainder of the Agreement shall remain in full force and effect as if such invalid or inconsistent provision was not included.

D. Waiver. No delay or omission in the exercise of any right or remedy of either Party on any default by either Party shall impair such a right or remedy or be construed as a waiver. Any waiver by either Party of any Event of Default on the part of the other must be in writing and shall not be a waiver of any other Event of Default concerning the same or any other provision of the Agreement.

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E. Force Majeure. Neither Party shall be in violation of this Agreement by reason of failure to perform any of its obligations by reason of strikes, boycotts, labor disputes, embargoes, unforeseen shortages of materials, acts of God, acts of public enemy, substantial non-temporary flight restrictions, extraordinary and unforeseeable weather conditions, riots, rebellion, sabotage, or any other circumstances for which it is not responsible and which are not within its control (each, an event of “Force Majeure”). The non-performing Party shall notify the other Party of such Force Majeure within ten (10) business days after such occurrence by giving written notice to the other Party stating the nature of the event, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is necessary and the non-performing Party shall use commercially reasonable efforts to remedy its inability to perform. Upon the cessation or removal of the Force Majeure, the Party so excused from its obligation shall perform as required under this Agreement.

F. Entire Agreement. This Agreement embodies the entire agreement and understanding among the Parties relating to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter, and it is agreed that there are no terms, understandings, representations, or warranties, express or implied, relating to such subject matter other than those set forth herein.

G. Captions. The descriptive headings of the sections of this Agreement are inserted for convenience only. They are not intended to and shall not be construed to limit, enlarge, or affect the scope or intent of this Agreement or the meaning of any provision hereof.

H. Notices. All notices, consents, waivers, directions, requests, or communications shall be in writing, and shall be deemed properly given if sent (i) by e-mail to the e-mail address provided by the receiving Party, provided that notices alleging a breach or default may not be given by e-mail, (ii) by hand delivery, (iii) by reputable next business day courier, or (iv) by registered or certified U.S. mail, return receipt requested, postage prepaid, addressed as follows:

If to OK3 AIR:

and

If to City:

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and

or to such other address as a Party may from time to time designate in writing to the other Party as provided above. Notices shall be deemed given upon receipt or refusal of delivery.

I. Rules of Construction. References to numbered or lettered articles, sections, and subsections refer to articles, sections, and subsections of this Agreement unless otherwise expressly stated. The words “herein,” “hereof,” “hereunder,” “hereby,” “this Agreement,” and other similar references shall be construed to mean and include this Agreement and all amendments and supplements hereto unless the context shall clearly indicate or require otherwise. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person may in the context require. Any reference to statutes or laws shall include all amendments, modifications, or replacements of the specific sections and provisions concerned.

J. Governing Law. With respect to an action to enforce the terms and conditions of this Agreement only, the Parties consent to the exercise of jurisdiction of the U.S. District Court for District of Utah and hereby agree that the venue of any action with respect to the enforcement of the terms and conditions of this Agreement shall be properly placed before this same court. This Agreement shall be interpreted under the laws of the State of Utah.

K. Attorney’s Fees. In the event of a of any dispute, claim, litigation, arbitration or mediation arising out of or in any way related to a party’s failure to fulfil any of its obligations under this Agreement, the prevailing party shall be entitled to recover all reasonable costs and attorney’s fees from the other party.

L. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

M. Subordination to FAA Grant Assurances. This Agreement is subject and subordinate to the provisions of any existing or future agreements between the City and the United States of America relative to the operation or maintenance of the Airport (such provisions the “Grant Assurances”), the terms and execution of which have been or may be required as a condition precedent to the expenditure by or reimbursement to the City of federal funds for the development of the Airport. OK3 AIR acknowledges that it has had an opportunity to review the material terms of this Agreement with the FAA and neither party is aware of any FAA objection. Notwithstanding the foregoing sentence, however, in the event the U.S. Department of Transportation, the Federal Aviation Administration, or a court of competent jurisdiction makes a final appealable determination that the City’s ability to perform any obligations under this Agreement would violate the Grant Assurances, the City shall be immediately excused from performing such obligation (subject to the limitations set forth below) and shall in good faith negotiate a lawful resolution to the mutual satisfaction of the Parties hereto; provided, however,

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that if the Parties are unable to resolve the conflict or violation within ninety (90) days, the City shall unilaterally amend this Agreement in the least material manner necessary to comply with the decision of the Court or the FAA and the remaining provisions hereof will continue in full force and effect and will be construed as if the invalid provision had not been a part of this Agreement.

N. Required Federal Clauses. OK3 AIR acknowledges that City is required by the FAA under the terms of its Grant Assurances to include in this Agreement certain required contract provisions, included as Exhibit C attached hereto and incorporated herein (the “Federal Clauses”). OK3 AIR further acknowledges that the FAA may from time to time amend or augment the Federal Clauses. In such event, City may provide OK3 AIR with a substitute Exhibit C reflecting such amendment or augmentation, and such substitute Exhibit C shall be effective and binding as if originally annexed hereto. OK3 AIR agrees to comply with the Federal Clauses and, where applicable, include the Federal Clauses in each of its subcontracts without limitation or alteration. OK3 AIR acknowledges that a failure to comply with the Federal Clauses constitutes an Event of Default.

O. Non-Circumvention. The Parties, and their respective successors, assigns, heirs, transferees, and affiliates, agree to not directly or indirectly take any actions, make any attempts, fail to act, act in concert with any person, agent, representative, associate, advisor, and/or entity who takes an action or fails to take any action intended to, or such that the resulting effect is to, materially undermine, frustrate, and/or circumvent the purposes of the effectiveness of the material provisions of this Agreement. For the avoidance of doubt, this provision shall apply to the City with respect only to its official actions approved by a majority vote of the City Council or those official actions taken by employees of the City pursuant to the authority expressly delegated by law or by the City Council, and shall in no way limit the speech, advocacy, or actions of City officials, employees or members of the Airport Advisory Board in their individual capacities. The Parties acknowledge that this provision is a material and bargained-for term of this Agreement.

[signature pages follow]

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective
Date.

OK3 AIR:

AH Aero Service, Inc. d/b/a OK3 AIR, a

By: _____

Title: _____

CITY:

Heber City Corporation, a

By: _____

Title: _____

EXHIBIT A

AIRPORT LAYOUT PLAN

EXHIBIT B

DISPUTE RESOLUTION PROTOCOL

- A. NOTICE AND OPPORTUNITY TO CURE. Unless a shorter cure period or right to immediate termination is expressly provided in this Agreement, no Party shall be considered in default of any provision of this Agreement, or any covenant or obligation pertaining to the use or occupancy of Airport property, and no right of termination shall arise, unless and until the counter-Party has provided such Party with written notice of default and not less than thirty (30) days to cure such default or, if the default is not capable of cure within thirty (30) days, such Party has within thirty (30) days commenced, and thereafter diligently proceeds to complete, those actions reasonably necessary to cure such Party's default.
- B. INFORMAL DISPUTE RESOLUTION. The Parties agree that, at all times, they will attempt in good faith to resolve all disputes that may arise under this Agreement. Upon receipt of written notice of a dispute from a Party, the Parties agree to refer the dispute to the City Manager, for the City, and the Chief Executive Officer, for Lessee (collectively, "***Designated Persons***"). The Designated Persons shall within fifteen (15) days of such written notice meet and negotiate in good faith to resolve the dispute, conferring thereafter as often as they deem reasonably necessary, and shall gather and in good faith furnish to each other any information pertinent to the dispute. All communications between the Designated Persons during the dispute resolution procedures set forth in this Paragraph shall be deemed confidential and treated as compromise and settlement negotiations and shall not be admissible in evidence by any proceeding without the mutual consent of the Parties.
- C. MEDIATION. Mediation of a dispute arising under this Agreement may not be commenced until the earlier of: (i) such time as both of the Designated Persons, after following the procedures set forth in Paragraph A and B hereof, conclude in good faith that amicable resolution through continued negotiation of the matter does not appear likely or (ii) fifteen (15) days after the date of the notice referring the dispute to the Designated Persons. If, after such time period, the dispute remains unresolved, the Parties shall attempt to resolve the dispute through mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. The place of mediation shall be in Heber City, Utah, unless the parties agree otherwise. Mediation under this paragraph shall be a necessary prerequisite to any judicial action to enforce the terms and conditions of this Agreement, unless waived in writing with the mutual consent of both Parties.
- D. JURISDICTION, VENUE AND APPLICABLE LAW. With respect to an action to enforce the terms and conditions of this Agreement only, the Parties consent to the exercise of jurisdiction of Fourth Judicial District, Wasatch County, District Court and hereby agree that the venue of any action with respect to the enforcement of the terms and conditions of this Agreement shall be properly placed before this same court. This Agreement shall be interpreted under the laws of the State of Utah.
- .

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- E. Emergency Relief. No Party shall be precluded from initiating a proceeding in a court of competent jurisdiction for the purpose of obtaining any emergency or provisional remedy to protect its rights that may be necessary and is not otherwise available under this Agreement.
- F. Tolling. If a Party receiving a notice of default under this Agreement contests, disputes or challenges the propriety of such notice by making application to the dispute resolution procedure in this Exhibit, any cure period that applies to such default shall be tolled for the time period between such application and the issuance of a final award.
- G. FAA Disputes. The Parties understand and acknowledge the FAA's exclusive jurisdiction to determine the City's compliance with its federal Grant Assurance obligations (a "***Compliance Dispute***"), and that any remedies which may be imposed by the FAA for noncompliance therewith are exclusive. Accordingly, in the event of a Compliance Dispute, and after exhausting the procedures described in Paragraphs A and B hereof, either Party may initiate an informal or formal complaint proceeding with the FAA in accordance with 14 C.F.R. Parts 13 and 16 or similar succeeding provisions, without regard to the other provisions hereof.

EXHIBIT C

REQUIRED FEDERAL CLAUSES

- A. Compliance with Nondiscrimination Provisions. During the performance of this Agreement, OK3 AIR, for itself, its assignees, and successors in interest (hereinafter collectively referred to as “OK3 AIR”) agrees as follows:
1. **Compliance with Regulations:** OK3 AIR will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.
 2. **Non-discrimination:** OK3 AIR, with regard to the work performed by it during the term of this Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of contractors, including procurements of materials and leases of equipment. OK3 AIR will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
 3. **Solicitations for Agreements, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by OK3 AIR for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential contractor or supplier will be notified by OK3 AIR of OK3 AIR’s obligations under this Agreement and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.
 4. **Information and Reports:** OK3 AIR will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts Authorities and instructions. Where any information required of OK3 AIR is in the exclusive possession of another who fails or refuses to furnish the information, OK3 AIR will so certify to City or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.
 5. **Sanctions for Noncompliance:** In the event of OK3 AIR’s noncompliance with the Non-discrimination provisions of this Contract, City will impose such sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to cancelling, terminating, or suspending the Agreement, in whole or in part.

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6. **Incorporation of Provisions:** OK3 AIR will include the provisions of paragraphs one through six of this Exhibit A, Section (A) in every contract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. OK3 AIR will take action with respect to any contract or procurement as City or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if OK3 AIR becomes involved in, or is threatened with litigation by a contractor, or supplier because of such direction, OK3 AIR may request City to enter into any litigation to protect the interests of City. In addition, OK3 AIR may request the United States to enter into the litigation to protect the interests of the United States.
- B. Real Property Acquired or Improved Under the Airport Improvement Program. OK3 AIR for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Agreement for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, OK3 AIR will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Pertinent List of Nondiscrimination Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.
- C. Construction/Use/Access to Real Property Acquired Under the Activity, Facility or Program. OK3 AIR for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that OK3 AIR will furnish its services in compliance with all other requirements imposed by or pursuant to the List of Nondiscrimination Acts And Authorities.
- D. Title VI List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this Agreement, OK3 AIR, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:
- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
 - ii. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);

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- iii. 49 CFR Part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- iv. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- v. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
- vi. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- vii. Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- viii. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- ix. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR Parts 37 and 38;
- x. The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- xi. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- xii. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100); and

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- xiii. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).
- E. General Civil Rights Provision. OK3 AIR agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. If OK3 AIR transfers its obligation to another, the transferee is obligated in the same manner as OK3 AIR. This provision obligates OK3 AIR for the period during which the property is owned, used, or possessed by OK3 AIR and the Airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.
- F. Right of Re-entry. In the event of breach of any of the above Nondiscrimination covenants, City will have the right to terminate the Agreement and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the Agreement had never been made or issued.
- G. Subcontracts. OK3 AIR agrees that it shall insert the above six provisions (Section (A) through Section (F)) in any agreement by which OK3 AIR grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public under this Agreement.

THIRD ADDENDUM TO THE 1995 AIRPORT AGREEMENT

This THIRD ADDENDUM (this “*Addendum*”) to that Amended Agreement dated January 8, 1995, as subsequently amended and assigned, is made this ____ day of _____, 2023, by and between HEBER CITY CORPORATION (the “*City*”) and AH AERO SERVICES, LLC dba OK3 AIR (the “*Lessee*”) (together the “*Parties*” and each a “*Party*”).

RECITALS

A. The City is the owner, operator, and legal sponsor of the HEBER VALLEY AIRPORT (the “*Airport*”), located in Wasatch County, State of Utah.

B. Lessee leases certain Airport property and is authorized to provide certain commercial aeronautical services at the Airport pursuant to that certain Amended Agreement dated January 8, 1995, originally between Lessor and High County Aviation, Inc., and later assigned to Lessee (the “*1995 Agreement*”), and as amended by the Addendum to the Amended 1995 Airport Agreement dated May 8, 2012 (the “*First Addendum*”), the Addendum to the 1995 Airport Agreement dated January 26, 2015 (the “*Second Addendum*” and collectively, the “*FBO Lease*”).

C. Contemporaneously with this Addendum, Lessee and the City have entered into that Settlement Agreement and Mutual Release, which resolves certain claims and potential claims among the parties (the “*Settlement Agreement*”).

D. In order to implement the terms of the Settlement Agreement and in recognition of the good and valuable consideration therein identified, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the FBO Lease as follows:

AGREEMENT

1. Term and Extension for Additional Improvements. The Term of the FBO Lease is hereby extended to May 31, 2058. Lessee shall have the option to extend the FBO Lease for one additional fifteen (15) year period (the “**Extended Term**”), provided that (i) Lessee provides written notice to the City of its intention to seek the Extended Term no earlier than May 31, 2047 nor later than May 31, 2056; (ii) such written notice sets forth proposed capital improvements in facilities that contribute to the operation of an FBO, including but not limited to hangars, ramp, and fuel farm (the “**Additional Improvements**”) which collectively total not less than \$1.5 million in Adjusted Dollars (defined below); (iii) the Lessee undertakes and completes, in accordance with the provisions of the FBO Lease and at its sole expense, the Additional Improvements no later than May 31, 2058; and (iv) Lessee provides the City with a statement of the actual costs of the Additional Improvements, certified by Lessee’s chief financial officer. Upon the satisfaction of the foregoing conditions, the Term shall be automatically extended and the City shall confirm in writing the Extended Term. Failure to provide such confirmation will not impact the extension of the Term so long as Lessee has complied with this Section. For the purposes of this Addendum, “**Adjusted Dollars**” shall mean the dollar amount indicated in this Addendum multiplied by that fraction the numerator of which is the revised Bureau of Labor Statistics Mountain-Plains Consumer Price Index (the “**Index**”) for December of the preceding year and the denominator of which is the Index for December 2022.

2. Premises. The leasehold boundaries set forth under the FBO Lease are hereby revised to those boundaries depicted in Exhibit A to this Addendum. Not less than ninety (90) days following the execution of this Addendum, the City shall complete a survey drawing and metes and bounds description of the leasehold boundaries depicted in Exhibit A, and such survey

and description shall replace Exhibit A upon its delivery to Lessee and written acceptance by Lessee. The Parties intend that the Airport property upon which hangar or other building improvements occupied by Lessee are located shall be subject to separate lease agreements between the Parties.

3. Rental Rate.

A. The annual rental rate specified in Paragraph 4 of the 1995 Agreement shall be increased to \$0.07 per square foot (the “**Ground Rent**”), effective on the City’s date of delivery of the survey drawing and metes and bounds description of the leasehold boundaries depicted in Exhibit A to Lessee. The Ground Rent shall be adjusted on June 1 of each year by a percentage equal to the increase in the Mountain-Plains Consumer Price Index through January 31 of the then-current year, as calculated by the U.S. Bureau of Labor Statistics or any successor agency; provided, that no annual increase in Ground Rent shall exceed three percent (3%); and provided further, that the Ground Rent shall not decrease.

B. If Lessee exercises the option to extend the FBO Lease for the Extended Term, the Ground Rent shall be increased to the Market Aeronautical Rent, as defined below, effective on the first day of the Extended Term. The Ground Rent shall thereafter be adjusted on June 1 of each year by a percentage equal to the increase in the Mountain-Plains Consumer Price Index through January 31 of the then-current year, as calculated by the U.S. Bureau of Labor Statistics or any successor agency; provided, that no annual increase in Ground Rent shall exceed three percent (3%); and provided further, that the Ground Rent shall not decrease. For the purpose of this Addendum, Market Aeronautical Rent shall mean that Ground Rent calculated in accordance with the following:

i. Not later six (6) months prior to the commencement of the Extended Term, the Lessor shall retain a qualified appraiser to establish the then-current fair market rental value of the leased Premises (not including the value of improvements constructed thereon). The cost of the appraisal shall be borne by the Lessor. A copy of the appraisal shall be delivered to Lessee and to the Lessor within sixty (60) days of the appraiser's retention. If Lessee does not reject the then-current fair market rental value as determined by the appraiser by delivering written notice to the Lessor within thirty (30) days of Lessee's receipt of the report, then such fair market rental value shall be deemed the Market Aeronautical Rent.

ii. If Lessee disputes the determination of the fair market rental value as determined by appraisal, the Lessee may obtain a second appraisal from a qualified appraiser at Lessee's expense. If the appraised fair market rental value as determined by the second appraisal is within five percent (5%) of the first appraisal, the Market Aeronautical Rent will be that as determined in the first appraisal. If the appraised fair market rental value in the second appraisal differs from the first appraisal by more than five percent (5%), then the first appraiser and second appraiser shall jointly select a third appraiser who shall determine the fair market rental value, at the joint expense of the Lessee and the Lessor. The Market Aeronautical Rent shall be the average of the two appraised fair market rental values which are closest.

4. Fuel Flowage Fee. Fuel flowage fees shall be paid to the Lessor on or before the tenth (10th) day of each month, based on the amount of fuel delivered to the Airport during the previous month, and shall be accompanied by bills of lading or a report from Lessor's inventory system documenting the date and volume of each such delivery for each type of fuel sold. Nothing in this paragraph shall require Lessor to disclose the price paid for such fuel deliveries. Fuel flowage fees may be adjusted as provided in the 1995 Agreement; provided, however, that the

term “instrument approach system” shall be understood to include satellite-based approach procedures or similar technology that may be implemented in the future.

5. Aircraft Parking. Lessee shall manage the aircraft parking ramp in order to ensure reasonable ingress and egress to and from those facilities adjacent to the Lessee’s leasehold across the aircraft parking ramp, including Hangars B, C and D. Upon reasonable notice by the Airport Manager that ingress or egress to Hangars B, C, or D is blocked, Lessee shall promptly reposition any aircraft parked so as not to impede such ingress or egress. For the purpose of this paragraph, an aircraft shall be considered parked if it is unattended for a period of longer than ten (10) minutes.

6. Annual Meetings. Paragraph 15 of the 1995 Agreement is replaced as follows:

Not more than sixty (60) days after the end of each calendar year, Lessee shall arrange to meet with the City Council, or with one or more representatives of the City designated by the City Council, to review in good faith the Parties’ respective performance under the FBO Lease and to discuss any operational issues.

7. Removal of Financial Disclosure Obligation; Audit Rights. Paragraph 21 of the 1995 Agreement is replaced as follows:

Lessee shall maintain accurate records of fuel dispensed and Landing Fees collected for a period of three (3) years from the date the record is made. On no more frequently than an annual basis and after providing not less than seven (7) days prior notice, the City have the right, at its sole expense, to have an independent auditor conduct an on-site inspection and audit of the books, records, and receipts that Lessee maintains in the ordinary course of business relating to the amount of fuel dispensed and Landing Fees collected, and to verify Lessee’s fuel sales and Landing Fees collected. While Lessee will be required for the purpose of such audit to make information regarding fuel flowage available, it will not be required to provide information regarding its fuel costs, fuel pricing, profits, or profit margins. The auditor shall not be permitted to remove any of Lessee’s records or information from the premises. All financial or customer information obtained by the City or its auditors as the result of any audit, inspections, or requests under this paragraph (including any summaries or work papers prepared by the auditor) shall be treated as proprietary and confidential, will be classified as a Protected Record within the meaning Utah Code 63G-2-305(33), and will not be provided to the public except as required by law and, to the extent such information is requested to be disclosed publicly, the City shall give Lessee any legally available opportunity to object to such disclosure.

8. Snow Removal Plan. The Parties have jointly developed a plan for the prompt and efficient removal of snow and ice from the airfield, attached as Exhibit B (the “***Snow Removal Plan***”). The Parties shall meet to review the Snow Removal Plan not later than October 1 of each year and discuss in good faith whether revisions are necessary to ensure the safe, efficient, and cost-effective removal of snow from the airfield. The City shall make any and all reasonable efforts to remove snow and ice from the airfield in accordance with the Snow Removal Plan.

9. Airport Board Seat. For as long as the Airport Advisory Board (the “***AAB***”) remains constituted, Lessee’s President/Chief Executive Officer shall be a voting member of the AAB; provided, however, that Lessee may appoint a representative other than the Chief Executive Officer to serve as the Lessee’s representative on the AAB; provided further that appointment of a representative other than an officer of Lessee shall require the City Council’s prior consent, not to be unreasonably withheld, conditioned, or delayed. The City shall amend the bylaws of the AAB and take any other action necessary to effectuate the provisions of this Paragraph 9 within one hundred twenty (120) days following the execution of this Addendum.

10. Landing Fees. Paragraph 1 of the First Addendum is hereby replaced as follows:

Lessee agrees to collect landing fees that may from time to time be imposed by the City on aircraft using the Airport (“***Landing Fees***”) for and on behalf of Heber City. Upon not less than ninety (90) days written notice, the City may terminate this obligation and choose to collect Landing Fees, if at all, either on its own behalf or through other agreement. However, the City agrees to consult with Lessee regarding the optimal timing and mechanics for such a change before providing the required ninety (90) days written notice.

For the Term of the FBO Lease, whether or not Landing Fees are collected by Lessee, if the City proposes to increase Landing Fees by more than three percent (3%) year-over-year, the City Council must determine, in a regularly noticed meeting of the City Council open to the public, that such increase is (i) reasonable and not unjustly discriminatory, pursuant to FAA rules and policy; and (ii) reasonably necessary to achieve or maintain the Airport’s financial self-sustainability. At such public meeting, the City shall provide documentation indicating other options for raising revenue considered by the City and a financial pro forma showing the proposed projects or operational needs to be funded with the increase in Landing Fees, and provide a meaningful opportunity for public comment.

11. Right to Quiet Enjoyment. City agrees that, on payment of the rentals, fees and charges as provided under the FBO Lease and performance of the covenants and agreements on the part of the Lessee to be performed thereunder, Lessee shall peaceably have and enjoy the Premises and all the rights and privileges of the Airport, its appurtenances and facilities granted under the FBO Lease. Lessee agrees that temporary inconveniences, including but not limited to noise, disturbances, traffic detours, and the like resulting from, caused by, arising out of, or associated with the City's construction, maintenance, or repair of the Airport, including but not limited to improvements thereon, or associated with special events that the City or others may from time to time host on the Airport, shall not constitute a breach of this section. The City shall provide Lessee with reasonable prior notice of any planned temporary inconveniences or special events and shall take reasonable steps to mitigate the impact of such inconveniences so that they do not unreasonably interfere with Lessee's operation of its business.

12. Right of Overflight. Notwithstanding any other provision of the FBO Lease, the City reserves, for the use and benefit of the public, a right of flight for the passage of aircraft above the service of the Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace for landing at, taking off from or operating on the Airport.

13. Time of the Essence. Time is of the essence in the performance of all of each Party's respective obligations under the Revised Agreement.

14. Non-Liability of Parties' Officers or Employees. No official, officer, shareholder, employee, representative, or agent of either Party shall be personally liable for any default or liability under the FBO Lease.

15. Dispute Resolution. Any dispute arising out of, relating to, or in connection with the FBO Lease, as amended hereby, including any question regarding its existence, validity or termination, shall be resolved as set forth in the Dispute Resolution Protocol (Exhibit C).

16. Attorney's Fees. In the event of litigation commenced in accordance with the Dispute Resolution Protocol, the prevailing Party (as determined by a final judgment) shall be entitled to recover its reasonable attorney's fees, expert-witness costs, and court costs.

17. Subordination to Federal Grant Assurances. This Agreement is subject and subordinate to the provisions of any existing or future agreements between the City and the United States of America relative to the operation or maintenance of the Airport (such provisions the "***Grant Assurances***"), the terms and execution of which have been or may be required as a condition precedent to the expenditure by or reimbursement to the City of federal funds for the development of the Airport. OK3 AIR acknowledges that it has had an opportunity to review the material terms of this Agreement with the FAA and neither party is aware of any FAA objection. Notwithstanding the foregoing sentence, however, in the event the U.S. Department of Transportation, the Federal Aviation Administration, or a court of competent jurisdiction makes a final appealable determination that the City's ability to perform any obligations under this Agreement would violate the Grant Assurances, the City shall be immediately excused from performing such obligation (subject to the limitations outlined below) and shall in good faith negotiate a lawful resolution to the mutual satisfaction of the Parties hereto; provided, however, that if the Parties are unable to resolve the conflict or violation within ninety (90) days, the City shall unilaterally amend this Agreement in the least material manner necessary to comply with the decision of the Court or the FAA and the remaining provisions hereof will continue in full force and effect and will be construed as if the invalid provision had not been a part of this Agreement

(together the “Carve-Out Remedy”). Notwithstanding the foregoing, the Carve-Out Remedy shall not apply to Section 3 of the FBO Lease, and Section 3 of the FBO Lease shall continue in full force and effect until otherwise agreed among Lessee and the City in writing. In the event OK3 AIR is successful in an appeal of a decision of the Federal Aviation Administration, or a court of competent jurisdiction, any provision removed pursuant to this section shall be reinstated consistent with the Court or FAA’s decision on appeal.

18. Required Federal Provisions. Lessee acknowledges that the City is required by the FAA under the terms of its Grant Assurances to include in this Addendum certain required contract provisions, included as Exhibit D hereof (the “**Federal Clauses**”). Lessee agrees to comply with the Federal Clauses and, where applicable, include the Federal Clauses in each of its subcontracts without limitation or alteration. In the event such Federal Clauses are modified by the FAA or other federal agency with jurisdiction, and the City provides Lessee with not less than thirty (30) days written notice of such modification, Lessee agrees to comply with the modified Federal Clauses without written amendment of this Addendum or the FBO Lease. Unless prohibited by federal law, the City shall provide Lessee with notice and a reasonable opportunity to cure before exercising any right of termination provided by the Federal Clauses

19. Force Majeure. Neither Party shall be in violation of the FBO Lease, as amended hereby, by reason of failure to perform any of its obligations by reason of strikes, boycotts, labor disputes, embargoes, unforeseen shortages of materials, acts of God, acts of public enemy, substantial non-temporary flight restrictions, weather conditions, riots, rebellion, sabotage, or any other circumstances for which it is not responsible and which are not within its control. Upon the cessation or removal of the act or condition giving rise to the excuse of any obligation under the FBO Lease, as amended hereby, the Party so excused from its obligation shall perform as required

under the FBO Lease, as amended hereby. Notwithstanding the foregoing, Lessee shall not be relieved of paying any rents, fees, or other charges.

20. Cross-Default. Should Lessee materially default on the covenants and obligations set forth in any other written agreement between Lessor and Lessee concerning the use or lease of Airport property, as determined by a court of competent jurisdiction's final, non-appealable judgment, after first being provided all applicable notice and cure periods and participating in the agreed upon dispute resolution procedures, if any, thereunder, such material default shall also be deemed a material default of the FBO Lease, and Lessor shall thereafter be entitled to exercise any or all of its rights and remedies under the FBO Lease, at law, or in equity arising out of such default

21. Headings. The headings used in this Addendum, including but not limited to those headings used at the beginning of each numbered section herein, are solely for the convenience of the reader and shall not be construed as part of the agreement between the Parties.

22. Severability. If any provision of the FBO Lease is held to be illegal, invalid, or unenforceable in full or in part, for any reason, then such provision shall be modified to the minimum extent necessary to make the provision legal, valid, and enforceable, and the other provisions of the FBO Lease shall not be affected thereby.

23. Waiver. No delay or omission in the exercise of any right or remedy of either Party on any default by either Party of its obligations under the FBO Lease, as amended hereby, shall impair such a right or remedy or be construed as a waiver. Any waiver by either Party of any default on the part of the other must be in writing and shall not be a waiver of any other default concerning the same or any other provision of the FBO Lease, as amended hereby.

24. Governing Law. The FBO Lease shall be governed and construed in accordance with the laws of the State of Utah, notwithstanding any conflict-of-law principles.

25. Prior Agreements Not Otherwise Modified. Except as amended hereby, the FBO Lease remains in full force and effect and is ratified and confirmed by the City and Lessee. In the event of any conflict between the terms and provisions of this Addendum and the terms and provisions of the FBO Lease, the terms and provisions of this Addendum shall govern and control in every instance.

26. Amendment. The Revised Agreement may be amended by, and only by, written agreement of the Parties.

IN WITNESS WHEREOF, the Parties have hereunto set their hands on the dates set forth below.

HEBER CITY CORPORATION

ATTEST:

Mayor Heidi Franco

AH AERO SERVICES, LLC

ATTEST:

Nadim AbuHaidar, President and Member

EXHIBIT C
DISPUTE RESOLUTION PROTOCOL

- A. NOTICE AND OPPORTUNITY TO CURE. Unless a shorter cure period or right to immediate termination is expressly provided in this Agreement, no Party shall be considered in default of any provision of this Agreement, or any covenant or obligation pertaining to the use or occupancy of Airport property, and no right of termination shall arise, unless and until the counter-Party has provided such Party with written notice of default and not less than thirty (30) days to cure such default or, if the default is not capable of cure within thirty (30) days, such Party has within thirty (30) days commenced, and thereafter diligently proceeds to complete, those actions reasonably necessary to cure such Party's default.
- B. INFORMAL DISPUTE RESOLUTION. The Parties agree that, at all times, they will attempt in good faith to resolve all disputes that may arise under this Agreement. Upon receipt of written notice of a dispute from a Party, the Parties agree to refer the dispute to the City Manager, for the City, and the Chief Executive Officer, for Lessee (collectively, "**Designated Persons**"). The Designated Persons shall within fifteen (15) days of such written notice meet and negotiate in good faith to resolve the dispute, conferring thereafter as often as they deem reasonably necessary, and shall gather and in good faith furnish to each other any information pertinent to the dispute. All communications between the Designated Persons during the dispute resolution procedures set forth in this Paragraph shall be deemed confidential and treated as compromise and settlement negotiations and shall not be admissible in evidence by any proceeding without the mutual consent of the Parties.
- C. MEDIATION. Mediation of a dispute arising under this Agreement may not be commenced until the earlier of: (i) such time as both of the Designated Persons, after following the procedures set forth in Paragraph A and B hereof, conclude in good faith that amicable resolution through continued negotiation of the matter does not appear likely or (ii) fifteen (15) days after the date of the notice referring the dispute to the Designated Persons. If, after such time period, the dispute remains unresolved, the Parties shall attempt to resolve the dispute through mediation administered by the American Arbitration Association ("AAA") under its Commercial Mediation Procedures. The place of mediation shall be in Heber City, Utah, unless the parties agree otherwise. Mediation under this paragraph shall be a necessary prerequisite to any judicial action to enforce the terms and conditions of this Agreement, unless waived in writing with the mutual consent of both Parties.
- D. JURISDICTION, VENUE AND APPLICABLE LAW. With respect to an action to enforce the terms and conditions of this Agreement only, the Parties consent to the exercise of jurisdiction of Fourth Judicial District, Wasatch County, District Court and hereby agree that the venue of any action with respect to the enforcement of the terms and conditions of this Agreement shall be properly placed before this same court. This Agreement shall be interpreted under the laws of the State of Utah.
- E. Emergency Relief. No Party shall be precluded from initiating a proceeding in a court of competent jurisdiction for the purpose of obtaining any emergency or provisional remedy to protect its rights that may be necessary and is not otherwise available under this Agreement.

- F. Tolling. If a Party receiving a notice of default under this Agreement contests, disputes or challenges the propriety of such notice by making application to the dispute resolution procedure in this Exhibit, any cure period that applies to such default shall be tolled for the time period between such application and the issuance of a final award.
- G. FAA Disputes. The Parties understand and acknowledge the FAA's exclusive jurisdiction to determine the City's compliance with its federal Grant Assurance obligations (a "***Compliance Dispute***"), and that any remedies which may be imposed by the FAA for noncompliance therewith are exclusive. Accordingly, in the event of a Compliance Dispute, and after exhausting the procedures described in Paragraphs A and B hereof, either Party may initiate an informal or formal complaint proceeding with the FAA in accordance with 14 C.F.R. Parts 13 and 16 or similar succeeding provisions, without regard to the other provisions hereof.

EXHIBIT D REQUIRED FEDERAL PROVISIONS

A. Compliance with Nondiscrimination Provisions. During the performance of the Agreement, LESSEE, for itself, its assignees, and successors in interest (hereinafter collectively referred to as “LESSEE”) agrees as follows:

1. **Compliance with Regulations:** LESSEE will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.
2. **Non-discrimination:** LESSEE, with regard to the work performed by it during the term of this Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of contractors, including procurements of materials and leases of equipment. LESSEE will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
3. **Solicitations for Agreements, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by LESSEE for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential contractor or supplier will be notified by LESSEE of LESSEE’s obligations under this Agreement and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.
4. **Information and Reports:** LESSEE will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of LESSEE is in the exclusive possession of another who fails or refuses to furnish the information, LESSEE will so certify to LESSOR or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of LESSEE’s noncompliance with the Non-discrimination provisions of this contract, LESSOR will impose such sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to cancelling, terminating, or suspending the Agreement, in whole or in part.
6. **Incorporation of Provisions:** LESSEE will include the provisions of paragraphs one through six of this Exhibit A, Section (A) in every contract, including procurements of materials and leases of equipment, unless exempt by the Acts, the

Regulations and directives issued pursuant thereto. LESSEE will take action with respect to any contract or procurement as LESSOR or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if LESSEE becomes involved in, or is threatened with litigation by a contractor, or supplier because of such direction, LESSEE may request LESSOR to enter into any litigation to protect the interests of LESSOR. In addition, LESSEE may request the United States to enter into the litigation to protect the interests of the United States.

B. Real Property Acquired or Improved Under the Airport Improvement Program. LESSEE for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Agreement for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, LESSEE will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Pertinent List of Nondiscrimination Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

C. Construction/Use/Access to Real Property Acquired Under the Activity, Facility or Program. LESSEE for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that LESSEE will furnish its services in compliance with all other requirements imposed by or pursuant to the List of Nondiscrimination Acts And Authorities.

D. Title VI List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this Agreement, LESSEE, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- ii. 49 CFR Part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- iii. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

- iv. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
- v. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- vi. Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- vii. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- viii. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR Parts 37 and 38;
- ix. The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- x. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- xi. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100); and
- xii. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

E. General Civil Rights Provision. LESSEE agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. If LESSEE transfers its obligation to another, the transferee is obligated in the same manner as LESSEE. This provision obligates LESSEE for the period during which the property is owned, used or possessed by LESSEE and the airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

F. Right of Re-entry. In the event of breach of any of the above Nondiscrimination covenants, LESSOR will have the right to terminate the Agreement and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the Agreement had never been made or issued.

G. Subcontracts. LESSEE agrees that it shall insert the above six provisions (Section (A) through Section (F)) in any agreement by which LESSEE grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public under this Agreement.



Heber City Council Staff Report

MEETING DATE: 2/17/2026
SUBJECT: Preferred Procedure for Reviewing and Updating the Airport Advisory Board (AAB) Bylaws
RESPONSIBLE: Jeremy Cook, Matt Brower
DEPARTMENT: Administrative
STRATEGIC RELEVANCE:

SUMMARY

Recent discussions at Airport Advisory Board (AAB) meetings highlight the need for clearer rules regarding board member recusal, conflicts of interest, and the specific voting roles of City Council members serving on the board. Concerns have been raised regarding meeting decorum. Recent sessions have seen prolonged questioning of staff and applicants that has occasionally shifted toward an unprofessional and adversarial tone, impacting the board's collaborative environment. This agenda item proposes a comprehensive review of the AAB bylaws to resolve the previously identified concerns. Staff recommends forming an ad hoc committee—comprised of City Council members, staff, and representatives from the Airport Advisory Board—to lead this effort. This item aligns with the objectives established during the City Council's January retreat and is formally documented in the Council Action Register. A copy of the AAB bylaws can be found at the following link:

<https://www.heberut.gov/DocumentCenter/View/3014/Airport-Advisory-Board-Bylaws---Amended-11182025-rb>

RECOMMENDATION

BACKGROUND

DISCUSSION

FISCAL IMPACT

CONCLUSION

ALTERNATIVES

1. Approve as proposed
 2. Approve as amended
 3. Continue
 4. Deny
-

POTENTIAL MOTIONS

Alternative 1 - Approval - Staff Recommended Option

I move to **approve** the **item** as presented, with the findings and conditions as presented in the conclusion above.

Alternative 2 - Approve as Amended

I move to **approve** the **item** as amended, as follows.

Alternative 3 - Continue

I move to **continue** the **item** to another meeting on [DATE], with direction to the applicant and/or Staff on information and / or changes needed to render a decision, as follows:

Alternative 4 - Denial

I move to **deny** the **item** with the following findings.

ACCOUNTABILITY

Department: Administrative
Staff member:

EXHIBITS

None



Heber City Council Staff Report

MEETING DATE: 2/17/2026

SUBJECT: Public Hearing for Ordinance 2026-01, Saldarini Annexation, located at 110 W Moulton Lane

RESPONSIBLE: Jamie Baron

DEPARTMENT: Planning

STRATEGIC RELEVANCE: Community and Economic Development

SUMMARY

Howard Saldarini is requesting the annexation of 7.14 acres of property, located at 110 W Moulton Lane.

The Policy Questions are as follows:

1. Should Heber City Annex the Saldarini Property?
2. What should the zoning of the property be?

RECOMMENDATION

The Planning Commission forwarded a positive recommendation. Staff recommends the City Council hold a public hearing, take public comment, and approval the saldarini annexation.

BACKGROUND

Howard Saldarini is requesting to annex 7.14 acres of residential agricultural land into Heber City. This property is currently occupied by Mr. Saldarini. The property is an unincorporated island inside the City, between the North Village Crossings Annexation, North Village Views Annexation, and Jordanelle Ridge Annexation.

DISCUSSION

Process

The process is as follows:

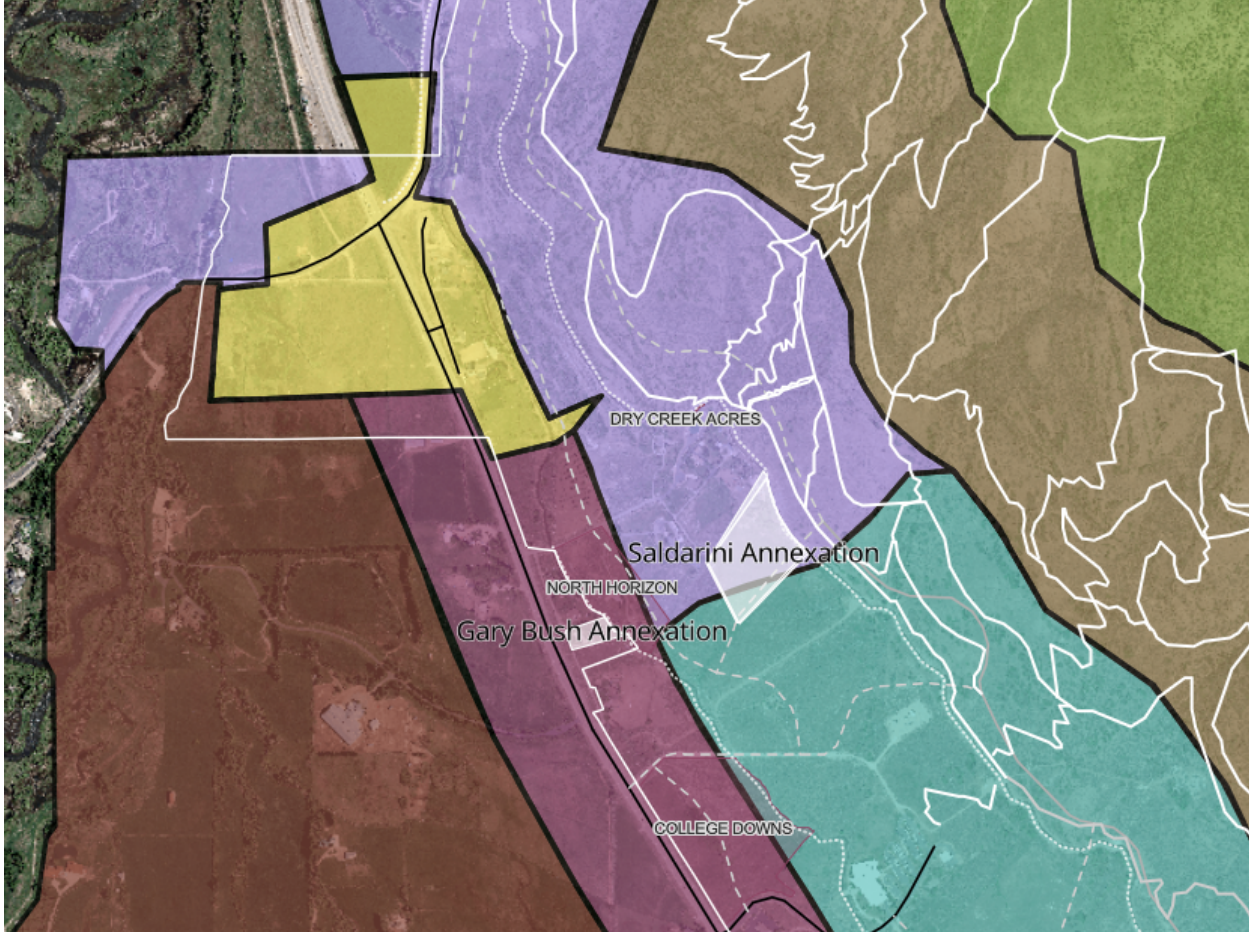
- Petition Acceptance by City Council - **Completed**
- 30 day certification process - **Completed**
- 30 day protest period - **Completed**
- Review and recommendation by Planning Commission - **Complete**
- Public hearing at City Council - **Current**

- Decision by City Council - **Current**

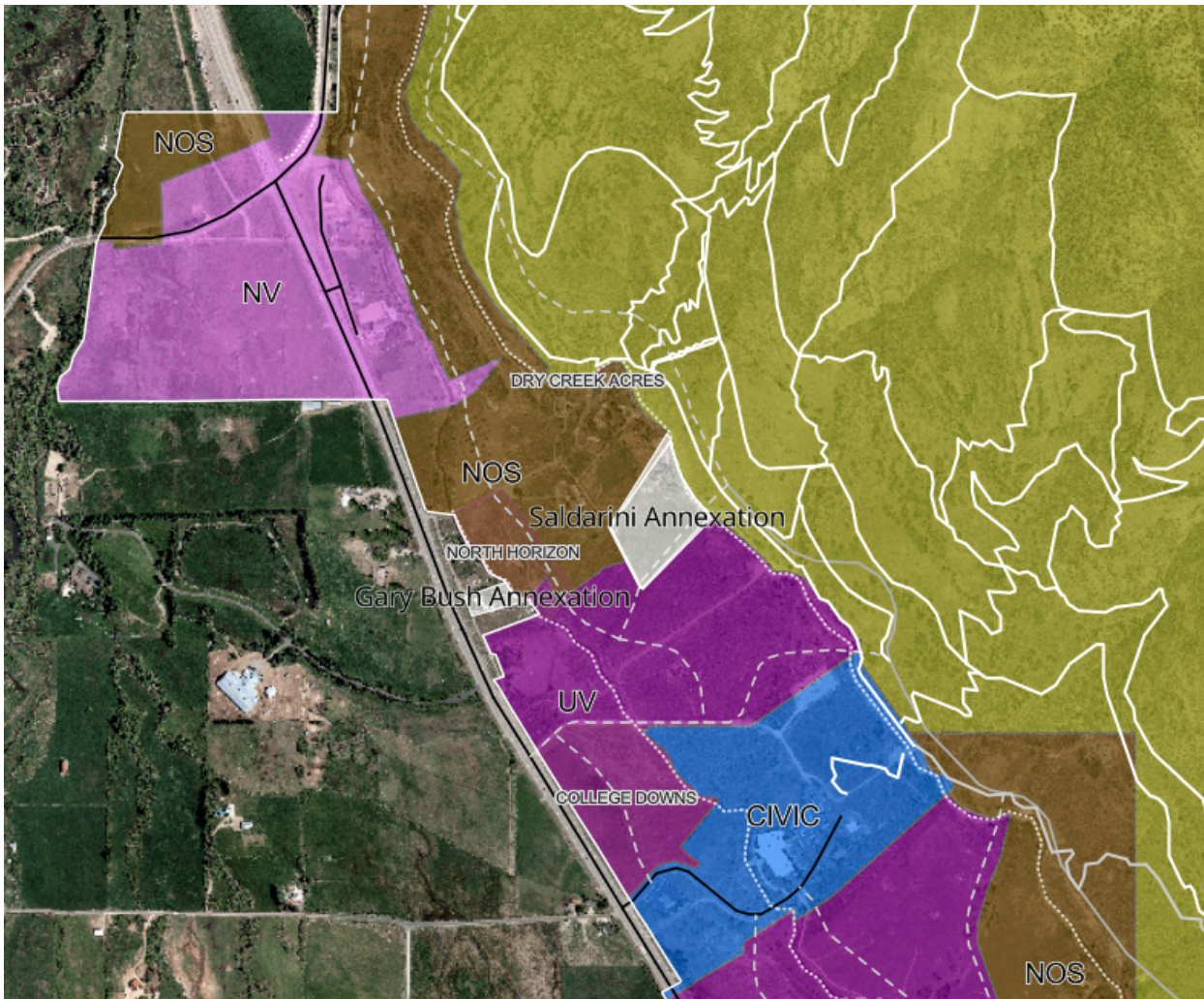
General Plan

The General Plan does include this area and designates it as **Neighborhoods with Open Space (NOS)**. This area is within the Annexation Policy Plan boundary. It is anticipated that the zoning for the property would be NOS in the NVOZ.

General Plan Map



Zoning Map



Agreement

The attached agreement includes the following items:

1. Neighborhoods with Open Space Zoning
2. Trail along Timp Canal
3. North Fields Preservation Fee
4. Affordable Housing - 10% at 60% AMI

FISCAL IMPACT

N/A

CONCLUSION

Howard Saldarini is requesting to annex 7.14 acres of residential agricultural land into Heber City. His properties is a whole in the city. The Planning Commisison forwarded a Positive Recommendation. Staff is recommending the Council approve the annexation with the following findings and conditions.

Findings

1. The Annexation is within the Annexation Policy Boundary.
2. The Annexation meets the requirements of Utah State Code.
3. The Annexation is consistent with the General Plan.
4. The Planning Commission forwarded a positive recommendation on January 27, 2026.

Conditions

1. Zoning to be Neighborhoods with Open Space (NOS).
2. The master planned trail along the Timpanogos canal shall be constructed upon development.
3. Applicant(s) and any successors shall comply with all City policies, processes, ordinances, standards, and specifications.
4. All Master Planned infrastructure elements on or adjoining the property shall be designed and installed by the applicant.
5. All City Engineer Requirements shall be met prior to any final development plans being approved.
6. Comply with any pioneering agreements in place for any infrastructure reimbursements that City is obligated to enforce and collect.
7. Any overlaps and gaps in deeds and/or occupation lines will need to be resolved.

ALTERNATIVES

1. Approve as proposed
2. Approve as amended
3. Continue
4. Deny

POTENTIAL MOTIONS

Alternative 1 - Approval - Staff Recommended Option

I move to **approve Ordinance 2026-01** as presented, with the findings and conditions as presented in the conclusion of the Staff Report.

ACCOUNTABILITY

Department: Planning
Staff member: Jamie Baron, Planning Manager

EXHIBITS

1. Ord 2026-01 Saldarini Annexation
2. Saldarini Development Agreement - 4915-9361-9827 - 3
3. Annexation Map
4. 25009814_ANNEX_PLAT_251211
5. 60e390fb-55a9-433f-8b7e-f67c99a9e53a

ORDINANCE NO. 2026-01

AN ORDINANCE ANNEXING PROPERTY KNOWN AS THE SALDARINI ANNEXATION LOCATED AT 110 W MOULTON LANE, HEBER CITY, WASATCH COUNTY, STATE OF UTAH.

WHEREAS, The Saldarini Annexation is within the Heber City Annexation Policy Plan.

WHEREAS, The Saldarini Annexation furthers the Envision Heber 2050 General Plan, adopted by Heber City.

BE IT ORDAINED by the City Council of Heber City, Utah, that the property known as the Saldarini Annexation, as described in Exhibit A, attached hereto and incorporated herein, is hereby annexed into the City of Heber City and zoned as Neighborhoods with Open Space. The agreement outlined in Exhibit B is hereby adopted as part of this ordinance.

This Ordinance shall take effect immediately upon passage.

PASSED, APPROVED and ORDERED TO BE PUBLISHED BY THE HEBER CITY COUNCIL this _____ day of _____ 2026.

	AYE	NAY	ABSENT	ABSTAIN
Yvonne Barney	_____	_____	_____	_____
Aaron Cheatwood	_____	_____	_____	_____
Michael Johnston	_____	_____	_____	_____
Sid Ostergaard	_____	_____	_____	_____
Morgan Murdock	_____	_____	_____	_____

APPROVED:

Mayor Heidi Franco

ATTEST:

RECORDER

Date:

Exhibit A

(Annexation Map with Legal Description)

Exhibit B

When recorded return to:

Heber City Corporation
Attn: City Recorder
75 North Main Street
Heber City, UT 84032

Parcel No. 00-0007-7722

DEVELOPMENT AGREEMENT (Saldarini)

THIS DEVELOPMENT AGREEMENT is entered into this 17th day of February, 2026, by and between **Heber City**, a Utah municipality (“City”), and **Harold Howard Saldarini Revocable Trust** (“Owner”). Owner and City are, from time to time, hereinafter referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, Owner is the owner of an approximately 7.14 acres of real property located at approximately 110 W Moulton Lane, Heber City, Utah 84032 (the “Property”). An annexation plat including a legal description of the Property is attached hereto as Exhibit A; and

WHEREAS, the Property is currently within unincorporated Wasatch County;

WHEREAS, Owner has submitted a petition to annex the Property into the City; and

WHEREAS, City has approved the annexation of the Property to the City subject to the terms and conditions of this Development Agreement.

WHEREAS, the City, acting pursuant to its authority under Utah Code Ann. §10-9a-101, *et. seq.*, in compliance with the Heber City Land Use Code, and in furtherance of its land use policies, goals, objectives, ordinances and regulations, has made certain determinations with respect to the Property, and therefore has elected to approve and enter into this Agreement to advance the policies, goals and objectives of the City, and to promote the health, safety and general welfare of the public.

AGREEMENT

NOW, THEREFORE, in consideration of the promises, covenants and provisions set forth herein, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties agree as follows:

1. **Zoning.** Upon annexation into the City, the Property shall initially be zoned **Neighborhood with Open Space (NOS)** and shall be used and developed consistent with the requirements of the NOS Zone.

2. **Affordable Housing.**

a. **Requirements.** If residential units are developed on the property, owner shall provide at least one affordable housing ERU for each ten market rate ERU's, or portion thereof, on the Property. Affordable housing units shall be sold or rented, as applicable, at sixty percent (60%) or less of the area median income (AMI) in Wasatch County, Utah adjusted for normal associated expenses including property taxes, utilities, and HOA fees. Affordable housing units must be comparable in size, amenities and materials to the average market rate unit on the Property. All affordable housing units shall be subject to restrictive covenants that shall be in a form provided by the City. Owner's failure to comply with the affordable housing obligation pursuant to the terms of this Agreement shall constitute a material breach of this Agreement, and the City may pursue all available remedies to enforce compliance, including but not limited to legal and equitable relief.

b. **Timing.** All affordable housing units shall be completed and made available no later than issuance of a certificate of occupancy for 70% of the market rate units.

3. **North Fields Preservation.** Prior to recording a subdivision plat for the Property, Owner shall pay to the City a one-time fee equal to \$2,500 per residential ERU (the "North Fields Preservation Fee"). The City shall utilize funds collected pursuant to the North Fields Preservation Fee solely for the purpose of preserving open space in the North Fields, including purchase of development rights. The City agrees that the North Fields Preservation Fee shall not be charged for Development Units constructed and operated and/or sold as affordable housing.

4. **Trail Amenity.** In addition to all other requirements of the NOS Zone, Owner shall construct, at Owner's expense the Master Planned Trail along the Timpanogos Canal at the earlier of: (1) any additional commercial or residential development on the Property, or (2) such time as the trail connects on either side of the Property.

5. **Vested Rights.** The Parties intend that this Agreement grants to Owner all rights to develop the Project in fulfillment of this Agreement, the City's current laws (the "Vested Laws"), and the zoning of the Property. The Parties specifically intend that this Agreement grant to Owner the "vested rights" identified herein as that term is construed in Utah's common law and pursuant to Utah Code Ann. § 10-9a-509 (2025).

6. **Exceptions to Vested Rights.** The vested rights are subject to the following exceptions:

a. **Agreed to Regulations.** City's future laws or other regulations to which the Owner agrees in writing;

b. **State and Federal Compliance.** City's future laws or other regulations that are enacted or required to comply with State or Federal laws or regulations;

c. **Development Review Processes.** Amendments or changes to the City's application processes, review criteria, required application materials or submittal checklists that are generally applicable, and do not materially impact the ability of Owner to develop the Project in accordance with this Agreement;

d. **Safety Codes.** Any City's future laws that are updates or amendments to building, fire, plumbing, mechanical, electrical, dangerous buildings, drainage, or similar construction or safety related codes, such as the International Building Code, the APWA Specifications, AAHSTO Standards, the Manual of Uniform Traffic Control Devices or similar standards that are enacted to meet legitimate concerns related to public health, safety or welfare;

e. **Engineering Standards.** Amendments or changes to the City's Engineering Standard Drawings and Specifications provided that the amendments or changes (i) do not materially impact the ability of Owner to develop the Project in accordance with this Agreement, or (ii) are not enacted as a means to reduce or limit the ability of Owner to develop the Lots in accordance with this Agreement.

f. **Taxes.** Taxes, or modifications thereto, so long as such taxes are lawfully imposed and charged uniformly by the City to all properties, applications, or similarly situated persons and entities;

g. **Fees.** Changes to the amounts of fees for the processing of Development Applications that are generally applicable to all development within the City (or a portion of the City as specified in the lawfully adopted fee schedule) and which are adopted pursuant to State law;

h. **Impact Fees.** Impact Fees or modifications thereto which are lawfully adopted, and imposed by the City pursuant to Utah Code Ann. Section 11-36a-101 (2025) *et seq.*;

i. **Planning and Zoning Modifications.** Changes by City to its planning principles and design standards such as architectural or design requirements, setbacks or similar items so long as they don't materially impact the ability of Owner to develop in accordance with this Agreement; and

j. **Compelling, Countervailing Interest.** Laws, rules or regulations that the City's land use authority finds, on the record, are necessary to avoid jeopardizing a compelling, countervailing public interest pursuant to Utah Code Ann. § 10-9a-509(1)(a)(ii)(A) (2025).

7. **Default and Remedies.** Any failure by any party to perform any term or provision of this Agreement, which failure continues uncured for a period of ten (10) calendar days following the receipt of written notice of such failure from the other party shall constitute a "Default" under this Agreement.

7.1 **Notice.** Any notice of default ("Default Notice") shall: (1) specify the claimed event of Default; (2) identify with particularity the provisions of any applicable law, rule,

regulation or provision of this Agreement that is claimed to be in Default; (3) identify why the claimed Default is claimed to be material; and (4) specify the manner in which said failure may be satisfactorily cured.

7.2. Cure. Following receipt of a Default Notice, the defaulting Party shall have thirty (30) days in which to cure such claimed Default (the “Cure Period”). If more than 30 days is required for such cure, the defaulting Party shall have such additional time as is reasonably necessary under the circumstances in which to cure such Default so long as the defaulting Party commences such cure within the Cure Period and pursues such cure with reasonable diligence. City may, in City’s sole discretion, withhold permits or approvals during any Cure Period.

7.3. Owner’s Exclusive Remedy. Owner’s sole and exclusive remedy under this Agreement shall be specific performance of the rights granted in this Agreement and City’s obligations under this Agreement. **IN NO EVENT SHALL CITY BE LIABLE TO OWNER, ITS SUCCESSORS OR ASSIGNS, OR ANY OWNER, PROPERTY OWNER OR OTHER PARTIES UNDER THIS AGREEMENT, FOR ANY INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, COSTS OF DELAY, OR LIABILITIES TO THIRD PARTIES.**

7.4 City’s Remedies Upon Default. In addition to all other remedies available at law or in equity, City shall have the right to withhold all further reviews, approvals, licenses, building permits and other permits for development of the Property in the case of a Default by Owner, until the Default has been cured. City shall further have the right to draw on any security posted or provided in connection with the Property and relating to remedying of the particular Default.

8. **Fees**. Owner shall be required to pay all permit fees, building permit fees, inspection fees, impact fees or other fees imposed by the City as set forth in the City Code and the City’s consolidated fee schedule.

9. **Entire Agreement**. This Agreement, including its Exhibits, contains the entire agreement between the parties, and no statement, promise or inducement made by either party hereto, or agent of either party hereto which is not contained in this written Agreement shall be valid or binding. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the City and of the Owner.

10. **Time is of the essence**. 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.

11. **Term of Agreement**. The term of this Agreement shall commence on the Effective Date and continue for a period of twenty (20) years. Unless otherwise agreed between the City and the Owner, the Owner’s vested interests and rights contained in this Agreement expire at the end of the Term, or upon termination of this Agreement. Upon termination of this Agreement, the

obligations of the Parties to each other hereunder shall terminate, but none of the dedications, easements, deed restrictions, licenses, building permits, or certificates of occupancy granted prior to the expiration of the term or termination of this Agreement shall be rescinded or limited in any manner.

12. **No Third-Party Beneficiary Rights.** This Agreement is not intended to and shall not be construed to give any Third Party any interest or rights (including, without limitation, any third-party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby.

13. **Recording.** This Agreement shall be recorded with the Wasatch County Recorder as soon as reasonably practicable and no later than thirty (30) days after a binding vote of the City Council approving the Agreement. The City Recorder shall cause to be recorded, at the Owner's expense, a fully executed copy of this Agreement in the Official Records of the County of Wasatch no later than the date on which the first plat for the Project is recorded.

14. **Notices.** Any notice or communication required hereunder between the City and the Owner must be in writing and may be given either personally or by registered or certified mail, return receipt requested. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United State mail. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. Any Party may at any time, by giving ten (10) days written notice to the other Party, designate any other address to which notices or communications shall be given. Such notices or communications shall be given to the Parties at their addresses as set forth below:

The City:

Heber City Manager
75 N Main Street
Heber City, UT 84032

Owner

Howard Saldarini
110 W Moulton Lane
Heber City, Utah 84032

15. **Bodily Injury and Property Damage Insurance.** Owner agrees to and shall indemnify and hold the City and its elected and appointed boards, officers, agents, employees, and consultants harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) rising from or as a result of the death of any person or any accident, injury, loss or damage to any person or property directly caused by any acts done or omissions of Owner or its agents, servants, employees or contractors in connection with this

Agreement, except for willful misconduct or negligent acts or omissions of the City or its elected or appointed boards, officers, agents, employees or consultants.

16. **Attorneys' Fees.** If any action is brought because of an alleged default under, or to enforce or interpret this Agreement, the party prevailing in such action shall be entitled to recover from the unsuccessful party reasonable attorneys' fee and related costs (including those incurred in connection with any appeal), the amount of which will be fixed by the court and made a part of any judgment rendered. Jurisdiction and venue for enforcement of this Agreement shall be in the Fourth District Court, Wasatch County, State of Utah.

17. **Binding Effect.** If Owner conveys any portion of the Property or buildings to one or more owners or sub-Owners, the property so conveyed shall have the same rights, privileges, and shall be subject to the same limitations and rights of the City, applicable to such properties under this Agreement prior to such conveyance, without any required approval, review, or consent by the City, except as otherwise provided herein.

18. **No Waiver.** Failure of any Party hereto to exercise any right hereunder shall not be deemed a waiver of any such right and shall not affect the right of such Party to exercise at some future date any such right or any other right it may have.

19. **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid for any reason, the Parties consider and intend that this Agreement shall be deemed amended to the extent necessary to make it consistent with such decision and the balance of this Agreement shall remain in full force and affect.

20. **Other Necessary Acts.** Each Party shall execute and deliver to the other Party any further instruments and documents as may be reasonably necessary to carry out the objectives and intent of this Agreement and to provide and secure to the other Party the full and complete enjoyment of its rights and privileges hereunder.

21. **Covenants Running with the Land and Manner of Enforcement.** The provisions of this Agreement shall constitute real covenants, contract and property rights and equitable servitudes, which shall run with all of the land subject to this Agreement. The burdens and benefits of this Agreement shall bind and inure to the benefit of each of the Parties, and to their respective successors, heirs, assigns and transferees. Notwithstanding anything in this Agreement to the contrary, the owners of the individual subdivision lots in the Project shall have no right to bring any action under this Agreement as a third-party beneficiary. The City may look to the Owner, its successors and/or assigns, or the lot owners for performance of the provisions of this Agreement relative to the portions of the projects owned or controlled by such party. The City may, but is not required to, perform any obligation of the Owner that the Owner fails adequately to perform. Any cost incurred by the City to perform or secure performance of the provisions of this Agreement shall constitute a valid lien on the Property, including prorated portions to the individual lots or units in the Property.

22. **Amendment.** Unless otherwise stated in this Agreement, the Parties may amend this Agreement from time to time, in whole or in part, by mutual written consent. No amendment or

modification to this Agreement shall require the consent or approval of any person or entity having any interest in the specific lot, or other portion of the Project. Each person or entity (other than the City and the Owner) that holds any beneficial, equitable, or other interests or encumbrances in all or any portion of the Property at any time hereby automatically, and without the need for any further documentation or consent, subjects and subordinates such interests and encumbrances to this Agreement and all amendments thereof that otherwise comply with this Section. Each such person or entity agrees to provide written evidence of that subjection and subordination within fifteen (15) days following a written request for the same from, and in a form reasonably satisfactory to, the City and/or the Owner.

23. **Waiver of Rights Under Utah Code Section 10-9a-532.** The Parties have been represented by an attorney throughout this process. Owner acknowledges that this Agreement does not restrict any of Owner's rights under clearly established state law or that Owner has been advised in writing of any such rights being restricted. As an essential term of this Agreement, Owner hereby waives any claim that any term of this Agreement is void, illegal, invalid, or unenforceable as the result of any failure on the City's part to disclose in writing any rights being restricted by this Agreement.

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

DATED this _____ day of _____, 2026.

HEBER CITY:

By: _____
Heidi Franco, Mayor

ATTEST:

Heber City Recorder

DATED this _____ day of _____, 2026.

Harold Howard Saldarini Revocable Trust

By: _____

Print Name: _____

Title: _____

STATE OF UTAH)
 : ss.
COUNTY OF WASATCH)

On this _____ day of _____, 2026, personally appeared before me
_____, who duly acknowledged to me that (s)he had
authority to and did executed the foregoing document on behalf of Harold Howard Saldarini
Revocable Trust

NOTARY PUBLIC

Exhibit A

Annexation Map with Legal



LOCATED IN THE SOUTHEAST 1/4 OF SECTION 18 AND THE NORTHEAST 1/4 OF SECTION 19,
TOWNSHIP 3 SOUTH, RANGE 5 EAST, SLB&M



THE LOCATIONS OF EXISTING UNDERGROUND UTILITIES ARE TOWN IN AN APPROXIMATE WAY ONLY AND HAVE NOT BEEN INDEPENDENTLY VERIFIED BY THE OWNER OR ITS REPRESENTATIVE. THE CONTRACTOR SHALL DETERMINE THE EXACT LOCATION OF ALL EXISTING UTILITIES BEFORE BEGINNING WORK, AND AGREES TO BE FULLY RESPONSIBLE FOR ANY DAMAGE TO SUCH UTILITIES. THE CONTRACTOR SHALL BE RESPONSIBLE TO EXACTLY LOCATE AND PRESERVE ANY AND ALL UNDERGROUND UTILITIES.

NOTICE:
INSTRUCTION SITE SAFETY IS THE
SOLE RESPONSIBILITY OF THE
TRACTOR; NEITHER THE OWNER
NOR THE ENGINEER SHALL BE
EXPECTED TO ASSUME ANY
RESPONSIBILITY FOR SAFETY OF
THE WORK, OF PERSONS ENGAGED
IN THE WORK, OF ANY NEARBY
STRUCTURES, OR OF ANY OTHER
PERSONS.

RIGHT ©2025 ATWELL LLC NO
REPRODUCTION SHALL BE MADE
WITHOUT THE PRIOR WRITTEN
CONSENT OF ATWELL LLC

HAROLD HOWARD Sالدارين
110 WEST MOULTON LANE
HEBER CITY, UTAH 84032
ANNEXATION PLAT

REVISIONS

TGA	CH.	BMB
1. BMB		

35000814

SHEET NO. 1051

CAD FILE: 25009814_ANNEX_PLA1.DWG

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LEGEND	
	FOUND SECTION CORNER, AS NOTED
	BOUNDARY CORNER
	PROPERTY BOUNDARY LINES
	SURVEY TIE LINES
	SECTION LINES
	ADJOINING PROPERTY LINES
	EASEMENT LINES, AS NOTED
	CENTER LINE

APPROVED AS TO FORM THIS _____ DAY OF _____, 20____

WASATCH COUNTY SURVEYOR

ENTRY #: _____ DATE: _____ TIME: _____

FEE: _____ BOOK: _____ PAGE: _____

FOR: _____ BY: _____

A PARCEL OF LAND LOCATED IN THE SOUTHEAST QUARTER OF SECTION 18 & THE NORTHEAST QUARTER OF SECTION 19, TOWNSHIP 3 SOUTH, RANGE 5 EAST, SALT LAKE BASE & MERIDIAN, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THAT CERTAIN ANNEXATION PLAT IDENTIFIED AS HEBER CITY ANNEXATION (NORTH VILLAGE DEVELOPMENT), RECORDED ON MARCH 07, 2025 AS ENTRY #556728 OF OFFICIAL RECORDS, SAID POINT BEING LOCATED NORTH 79°05'52" WEST 804.89 FEET ALONG THE SECTION LINE AND NAD 83 BOUNDARY OF THE EAST 1/2 OF SECTION 36, T4N, R10E, S4E, COUNTY OF DALLAS, TEXAS; THENCE SOUTH 89°05'52" WEST 804.89 FEET ALONG SAID ANNEXATION NORTH 35°12'08" EAST 716.73 FEET TO A POINT ON THE CENTERLINE OF TIMPANOGOS CANAL AS DESCRIBED IN THAT CERTAIN CANAL EASEMENT RECORDED ON OCTOBER 21, 1998 AS ENTRY #207766 IN BOOK 0389 AT PAGE 0878-0882 OF OFFICIAL RECORDS; THENCE ALONG SAID CENTERLINE OF TIMPANOGOS CANAL AS DESCRIBED IN THAT CERTAIN CANAL EASEMENT RECORDED ON OCTOBER 21, 1998 AS ENTRY #207766 IN BOOK 0389 AT PAGE 0878-0882 OF OFFICIAL RECORDS; THENCE ALONG THE ARC OF A NON-TANGENT 660.73 FOOT RADII CURVE TO THE LEFT A DISTANCE OF 357.92 FEET THROUGH A CENTRAL ANGLE OF 31°02'15" (CHORD BEARING: SOUTH 30°19'55" EAST CHORD LENGTH: 353.58 FEET) TO A POINT OF NON-TANGENCY; THENCE (3) SOUTHEASTERLY ALONG THE ARC OF A NON-TANGENT 660.73 FOOT RADII CURVE TO THE RIGHT A DISTANCE OF 357.92 FEET THROUGH A CENTRAL ANGLE OF 31°02'15" (CHORD BEARING: EAST 33°32' EAST CHORD LENGTH: 79.34 FEET); THENCE (4) TO AND ALONG THAT CERTAIN FINAL LOCAL UTILITY PLAT IDENTIFIED AS NORTH VILLAGE ANNEXATION, RECORDED ON MARCH 21, 2023 AS ENTRY #560700 OF OFFICIAL RECORDS FOLLOWING THEREIN; (5) COULEES: (1) SOUTH 43°52'21" WEST 633.26 FEET; (2) SOUTH 43°52'21" WEST 633.26 FEET; (3) SOUTH 43°52'21" WEST 633.26 FEET; (4) SOUTH 43°52'21" WEST 633.26 FEET; (5) SOUTH 43°52'21" WEST 633.26 FEET; (6) SOUTH 43°52'21" WEST 633.26 FEET; (7) SOUTH 43°52'21" WEST 633.26 FEET; (8) SOUTH 43°52'21" WEST 633.26 FEET; (9) SOUTH 43°52'21" WEST 633.26 FEET; (10) SOUTH 43°52'21" WEST 633.26 FEET; (11) SOUTH 43°52'21" WEST 633.26 FEET; (12) SOUTH 43°52'21" WEST 633.26 FEET; (13) SOUTH 43°52'21" WEST 633.26 FEET; (14) SOUTH 43°52'21" WEST 633.26 FEET; (15) SOUTH 43°52'21" WEST 633.26 FEET; (16) SOUTH 43°52'21" WEST 633.26 FEET; 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CONTAINS 7.14 ACRES

THE BASIS OF BEARINGS FOR THIS SURVEY IS NORTH 00°30'30" WEST ALONG THE SECTION LINE BETWEEN THE 2005 WASATCH COUNTY MONUMENT FOR THE EAST QUARTER CORNER & THE 1976 WASATCH COUNTY MONUMENT FOR THE NORTHEAST CORNER OF SECTION 19, TOWNSHIP 3 SOUTH, RANGE 5 EAST, SALT LAKE BASE & MERIDIAN.

I, BRIAN BALLS, DO HEREBY CERTIFY THAT I AM A LICENSED PROFESSIONAL LAND SURVEYOR AND THAT I HOLD CERTIFICATE NUMBER 334532-2201 AS PRESCRIBED BY THE LAWS OF THE STATE OF UTAH, AND THAT THIS IS A TRUE AND ACCURATE MAP OF THE TRACT OF LAND TO BE ANNEXED INTO HEBER CITY, WASATCH COUNTY, UTAH.

BRIAN BALLS
REGIONAL LAND SURVEYOR

SURVEYOR'S SEAL

THIS IS TO CERTIFY THAT WE THE UNDERSIGNED HAVE ADOPTED A RESOLUTION OF ITS INTENT TO ANNEX THE TRACT OF LAND SHOWN HEREON AND HAVE SUBSEQUENTLY ADOPTED AN ORDINANCE ANNEXING SAID TRACT INTO HEBER CITY, UTAH; AND THAT A COPY OF THE ORDINANCE HAS BEEN PREPARED FOR FILING HERewith ALL IN ACCORDANCE WITH UTAH CODE SECTION 10-2-418 AS REVISED AND THAT WE HAVE EXAMINED AND DO HEREBY APPROVE AND ACCEPT THE ANNEXATION OF THE TRACT AS SHOWN AS A PART OF SAID HEBER CITY, AND THAT SAID TRACT OF LAND IS TO BE KNOWN AS THE SالدARINI ANNEXATION.

DATED THIS _____ DAY OF _____, 20____

MAYOR _____ DATE _____

CITY ENGINEER DATE

ATTEST:

CITY RECORDER DATE

APPROVED AS TO FORM THIS _____ DAY OF _____, 20____

WASATCH COUNTY SURVEYOR

ENTRY #: _____ DATE: _____ TIME: _____

FEE: _____ BOOK: _____ PAGE: _____

FOR: _____ BY: _____

PETITION FOR ANNEXATION INTO HEBER CITY

Annexation Name: SOLDARINI ANNEXATION

We, the undersigned owners of certain real property lying contiguous to the present municipal limits of Heber City hereby submit this Petition for Annexation and respectfully represent the following:

- This petition is made pursuant to the requirements of Section 10-2-403, Utah Code Annotated:
- The property subject to this petition is an unincorporated area contiguous to the boundaries of Heber City and the annexation thereof will not leave or create an unincorporated island or peninsula;
- The signatures affixed hereto are those of the owners of private real property that:
 - is located within the area proposed for annexation;
 - covers a majority of the private land area within the area proposed for annexation;
 - is equal in value to at least 1/3 of the value of all private real property within the area proposed for annexation; and
 - lies contiguous to the present boundary of Heber City's corporate limits, located at the approximate address: 110 W MOULTON LN. HEBER CITY, UT. 84032
- The petitioners have caused an accurate plat or map of the above-described property to be prepared by a licensed surveyor, which plat or map is filed herewith in Exhibit A;
- Title to the property by those signing this petition is as shown in the deeds or title report attached hereto as Exhibit B.
- The manner in which it was established that at least 1/3 of the value of all the private property sought to be annexed and at least a majority of the acreage is owned by the signers of this petition is shown in the attached Exhibit C (value and acreage spreadsheet) and Exhibit D (copies of all tax notices).
- Land values and acreage within the annexation are as follows:

• Total acreage within annexation:	<u>7.05</u>	
• Total private property acreage within annexation:	<u>7.05</u>	
• Petitioner's acreage within annexation:	<u>7.05</u>	<u>100</u> %
		% of Total Private Area
• Total Assessed Land Value within annexation:	<u>\$986,159</u>	
• Petitioner's Assessed Land Value within annexation	<u>\$986,159</u>	<u>100</u> %
		% of Total Value
- This petition does not propose annexation of all or a part of an area proposed for annexation in a previously filed petition that has not been denied, rejected, or granted;

- This petition does not propose annexation of all or a part of an area proposed to be incorporated in a request for a feasibility study under Section 10-2-103 U.C.A. or a petition under Section 10-2-125, U.C.A. if:
 - the request or petition was filed before the filing of the annexation petition, and
 - the request, a petition under Section 10-2-109 based on that request, or a petition under Section 10-2-125 is still pending on the date the annexation petition is filed;
- The names and mailing addresses of all the owners of the parcels of land located within 300 feet of the area proposed to be annexed as shown in Exhibit E.
- A vicinity map showing the City's current boundaries in relation to the proposed annexation in Exhibit F.
- Per the Heber City Annexation Policy Plan, a Concept Plan is attached as Exhibit G. This Concept Plan is a very preliminary plan -- the petitioner is not strictly bound by it. However, it is the hope of the Heber City Council that the Concept Plan submitted is the primary intention of the developer at the time annexation is being requested.

PETITION SIGNATURE PAGE 1

WHEREFORE, the Petitioners hereby request that this Petition be considered by the Heber City Council at its next regular meeting, or as soon thereafter as possible; that a resolution or motion be adopted or passed as required by law accepting this Petition for Annexation for further consideration; and that the governing body take such steps as required by law to complete the annexation herein petitioned.

Name of Annexation: SALDARINI ANNEXATION

Petitioner 1

Petitioner Name	Phone Number
HOWARD SALDARINI	435-901-0217
Mailing Address	Email Address
P.O. Box 3523	how2ski@ym400.com
Park City, UT. 84060	
Parcel Numbers	
07-7722	
Signature	Date
Howard Saldarini	1/13/2025

Petitioner 2

Petitioner Name	Phone Number
Mailing Address	Email Address
Parcel Numbers	
Signature	Date

NOTICE

There will be no public election on the annexation proposed by this petition because Utah law does not provide for an annexation to be approved by voters at a public election. If you sign this petition and later decide that you do not support the petition, you may withdraw your signature by submitting a signed, written withdrawal with the recorder or clerk of Heber City. If you choose to withdraw your signature, you shall do so no later than 30 days after Heber City receives notice that the petition has been certified.

PETITION SIGNATURE PAGE 2

WHEREFORE, the Petitioners hereby request that this Petition be considered by the Heber City Council at its next regular meeting, or as soon thereafter as possible; that a resolution or motion be adopted or passed as required by law accepting this Petition for Annexation for further consideration; and that the

Mailing Address	Email Address
Parcel Numbers	
Signature	Date

Petitioner 8

Petitioner Name	Phone Number
Mailing Address	Email Address
Parcel Numbers	
Signature	Date

NOTICE

There will be no public election on the annexation proposed by this petition because Utah law does not provide for an annexation to be approved by voters at a public election. If you sign this petition and later decide that you do not support the petition, you may withdraw your signature by submitting a signed, written withdrawal with the recorder or clerk of Heber City. If you choose to withdraw your signature, you shall do so no later than 30 days after Heber City receives notice that the petition has been certified.

PETITION CONTACT SPONSOR

Designate at least one but not more than five of the signers of this petition as "Sponsors", one of whom must be designated as the Contact Sponsor. Any person signing in behalf of a corporation or LLC must show and provide verification that they are authorized to sign for said corporation or LLC and sign as designated on such authorization. Each signature of a Petition Sponsor must be notarized.

Petitioner Name	Phone Number
HOWARD SALDARINI	435-901-0217
Mailing Address	Email Address
P.O. Box 3523	howzskie@yahoo.com
Park City, UT. 84060	
Parcel Numbers	
07-7722	

ENTITY:

By: _____
Name/Title:

STATE OF _____)

: ss.

COUNTY OF _____)

On this _____ day of _____, 20____, personally appeared before me the above named:

who is personally known to me,
whose identity I verified on the basis of
who is authorized to sign on behalf of the entity/(ies) that own the property
to be the signer of the foregoing document, and he/she acknowledged that he/she signed it.

NOTARY PUBLIC

My Commission Expires:

NOTICE

There will be no public election on the annexation proposed by this petition because Utah law does not provide for an annexation to be approved by voters at a public election. If you sign this petition and later decide that you do not support the petition, you may withdraw your signature by submitting a signed, written withdrawal with the recorder or clerk of Heber City. If you choose to withdraw your signature, you shall do so no later than 30 days after Heber City receives notice that the petition has been certified.

PETITION SPONSOR 2

Designate at least one but not more than five of the signers of this petition as Sponsors. Any person signing in behalf of a corporation or LLC must show and provide verification that they are authorized to sign for said corporation or LLC and sign as designated on such authorization. Each signature of a Petition Sponsor must be notarized.

Petitioner Name

Phone Number

Mailing Address

Email Address

Parcel Numbers



SURVEYOR'S CERTIFICATE

Q: Did A. WHEELER, DO READER CERTIFY THAT I AM A PROFESSIONAL LAND SURVEYOR AND THAT I HOLD CERTIFICATE NO. 773236, AS PREVIOUSLY ISSUED BY THE BOARD OF SURVEY AND LAND ADJUDICATION, THAT I HAVE MADE A SURVEY OF THE HEREON DESCRIBED PARCELS, AND THAT THE PLAT IS A TRUE AND CORRECT REPRESENTATION OF SAID SURVEY?

FIELD A NUMBER: 01 **DATE:** 11/11/01

SURVEYOR'S NARRATIVE



DESCRIPTION

157

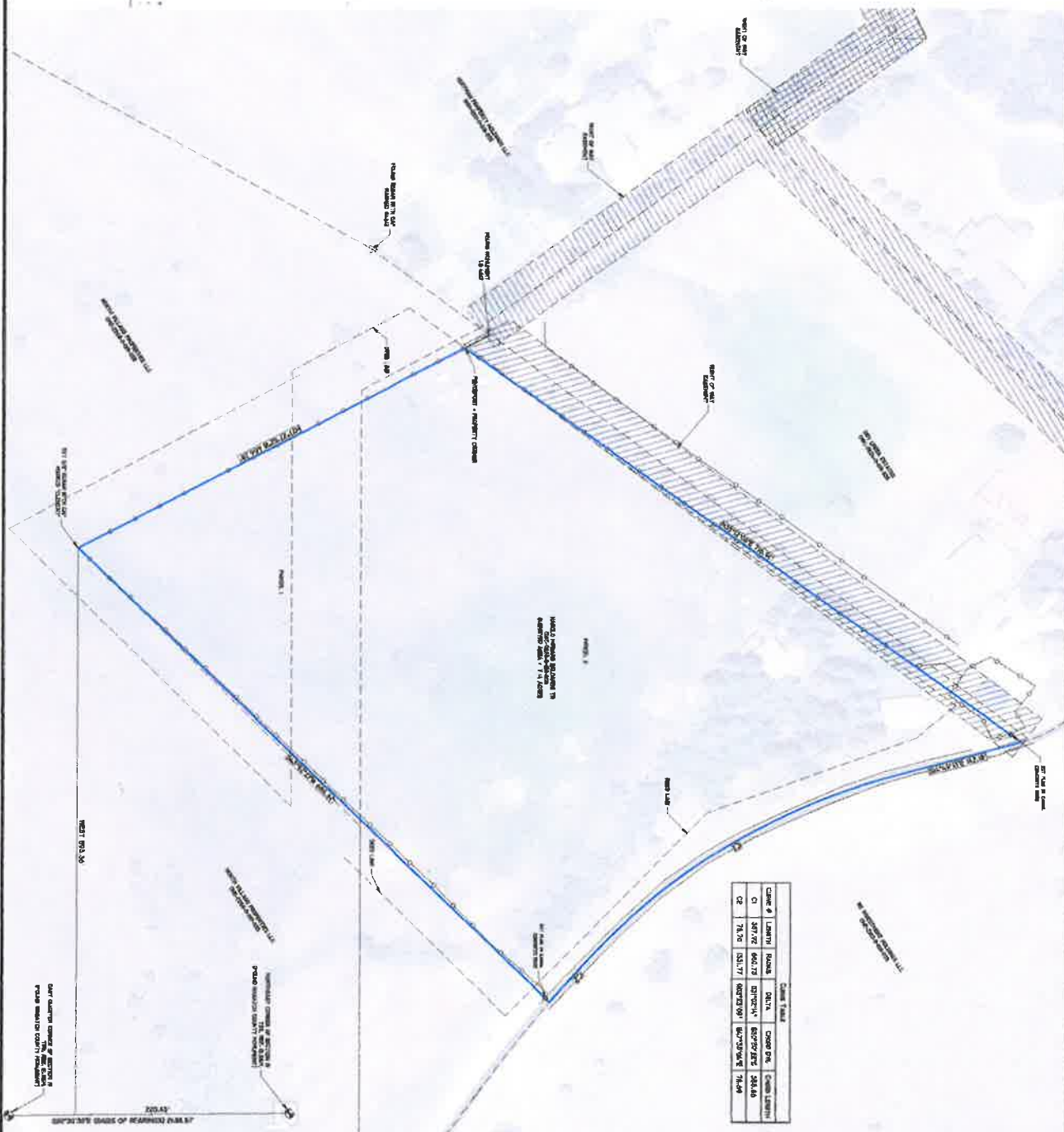
the 1980s, and the 1990s. The 1980s saw a significant increase in the number of people who were employed in the service sector, which was a result of the growth of the economy. The 1990s saw a significant increase in the number of people who were employed in the manufacturing sector, which was a result of the growth of the economy. The 2000s saw a significant increase in the number of people who were employed in the service sector, which was a result of the growth of the economy. The 2010s saw a significant increase in the number of people who were employed in the service sector, which was a result of the growth of the economy.

BASIS OF BEARINGS

Submitted by: **Shahenaz Khan** (2017) **Ph.D.** **Pharmacology** **University of Birmingham**

VICINITY MAP

PROJECT LOCATION:



CNAME #	LENGTH	RACIAL	DELTA	CHRG DTC	CHRG LENGTH
C1	387.92	660.73	03102114	60020JRC	281.46
C2	78.26	153.77	04022109	80730JRC	76.49

LAND SURVEYING
WWW.ELEMENTSURVEYING.COM 226 SOUTH 270 EAST, HEBER CITY, UT 84032
801-892-6976 & 801-657-8746

EXHIBIT B: PROPERTY DEEDS

MAIL TAX NOTICE TO:

Howard Saldarini
P.O. Box 3523
Park City, UT 84060



WARRANTY DEED

H. Howard Saldarini, the Grantor

of Heber City, County of Wasatch, State of Utah, hereby CONVEYS and WARRANTS to

Harold Howard Saldarini, as Trustee of the Harold Howard Saldarini Revocable Trust, dated September 17, 2010, the Grantee

of Heber City, County of Wasatch, State of Utah, for the sum of TEN DOLLARS and other good and valuable consideration, the following described tracts of land in Wasatch County, State of Utah, to wit:

Parcel 1:

Beginning at a point which is 540 feet East of the Northwest corner of the Northeast quarter of the Northeast quarter of Section 19, Township 3 South, Range 5 East, Salt Lake Base and Meridian; and running thence East 458 feet; thence South 4430' West 416 feet; thence North 28' West 345 feet to the place of beginning.

Also the tract:

Beginning at a point which is 322 feet West of the Southeast corner of Section 18, Township 3 South, Range 5 East, Salt Lake Base and Meridian; and running thence West 458 feet; thence North 28' West 140 feet; thence North 36' East 710 feet; thence South 3815' East 55.00 feet; thence South 1945' East 232.00 feet; thence South 4515' East 300 feet; thence South 4430' West 237.00 feet to the place of Beginning.

Together with a right of way over property owned by Addison C. Moulton and Lacy S. Moulton, granted in Warranty Deed recorded September 26, 1960 as Entry No. 80979 in Book 38 at Page 130, which right of way runs parallel along the Easterly line of U.S. Highway 40, to lands hereinabove mentioned.

Together with a right of way described as follows:

Beginning 1371 feet West and North 22' East 604 feet from the Southeast corner of Section 18, Township 3 South, Range 5 East, Salt Lake Base and Meridian; thence South 65' West 1068.0 feet, more or less to the Northeasterly right of way line of Highway 40; thence along said right of way line North 2014' West 32.0 feet; thence North 65' East parallel to course above, approximately 1075.0 feet, more or less, to a point which is due North from the point of beginning; thence South to the point of beginning.

Together with an easement and right of way 50 feet wide, the centerline being described as follows:

Beginning at a point which is 322 feet West and South 4430' West 416 feet from the Southeast corner of Section 18, Township 3 South, Range 5 East, Salt Lake Base and Meridian; thence North 28' West 485 feet to the Southerly most corner of the Hunt's Haven Partnership property; thence North 3650' East 710 feet to the Easterly most corner of the Hunt's Haven Partnership property and the Northerly most corner of the Clyde Miller property.

Also, beginning at a point which is the Southerly most corner of Hunt's Haven Partnership property, which point is West 780 feet and North 28' West 140 feet from the Southeast corner of Section 18, Township 3 South, Range 5 East, Salt Lake Base and Meridian; thence North 3530' West 360 feet; thence North 4330' East 654 feet, more or less to the Northerly most corner of Hunt's Haven Partnership property.

Also, beginning at the Southerly most corner of the Robert E. Anderson property and the Westerly most corner of the Hunt's Haven Partnership property which point is West 780 feet and North 28' West 140 feet and North 3530' West 360 feet from the Southeast corner of Section 18,

Township 3 South, Range 5 East, Salt Lake Base and Meridian; thence North 35°30' West 178 feet to the Westerly most corner of the Robert E. Anderson property and the Northerly most corner of the William N. Pingree property; thence South 65° West 828 feet to the Westerly most corner of said William N. Pingree property and the Northerly most corner of the John B. Moulton property, and continuing along the Northerly boundary of the John B. Moulton property South 65° West to the Easterly boundary of Highway 40 right of way.

Wasatch County Tax Parcel Number: 00-0007-7722.

Subject to current general taxes, easements, restrictions, and rights of way of record.

WITNESS, the hand of said grantor, this 10 day of August, 2022

H. Howard Saldarini

H. Howard Saldarini

STATE OF UTAH)
(ss
COUNTY OF SUMMIT)

On the 10TH day of AUGUST, 2022, personally appeared before me H. Howard Saldarini, the signer of the foregoing instrument, who duly acknowledged to me that he executed the same.

Scott Buchanan

Notary Public



EXHIBIT C: VALUE & ACREAGE

Property Value & Acreage Within Annexation Area

Name	Parcel ID	Acres	Value	Petitioner (yes/no)
SALDARINI	07-7722	7.05	\$986,159	YES
Totals		7.05	\$986,159	
Private Property Total		7.05	\$986,159	
Petitioner Totals		7.05	\$986,159	
Petitioner Percent of Private Total		51% min Actual: 100%	1/3 min Actual: 100%	

EXHIBIT D: PROPERTY TAX NOTICES



Wasatch County Treasurer
25 North Main Heber City, Utah 84032
Office Hours Are 8:00 A.M. To 5:00 P.M.
Closed November 11, 28 & 29 2024
Telephone (435) 657-3217
PAYMENT DUE UPON RECEIPT
PENALTY ADDED AFTER Dec 2, 2024

2024 Tax Notice

Parcel Number 00-0007-7722

Back Taxes - Separate Check Required
NO BACK TAXES OUTSTANDING

Tax District
016 - NORTH VILLAG SPECIAL SRVC DIST

Mortgage Company
NO REQUESTING COMPANY

Partial Property Description

110 W MOULTON LN * - BEG 322 FT W OF NE COR SEC
19 T3S R5E SLM; S.44°30'W 416 FT; N.28°W 485 FT;
N.36°E 710 FT; S.38°15'E

*****SNGLP 840 B2 170 1/3-P2 T2 500



00-0007-7722 / OWC-0528-0-018-035
SALDARINI HAROLD HOWARD TR
PO BOX 3523
PARK CITY UT 84060-3523

Property Type	Acres/Count	Market Value	Taxable Value	Tax Amount
PRIMARY HOME		309,960	170,478	1,445.82
GARAGE		22,449	22,449	190.39
NON FAA	6.05	453,750	453,750	3,848.25
PRIMARY LAND	1.00	200,000	110,000	932.91
Total Property Value & Taxes		986,159	756,677	6,417.37

* Values are a detailed listing of greenbelt classifications. This listing is provided for informational purposes only.

THIS OFFICE WILL NOT BE RESPONSIBLE IF YOU PAY ON PROPERTY OTHER THAN YOUR OWN.

TAXES HEREIN ENUMERATED FOR THE CURRENT YEAR ARE DUE AND PAYABLE IN OUR OFFICE; LAST NOTICE REQUIRED BY LAW.

Taxing Unit/Entities - Budget Hearing Date, Time & Location

		Tax Rate	Tax Amount
10 COUNTY GENERAL FUND	12/04/24 6PM 25 N MAIN, COMMISSION CHAMBERS	0.000947	716.57
12 COUNTY LOCAL A&C		0.000110	83.23
15 COUNTY BONDS		0.000019	14.38
17 MULTI COUNTY A&C		0.000015	11.35
19 BASIC ST SCHOOL LEVY		0.001408	1,065.40
20 WASATCH CO SCHOOL DIST		0.004591	3,473.90
21 SCHOOL DIST BOND		0.000225	170.25
23 HEALTH		0.000053	40.10
24 CHARTER SCHOOL LEVY	12/04/24 6PM 25 N MAIN, COMMISSION CHAMBERS	0.000031	23.46
30 WASATCH COUNTY FIRE DISTRICT		0.000413	312.51
32 PARK & REC GENERAL		0.000154	116.53
72 LIBRARY	12/04/24 6PM 25 N MAIN, COMMISSION CHAMBERS	0.000115	87.02
90 CENTRAL UT WATER CONSERVANCY	08/27/2024 6PM WAS HELD	0.000400	302.67
		0.008481	6,417.37

Prepayments

0.00

Abatements

0.00

Total Tax Due

6,417.37

The Wasatch County Recorder's Office now offers Property Watch.

For more information, and to sign up, please visit

www.wasatchcounty.gov/propertywatch

OR scan the QR Code.



PAY ONLINE AT www.wasatchcounty.gov

Payments Are Due Before December 2nd
Postmark Accepted

FACTS ON BACK OF THIS NOTICE

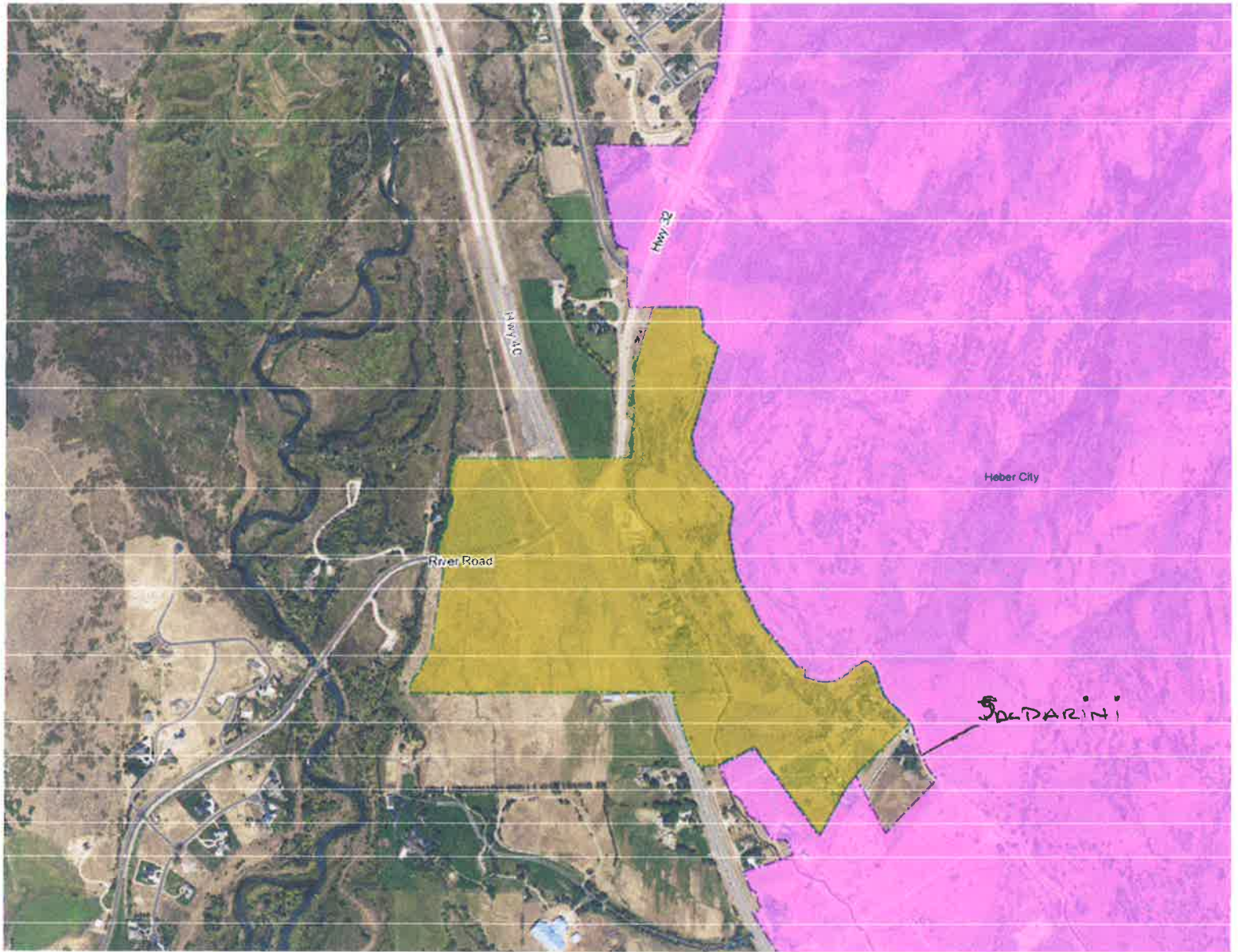
KEEP ABOVE PORTION FOR YOUR RECORDS. DETACH ENTIRE BOTTOM PORTION AND RETURN WITH PAYMENT. BRING COMPLETE NOTICE WHEN PAYING IN PERSON.

**EXHIBIT E: LIST OF ALL PROPERTY
OWNERS WITHIN ANNEXATION AND
WITHIN 300 FEET OF ANNEXATION**

PROPERTY OWNERS WITHIN ANNEXATION AND WITHIN 300 FEET

Name	Street Address	City	State	Zip
DRY CREEK ESTATES LLC	8344 ETIENNE WAY	SANDY	UTAH	84093-1121
HOFFMAN PROPERTY HOLDINGS LLC	425 W MOULTON LN	HEBER CITY	UTAH	84032-3843
NORTH VILLAGE PROPERTIES LLC	3135 S. RICHMOND ST.	SALT LAKE CITY	UTAH	84106-3053
RE INVESTMENT HOLDINGS LLC	6900 S. 900 E. SUITE 220	MIDVALE	UTAH	84047-5820

EXHIBIT F: VICINITY MAP



**HEBER CITY CORPORATION
301 South Main Street
Heber City, UT 84032
Heber City Council Meeting
January 22, 2026**

DRAFT Minutes

**5:00 p.m. Special Meeting
2026 Annual City Council Retreat - Day 1**

I. 5:00 p.m. Welcome | 5 min - Mayor Franco, Matt

Mayor Franco called the meeting to order at 5:05 p.m. and welcomed everyone to the Annual 2026 Council Retreat.

City Council Present:

Mayor Heidi Franco
Council Member Yvonne Barney
Council Member Aaron Cheatwood
Council Member Mike Johnston
Council Member Morgan Murdock

City Council Absent:

Council Member Sid Ostergaard

Staff Present:

City Manager Matt Brower
Assistant City Manager Mark Smedley
Community Development Director Tony Kohler
Planning Manager Jamie Baron
City Engineer Russ Funk
Finance Manager Sara Jane Nagel
City Attorney Jeremy Cook
City Recorder Trina Cooke
Chief of Police Parker Sever
Public Works Director Matthew Kennard
Justice Court Judge Randy Birch
Human Resource Manager Cherie Ashe
Airport Manager Travis Biggs.
IT Director Anthon Beales
Building Official Curt Davis

Staff Participating Remotely: none.

Also Present: Mia Yue, Marissa Stanger, Max Stirling, Del Barney, Sandra Brower, Angie Kennard, Bob McKinley, Ron Carlile, Joli Cardenas, Ben Sehy, Heather Murdock, and others who did not sign in or whose handwriting was illegible.

Also Attending Remotely: (names are shown as signed-in online) Benjamin Sehy, Shorty5, and Scott Phillips.

1. Check-in
2. Overview
 - Ground rules & logistic details
 - Parking Lot of Ideas & Action Register
 - Time Management
3. Desired Outcomes
 - Reaching Team Potential
 - Moving the Community Forward
 - Finalizing Budget and Policy Priorities for FY '27

City Manager Matt Brower read the agenda for the meeting. He described the expectation for the night of collaboration with the Council to identify the budget and policy priorities for the year 2026.

II. 5:05 p.m. Public Comments

No one from the public came forward to comment.

III. 5:10 p.m. Dinner - Working Dinner (spouses invited)

The meeting was paused briefly for dinner service.

IV. 5:30 p.m. - Guest Speaker - Ben Sehy with Meeder Public Funds | 40 min

1. Federal, State, and Local Economic Overview
2. Q&A

Ben Sehy, with Meeder Public Funds, shared a presentation regarding the economic forecast and the City's financial outlook as included in the meeting materials.

V. 6:10 p.m. Celebrating 2025 Victories | 70 min - Leadership Team

1. Department Presentations

Finance Director Sara Jane Nagel shared the 2025 Victories of the team in the Finance Department as attached to the meeting materials.

Chief of Police Parker Sever showed a video of the Police Department as included in the meeting materials.

Planning Manager Jamie Baron shared a video recognizing the accomplishments of the Planning Department throughout 2025.

Airport Manager Travis Biggs shared a PowerPoint reviewing the Heber Valley Airport Victories of 2025 as included in the meeting materials.

Judge Randy Birch provided an overview of the Heber City Justice Court's successes of 2025 as included in the meeting materials.

Public Works Director Matthew Kennard distributed a newspaper-like handout of the year in review to share the Public Works Department Victories in 2025.

City Engineer Russ Funk shared the Engineering Department Victories for 2025.

Building Department Director Curt Davis reviewed the Building Department's 2025 Victories.

VI. 7:20 Break | 10 min

VII. 7:30 State of the Administration | 60 min

1.

- Score Card Summary - '25 Council Priorities - Matt
- Fund Review and Projections
- Key Trends
- Watch Items
- Decision Points
- Priority Recommendations
- 4th Class Cities Benchmarking Initiative - Lainee

City Manager Matt Brower provided the State of the Administration report as included in the presentation, attached to the meeting materials. He reviewed the City's funds and contributing revenues, including property and sales tax. He reviewed proposed bills at the 2026 Legislative Session.

VIII. 8:30 p.m. - Strategic Topic - Presentation and Discussion

1.

- Review of Dogs in City Parks Survey and Policy Direction | 25 min - Mark S
- Night Sky | 25 min - Tony

Assistant City Manager Mark Smedley presented the findings from a survey to discover the community's opinion regarding allowing dogs in public parks.

The City's current ordinance did not permit dogs in city parks. The feedback had been in favor of allowing dogs in city parks with certain restrictions, including keeping dogs on leash and cleaning up their waste. Council supported staff moving forward to amend the existing dog ban in city parks.

Community Development Director Tony Kohler provided a dark-sky presentation offering options for the City to improve the dark sky and potentially seek an international dark sky designation. Mr. Kohler proposed an amortization process to help the City phase out non-compliant dark sky lighting at local businesses.

IX. 9:20 p.m. Wrap-up / Overview of Day One - Mayor

The meeting was adjourned at 9:31 p.m.

Trina Cooke, City Recorder

**HEBER CITY CORPORATION
301 South Main Street
Heber City, UT 84032
Heber City Council Meeting
January 24, 2026**

DRAFT Minutes

**8:00 a.m. Special Meeting
2026 Annual City Council Retreat - Day 2**

- I. 7:55 a.m. Breakfast - Working Continental Breakfast
- II. 8:00 a.m. Welcome and Recap of Day 1 | 5min (Mayor Heidi Franco) - 5 min

Mayor Heidi Franco called the meeting to order at 8:02 a.m. and welcomed everyone present.

City Council Present:

Mayor Heidi Franco
Council Member Yvonne Barney
Council Member Aaron Cheatwood
Council Member Mike Johnston
Council Member Morgan Murdock
Council Member Sid Ostergaard

Staff Present:

City Manager Matt Brower
Assistant City Manager Mark Smedley
Community Development Director Tony Kohler
Planning Manager Jamie Baron
City Engineer Russ Funk
Finance Manager Sara Jane Nagel
City Attorney Jeremy Cook
City Recorder Trina Cooke
Chief of Police Parker Sever
Building Department Director Curt Davis
Heber Valley Airport Manager Travis Biggs
IT Director Anthon Beales
Human Resource Director Cherie Ashe

Also Present: Bob McKinley, Mia Yue, Hailey Wall, Dave Richards, Keri Smith, Dallin Koecher, Cannon Taylor, Marissa Stanger, and others who did not sign in or whose handwriting was illegible.

Also Attending Remotely: (Names are shown as signed-in online.) Emily Seang, Rachel Kahler, and Shortcake5.

III. 8:05 a.m. Public Comments

Mayor Franco opened the meeting for public comments. With no one coming forward to comment, the public comment period was closed.

IV. 8:10 a.m. Strategic Topics -- Presentations and Discussions

City Manager Matt Brower reviewed the day's agenda and meeting ground rules.

1. Envision Central Heber

A. Trailhead Plaza - Terracon

1. Overview | 5 min
2. Icebreaker | 10 min
3. Schedule and Project Approach | 10 min
4. Vision, Values, and Touchstones | 10 min
5. Public Outreach Plan - Community Conversations | 15 min
6. Rose, Bud, Thorn Exercise Breakout | 10 min

TVI (Treasure Valley Idaho) Planning Consultant Keri Smith described the vision for downtown Heber to be a thriving destination with the proposed Trailhead Plaza as the epicenter. She suggested that Heber guide its destiny for activation of the downtown with intentional activity programming. She introduced Lars Erickson with Terracon. Heber City had contracted Terracon to assist with the refinement for the downtown Main Street Park and Trailhead Plaza design. Mr. Erickson reviewed the goals and objectives of the plan, including public outreach, and provided a project timeline. Terracon representatives shared a presentation of the project plan as attached in the meeting materials. The project vision statement was intended to build a common foundation for a vibrant downtown and a community gathering space. Attendees shared ideas for achieving the vibrancy goal.

V. 9:10 a.m. Break | 10 min (Breakouts can Continue) - Keri/Dave/Lars/Ryan

1. 7. Rose, Bud, Thorn Report Back | 20 min
8. Master Plan Diagrams | 40 min
9. Next Steps and Wrap-Up | 15 min
10. Council Comments and Questions | 15 min

B. Heber City "C" Street (Downtown) | 30 min - Dave/Lars

1. Brownfield Planning Scope of Work
2. Goals and Objectives

Terracon facilitated an activity in which the participants identified parts of the plan which they felt was the "Rose" (star), "Thorn" (things to do away with), and "Bud" (possibilities).

Keri Smith and the Terracon group continued to detail the future steps needed to accomplish the "Trailhead Plaza" project plan. They referenced other community's gathering places as examples for what could be accomplished.

VI. 11:20 a.m. Break | 10 min

VII. 11:30 a.m.

1. 3. Downtown Parking Discussion | 30 min - Tony
4. Fire Station Re-envisioned | 15 min - Tony
5. Downtown CRA - Next Steps | 30 min - Matt

Community Development Director Tony Kohler shared a presentation for proposed parking solutions in the downtown area, as included in the meeting materials. He noted there was existing parking in downtown Heber but the public was not aware of the availability or location. Signs had been installed to assist with public awareness for available parking. He recalled downtown recommendations previously provided by Roger Brooks to achieve community vibrancy and success.

Community Development Director Tony Kohler provided a presentation, as included in the meeting materials, proposing the old fire station building be transformed into artist studios for local artists, including a diner with indoor/outdoor seating.

City Manager Matt Brower shared a presentation about the City's Community Reinvestment Agency (CRA), including the background, purpose, and interlocal agreement revenue received by the City. Council discussion regarding the CRA followed.

VIII. 12:45 p.m. - Lunch | Working Lunch (Serving at 12:45 p.m.)

IX. 1:00 p.m. Strategic Topics - Presentations and Discussion

1. General Traffic Discussion | 60 min - Russ

City Engineer Russ Funk provided a presentation regarding traffic in Heber City, as included in the meeting materials. He shared the current and projected level of service for the intersection located at 1200 South and Mill Road and offered roundabout options to help improve the level of service. He shared safety improvement recommendations for 600 South and Main Street. UDOT (Utah Department of Transportation) was working with the City Engineers to widen US Highway 40 and install a traffic signal at the Mill Road intersection.

Mr. Funk reviewed the proposed improvements for 100 West, described the proposal for the safe route to school on 300 West, and shared an image for the proposed Southfield Road realignment. Council discussion continued.

X. 2:00 p.m. Break | 10 min

XI. 2:20 p.m. Strategic Planning Process - Council Roundtable Discussion - - Insights for FY 26-27 Priorities | 60 min - Council

1. Presentations from Council Members

- Identifying areas of priority & common policy interests

Strategic Planning Process: Moving Forward | 50 min

1. Council agreement upon policy and budget priorities for FY '27

City Manager Matt Brower explained the importance for the Council to establish budget and policy priorities, to work with staff and the public, to achieve common goals.

Parks, Open Space, Trails, and Trees (POSTT) Chair Mia Yue provided an overview of the committee's ongoing efforts and asked the Council to advise if there were any specific projects Council wanted POSTT to focus on.

Each Council Member listed their top priorities. Council continued to discuss which items each Council Member wished to prioritize in order to reach a consensus. Mr. Brower identified each item that Council majority had selected to prioritize. The top budget and policy priorities would be consolidated and provided to Council to help guide staff and Council towards each priorities achievement throughout 2026.

Council also expressed the need to further consider the following:

- Traffic solutions
- the next Utah Olympics
- staffing needs versus the use of consultants
- a potential transit station
- utilization of the lobbyist

XII. 4:00 p.m. Wrap Up / Assess the Day's Work - Mayor

The meeting was adjourned at 4:30 p.m.

Trina Cooke, City Recorder

HEBER CITY CORPORATION
75 North Main Street
Heber City, UT 84032
Heber City Council Meeting
Amended Agenda
February 3, 2026

DRAFT Minutes

4:00 p.m. Work Meeting
6:00 p.m. Regular Meeting

I. WORK MEETING - 4:00 P.M.

Mayor Franco called the meeting to order at 4:02 p.m. and welcomed everyone present.

City Council Present: Mayor Heidi Franco
Council Member Yvonne Barney
Council Member Aaron Cheatwood
Council Member Mike Johnston
Council Member Morgan Murdock
Council Member Sid Ostergaard - remotely

Staff Present: Assistant City Manager Mark Smedley
Community Development Director Tony Kohler
Planning Manager Jamie Baron
City Engineer Russ Funk
Finance Manager Sara Jane Nagel
City Attorney Jeremy Cook
City Recorder Trina Cooke
Chief of Police Parker Sever
Police Officer Brayden Powers

Staff Participating Remotely: City Manager Matt Brower, City Engineer Russ Funk, Public Works Director Matthew Kennard, Human Resource Director Cherie Ashe, IT Director Anthon Beales, Deputy City Recorder Robin Bond, Engineering Tech Desiree Muheim, and Finance Manager Sara Jane Nagel.

Also Present: Michael Plowman - Habitat for Humanity, Jason Norlen - Heber Light and Power, Andrew Dedrickson - HL&P, Phil Jordan - Planning Commission, Randy Christ, Dennis Gunn, Tyson Williams - Wasatch Bridge, Ryan Bunnell, Kristina Goodnough, Cannon Taylor, Dave Johnson, Patty Sprunt, Paul Watson, Tom Johnson, Carol Johnson, and others who did not sign in or whose handwriting was illegible.

Also Attending Remotely: (names are shown as signed-in online) Dw Phone, Robert Madsen, AE Urbia - Seth, A, B, CAMS, Cannon Taylor, Christi Judd, Denna Woodbury, George Bennett, Grace Doerfler, J, Jen, JS, Kirk Langston, Laurel Bevans - Gordon Milar Construction, Seth Plaizier, SRH, and Stephen.

1. Habitat for Humanity (Michael Plowman, Director of Development, Habitat for Humanity of Summit and Wasatch Counties) - *30 min*

Michael Plowman and Shelly Barrus were in-house representing Habitat for Humanity. They wished to ensure Heber City was aware of the services offered by Habitat for Humanity and shared past-project successes and challenges. The program offered more than housing provision, including home repairs and financial education. There were home-ownership programs specifically designed for essential workforce workers. Council expressed appreciation for the programs offered and hoped to work with Habitat for Humanity moving forward.

2. Consideration of Council Letter to UDOT Regarding Comments on Draft EIS for the Heber Valley Corridor (Russ Funk, City Engineer) - *30 min*

City Engineer Russ Funk read the proposed letter to be sent to UDOT (Utah Department of Transportation) on behalf of Heber City. The letter was intended to convey the City's concerns and suggestions regarding the proposed Bypass road. Council discussed the letter and suggested additional details for inclusion. Mr. Funk emphasized the need to keep the letter concise and not overcomplicate it. He assured the Council that UDOT had previously studied the issues being discussed. Mr. Funk stated that he would update the letter promptly to include the Council's suggested changes and allow Council the opportunity to vote on it during the Regular Meeting later that night.

3. Potential request to adjust permitted flag pole heights (Jacob Roberts, Planner) - *20 min*

Jason Norlen and Andrew Dedrickson were present to represent the management team at Heber Light and Power (HL&P). Planner Jacob Roberts described the requested exception from HL&P to install a 70-foot flagpole, which exceeded the 25-foot max permitted in the City Code. Council expressed majority consensus to allow HL&P to proceed with the City process for a text-amendment to permit the exception to install the 70-foot flag-pole.

4. Review and Approve Council's FY'27 Budget and Policy Priorities (Matt Brower, City Manager) - 30 min

Mr. Brower asked for Council to review the document reflecting the Council's final 2026 Budget and Policy Priorities. Council identified certain details that had not been included to capture their intent. Mr. Brower indicated he would update the chart promptly to include the Council's suggested changes and allow Council the opportunity to vote when it returned later that night on the Action Items agenda in the Regular Meeting.

II. BREAK - 10 MIN

III. REGULAR MEETING - 6:00 P.M.

1. Call to Order

Mayor Franco called the meeting to order at 6:08 p.m. and welcomed everyone present.

2. Pledge of Allegiance (Yvonne Barney, Council Member)

Council Member Yvonne Barney led the recitation of the Pledge of Allegiance.

3. Prayer/Thought by Invitation (Sid Ostergaard, Council Member)

Council Member Ostergaard felt it was critical that people treat one another well. He noted the importance during this time of year when the days were dark, it's cold outside, we don't get out much, and there was often much weighing on us. He shared a recorded clip of Steve Young telling a story of a security guard and a janitor that would see each other daily and every day, the janitor would say "hey" to the security guard. The security guard died and the wife of the security guard delivered a note to the janitor from the security guard thanking him for saying "hey" every day. The security guard expressed appreciation to the janitor for his cheerful daily greeting and wanted the janitor to know how much it had meant to him over the years. Council Member Ostergaard observed that it was the small gestures that could make a difference in other peoples lives. He asked that everyone reach out to others, if only to say "hey".

IV. AWARDS, RECOGNITION, and PROCLAMATIONS:

1. Mayor's Recognition to Dennis Gunn for Planning Commission Service

Mayor Franco read the certificate of appreciation being awarded to Dennis Gunn for over ten years of service on the Planning Commission. He thanked the Council and staff for their hard work that he felt often went unrecognized.

2. Mayor's Award for Sergeant Brayden Powers

Chief of Police Parker Sever noted that the department had already received their body worn cameras and Brayden had taken initiative and sought a \$20,000.00 grant for the cameras. Chief Sever said that Brayden often took initiative and had also been the instigator of the department's last two educational programs.

V. CONFLICT OF INTEREST DISCLOSURE:

There were no conflicts disclosed.

VI. CONSENT AGENDA:

Motion: Council Member Cheatwood made the motion to approve the Consent Agenda as outlined.

Second: Council Member Barney made the second.

Voting Yes: Council Members Ostergaard, Johnston, Barney, Cheatwood, and Murdock.

Voting No: None.

The **Motion Passed Unanimously, 5-0.**

1. January 20, 2026, City Council Meeting Minutes (Trina Cooke, City Recorder)
2. Declaration of Police Department Firearms no Longer in use as Surplus Property (Parker Sever, Chief of Police)
3. Declaration of Surplus Property - AED's (Parker Sever, Chief of Police)
4. Resolution 2026-02 to Approve a Change to the Heber Light & Power (HL&P) Company Organization Agreement (Heidi Franco, Mayor) -
5. Mayor's Nominations to Planning Commission (Heidi Franco, Mayor)
6. Cancel the March 17, 2026, City Council Meeting Due to Election Caucus Conflict

VII. PUBLIC COMMENTS: (3 min per person/20 min max)

With no one from the public coming forward to comment, the public comment period was opened at 6:22 p.m. and closed at 6:23 p.m.

VIII. GENERAL BUSINESS ITEMS:

1. Discussion about Housing Opportunities for Essential Employees (Scott Ogilvie, Wasatch Commons) - *25 min*

General Business agenda item one was postponed as the applicant was unable to attend that evening.

IX. ACTION ITEMS: (Council can discuss; table; continue; or approve items)

1. North Village Views MDA (Denna Woodbury, Planning Consultant) - *45 min*

Tyson Williams was present to represent the applicant and apologized that Seth Hobby was unable to attend in person but was participating online. City Engineer Russ Funk felt it was important for the Council to understand that the amendment request was needed because the applicant had made changes to their initial design plan to accommodate both the City's and UDOT's road alignments. He noted that the applicants had been great to work with and the requested amendment was to fix a problem that was not their fault. The formal amendments were necessary as the design plans no longer complied with the North Village Overlay Zone's regulations and requirements.

Planning Consultant Denna Woodbury reviewed the proposed amendments as outlined in the attached Staff Report and presentation. She provided images of potential unit concept designs, including elevations. A Public Hearing had been held, and the Planning Commission had forwarded a positive recommendation to the City Council.

Mayor Franco opened the public comment at 7:13 p.m. With no one coming forward to comment, the comment period was closed at 7:14 p.m.

Motion: Council Member Johnston moved to approve the second amendment to the development agreement with the following changes: to replace the term "collector roads" with "public roads" in section 3b; replace the word "variance" in the agreement with "exception"; and to ask the developer to work with the neighbor and staff on acceptable landscaping along their boundary.

Second: Council Member Murdock.

Discussion: Council Member Barney asked for confirmation that the exception request was not adding more density, nor was Council approving an annexation, as the land was in the City boundary. She wanted the points to be clear for the public. Council Member Ostergaard acknowledged that the City did not have snow storage requirements or landscaping buffers in the code. He felt the Council should consider adding these items to the code to be clear for the developers.

Voting Yes: Council Members Ostergaard, Johnston, Barney, Cheatwood, and Murdock.

Voting No: None.

The **Motion Passed Unanimously, 5-0.**

2. Resolution 2026-03: A Resolution of the City Council of Heber City, Utah, Establishing a Comprehensive Communication Policy for City Staff and Elected Officials (Ryan Bunnell, Matt Brower, City Manager, Jeremy Cook, City Attorney) - *45 min*

City Attorney Jeremy Cook explained that the proposed Communications Policy was not intended to inhibit the voice of the Council. It was proposed that the inclusion of disclaimers would clearly signal when content reflected personal opinion rather than an official position of the City Council or the City. Staff indicated that adoption of the Communications Policy would not preclude future refinement, cross-referencing, or consolidation with existing policies to reduce overlap and confusion. Council proceeded to discuss the intent and scope of the proposed Communications Policy.

Council Member Barney felt a disclosure of personal thoughts by Council Members was appropriate but did not feel approval by the City Manager was necessary. Council Member Johnston did not feel that any Council Member should have an opinion distributed in a City publication or on City platforms.

Mayor Franco opened the discussion for public comment at 8:07 p.m.

Dave Johnson, Chair of the Wasatch Back Republican Party, expressed appreciation for the efforts made to revise the Communications Policy, but felt additional refinement was needed. He emphasized the importance of maintaining a strong connection between voters and their elected representatives, noting that the City Manager was not an elected position. He felt the Council should be referred to as elected representatives rather than elected officials, as the Council was elected to represent the voters. He stated that, while official written City communications could be issued by the City Manager, it should be under the direction of the Mayor, whom he believed was the City's executive authority. He expressed concern with provisions in the Policy addressing the representation of an official City position, referencing the U.S. Supreme Court's practice of issuing dissenting opinions. He stated that City Council actions adopted by vote constituted official City policy or ordinances, and said that individual Council Members and the Mayor should be allowed to communicate their interpretations of those actions and the impacts on the community. Mr. Johnson further stated that press releases should be issued under the direction of the Mayor, reiterating the distinction between the executive branch (the Mayor) and the legislative branch (the City Council), and noted that Council Members were equal to the Mayor in legislative matters. He felt that healthy discussion was essential to a healthy society and recommended that the Police Chief be treated differently under the policy, suggesting that the Police Chief should be able to respond to press inquiries and issue communications, in consultation with the City Attorney. Mr. Johnson thanked the Council for their time.

Heber City resident Patty Sprunt felt the amended Policy was significantly improved but thought it would be a step backward to remove the Mayor from Section Six. She emphasized that elected officials, not the un-elected Staff, should speak for themselves and be directly accountable to the public. She stated that residents valued Heber City's small-town character and the ability to communicate directly with elected leaders, noting the importance of hearing Council Members' opinions, even when there was disagreement. Ms. Sprunt emphasized that voters elected the Mayor and City Council and wanted to hear directly from them rather than through staff. She disagreed with assigning final authority over press releases to the City Manager alone and advocated for a collaborative approach between the Mayor and City Manager. She stated that joint involvement promoted balance, transparency, accuracy, legal compliance, accountability, and public trust, while avoiding the perception that information was filtered through a single un-elected office. She acknowledged the City Manager's role in overseeing staff operations but emphasized that he was not elected and did not supersede the authority of the Mayor or Council. Ms. Sprunt reiterated that City communications should reflect a collaborative process, with final messaging issued through cooperation between the City Manager and the Mayor.

Tom Johnson did not think the Mayor should ever lose the right to their opinion, as everyone had the first amendment right. He observed that all of the Council was elected by the people and should be representing the people. He emphasized that elected officials might hold and express personal opinions while serving in their representative roles and stated that without voter support, they would not hold office. He further urged the Council to respect established rights and avoid making changes that restricted those rights. He referred to prior Council consideration of the Garbett Homes development as an example of unnecessary procedural changes.

Council Member Johnston stated that the City did not operate with a CEO or a separate executive branch and explained that Heber City was governed by a single six-member Council that collectively oversaw all City functions. He explained that while the Mayor presided over meetings, performed ceremonial duties, and made appointments to boards and commissions with Council approval, the Mayor was not the City's executive and did not hold greater authority than the members of the Council. He emphasized that all Council Members were equal under Heber City's form of government, which differed from larger municipalities such as Salt Lake City or Provo. Council Member Johnston affirmed that elected officials retained full First Amendment rights and were free to express personal opinions through private communication. He clarified that the proposed Communications Policy did not restrict personal speech, but limited the use of City-funded platforms—such as press releases, the website, newsletters, and public notices—for individual opinions. He concluded that policy debate and deliberation should occur during public meetings rather than through official City communications.

Council Member Cheatwood wished to clarify that the policy language stating the City Manager was “responsible for the final press release content.” He said it did not mean the City Manager had sole or final decision-making authority, but rather that the City Manager bore the responsibility and accountability for the content. He explained that the structure reflected the City’s Council–Manager form of government, in which the City Manager worked at the direction of and was accountable to the Council. He noted that the City Manager’s role carried limited job security as it was an appointed position that worked at the will of the Council. He concluded that the policy was designed to ensure clear accountability. Council Member Cheatwood also clarified his comment about not wanting to approve everything in the City was a reference to how burdensome it would be to the Council if the City staff could not do anything without Council approval.

Motion: Council Member Barney moved to continue the item to a future Council meeting when the policy could return with the changes discussed by Council.

Discussion: City Attorney Jeremy Cook asked for a motion to include staff direction because he was unsure which changes discussed had a Council Majority. Assistant City Manager Mark Smedley asked whether Council felt there would be a distinction for the public when something was published as approved by the Council majority or was an individual members' opinion.

Withdrawn Motion: Council Member Barney withdrew her motion

Motion: Council Member Cheatwood moved to approve the Communication Policy as written, with the change to the end of section three to clarify that it shall not apply to the contributions made by elected officials.

Second: Council Member Ostergaard made the second.

Discussion: Council Member Murdock felt it was important to look more closely at the sections regarding emails, social media, and website privacy, to be more comprehensive for Council and Staff. He referred to the State Code that regulated elected officials' use of social media and did not feel the City needed to do more than reference the State's Code. City Attorney Jeremy Cook acknowledged that the City did not need or want conflicting or overlapping policies and Staff would need to review and cross-reference the Personnel Policy that addressed many of the aforementioned issues on a staff level. Council Member Murdock added that he was reviewing the Personnel Policies and Procedures and would like to read it more thoroughly. He was not ready to approve the Communications Policy right then. Council Member Johnston did not agree with how the newsletter was used for the Mayor's Minute and said he would vote no on the proposed policy.

Voting Yes: Council Members Ostergaard, Barney, Cheatwood, and Murdock.

Voting No: Council Member Johnston.

The **Motion Passed 4-1.**

3. Atlas Towers Ground Lease Agreement for City Property located at approximately 590 East Center Street (Tony Kohler, Community Development Director, J. Mark Smedley, Asst. City Manager) - 45 min

Community Development Director Tony Kohler recalled previous Council consideration to permit the proposed cell tower on City property located at the hospital. It would be a conditional lease and would permit Atlas Towers to allow additional vendors to utilize the tower. Assistant City Manager Mark Smedley explained that the proposed agreement had a 12-month test period included. There would need to be a zone-change to permit the 60-65 foot height that Atlas was requesting. The current zone allowed tower up to 35 feet. City Attorney Jeremy Cook added that Atlas would not choose to install a tower if not permitted to go to 60-feet. Atlas Towers representative Sandra Layton was present to speak on behalf of Atlas Towers. Council felt a responsibility to the community to provide better cell service. Discussion of agreement details followed.

Discussion was opened for public comment at 9:11 p.m. and closed at 9:12 p.m. with no one from the public coming forward to speak.

Motion: Council Member Barney moved to accept the Atlas Tower ground lease agreement to place a cell tower on City property located at approximately 590 East Center Street; for the rent to include a 2% annual increase for all tenants; remove the last sentence in section 4B of the agreement; and to increase the time frame for the tax notice requirement from 10 days to 30 days.

Second: Council Member Cheatwood made the second.

Voting Yes: Council Members Ostergaard, Johnston, Barney, and Cheatwood.

Voting No: Council Member Murdock.

The **Motion Passed 4-1.**

4. Review and Approve Council's FY'27 Budget and Policy Priorities (Matt Brower, City Manager) - 30 min

City Manager Matt Brower reviewed the changes made to the Fiscal Year 2027 Budget and Policy Priorities to include the Council's requests as directed in the work meeting. Changes were highlighted in yellow on the document and attached to the meeting materials.

Motion: Council Member Cheatwood moved to approve the updated Council Budget and Policy Priorities for 2026 as amended and changed.

Second: Council Member Murdock made the second.

Voting Yes: Council Members Ostergaard, Johnston, Barney, Cheatwood, and Murdock.

Voting No: None.

The **Motion Passed Unanimously, 5-0.**

5. Consideration of Council Letter to UDOT Regarding Comments on Draft EIS for the Heber Valley Corridor (Russ Funk, City Engineer) - *30 min*

City Engineer Russ Funk reviewed the updates made to the UDOT letter based on Council direction during the Work Meeting

Motion: Council Member Johnston moved to approve the letter as amended and presented.

Second: Council Member Cheatwood made the second.

Voting Yes: Council Members Ostergaard, Johnston, Barney, Cheatwood, and Murdock.

Voting No: None.

The **Motion Passed Unanimously, 5-0.**

6. Election of Mayor Pro-Tem (Heidi Franco, Mayor) - *5 min*

Motion: Council Member Barney moved to continue Council Member Cheatwood's Mayor Pro-Tem designation.

Second: Council Member Ostergaard.

Voting Yes: Council Members Ostergaard, Johnston, Barney, Cheatwood, and Murdock.

Voting No: None.

The **Motion Passed Unanimously, 5-0.**

X. COMMUNICATION:

Mayor Franco provided an update on the Olympic Committee. The name would be the Heber Valley Legacy Community Committee. The Committee had discussed the following:

1. County Event Center Parking
2. A Legacy bridge
3. Realigning 600 west and shifting the train depot
4. A turntable had been donated to the Railroad
5. Installing Olympic art along the Rail to Trail route

Council Member Johnston asked if there was a consensus of Council support directing staff to proceed with rear-yard setback exceptions. Consensus was to proceed.

Mayor Franco provided the updated proposed community wellbeing survey. Council discussed the proposed survey questions.

Motion: Council Member Barney moved to add five minutes to the meeting to finish the discussion.

Second: Council Member Murdock.

Voting Yes: Council Members Ostergaard, Johnston, Barney, Cheatwood, and Murdock.

Voting No: None.

The **Motion Passed Unanimously, 5-0.**

Council Member Barney asked the Council to help watch the bills currently being considered by the State Legislature. She felt there were several concerning bills that the Council should be tracking.

City Engineer Russ Funk shared that Heber City's Engineering Department had received an award from Utah's City Engineering Association for project of the year in recognition of the City's Central Heber Water and sewer line replacement project.

XI. ADJOURNMENT:

Motion: Council Member Cheatwood made the motion to adjourn.

Second: Council Member Barney.

The Heber City Council meeting adjourned at 10:07 p.m.

Trina Cooke, City Recorder



Heber City Council Staff Report

MEETING DATE: 2/17/2026
SUBJECT: Wasatch Commons Preferred Employer Program Presentation
RESPONSIBLE: Scott Ogilvie, Wasatch Commons
DEPARTMENT: Planning
STRATEGIC RELEVANCE: Community Development

SUMMARY

Scott Ogilvie, representing Wasatch Commons, would like to take a few moments to describe a housing opportunity they are offering essential employees. As a preferred employer, Heber City team members will receive the current move-in special of one month free on an immediate move in, as well as an additional \$300 for being part of the program. Current apartment offerings include one-, two-, and three-bedroom floor plans. Mr. Ogilvie will provide more details in his presentation.

RECOMMENDATION

N/A

BACKGROUND

N/A

DISCUSSION

N/A

FISCAL IMPACT

N/A

CONCLUSION

N/A

ALTERNATIVES

N/A

POTENTIAL MOTIONS

N/A

ACCOUNTABILITY

Department: Planning
Staff member: Tony Kohler, Community Development Director

EXHIBITS

1. Wasatch Commons Preferred Employer Program

Wasatch Commons

APARTMENTS



Thanks for being one of our Preferred Employers! Bring this flyer in and receive an additional \$300 off move in costs!



PROPERTY FEATURES



POOL & HOT TUB



NEWLY
REMODELED
UNITS



SPACIOUS
KITCHENS



FITNESS
CENTER



WASHER/DRYER

APPLY TODAY!

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CONTACT US NOW

435.657.6200

WASATCHCOMMONS@LIVEAMC.COM



Heber City Council Staff Report

MEETING DATE: 2/17/2026
SUBJECT: Fiscal Year 2025 Financial Statement Audit Presentation
RESPONSIBLE: Jon Haderlie, CPA, Larson & Company, PC , Del Barney, Audit Committee Chair
DEPARTMENT: Finance
STRATEGIC RELEVANCE:

SUMMARY

Larson & Company, PC has completed the independent audit of Heber City Corporation's financial statements for the fiscal year ended June 30, 2025.

The auditors issued an unmodified ("clean") opinion, stating that the City's financial statements present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

In addition:

- The report on Internal Control over Financial Reporting and Compliance under Government Auditing Standards identified no material weaknesses in internal control.
- The auditors reported no instances of noncompliance required to be reported under Government Auditing Standards.
- The Uniform Guidance report on major federal programs issued an unmodified opinion on compliance, concluding that the City complied, in all material respects, with applicable federal compliance requirements.
- No material weaknesses in internal control over compliance were identified.

RECOMMENDATION

Staff recommends that the City Council accept the presentation of the 2025 Financial Statement Audit as presented by Mr. Jon Haderlie, CPA, with Larson & Company, PC.

BACKGROUND

The City engaged Larson & Company, PC to perform the independent audit of the City's financial statements for the fiscal year ending June 30, 2025, in accordance with generally accepted auditing standards and Government Auditing Standards. The audit was successfully completed, and the results will be presented to Council.

DISCUSSION

Mr. Jon Haderlie, CPA and Partner with Larson & Company, PC, will present the results of the 2025 financial statement audit.

During his presentation, he will:

- Provide an overview of the audit process and professional standards followed
- Explain management's responsibilities and auditor responsibilities
- Present the auditor's opinion on the financial statements
- Summarize required communications to those charged with governance
- Review the internal control and compliance reports
- Provide an overview of the City's financial position based on the audited financial statements

Financial Statement Opinion

The auditors concluded that the financial statements present fairly, in all material respects, the City's financial position and changes in financial position in conformity with GAAP.

Internal Control and Compliance

The auditors considered internal control over financial reporting for the purpose of designing audit procedures but did not express an opinion on the effectiveness of internal control.

No material weaknesses were identified, and no instances of noncompliance were reported.

Federal Compliance

The auditors issued an unmodified opinion on compliance for each major federal program and reported no material weaknesses in internal control over compliance.

FISCAL IMPACT

There is no direct fiscal impact associated with the presentation of the audit report.

CONCLUSION

The FY 2025 independent audit has been completed in accordance with required professional standards. The City received:

- An unmodified opinion on its financial statements
- No reported material weaknesses in internal control
- No reported instances of noncompliance
- An unmodified opinion on compliance for major federal programs

Council's formal acceptance of the audit presentation acknowledges receipt of the auditor's reports and completion of the City's annual external audit requirement.

ALTERNATIVES

POTENTIAL MOTIONS

ACCOUNTABILITY

Department: Finance
Staff member: Sara Nagel, Finance Manager

EXHIBITS

1. Hebe City Audited Financial Statements 2025

**HEBER CITY CORPORATION
HEBER CITY, UTAH
BASIC FINANCIAL STATEMENTS**

For The Year Ended June 30, 2025

Together with Independent Auditor's Report

HEBER CITY CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
Heber City

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Heber City ("the City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Heber City as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heber City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Heber City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Heber City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Heber City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about Heber City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Heber City's basic financial statements. The nonmajor fund budget schedules, combining and individual nonmajor fund financial statements, the schedule of receipts and disbursements – treasurer's collection account, the statement on current taxes levied, collected, and treasurer's relief and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor fund budget schedules, combining and individual nonmajor fund financial statements, the schedule of receipts and disbursements – treasurer's collection account, the statement on current taxes levied, collected, and treasurer's relief and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the statement on current taxes levied, collected, and treasurer's relief and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2026, on our consideration of Heber City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Heber City's internal control over financial reporting and compliance.



Larson & Company, PC

Spanish Fork, Utah
February 2, 2026

HEBER CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2025

As management of the Heber City Corporation (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2025. The Management's Discussion and Analysis (MD&A) is designed to provide an overview of the City's financial activity. It is also intended to assist the reader in focusing on significant financial issues, including identifying changes in the City's financial position (its ability to address the next and subsequent years' challenges), identifying any material deviations from the approved budget identifying individual fund issues or concerns.

Heber City management encourages readers to consider the information presented herein in conjunction with the financial statements which follow this section. To help the reader with the navigation of this report, the City's activities are classified in the following manner: government activities refers to general administration, public safety, parks, streets, planning, cemetery, and airport, etc., while business-type activities refer to operations such as the water, sewer, utility, and pressurized irrigation.

Financial Highlights

- As of June 30, 2025, the City of Heber's total assets and deferred outflow of resources exceed liabilities and deferred inflows of resources by \$307,774,069. Of this amount, \$8,539,539 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. The decrease in unrestricted net position from the prior year was \$15,961,973.
- The Governmental Activities unrestricted net position decreased from \$11,644,856 to \$4,815,992, a change of \$6,828,864. The change in balance was largely due to City's increase in governmental capital assets (\$27,636,574) from last year as the City used both restricted and unrestricted resources to fund them. The Business-type Activities unrestricted net position decreased from \$12,856,656 to \$3,723,547 or by \$9,133,109. The change in balance was also largely due to the increases in Business-type Activities capital assets (\$29,781,530) from last year.
- The total assets and deferred outflows of resources of Heber City increased by \$67,439,367 totaling \$398,644,940. The total governmental activities assets and deferred outflows of resources increased by \$23,610,153 totaling \$172,761,994 and the business-type assets and deferred outflows of resources increased by \$43,829,214 totaling \$225,882,946.
- There was an increase of \$57,418,104 in the City's total capital assets. As noted earlier, governmental capital assets, net of depreciation, increased by \$27,636,574 bringing the total to \$128,677,397. The business-type capital assets net of depreciation increased \$29,781,530, bringing the total to \$134,090,744. The majority of the improvements were related to improvements and infrastructure.
- Total non-current liabilities of the City increased by \$7,956,253. The majority of this increase is the result of the issuance of \$10,275,000 of Revenue Bonds of which \$3,032,000 is Water Revenue bonds, \$5,900,000 of Sewer Revenue Bonds, and \$1,343,000 of Irrigation Revenue bonds. During the year the City also paid off some of its outstanding leases, and entered into \$315,258 of new leases for vehicles.
- As a result of changes in estimates, actual returns at Utah Retirement Systems, the City's pension-related net pension liability increased by \$530,256 to a total of \$2,457,542 between Governmental Activities and Business-type Activities of the City.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Heber City's basic financial statements. Heber City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

HEBER CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2025

The financial statements presented herein include the activities of the City and its component unit, the Community Redevelopment Agency.

Government-wide financial statements are designed to provide readers with a broad overview of Heber City's finances in a manner similar to a private-sector business.

- **The Statement of Net Position** presents information on all of Heber City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Heber City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- **The Statement of Activities** presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both government-wide financial statements distinguish the functions of Heber City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 13-14 of this report. The governmental activities of the City include general government, public safety, community development, streets and highways, parks, cemetery, and airport. The business-type activities of the City include culinary water, sewer utility, storm drain, pressurized irrigation, and electric fund.

Reporting the City's Most Significant Funds

Fund financial statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City funds can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds** - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund financial statements focus on how money flows into and out of these funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the essential services it provides. Governmental fund information helps users determine whether more or fewer financial resources can be spent shortly to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.
- The City's major governmental funds (as determined by generally accepted accounting principles) are the General Fund, Airport Special Revenue fund, General Capital Projects fund, Airport Capital Projects fund, and Parks Capital Projects fund. The remaining governmental funds are determined to be non-major and are included in the combining statements within this report.

HEBER CITY CORPORATION **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)** **For The Year Ended June 30, 2025**

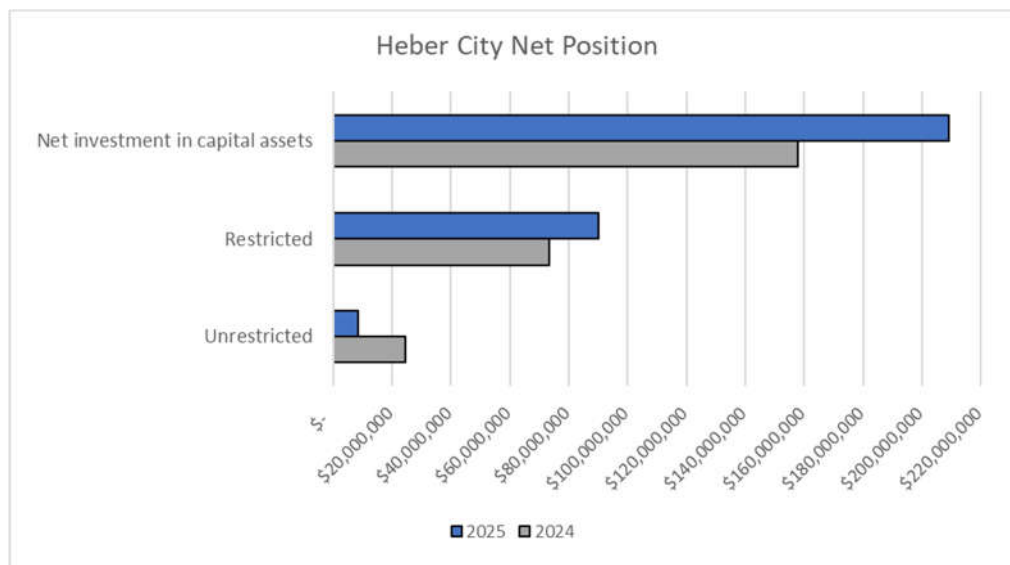
- **Proprietary Funds** - Heber City maintains two types of proprietary funds, the enterprise fund, and the internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Heber City uses enterprise funds to account for its Culinary Water Utility, Sewer Utility, Storm Drain Utility, Pressurized Utility, and Electric Investment funds. As determined by generally accepted accounting principles, the Culinary, Pressurized Water, Sewer, and Electric Investment* funds meet major fund classification criteria. The Internal Service Fund accounts for vehicle replacement services provided to general government activities that meet major fund classification requirements.

** The Electric Utility Investment is simply the City's 75% ownership equity in Heber Light & Power.*

- **Notes to the Financial Statements.** The notes to the financial statements are necessary to fully understand the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-56.
- **Other Information.** In addition to the basic financial statements and accompanying notes, this report also present required supplementary information concerning Heber City's Budgetary Comparison Schedules, Budgeting and Budgetary Control, and Changes in Assumptions Related to Pensions.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Heber City, assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$307,774,069. The chart below shows a comparison of the net position, as stated in the prior year and the current year. It has a comparison of what classification within equity it would be represented as. This includes net investment in capital assets, restricted net position, and unrestricted net position. Below is a chart showing the categories of the City's net position in comparison to the previous year.



As you can see, our net position has grown significantly over the last year. This is the result of several capital projects as well as developer contributions and the results of operations.

In the current fiscal year, Heber City's overall net position increased by \$52,261,300. Governmental activities net position increased by \$20,230,241. The major causes of increase in the governmental activities net position is the result of City-led infrastructure and other improvements, developer-contributed infrastructure, increases in fees collected for building permits, inspections, impact fees, and sales and other taxes increases over the prior year.

HEBER CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2025

Continued development and building activity growth within the City continues to impact the revenues and associated expenditures within the various funds. The City has seen a 5.56% increase in sales and use tax revenues recognized over last year. Property tax revenues increased by 28.7%, and Other taxes saw a decrease of 1.4%.

Governmental activities revenues in total increased 27.2% or \$9,499,597. \$7,382,129 of that increase was capital grants from Federal and State sources, and infrastructure contributions from developers. Governmental activities expenses increased by 23.9% as the City continued other infrastructure projects during the year related to parks and recreation, airport, and other areas.

Business type activities net position increased by \$32,031,059 as continued investment by the City in infrastructure and continued development and associated developer contributions impact the balance sheet. The Net Investment in Capital Assets has increased by \$21,942,962, restricted net position increased by \$19,221,206, and unrestricted net position decreased by \$9,133,109.

The current economic environment has had a significant impact on the amount of residential growth within the City. The City is continuing to address the aging infrastructure and will evaluate the need to adjust rates to establish enough revenue to bond for projects.

By far, the most considerable portion of Heber City's net position (67.9%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide citizens services; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other current sources.

Some of the significant capital spending for governmental activities for the fiscal year 2024-2025 included road improvements, park improvements, and other improvements.

The major business-type activities capital improvements in the fiscal year 2024-2025 included continuing work on the water, sewer, and irrigation infrastructure replacement projects, as well as various other improvements.

Heber City Corporation
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 42,067,604	\$ 46,149,484	\$ 91,135,460	\$ 77,138,829	\$ 133,203,064	\$ 123,288,313
Capital assets	128,677,397	101,040,823	134,090,744	104,309,214	262,768,141	205,350,037
Total assets	\$ 170,745,001	\$ 147,190,307	\$ 225,226,204	\$ 181,448,043	\$ 395,971,205	\$ 328,638,350
Deferred outflows of resources	\$ 2,016,993	\$ 1,961,534	\$ 656,742	\$ 605,689	\$ 2,673,735	\$ 2,567,223
Long-term liabilities	\$ 13,967,125	\$ 12,958,863	\$ 47,982,808	\$ 37,376,045	\$ 61,949,933	\$ 50,334,908
Other liabilities	12,139,641	10,558,582	6,791,787	5,598,250	18,931,428	16,156,832
Total liabilities	\$ 26,106,766	\$ 23,517,445	\$ 54,774,595	\$ 42,974,295	\$ 80,881,361	\$ 66,491,740
Deferred inflows of resources	\$ 9,983,126	\$ 9,192,535	\$ 6,384	\$ 8,529	\$ 9,989,510	\$ 9,201,064
Net investment in capital assets	\$ 117,778,810	\$ 88,527,816	\$ 91,170,361	\$ 69,227,399	\$ 208,949,171	\$ 157,755,215
Restricted	14,077,300	16,269,189	76,208,059	56,986,853	90,285,359	73,256,042
Unrestricted	4,815,992	11,644,856	3,723,547	12,856,656	8,539,539	24,501,512
Total net position	\$ 136,672,102	\$ 116,441,861	\$ 171,101,967	\$ 139,070,908	\$ 307,774,069	\$ 255,512,769

HEBER CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2025

Heber City Corporation
Condensed Statement of Activities

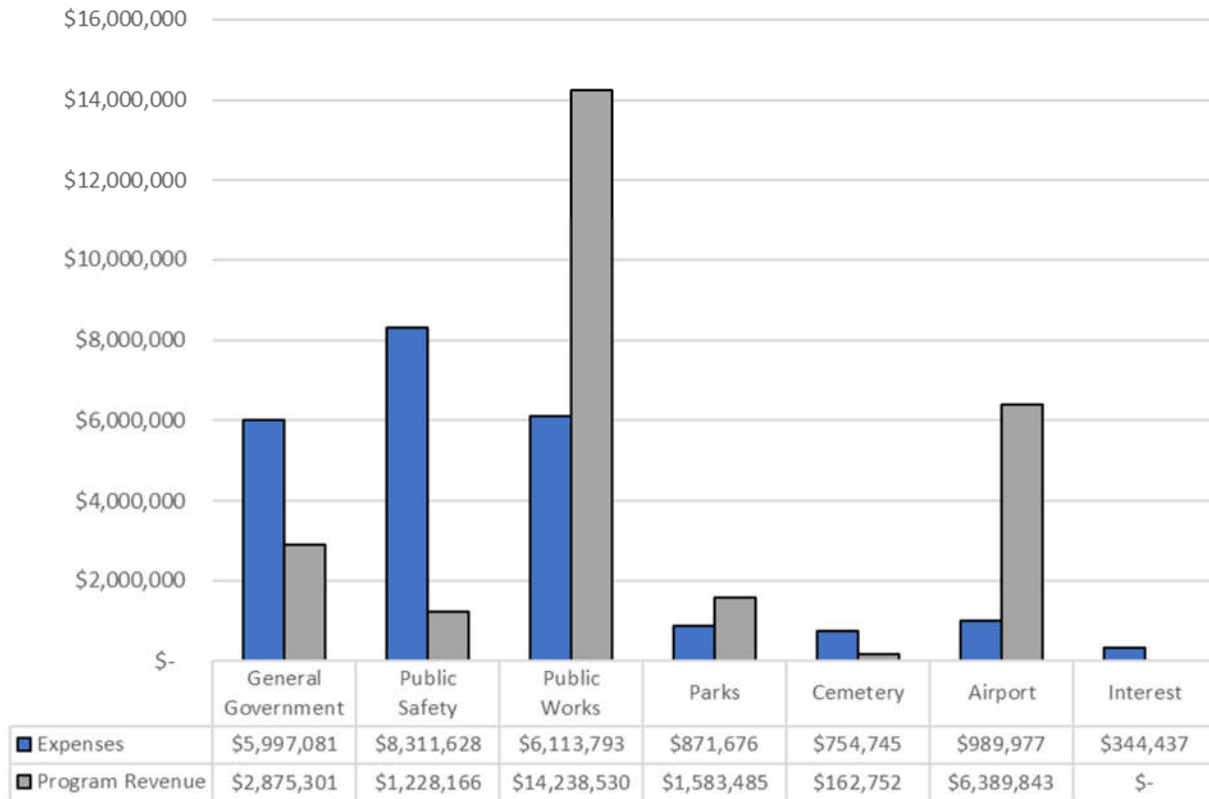
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 3,879,486	\$ 3,184,385	\$ 12,037,004	\$ 11,600,117	\$ 15,916,490	\$ 14,784,502
Operating grants and contributions	2,237,800	3,155,283	-	-	2,237,800	3,155,283
Capital grants and contributions	20,360,791	12,978,662	18,966,926	8,523,408	39,327,717	21,502,070
General Revenues:						
Property taxes	3,778,168	2,936,195	-	-	3,778,168	2,936,195
Sales & use taxes	9,198,352	8,714,069	-	-	9,198,352	8,714,069
Other taxes	2,191,069	2,221,596	-	-	2,191,069	2,221,596
Other	2,760,718	1,716,597	11,468,291	8,249,308	14,229,009	9,965,905
Total revenues	44,406,384	34,906,787	42,472,221	28,372,833	86,878,605	63,279,620
Expenses:						
General government	5,997,081	5,093,971	-	-	5,997,081	5,093,971
Public safety	8,311,628	6,355,892	-	-	8,311,628	6,355,892
Public works	6,113,793	3,163,861	-	-	6,113,793	3,163,861
Parks and recreation	871,676	1,800,617	-	-	871,676	1,800,617
Cemetery	754,745	363,831	-	-	754,745	363,831
Airport	989,977	1,748,399	-	-	989,977	1,748,399
Interest on long-term debt	344,437	342,548	-	-	344,437	342,548
Water	-	-	3,821,331	3,634,049	3,821,331	3,634,049
Sewer	-	-	4,960,371	4,457,924	4,960,371	4,457,924
Pressurized irrigation	-	-	1,141,478	1,000,044	1,141,478	1,000,044
Storm drain	-	-	1,310,788	871,831	1,310,788	871,831
Total expenses	23,383,337	18,869,119	11,233,968	9,963,848	34,617,305	28,832,967
Increase (decrease) in net position before transfers	21,023,047	16,037,668	31,238,253	18,408,985	52,261,300	34,446,653
Transfers	(792,806)	-	792,806	-	-	-
Increase (decrease) in net position	20,230,241	16,037,668	32,031,059	18,408,985	52,261,300	34,446,653
Net position - beginning	116,441,861	100,404,193	139,070,908	120,661,923	255,512,769	221,066,116
Net position - ending	\$136,672,102	\$116,441,861	\$171,101,967	\$139,070,908	\$307,774,069	\$255,512,769

The graph below displays the government-wide activities as reflected in the Statement of Activities. Program revenues included in the first graph are fees charged for specific services performed by the various governmental functions. General revenues, such as property taxes, sales and uses taxes, etc., are not included. In the second graph, we recognize the percentage of revenue for the governmental funds coming from different sources.

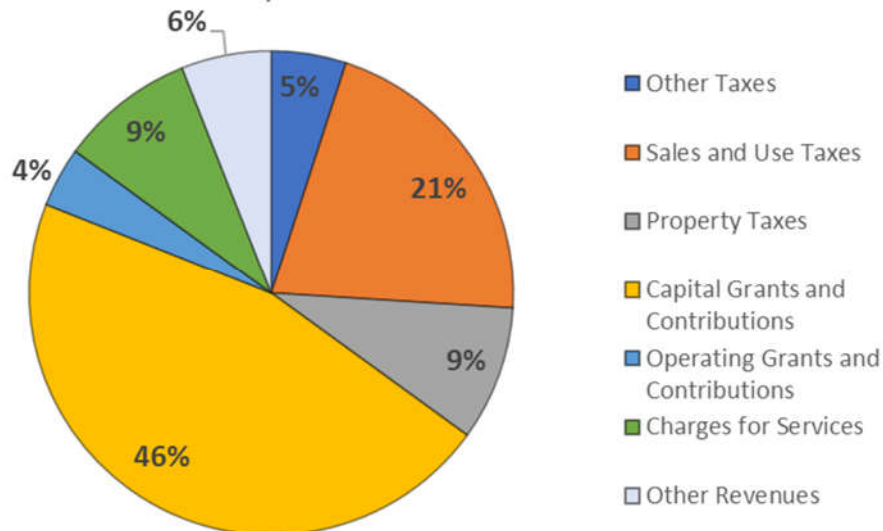
In the third and fourth graphs, we recognize similar information as in the first two graphs. However, it is reflective of the business type figures in the government-wide statement shown above.

HEBER CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2025

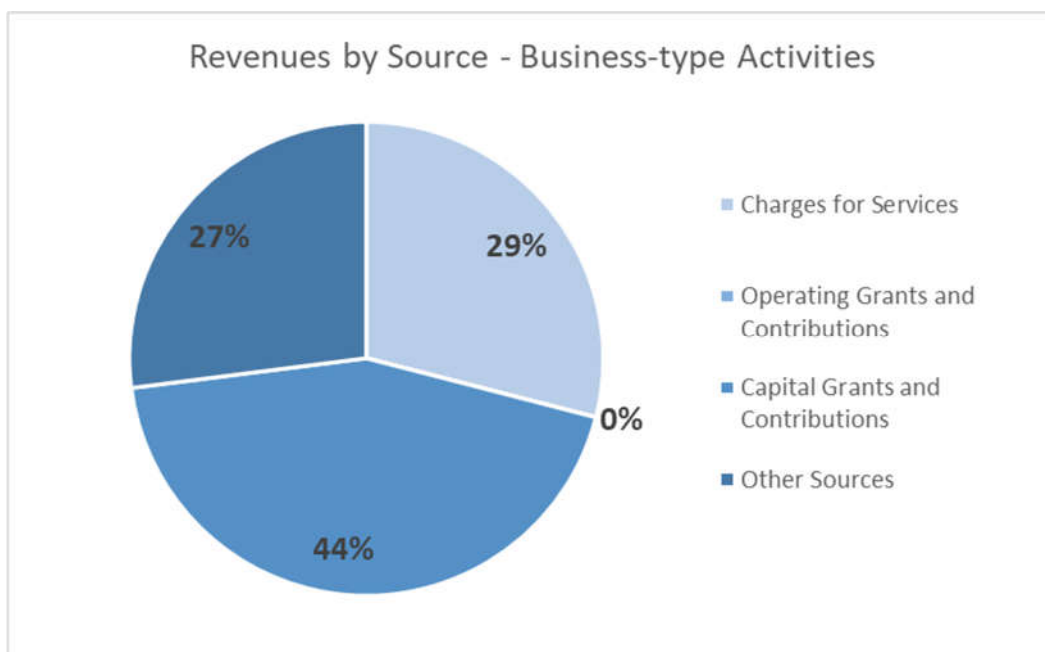
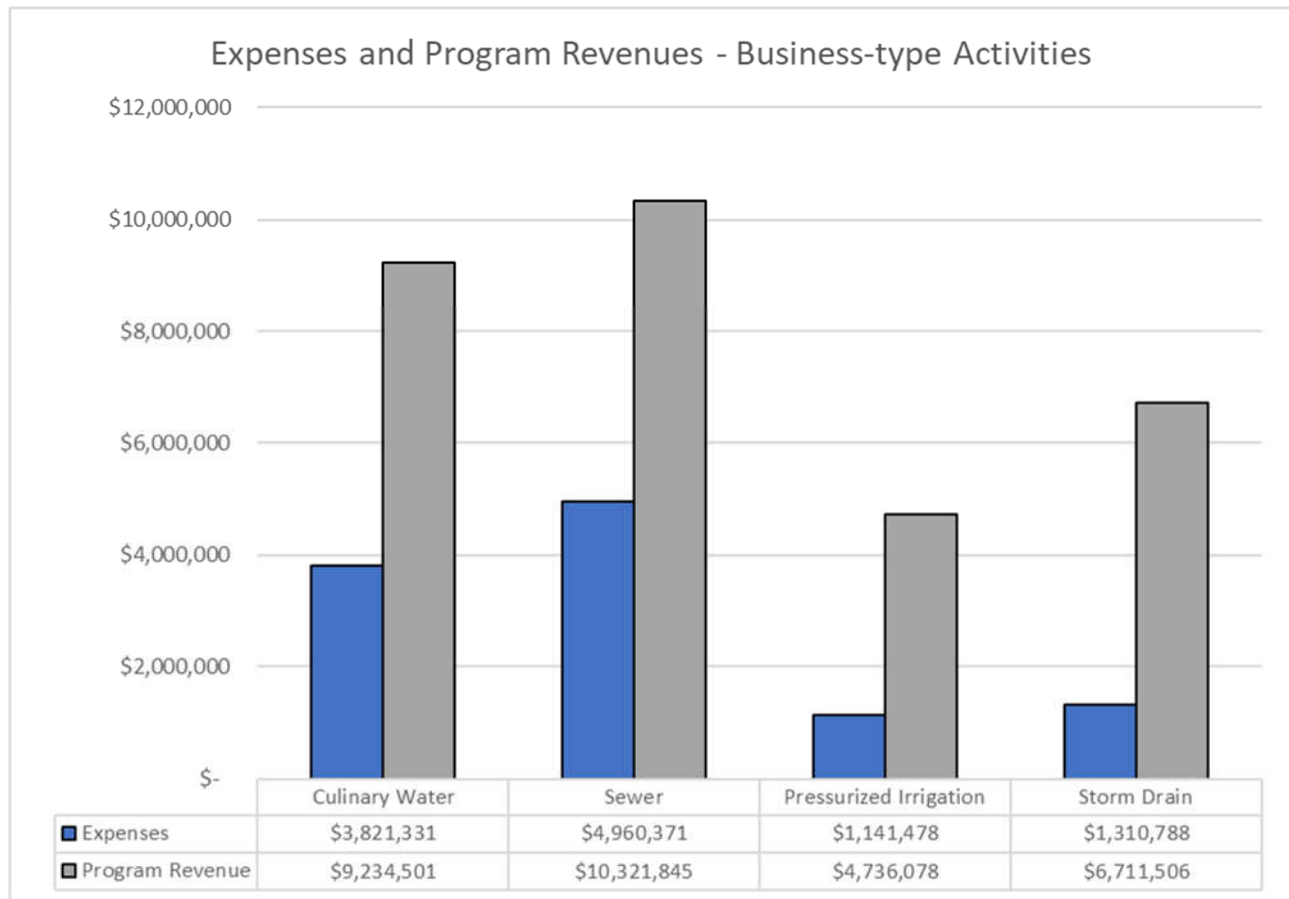
Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



HEBER CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2025



HEBER CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2025

Financial Analysis of Government's Fund Financial Statements

The focus of the City's balance sheet and statement of revenues for the separate governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements as well as short-term needs. As of June 30, 2025, the City's governmental funds reported combined fund balance of \$19,534,444. The General Fund is the chief operating fund of the City. All other activities which are not required to be accounted for in separate funds, either by State or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund.

The City maintains five enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements offer more detail. Having separate fund statements helps assess the short-term needs of the City and the financial stability and liquidity of the fund.

General Fund Budgetary Highlights

The City's general fund budgeted expenditures was increased from \$16,613,709 to \$21,139,019. This increase was primarily in the Public Safety, and Roads departments. Revenues were likewise increased, but only by \$1,458,576. The general fund was under budget as a result of conscientious spending, and the timing of projects moved into next fiscal year.

Capital Asset and Debt Administration

Capital assets - Heber City's total capital assets for its governmental and business-type activities as of June 30, 2025, amount to \$262,768,141 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, airport, etc.), and machinery and equipment. This is an increase of \$57,418,104.

Heber City's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets not being depreciated						
Construction in process	\$ 15,216,134	\$ 5,186,231	\$ 52,117,407	\$ 36,512,338	\$ 67,333,541	\$ 41,698,569
Land	28,880,630	23,380,630	557,761	557,761	29,438,391	23,938,391
Water shares	-	-	17,985,118	17,985,118	17,985,118	17,985,118
Capital assets being depreciated						
Buildings and structures	13,923,555	13,852,774	5,292,294	5,292,294	19,215,849	19,145,068
Improvements and infrastructure	105,189,997	89,073,676	80,820,673	64,249,509	186,010,670	153,323,185
Machinery, equipment, and vehicles	8,948,927	7,633,248	5,889,408	5,828,974	14,838,335	13,462,222
Total	172,159,243	139,126,559	162,662,661	130,425,994	334,821,904	269,552,553
Less accumulated depreciation	(43,481,846)	(38,085,736)	(28,571,917)	(26,116,780)	(72,053,763)	(64,202,516)
Total capital assets	\$128,677,397	\$101,040,823	\$134,090,744	\$104,309,214	\$262,768,141	\$205,350,037

Additional information on the City's capital assets can be found in Note 3-C in the footnotes to this financial report and the supplemental section.

Long-term debt & liabilities - On June 30, 2025, the City had total debt & compensated absences balances outstanding of \$59,492,391.

HEBER CITY CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2025

Heber City’s Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue bonds	\$ 9,545,741	\$ 10,587,845	\$ 46,886,256	\$ 37,708,152	\$ 56,431,997	\$ 48,295,997
Note payable	165,169	426,307	259,131	734,088	424,300	1,160,395
Lease payable	1,187,677	1,498,855	-	27,800	1,187,677	1,526,655
Compensated absences	1,081,744	896,742	366,673	287,100	1,448,417	1,183,842
Total	<u>\$ 11,980,331</u>	<u>\$ 13,409,749</u>	<u>\$ 47,512,060</u>	<u>\$ 38,757,140</u>	<u>\$ 59,492,391</u>	<u>\$ 52,166,889</u>

The City has no general obligation bonded indebtedness. A general obligation bond is backed by the full faith and credit of the City. State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of real estate within its boundaries total taxable value. Additional information on the outstanding debt obligations of the City can be found in Note 3-D in the footnotes to this report.

Economic Factors and Next Year's Budget and Rates

As of June 2025, both Wasatch County (of which Heber City is a part) and the State of Utah reported an unemployment rate of 2.8%, reflecting a strong local labor market compared to the national unemployment rate of 4.1% during the same period. This lower unemployment rate highlights the resilience and stability of Heber City's economy, supported by continuing economic growth. The data, sourced from the Utah Department of Workforce Services, indicates that the city maintains a competitive edge in job availability and workforce participation. Last year, Heber City's unemployment rate was 3.0%. While low unemployment generally indicates a strong economy, low rates can bring challenges in employee retention as competition for employees remains high.

By June 2025, the Consumer Price Index showed a 2.7 percent year-over-year increase, reflecting continued moderation in price growth compared to prior years. In response to easing inflation, the Federal Reserve began lowering interest rates in late 2024, including a 0.25 percent reduction in December 2024, bringing the federal funds target range to approximately 4.25–4.50 percent. While inflationary pressures increased costs across City operations and capital projects, the decreased rate of inflation has contributed to more predictable cost expectations.

We anticipate a 2.8% cost of living increase to full and part-time regular employees in FY 2026.

The year ended with a reasonable 5.72% year-over-year increase in sales tax revenue, we anticipate a slightly lower growth rate of approximately 4% in the upcoming year.

The major projects over \$500,000 budgeted for next fiscal year include:

- Heber Valley Airport Environmental Studies (\$600,000)
- Heber Valley Airport Land Acquisitions (\$5,947,368)
- Muirfield Park Expansion (\$1,075,227)
- 300 South Trail (\$719,000)
- Citywide PI Meter Replacements (\$3,000,000)
- Central Heber Irrigation Replacement Phase 1 (\$2,511,000)
- SR113 - 800 West to South Field Road (\$2,113,000) 100 West Sewer Replacement (\$593,000)
- 100 West Water Replacement (\$625,000)
- City-wide Developer Reimbursement Projects (\$1,929,080)
- Central Heber Sewer Replacement Phase 1 (\$8,157,000)
- Central Heber Water Replacement Phase 1 (\$4,419,000)
- Sewer Jet Vac Truck (\$652,000)

**HEBER CITY CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2025**

There are several projects below this \$500,000 threshold budgeted to occur in the next year. The City has total projects budgeted for the next year at \$39,589,071. The City also has substantial fleet and equipment budgeted.

City Council did not impose a property tax increase for the fiscal year 2026.

Requests for Information

This financial report is designed to provide our citizens, creditors, investors, and others interested in the City's finances with a general overview of the City's financial condition and to show the City's accountability for the financial resources it receives. Our goal is to be fully transparent in the information that we provide the citizens, creditors, investors, and other interested parties. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Sara Nagel, CPA
Heber City Corporation
Finance Manager
75 North Main
Heber City, UT 84032

BASIC FINANCIAL STATEMENTS

HEBER CITY CORPORATION
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Cash and cash equivalents	\$ 16,043,672	\$ 8,768,276	\$ 24,811,948
Accounts receivable, net	6,424,881	1,814,533	8,239,414
Lease receivable	6,608,011	-	6,608,011
Prepaid expenses	27,740	212,130	239,870
Restricted cash and cash equivalents	12,255,361	23,506,758	35,762,119
Internal balances	707,939	(707,939)	-
Capital assets:			
Capital assets, not being depreciated	44,096,764	70,660,286	114,757,050
Capital assets, net of accumulated depreciation/amortization	84,580,633	63,430,458	148,011,091
Investment in joint venture	-	57,541,702	57,541,702
Total assets	170,745,001	225,226,204	395,971,205
Deferred outflows of resources - pensions	2,016,993	656,742	2,673,735
Total assets and deferred outflows of resources	<u>\$ 172,761,994</u>	<u>\$ 225,882,946</u>	<u>\$ 398,644,940</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Accounts payable	\$ 12,016,930	\$ 6,429,885	\$ 18,446,815
Customer security deposits	66,743	140,464	207,207
Accrued interest payable	55,968	218,583	274,551
Unearned revenue	-	2,855	2,855
Non-current liabilities, due within one year:			
Compensated absences, current portion	523,905	163,732	687,637
Long-term debt, current portion	1,485,427	1,552,569	3,037,996
Non-current liabilities, due in more than one year:			
Compensated absences, non-current portion	557,839	202,941	760,780
Long-term debt, non-current portion	9,413,160	45,592,818	55,005,978
Net pension liability	1,986,794	470,748	2,457,542
Total liabilities	26,106,766	54,774,595	80,881,361
Deferred inflows:			
Deferred inflows of resources - lease	6,608,011	-	6,608,011
Deferred inflows of resources - property taxes	3,347,779	-	3,347,779
Deferred inflows of resources - pensions	27,336	6,384	33,720
Total deferred inflows of resources	9,983,126	6,384	9,989,510
Total liabilities and deferred inflows of resources	<u>36,089,892</u>	<u>54,780,979</u>	<u>90,870,871</u>
NET POSITION:			
Net investment in capital assets	117,778,810	91,170,361	208,949,171
Restricted for:			
Investment in joint venture	-	57,541,702	57,541,702
Community improvements	12,410,143	8,737,362	21,147,505
Debt service	835,514	9,928,995	10,764,509
Perpetual care endowment	831,643	-	831,643
Unrestricted	4,815,992	3,723,547	8,539,539
Total net position	136,672,102	171,101,967	307,774,069
Total Liabilities, deferred inflows of resources, and net position	<u>\$ 172,761,994</u>	<u>\$ 225,882,946</u>	<u>\$ 398,644,940</u>

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue & Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>FUNCTIONS/PROGRAMS:</u>							
Primary government:							
Governmental activities:							
General government	\$ 5,997,081	\$ 2,841,644	\$ 33,657	\$ -	\$ (3,121,780)	\$ -	\$ (3,121,780)
Public safety	8,311,628	330,992	722,305	174,869	(7,083,462)	-	(7,083,462)
Public works	6,113,793	-	1,481,838	12,756,692	8,124,737	-	8,124,737
Parks and recreation	871,676	7,500	-	1,575,985	711,809	-	711,809
Cemetery	754,745	162,752	-	-	(591,993)	-	(591,993)
Airport	989,977	536,598	-	5,853,245	5,399,866	-	5,399,866
Interest on long-term debt	344,437	-	-	-	(344,437)	-	(344,437)
Total governmental activities:	23,383,337	3,879,486	2,237,800	20,360,791	3,094,740	-	3,094,740
Business-type activities:							
Water	3,821,331	3,685,755	-	5,548,746	-	5,413,170	5,413,170
Sewer	4,960,371	5,943,229	-	4,378,616	-	5,361,474	5,361,474
Pressurized irrigation	1,141,478	1,224,633	-	3,511,445	-	3,594,600	3,594,600
Storm drain	1,310,788	1,183,387	-	5,528,119	-	5,400,718	5,400,718
Total business-type activities	11,233,968	12,037,004	-	18,966,926	-	19,769,962	19,769,962
Total primary government	<u>\$ 34,617,305</u>	<u>\$ 15,916,490</u>	<u>\$ 2,237,800</u>	<u>\$ 39,327,717</u>	<u>3,094,740</u>	<u>19,769,962</u>	<u>22,864,702</u>
General Revenues:							
Property taxes					3,778,168	-	3,778,168
Sales and use tax					9,198,352	-	9,198,352
Other taxes					2,191,069	-	2,191,069
Unrestricted investment earnings					1,391,916	1,302,137	2,694,053
Gain (loss) on sales of capital assets					1,000,783	463,854	1,464,637
Change in joint venture equity					-	9,702,300	9,702,300
Miscellaneous					368,019	-	368,019
Total general revenues					17,928,307	11,468,291	29,396,598
Transfers in (out)					(792,806)	792,806	-
Change in net position					20,230,241	32,031,059	52,261,300
Net position - beginning					116,441,861	139,070,908	255,512,769
Net position - ending					<u>\$ 136,672,102</u>	<u>\$ 171,101,967</u>	<u>\$ 307,774,069</u>

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Airport - Special Revenue	General - Capital Projects	Airport - Capital Projects	Parks - Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	\$ 10,969,916	\$ 351	\$ 2,694,078	\$ -	\$ 1,548,068	\$ 96,669	\$ 15,309,082
Receivables:							
Property taxes	3,626,767	-	-	-	-	-	3,626,767
Due from other governments	1,811,428	1,990	-	264,007	-	-	2,077,425
Lease receivables	-	6,608,011	-	-	-	-	6,608,011
Other receivables	38,372	34,749	-	-	-	4,459	77,580
Interfund receivable	1,499,373	-	-	-	-	800,000	2,299,373
Prepaid expenses	19,716	-	-	-	-	-	19,716
Restricted assets:							
Cash and cash equivalents	6,919,370	-	-	-	1,104,425	4,231,566	12,255,361
Due from other governments	643,109	-	-	-	-	-	643,109
TOTAL ASSETS	\$ 25,528,051	\$ 6,645,101	\$ 2,694,078	\$ 264,007	\$ 2,652,493	\$ 5,132,694	\$ 42,916,424
LIABILITIES:							
Accounts payable	\$ 261,162	\$ 13,348	\$ 2,090,218	\$ 71,705	\$ 1,548,068	97,198	\$ 4,081,699
Accrued liabilities	7,295,172	6,001	-	-	-	-	7,301,173
Customer deposits	66,743	-	-	-	-	-	66,743
Interfund payable	-	-	1,300,000	264,587	-	-	1,564,587
Payables from restricted assets	55,688	-	-	-	-	-	55,688
TOTAL LIABILITIES	7,678,765	19,349	3,390,218	336,292	1,548,068	97,198	13,069,890
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows of resources - property tax	3,626,767	-	-	-	-	-	3,626,767
Deferred inflows of resources - leases	-	6,608,011	-	-	-	-	6,608,011
Deferred inflows of resources - unavailable grants	-	-	-	77,312	-	-	77,312
TOTAL DEFERRED INFLOWS OF RESOURCE:	3,626,767	6,608,011	-	77,312	-	-	10,312,090
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	11,305,532	6,627,360	3,390,218	413,604	1,548,068	97,198	23,381,980
FUND BALANCES:							
Nonspendable:							
Prepaid assets	19,716	-	-	-	-	-	19,716
Perpetual care	-	-	-	-	-	831,643	831,643
Restricted for:							
Class C roads	2,497,363	-	-	-	-	-	2,497,363
Transportation tax	4,498,733	-	-	-	-	-	4,498,733
Trails, Arts, and Parks tax	422,737	-	-	-	-	-	422,737
Debt service	445,035	-	-	-	-	390,479	835,514
Impact fees	14,144	-	-	-	1,104,425	-	1,118,569
Preservation fees	49,587	-	-	-	-	-	49,587
Cemetery columbarium fees	14,239	-	-	-	-	-	14,239
Capital projects	-	-	-	-	-	3,808,915	3,808,915
Assigned for:							
Capital projects	-	17,741	-	-	-	4,459	22,200
Unassigned (deficit)	6,260,965	-	(696,140)	(149,597)	-	-	5,415,228
TOTAL FUND BALANCES	14,222,519	17,741	(696,140)	(149,597)	1,104,425	5,035,496	19,534,444
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 25,528,051	\$ 6,645,101	\$ 2,694,078	\$ 264,007	\$ 2,652,493	\$ 5,132,694	\$ 42,916,424

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total Fund Balance for Governmental Funds	<u>\$ 19,534,444</u>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	165,478,635
Less accumulated depreciation	<u>(40,723,597)</u>
Net capital assets	<u>124,755,038</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>1,949,417</u>
Property tax revenues not received within 60 days of fiscal year-end are not recognized as revenue in the governmental funds, but are recognized as revenue in the government-wide statements.	<u>278,988</u>
Grant revenue not received within 60 days of fiscal year-end are recognized as deferred inflows in the governmental funds, but are recognized as revenue in the government-wide statements.	<u>77,312</u>
Deferred inflows of resources - pensions, acquisition of net position that applies to future periods, is not reported in the fund statements.	<u>(26,679)</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(9,710,910)</u>
Interest accrued but not yet paid on long-term debt	<u>(43,275)</u>
Compensated absences	<u>(1,057,665)</u>
Net pension liability	<u>(1,938,356)</u>
One internal service fund is used by management to charge the cost of vehicle replacement to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities of the statement of net position.	
Internal service fund	2,880,635
Less: Internal balance	<u>(26,847)</u>
	<u>2,853,788</u>
Total Net Position of Governmental Activities	<u>\$ 136,672,102</u>

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	Airport - Special Revenue	Formerly Major Fund COVID-19 - Special Revenue	Formerly Nonmajor Fund General - Capital Projects	Formerly Major Fund Streets - Capital Projects	Formerly Nonmajor Fund Airport - Capital Projects	Parks - Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:									
Taxes:									
Property	\$ 3,559,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,559,181
Sales	9,198,352	-	-	-	-	-	-	-	9,198,352
Other taxes	2,191,069	-	-	-	-	-	-	-	2,191,069
Licenses and permits	1,756,982	-	-	-	-	-	-	-	1,756,982
Intergovernmental revenues	2,234,546	-	-	-	-	5,775,933	-	-	8,010,479
Charges for services	1,006,910	536,598	-	-	-	-	-	57,381	1,600,889
Fines and forfeitures	523,690	-	-	-	-	-	-	-	523,690
Impact fees	174,869	-	-	-	-	-	1,575,985	1,633,303	3,384,157
Interest	880,177	201,605	-	-	-	-	160,374	149,760	1,391,916
Miscellaneous revenue	352,037	17,161	-	-	-	-	-	-	369,198
Total revenues	21,877,813	755,364	-	-	-	5,775,933	1,736,359	1,840,444	31,985,913
EXPENDITURES:									
Current:									
General government	5,471,195	-	-	-	-	-	-	10,067	5,481,262
Public safety	7,595,482	-	-	-	-	-	-	-	7,595,482
Public works	1,218,437	-	-	-	-	-	-	992,225	2,210,662
Parks and recreation	786,442	-	-	-	-	-	-	-	786,442
Cemetery	727,356	-	-	-	-	-	-	-	727,356
Airport	-	598,847	-	-	-	30,393	-	-	629,240
Capital outlay:									
General government	16,634	-	-	25,206	-	-	-	-	41,840
Public safety	25,700	-	-	85,200	-	-	-	-	110,900
Public works	1,792,745	-	-	1,862,143	-	-	-	794,679	4,449,567
Parks and recreation	296,757	-	-	1,074,880	-	-	4,383,047	-	5,754,684
Cemetery	-	-	-	4,758,761	-	-	-	-	4,758,761
Airport	-	-	-	-	-	6,070,196	-	-	6,070,196
Debt service:									
Principal	63,719	-	-	-	-	-	-	1,042,104	1,105,823
Interest	11,358	-	-	-	-	-	-	249,606	260,964
Total expenditures	18,005,825	598,847	-	7,806,190	-	6,100,589	4,383,047	3,088,681	39,983,179
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,871,988	156,517	-	(7,806,190)	-	(324,656)	(2,646,688)	(1,248,237)	(7,997,266)
Other Financing Sources and (Uses):									
Proceeds on sale of assets	-	-	-	700,000	-	-	-	-	700,000
Transfers in	444,937	10,485	-	3,950,145	-	174,500	-	2,177,819	6,757,886
Transfers (out)	(4,991,204)	(174,500)	-	(876,000)	-	-	(695,525)	(813,463)	(7,550,692)
Total other financing sources and (uses)	(4,546,267)	(164,015)	-	3,774,145	-	174,500	(695,525)	1,364,356	(92,806)
Net Change in Fund Balances	(674,279)	(7,498)	-	(4,032,045)	-	(150,156)	(3,342,213)	116,119	(8,090,072)
Fund balance - beginning of year, as previously presented	14,896,798	25,239	792,806	-	2,920,646	-	-	8,989,027	27,624,516
Change within financial reporting entity	-	-	(792,806)	3,335,905	(2,920,646)	559	4,446,638	(4,069,650)	-
Fund balance - beginning of year, as adjusted	14,896,798	25,239	-	3,335,905	-	559	4,446,638	4,919,377	27,624,516
Fund balance - end of year	\$ 14,222,519	\$ 17,741	\$ -	\$ (696,140)	\$ -	\$ (149,597)	\$ 1,104,425	\$ 5,035,496	\$ 19,534,444

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ <u>(8,090,072)</u>
--	-----------------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful and reported as depreciation expense.

Capital outlays	21,185,948
Developer contributions	11,123,389
Depreciation expense	(4,809,959)
Disposal of assets	<u>(359,559)</u>
Net	<u>27,139,819</u>

The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.	<u>(381,182)</u>
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Property tax revenues not received within 60 days of fiscal year-end are not recognized as revenue in the governmental funds, but are recognized as revenue in the government-wide statements.	<u>218,987</u>
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Grant revenue not received within 60 days of fiscal year-end are not available resources for the governmental funds, but are recognized as revenue in the government-wide statements.	<u>77,312</u>
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Repayment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.

Long-term debt principal repayments	1,105,823
Purchase option on lease not made upon termination	<u>76,142</u>
Total	<u>1,181,965</u>

Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.

Change in accrued interest	<u>6,278</u>
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in compensated absence liability	<u>(257,882)</u>
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An internal service fund is used by management to charge the cost of fleet management to individual funds. The net expense of the internal services is reported within the governmental activities.

Change in internal service fund	<u>335,016</u>
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Change in Net Position of Governmental Activities	<u>\$ 20,230,241</u>
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The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2025

	Business-type Activities						Governmental Activities
	Water Fund	Sewer Fund	Electric Fund	Pressurized Irrigation Fund	Nonmajor Storm Drain Fund	Total Enterprise Funds	Internal Service Fund
ASSETS:							
Current assets:							
Cash and cash equivalents	\$ -	\$ 7,121,004	\$ -	\$ -	\$ 1,647,272	\$ 8,768,276	\$ 734,590
Accounts receivable, net	449,383	649,966	-	98,622	88,030	1,286,001	-
Due from other governments	-	-	-	528,532	-	528,532	-
Total current assets	449,383	7,770,970	-	627,154	1,735,302	10,582,809	734,590
Non-current assets:							
Restricted cash and cash equivalents	8,758,001	10,248,577	-	4,500,180	-	23,506,758	-
Prepaid items	-	-	-	212,130	-	212,130	8,024
Capital assets:							
Not being depreciated	32,529,501	21,860,608	-	16,220,139	50,038	70,660,286	-
Net of accumulated depreciation	27,900,305	21,758,160	-	8,050,447	5,721,546	63,430,458	3,922,360
Other non-current assets	-	-	57,541,702	-	-	57,541,702	-
Total non-current assets	69,187,807	53,867,345	57,541,702	28,982,896	5,771,584	215,351,334	3,930,384
Total assets	69,637,190	61,638,315	57,541,702	29,610,050	7,506,886	225,934,143	4,664,974
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred outflows of resources - pensions	235,804	224,688	-	77,021	119,229	656,742	67,576
Total assets and deferred outflows of resources	\$ 69,872,994	\$ 61,863,003	\$ 57,541,702	\$ 29,687,071	\$ 7,626,115	\$ 226,590,885	\$ 4,732,550

(Statement of Net Position continues on next page)

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
June 30, 2025

	Business-type Activities						Governmental Activities
	Water Fund	Sewer Fund	Electric Fund	Pressurized Irrigation Fund	Nonmajor Storm Drain Fund	Total Enterprise Funds	Internal Service Fund
LIABILITIES:							
Current liabilities:							
Accounts payable	\$ 1,595,289	\$ 3,377,254	\$ -	\$ 1,407,987	\$ 49,355	\$ 6,429,885	\$ 578,370
Customer security deposits	139,329	-	-	1,135	-	140,464	-
Interfund payable	269,115	-	-	465,671	-	734,786	-
Accrued interest	79,654	130,391	-	6,994	1,544	218,583	12,694
Unearned revenue	-	-	-	2,855	-	2,855	-
Compensated absences, current portion	63,136	55,162	-	18,203	27,231	163,732	13,149
Lease payable, current portion	-	-	-	-	-	-	353,749
Note payable, current portion	-	63,041	-	-	-	63,041	-
Revenue bonds, current portion	614,089	587,799	-	270,483	17,157	1,489,528	-
Total current liabilities	2,760,612	4,213,647	-	2,173,328	95,287	9,242,874	957,962
Non-current liabilities:							
Compensated absences, long-term	83,225	64,861	-	25,223	29,632	202,941	10,930
Lease payable, long-term	-	-	-	-	-	-	833,928
Note payable, long-term	-	196,090	-	-	-	196,090	-
Revenue bonds, long-term	16,410,314	21,403,774	-	7,136,558	446,082	45,396,728	-
Net pension liability	169,022	161,056	-	55,208	85,462	470,748	48,438
Total non-current liabilities	16,662,561	21,825,781	-	7,216,989	561,176	46,266,507	893,296
Total liabilities	19,423,173	26,039,428	-	9,390,317	656,463	55,509,381	1,851,258
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows of resources - pensions	2,293	2,184	-	748	1,159	6,384	657
Total liabilities and deferred inflows of resources	19,425,466	26,041,612	-	9,391,065	657,622	55,515,765	1,851,915
NET POSITION:							
Net investment in capital assets	47,630,407	21,368,064	-	16,863,545	5,308,345	91,170,361	2,156,313
Restricted for:							
Investment in joint venture	-	-	57,541,702	-	-	57,541,702	-
Debt service	-	6,748,933	-	3,180,062	-	9,928,995	-
Construction	3,917,600	3,499,644	-	1,320,118	-	8,737,362	-
Unrestricted	(1,100,479)	4,204,750	-	(1,067,719)	1,660,148	3,696,700	724,322
Total net position	\$ 50,447,528	\$ 35,821,391	\$ 57,541,702	\$ 20,296,006	\$ 6,968,493	171,075,120	\$ 2,880,635
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time						26,847	
Net position of business-type activities						\$ 171,101,967	

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION PROPRIETARY FUNDS
For The Year Ended June 30, 2025

	Business-type Activities						Governmental Activities
	Water Fund	Sewer Fund	Electric Fund	Pressurized Irrigation Fund	Nonmajor Storm Drain Fund	Total Enterprise Funds	Internal Service Fund
Operating income:							
Charges for sales and service	\$ 3,624,837	\$ 5,902,713	\$ -	\$ 1,154,088	\$ 1,183,387	\$ 11,865,025	\$ -
Interfund services provided	-	-	-	-	-	-	1,650,997
Connection fees	60,877	40,516	-	70,545	-	171,938	-
Miscellaneous income	41	-	-	-	-	41	-
Total operating income	<u>3,685,755</u>	<u>5,943,229</u>	<u>-</u>	<u>1,224,633</u>	<u>1,183,387</u>	<u>12,037,004</u>	<u>1,650,997</u>
Operating expenses:							
Personnel services	1,376,835	1,227,912	-	445,469	664,649	3,714,865	383,789
Utilities	189,272	40,796	-	8,427	11,550	250,045	4,905
Repair and maintenance	273,990	2,267,432	-	251,404	367,542	3,160,368	217,118
Other supplies and expenses	362,471	208,371	-	61,882	136,846	769,570	206,612
Insurance expense	41,426	45,175	-	-	8,565	95,166	-
Depreciation expense	1,208,601	832,685	-	293,515	120,336	2,455,137	687,742
Total operating expenses	<u>3,452,595</u>	<u>4,622,371</u>	<u>-</u>	<u>1,060,697</u>	<u>1,309,488</u>	<u>10,445,151</u>	<u>1,500,166</u>
Net operating income (loss)	<u>233,160</u>	<u>1,320,858</u>	<u>-</u>	<u>163,936</u>	<u>(126,101)</u>	<u>1,591,853</u>	<u>150,831</u>
Non-operating income (expense):							
Intergovernmental revenue	-	-	-	1,962,049	-	1,962,049	-
Impact fees	558,324	451,797	-	170,662	848,400	2,029,183	-
Sale of fixed assets	299,904	118,811	-	436	44,703	463,854	300,783
Interest income	387,873	675,122	-	182,693	56,449	1,302,137	-
Interest on long-term debt	(378,802)	(348,533)	-	(82,748)	(5,581)	(815,664)	(89,751)
Change in joint venture equity	-	-	9,702,300	-	-	9,702,300	-
Total non-operating income (expense)	<u>867,299</u>	<u>897,197</u>	<u>9,702,300</u>	<u>2,233,092</u>	<u>943,971</u>	<u>14,643,859</u>	<u>211,032</u>
Income (loss) before contributions and transfers:	<u>1,100,459</u>	<u>2,218,055</u>	<u>9,702,300</u>	<u>2,397,028</u>	<u>817,870</u>	<u>16,235,712</u>	<u>361,863</u>
Capital contributions	4,990,422	3,926,819	-	1,378,734	4,679,719	14,975,694	-
Transfers in	-	-	-	792,806	-	792,806	-
Change in net position	<u>6,090,881</u>	<u>6,144,874</u>	<u>9,702,300</u>	<u>4,568,568</u>	<u>5,497,589</u>	<u>32,004,212</u>	<u>361,863</u>
Net position - beginning	<u>44,356,647</u>	<u>29,676,517</u>	<u>47,839,402</u>	<u>15,727,438</u>	<u>1,470,904</u>		<u>2,518,772</u>
Net position - ending	<u>\$ 50,447,528</u>	<u>\$ 35,821,391</u>	<u>\$ 57,541,702</u>	<u>\$ 20,296,006</u>	<u>\$ 6,968,493</u>		<u>\$ 2,880,635</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time						<u>26,847</u>	
Changes in net position of business-type activities						<u>\$ 32,031,059</u>	

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For The Year Ended June 30, 2025

	Business-type Activities					Governmental Activities	
	Water Fund	Sewer Fund	Electric Fund	Pressurized Irrigation Fund	Nonmajor Storm Drain Fund	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities:							
Cash received from customers - service	\$ 3,657,016	\$ 5,767,732	\$ -	\$ 2,383,281	\$ 1,186,802	\$ 12,994,831	\$ -
Cash received from interfund services provided	-	-	-	-	-	-	1,650,997
Cash paid to suppliers	(570,839)	(62,521)	-	(267,273)	(550,593)	(1,451,226)	126,633
Cash paid to employees	(1,313,227)	(1,178,443)	-	(433,291)	(645,054)	(3,570,015)	(378,191)
Net cash provided (used) in operating activities	1,772,950	4,526,768	-	1,682,717	(8,845)	7,973,590	1,399,439
Cash flows from noncapital financing activities:							
Interfund balances	269,115	-	-	1,258,477	-	1,527,592	-
Net cash provided (used) in noncapital financing activities	269,115	-	-	1,258,477	-	1,527,592	-
Cash flows from capital and related financing activities:							
Cash from impact fees	558,324	451,797	-	(357,870)	848,400	1,500,651	-
Cash from grants	-	-	-	1,962,049	-	1,962,049	-
Cash from sale of fixed assets	299,904	118,811	-	433	44,703	463,851	199,192
Cash payments for capital assets	(4,933,277)	(7,014,006)	-	(5,293,199)	(20,488)	(17,260,970)	(1,082,906)
Proceeds from issuance of bonds payable	3,032,000	5,900,000	-	1,343,000	-	10,275,000	-
Proceeds from issuance of lease payable	-	-	-	-	-	-	315,257
Cash payments for long-term debt principal	(773,333)	(641,075)	-	(124,245)	(61,000)	(1,599,653)	(747,712)
Cash payments for long-term debt interest	(382,023)	(253,534)	-	(82,906)	(6,276)	(724,739)	(77,435)
Cash flows provided (used) in capital and related financing activities	(2,198,405)	(1,438,007)	-	(2,552,738)	805,339	(5,383,811)	(1,393,604)
Cash flows from investing activities:							
Cash received from interest earned	387,873	675,122	-	182,693	56,449	1,302,137	-
Net cash provided (used) in investing activities	387,873	675,122	-	182,693	56,449	1,302,137	-
Net increase (decrease) in cash	231,533	3,763,883	-	571,149	852,943	5,419,508	5,835
Cash balance, beginning	8,526,468	13,605,698	-	3,929,031	794,329	26,855,526	728,755
Cash balance, ending	\$ 8,758,001	\$ 17,369,581	\$ -	\$ 4,500,180	\$ 1,647,272	\$ 32,275,034	\$ 734,590
Cash reported on the statement of net position:							
Cash and cash equivalents	\$ -	\$ 7,121,004	\$ -	\$ -	\$ 1,647,272	\$ 8,768,276	\$ 734,590
Non-current restricted cash	8,758,001	10,248,577	-	4,500,180	-	23,506,758	-
Total cash and cash equivalents	\$ 8,758,001	\$ 17,369,581	\$ -	\$ 4,500,180	\$ 1,647,272	\$ 32,275,034	\$ 734,590

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2025

	Business-type Activities						Governmental Activities
	Water Fund	Sewer Fund	Electric Fund	Pressurized Irrigation Fund	Nonmajor Storm Drain Fund	Total Enterprise Funds	Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided (Used) in Operating Activities:							
Net operating income (expense)	\$ 233,160	\$ 1,320,858	\$ -	\$ 163,936	\$ (126,101)	\$ 1,591,853	\$ 150,831
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:							
Depreciation and amortization	1,208,601	832,685	-	293,515	120,336	2,455,137	687,742
Pension expense adjustment	30,852	15,449	-	10,602	4,838	61,741	(18,481)
Changes in assets and liabilities:							
(Increase) decrease in receivables	(56,739)	(175,497)	-	1,165,492	3,415	936,671	-
(Increase) decrease in prepaid items	-	-	-	9,099	-	9,099	(8,024)
Increase (decrease) in accounts payables	296,320	2,499,253	-	45,341	(26,090)	2,814,824	563,292
Increase (decrease) in unearned revenues	-	-	-	(6,844)	-	(6,844)	-
Increase (decrease) in customer deposits	28,000	-	-	-	-	28,000	-
Increase (decrease) in compensated absences	32,756	34,020	-	1,576	14,757	83,109	24,079
Net cash provided (used) in operating activities	<u>\$ 1,772,950</u>	<u>\$ 4,526,768</u>	<u>\$ -</u>	<u>\$ 1,682,717</u>	<u>\$ (8,845)</u>	<u>\$ 7,973,590</u>	<u>\$ 1,399,439</u>
Noncash financing and investing activities:							
Contributed assets	\$ 4,990,422	\$ 3,926,819	\$ -	\$ 1,378,734	\$ 4,679,719	\$ 14,975,694	\$ -
Change in equity joint venture	\$ -	\$ -	\$ 9,702,300	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Heber City Corporation (the City), a municipal corporation located in Wasatch County, Utah, operates under a Six Member-Council form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

The City has one component unit, the Community Reinvestment Agency (CRA). The CRA's board is the same as the City Council members and is reported as a blended component unit of the City. Separate financial statements of the Community Reinvestment Agency are not prepared or available.

The City is not a component unit of another entity.

Related Organizations

On March 1, 2022, the City established Jordanelle Ridge Public Infrastructure Districts (PID) Nos. 1–5. On May 20, 2025, the City established Harvest Village Public Service Districts (PID) Nos. 1–2. The City is responsible for appointing the initial Board of each district from qualifying persons, namely landowners, pursuant to the PID Act 17D-4-101. The City's role for these organizations does not extend beyond making the initial appointments. The City is not legally obligated for repayment of any PID debt and the PIDs are not fiscally dependent on the City. Additionally, the City does not have the ability to impose its will on any PID Board.

The City's financial statements include all operations of the Primary Government, and any component units required to be included in accordance with Government Accounting Standards Board Statement No. 14 as amended by Statement No. 61.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *statement of net position* reports the financial position of the governmental and business-type activities of the City and its discretely presented component units (if any) at year-end.

The *statement of activities* reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

1-B. Government-wide and fund financial statements (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

1-C. Measurement focus, basis of accounting and financial statement presentation

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *airport special revenue fund* accounts for financial resources used for the leasing hangars and other services provided at the municipal airport.

The *general capital Projects fund* accounts for the capital projects of the City not accounted for in any of the other capital projects funds.

The *airport capital projects fund* accounts for the City's funds set aside for capital projects and improvements related to the City's municipal airport.

The *parks capital projects fund* accounts for the City's funds set aside for capital projects and improvements related to the parks, trails, and open space throughout the City.

Proprietary funds

The City reports the following major proprietary funds:

The *water fund* is used to account for the activities of the City's water production, treatment and distribution operations.

The *sewer fund* is used to account for the billing to citizens for the Heber Valley Special Service District's treatment operations and maintenance costs of the wastewater collection system.

The *electric fund* accounts for the activities of the City's joint venture with Heber Light & Power Company's electric generation and distribution operations.

The *pressurized irrigation fund* accounts for the activities of the City's irrigation production and distribution operations.

1-E. Assets, Liabilities, and Net Position or Equity

1-E-1. Deposit and Investments

All of the City's deposits are in demand deposit accounts with the Utah Public Treasurers Investments Fund or with marketable securities with maturities of three years or less managed by Zions Wealth Advisors and US Bank. Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Additional information is contained in Note 3.

1-E-2. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers short-term, highly liquid investments with a maturity of three months or less from the purchase date to be cash equivalents.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

1-E-3. Receivables and Payables

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

Property taxes are assessed and collected for the City by Wasatch County and remitted to the City shortly after collection. Taxes are due and payable on November 1, and are delinquent after November 30. Property taxes become a lien on January 1 and are levied on the first Monday in August. All dates are in the year of levy.

1-E-4. Restricted Assets

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net position. Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

1-E-5. Inventories and Prepaid items

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories consist of immaterial amounts of expendable supplies for consumption. As such, no inventory balance is reported.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

1-E-6. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings	20-50
Improvements	7-50
Infrastructure	7-50
Machinery and equipment	3-15

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as expenses.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

1-E-8. Compensated Absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a bi-weekly basis. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid. The accumulated sick leave is earned at a rate of one day per month. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate unlimited sick leave. The City's policy is to permit employees to accumulate a limited amount of earned, but unused, vacation time which will be paid to employees upon termination. The City also allows payment for accumulated sick leave to some employees at retirement or termination. Employees who have worked for the City for at least 5 years are eligible to be paid for 25 percent and employees who have worked for the City for at least 10 years are eligible to be paid for 50 percent of their accumulated sick leave.

1-E-9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-10. Fund Equity

Government-wide Financial Statements

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

Net investment in capital assets - Restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

1-E. Assets, Liabilities, and Net Position or Equity (Continued)

Fund Financial Statements

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned:

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

Restricted fund balance - Net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of the government or b) imposed by law through constitutional provisions or enabling legislation. The City's remaining balance of Class C roads, transportation tax, impact fees, and debt service reserves is restricted.

Committed fund balance - Amounts that can only be used for specific purposes established by formal action of the City Council, which is the City's highest level of decision-making authority. Fund balance commitments can only be removed or changed by the same type of action (for example resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has not committed any fund balance amounts.

Assigned fund balance - Amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. This category includes the remaining positive fund balances for governmental funds other than the General Fund.

Unassigned fund balance - This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, in other governmental funds that may carry a negative fund balance at year-end, it may be necessary to report this as unassigned.

Proprietary fund equity is classified the same as in the government-wide statements.

1-E-11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pensions as required by GASB 68, and lease receivables in accordance with GASB 87.

1-E-12. Lease Receivables

The City has lease receivables for hangars at the municipal airport. Payments on leases are due to the City annually. As required by GASB Statement No. 87, *Leases*, a deferred inflow related to the lease receivables is also reported.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

1-E. Assets, Liabilities, and Net Position or Equity (Continued)

1-E-13. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared by the Budget Officer and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year-end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 35% of the current year's actual revenues must be appropriated within the following two years.

Once adopted, budget amendments which increase total expenditures must be approved by the City Council following a public hearing. With the consent of the City Manager, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2025 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 200
Demand deposits - checking	1,718,202
Investment in marketable securities	41,660,339
Deposits - PTIF	<u>17,195,326</u>
Total cash	<u>\$ 60,574,067</u>

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents (current)	\$ 24,811,948
Restricted cash and cash equivalents (noncurrent)	<u>35,762,119</u>
Total cash and cash equivalents	<u>\$ 60,574,067</u>

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-A. Deposits and investments (Continued)

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that city funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The City maintains monies not immediately needed for expenditure in PTIF accounts.

The City also invests with Meeder Public Funds Inc (Meeder) who invests in money market funds and short and intermediate-term fixed income securities (including taxable, tax-exempt or tax advantaged). Meeder meets the requirements of the Utah Money Management Act. The City's investment policy allows for the purchase of investments that have a maturity date of less than five years.

The City also holds unspent bond proceeds in US Bank. These amounts held at US Bank are invested in the Utah State PTIF.

Deposit and Investment Risk

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addresses each of these risks.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 – Quoted prices for identical investments in active markets
- Level 2 – Observable inputs other than quoted market prices
- Level 3 –Unobservable inputs

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-A. Deposits and investments (Continued)

At June 30, 2025, the City had the following recurring fair value measurements:

Investments by fair value level	Fair Value	Level 1	Level 2	Level 3
Utah Public Treasurer's Investment Fund	\$ 17,195,326	\$ -	\$ 17,195,326	\$ -
US Bank - Investments				
Invested in PTIF	4,567,439	-	4,567,439	-
Total US Bank - Investments	4,567,439	-	4,567,439	-
Meeder Funds - Investments				
Cash/Money Market	881,957	881,957		
Commercial paper	2,415,412	2,415,412	-	-
U.S. Treasuries	13,291,348	13,291,348		
U.S. Agencies	17,308,308	17,308,308	-	-
Corporate Bonds	3,195,875	3,195,875	-	-
Total Meeder Funds - Investments	37,092,900	37,092,900	-	-
Total investments	\$ 58,855,665	\$ 37,092,900	\$ 21,762,765	\$ -

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As of June 30, 2025, the City held the following investments by maturity:

Investment Type	Fair Value	Investment Maturities (in Years)		Weighted Avg. Maturity (days)
		Leass Than 1	1-5	
Utah Public Treasurer's Investment Fund	\$ 17,195,326	\$ 17,195,326	\$ -	66
US Bank - Investments				
Invested in PTIF	4,567,439	4,567,439	-	66
Total US Bank - Investments	4,567,439	4,567,439	-	
Meeder Funds - Investments				
Cash/Money Market	881,957	881,957	-	1
Commercial paper	2,415,412	2,415,412	-	86
U.S. Treasuries	13,291,348	395,172	12,896,176	1,090
U.S. Agencies	17,308,308	1,607,924	15,700,384	1,038
Corporate Bonds	3,195,875	2,712,352	483,523	304
Total Meeder Funds - Investments	37,092,900	8,012,817	29,080,083	
Total investments	\$ 58,855,665	\$ 29,775,582	\$ 29,080,083	

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-A. Deposits and investments (Continued)

Credit risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. At June 30, 2025, the City had the following summary investments by rating:

<u>Investment type</u>	<u>Rating (S&P)</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Utah Public Treasurer's Investment Fund	Unrated	\$ 17,195,326	29.2%
US Bank - Investments			
Invested in PTIF	Unrated	4,567,439	7.8%
Meeder Funds - Investments			
Cash/Money Market	AAA	881,957	1.5%
Commercial paper	A-1	2,415,412	4.1%
U.S. Treasuries	AA+	13,291,348	22.6%
U.S. Agencies	AA+	17,308,308	29.4%
Corporate Bonds	A	<u>3,195,875</u>	5.4%
Total Meeder Funds - Investments		<u>41,660,339</u>	
Total investments		<u>\$ 58,855,665</u>	

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2025, of the City's total demand deposits of \$2,641,349, the amount uninsured and uncollateralized was \$2,391,349.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City manages this risk by investing in only short to medium-length investments that are highly rated.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. At June 30, 2025, all of the City's investments were invested in the PTIF, and US Bank accounts.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-B. Receivables

The allowance policy is described in Note 1-E-3. Receivables at year end for the City's funds are shown below.

	General Fund	Special Rev. Airport Fund	Capital Projects	Perpetual Care	Water Fund	Sewer Fund	Pressurized Irrigation	Storm Drain Fund	Total
Customers	\$ -	\$ -	\$ -	\$ -	\$ 494,253	\$ 686,986	\$ 106,482	\$ 110,470	\$ 1,398,191
Property taxes	3,626,767	-	-	-	-	-	-	-	3,626,767
Due from other governments	1,811,428	1,990	264,007	-	-	-	528,532	-	2,605,957
Other receivables	38,372	34,749	-	4,459	-	-	-	-	77,580
Restricted:									
Due from other governments	643,109	-	-	-	-	-	-	-	643,109
Total receivables, gross	6,119,676	36,739	264,007	4,459	494,253	686,986	635,014	110,470	8,351,604
Allowance for uncollectibles	-	-	-	-	(44,870)	(37,020)	(7,860)	(22,440)	(112,190)
Total receivables, net	\$ 6,119,676	\$ 36,739	\$ 264,007	\$ 4,459	\$ 449,383	\$ 649,966	\$ 627,154	\$ 88,030	\$ 8,239,414

3-C. Capital Assets

Capital asset activity for the governmental activities for the fiscal year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 23,380,630	\$ 5,500,000	\$ -	\$ 28,880,630
Construction in progress	5,186,231	16,653,174	(6,623,271)	15,216,134
Total capital assets, not being depreciated	28,566,861	22,153,174	(6,623,271)	44,096,764
Capital assets, being depreciated:				
Buildings	13,852,774	70,781	-	13,923,555
Improvements other than buildings	89,073,676	16,116,321	-	105,189,997
Machinery and equipment	7,633,248	1,550,625	(234,946)	8,948,927
Total capital assets, being depreciated	110,559,698	17,737,727	(234,946)	128,062,479
Less accumulated depreciation for:				
Buildings	3,498,456	452,118	-	3,950,574
Improvements other than buildings	31,175,069	4,190,150	-	35,365,219
Machinery and equipment	3,412,211	855,433	(101,591)	4,166,053
Total accumulated depreciation	38,085,736	5,497,701	(101,591)	43,481,846
Total capital assets being depreciated, net	72,473,962	12,240,026	(133,355)	84,580,633
Governmental activities, capital assets, net	<u>\$ 101,040,823</u>	<u>\$ 34,393,200</u>	<u>\$ (6,756,626)</u>	<u>\$ 128,677,397</u>

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government governmental activities was follows:

Governmental activities:	
General government	\$ 338,317
Public safety	313,102
Public works	3,608,906
Parks and recreation	73,897
Cemetery	18,517
Airport	457,220
Internal service	<u>687,742</u>
Total	<u>\$ 5,497,701</u>

Capital asset activity for the business-type activities for the fiscal year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 557,761	\$ -	\$ -	\$ 557,761
Water share	17,985,118	-	-	17,985,118
Construction in progress	<u>36,512,338</u>	<u>17,289,233</u>	<u>(1,684,164)</u>	<u>52,117,407</u>
Total capital assets, not being depreciated	<u>55,055,217</u>	<u>17,289,233</u>	<u>(1,684,164)</u>	<u>70,660,286</u>
Capital assets, being depreciated:				
Buildings	5,292,294	-	-	5,292,294
Water system	31,965,137	6,202,992	-	38,168,129
Sewer system	23,404,601	4,029,798	-	27,434,399
Pressurized irrigation	8,835,462	1,658,655	-	10,494,117
Storm drain	44,309	4,679,719	-	4,724,028
Machinery and equipment	<u>5,828,974</u>	<u>60,434</u>	<u>-</u>	<u>5,889,408</u>
Total capital assets, being depreciated	<u>75,370,777</u>	<u>16,631,598</u>	<u>-</u>	<u>92,002,375</u>
Less accumulated depreciation for:				
Buildings	948,324	163,107	-	1,111,431
Water system	11,608,786	959,191	-	12,567,977
Sewer system	7,653,439	564,166	-	8,217,605
Pressurized irrigation	2,465,466	263,129	-	2,728,595
Storm drain	34,715	384	-	35,099
Machinery and equipment	<u>3,406,050</u>	<u>505,160</u>	<u>-</u>	<u>3,911,210</u>
Total accumulated depreciation	<u>26,116,780</u>	<u>2,455,137</u>	<u>-</u>	<u>28,571,917</u>
Total capital assets being depreciated, net	<u>49,253,997</u>	<u>14,176,461</u>	<u>-</u>	<u>63,430,458</u>
Business-type activities, capital assets, net	<u>\$ 104,309,214</u>	<u>\$ 31,465,694</u>	<u>\$ (1,684,164)</u>	<u>\$ 134,090,744</u>

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government business-type activities was follows:

Business-type activities:	
Water system	\$ 1,208,601
Sewer system	832,685
Pressurized irrigation	293,515
Storm drain	<u>120,336</u>
Total	<u>\$ 2,455,137</u>

3-D. Long-term debt

Governmental Activities

The 2014 Sales Tax Revenue Bonds were issued for the construction of the new public safety building. The City pledges income derived from sales tax to repay the revenue bonds. Annual principal and interest payments are expected to require approximately 4.0% of the sales and use tax revenues. The total of sales and use tax revenues pledged on these bonds is \$5,581,470, the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

The 2018 Sales Tax Revenue Bonds were issued for the construction of the public works expansion. The outstanding bond balance of \$3,482,997 is allocated between governmental (\$1,281,741) and business-type activities (\$2,201,256). The City pledges income derived from sales tax to repay the revenue bonds. Annual principal and interest payments are expected to require approximately 2.4% of the sales and use tax revenues. The total of sales and use tax revenues pledged on these bonds is \$3,935,083, of which \$1,448,109 is attributable to governmental activities, the remaining principal and interest to maturity is attributed to the business-type activities. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

The 2023 Excise Tax Revenue Bonds were issued for the purpose of financing all or a portion of the costs of maintenance improvements to roads, and construction of new roads. The City pledges income derived from Class C Road Funds, and Local Option Sales and Use Taxes for Transportation (Road Funds). Annual principal and interest payments are expected to require approximately 43.0% of the Road Fund revenues. The total of Road Funds pledged on these bonds is \$3,807,746. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-D. Long-term debt (Continued)

Long-term debt activity for the governmental activities was as follows:

Governmental Activities	Matures	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Bonds and Notes Payable - Direct Placements:</i>								
2014 Sales Tax Revenue	3/1/2045	\$ 6,700,000	1.50	\$ 4,995,000	\$ -	\$ (204,000)	\$ 4,791,000	\$ 207,000
2018 Sales Tax Revenue	10/1/2048	1,557,529	1.00	1,328,845	-	(47,104)	1,281,741	47,472
2023 Excise Tax Revenue	10/1/2029	5,041,000	3.79	4,264,000	-	(791,000)	3,473,000	820,000
Wheel Loader	6/8/2025	169,661	2.96	130,380	-	(130,380)	-	-
Taser	10/31/2025	33,287	2.96	13,900	-	(6,849)	7,051	7,051
Backhoe	12/11/2024	100,000	2.96	76,142	-	(76,142)	-	-
Body Cameras	12/31/2027	263,136	5.00	205,885	-	(47,767)	158,118	50,155
<i>Leases - Direct Placements:</i>								
Ford F-150 Lease (5)	6/30/2025	18,662	5.00	9,103	-	(9,103)	-	-
Ford Explorer Lease	6/15/2028	75,014	5.62	64,194	-	(9,267)	54,927	9,796
Ford F-150 Lease	2/1/2028	75,088	5.32	64,088	-	(7,591)	56,497	7,995
Ford Explorers Lease (2)	5/1/2028	145,595	5.16	122,007	-	(28,299)	93,708	29,780
Ford Explorers Lease (2)	5/1/2028	141,719	5.16	118,031	-	(24,786)	93,245	29,211
Ford Explorers Lease (3)	5/1/2028	209,578	5.16	187,643	-	(37,838)	149,805	39,819
Ford Explorers Lease (2)	5/1/2028	112,122	5.16	87,670	-	(22,761)	64,909	23,952
Ford Explorer Lease	5/1/2028	79,910	5.16	72,858	-	(10,344)	62,514	10,885
Chevrolet Tahoes Lease (2)	5/1/2028	156,049	5.16	131,719	-	(24,704)	107,015	25,997
Chevrolet Tahoe Lease	5/1/2028	73,413	5.16	61,129	-	(10,799)	50,330	11,364
Chevrolet Tahoe Lease	5/1/2028	81,111	5.16	69,026	-	(11,563)	57,463	12,168
Chevrolet Tahoe Lease	5/1/2028	77,728	5.16	64,351	-	(12,017)	52,334	12,646
Chevrolet Tahoe Lease	5/1/2028	81,358	5.16	68,071	-	(11,827)	56,244	12,446
Chevrolet 3500 Lease	5/1/2028	71,546	5.16	63,730	-	(6,329)	57,401	6,660
Ford Explorer Lease	5/31/2026	45,832	5.00	31,294	-	(15,265)	16,029	16,029
Ford Explorer Lease	5/1/2028	52,710	5.16	40,397	-	(40,397)	-	-
Dodge Rams Lease (5)	5/1/2028	235,059	5.16	203,147	-	(203,147)	-	-
Ford Explorer Lease	5/1/2028	52,710	5.16	40,397	-	(40,397)	-	-
Toyota Highlander	7/10/2026	21,851	5.00	-	21,851	(6,931)	14,920	7,278
Ford Explorer	2/10/2027	36,061	5.00	-	36,061	(11,439)	24,622	12,011
Ford Explorer	12/10/2026	33,154	5.00	-	33,154	(10,517)	22,637	11,043
Ford Explorer	2/10/2027	36,061	5.00	-	36,061	(11,439)	24,622	12,011
Ford Explorer	2/10/2027	36,061	5.00	-	36,061	(11,439)	24,622	12,011
Ford Explorer	2/10/2027	42,803	5.00	-	42,803	(13,577)	29,226	14,255
Ford Explorer	2/10/2027	42,803	5.00	-	42,803	(13,577)	29,226	14,255
Toyota Tundra	6/10/2027	28,364	5.00	-	28,364	(8,997)	19,367	9,447
Ford Explorer	6/10/2027	38,100	5.00	-	38,100	(12,086)	26,014	12,690
<i>Other Long-term liabilities:</i>								
Net pension liability				1,571,477	415,317	-	1,986,794	-
Compensated absences				896,742	185,002 *	-	1,081,744	523,905
Total governmental activity long-term liabilities				<u>\$ 14,981,226</u>	<u>\$ 915,577</u>	<u>\$ (1,929,678)</u>	<u>\$ 13,967,125</u>	<u>\$ 2,009,332</u>

* - Indicates net increase to compensated absences.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-D. Long-term debt (Continued)

Below are the related finance purchase and leased right-to use intangible assets:

Description	Cost
<i>Financed Purchase Assets</i>	
Wheel Loader #1	\$ 169,661
Wheel Loader #2	169,661
Wheel Loader #3	169,661
Backhoe #1	100,000
Backhoe #2	100,000
Backhoe #3	100,000
Body Cameras	263,136
<i>Leased Right-of-Use Assets</i>	
Ford F-150	22,696
Ford F-150	15,131
Ford F-150	15,131
Ford F-150	15,131
Ford Explorer	52,710
Ford Explorer	56,061
Ford Explorer	70,859
Ford Explorer	69,859
Ford Explorer	72,797
Ford Explorer	69,859
Ford Explorer	70,859
Ford Explorer	72,797
Ford Explorer	56,061
Ford Explorer	69,859
Ford F-350	79,910
Ram 1500	47,012
Ram 1500	47,012
Ram 1500	47,012
Ram 1500	47,012
Chevrolet 3500	71,546
Chevrolet Tahoe	73,413
Chevrolet Tahoe	78,025
Chevrolet Tahoe	77,728
Chevrolet Tahoe	81,358
Chevrolet Tahoe	78,025
Chevrolet Tahoe	81,111
Ford Explorer	75,014
Ford Explorer	45,832
Ford F-150	75,088
Toyota Highlander	21,851
Ford Explorer	36,061
Ford Explorer	42,803
Ford Explorer	36,061
Ford Explorer	33,154
Ford Explorer	36,061
Ford Explorer	38,100
Ford Explorer	42,803
Toyota Tundra	28,364
Less: Accumulated amortization	(1,216,535)
Net right-of-use and financed purchase assets	\$ 833,631

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-D. Long-term debt (Continued)

As noted in the schedules above, the City entered into several new leasing arrangements for vehicles for use throughout the City's operations. The Wheel loader, and backhoe financed purchases obligations were satisfied during the year.

Certain leases payables are split between the Water Fund, Sewer Fund, Internal Service Fund, and other Governmental Activities.

The right-to-use assets are reported along with the other machinery and equipment in the City's capital asset schedules. Amortization of the right-to-use lease assets are reported with depreciation expense.

Generally, resources from the General Fund are used to liquidate compensated absences for governmental activities.

See Note 4-D for more information about the City's net pension liability.

Bond debt service requirements to maturity for governmental activities are as follows:

Year	Principal	Interest	Total
2026	\$ 1,074,472	\$ 216,136	\$ 1,290,608
2027	1,109,840	181,519	1,291,359
2028	1,145,576	145,642	1,291,218
2029	1,182,944	108,502	1,291,446
2030	269,312	70,049	339,361
2031-2035	1,403,656	292,290	1,695,946
2036-2040	1,505,904	190,476	1,696,380
2041-2045	1,618,152	81,049	1,699,201
2046-2049	235,885	5,921	241,806
Total	<u>\$ 9,545,741</u>	<u>\$ 1,291,584</u>	<u>\$ 10,837,325</u>

Lease payable debt service requirements to maturity for governmental activities are as follows:

Year	Principal	Interest	Total
2026	\$ 410,955	\$ 66,553	\$ 477,508
2027	515,467	44,903	560,370
2028	426,424	17,644	444,068
2029	-	-	-
Total	<u>\$ 1,352,846</u>	<u>\$ 129,100</u>	<u>\$ 1,481,946</u>

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-D. Long-term debt (Continued)

Long-term debt activity for the business-type activities was as follows:

Business-type Activities	Matures	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Bonds and Notes Payable - Direct Placements:</i>								
2018 Sales Tax Revenue	10/1/2048	2,674,471	1.00	\$ 2,282,152	\$ -	\$ (80,896)	\$ 2,201,256	\$ 81,528
2022 Water Revenue	5/1/2047	14,500,000	1.00	13,616,000	-	(463,000)	13,153,000	470,000
2022 Sewer Revenue	5/1/2053	8,553,000	1.50	8,325,000	-	(231,000)	8,094,000	235,000
2023 Sewer Revenue	5/1/2053	7,629,000	1.50	7,398,000	-	(205,000)	7,193,000	209,000
2022 Irrigation Revenue	5/1/2053	4,327,000	1.50	4,212,000	-	(117,000)	4,095,000	119,000
2024 Irrigation Revenue	5/1/2040	1,875,000	1.00	1,875,000	-	-	1,875,000	98,000
2024 Water Revenue	5/1/2050	3,032,000	0.00	-	3,032,000	-	3,032,000	113,000
2024 Sewer Revenue	11/1/2054	5,900,000	3.50	-	5,900,000	-	5,900,000	114,000
2024B Irrigation Revenue	5/1/2050	1,343,000	0.00	-	1,343,000	-	1,343,000	50,000
Jet Truck	1/1/2029	500,000	1.82	321,044	-	(61,913)	259,131	63,041
Wheel Loaders (2)	6/8/2025	339,323	2.96	260,760	-	(260,760)	-	-
Backhoe	12/11/2024	200,000	2.96	152,284	-	(152,284)	-	-
<i>Leases - Direct Placements:</i>								
Ford F-150 Lease (5)	6/30/2025	56,993	5.00	27,800	-	(27,800)	-	-
<i>Other Long-term liabilities:</i>								
Net pension liability				355,809	114,939	-	470,748	-
Compensated absences				287,100	79,573 *	-	366,673	163,732
Total business-type activity long-term liabilities				<u>\$ 39,112,949</u>	<u>\$ 10,469,512</u>	<u>\$ (1,599,653)</u>	<u>\$ 47,982,808</u>	<u>\$ 1,716,301</u>

* - Indicates net increase to compensated absences.

The 2018 Sales Tax Revenue Bonds were used to fund various improvements throughout the City. The outstanding bond balance of \$3,482,997 is allocated between governmental (\$1,281,741) and business-type activities including the Water Fund (\$839,403), the Irrigation Fund (\$94,041), the Sewer Fund (\$804,573), and Storm Drain Fund (\$463,239). The City pledges sales and use taxes to repay the revenue bonds. Annual principal and interest payments are expected to require approximately 2.4% sales and use tax revenues. The total of sales and use tax revenues pledged on these bonds is \$3,935,083, of which \$2,486,974 is attributable to business-type activities, the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

The 2022 Water Revenue bonds were issued to fund various improvements on the City's water infrastructure. The City pledges net revenues derived from metered water sales to repay the revenue bonds. Annual principal and interest payments are expected to require approximately 23.3% of the pledged revenues to repay the revenue bonds. The total pledged water revenues on these bonds is \$18,229,924, which is the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

The 2022 Sewer Revenue bonds were issued to fund various improvements on the City's sewer infrastructure. The City pledges net revenues derived from sewer revenues to repay the revenue bonds. Annual principal and interest payments required 10.43% of the pledged revenues. The total pledged water revenues on these bonds is \$9,972,360, which is the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-D. Long-term debt (Continued)

The 2022 Irrigation Revenue bonds were issued to fund various improvements on the City's irrigation infrastructure. The City pledges net revenues derived from irrigation revenues to repay the revenue bonds. Annual principal and interest payments required 16.9% of the pledged revenues. The total pledged irrigation water revenues on these bonds is \$5,044,905, which is the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

The 2023 Sewer Revenue bonds were issued to fund various improvements on the City's sewer infrastructure. The City pledges net revenues derived from sewer revenues to repay the revenue bonds. Annual principal and interest payments required 9.26% of the pledged revenues. The total pledged sewer revenues on these bonds is \$8,862,035, which is the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

The 2024 Irrigation Revenue bonds were issued to fund various improvements on the City's irrigation infrastructure. The City pledges net revenues derived from irrigation revenues to repay the revenue bonds. Annual principal and interest payments required 1.8% of the pledged revenues, as principal payments were due during the fiscal year. The total pledged irrigation water revenues on these bonds is \$2,035,540, which is the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

The 2024 Water Revenue bonds were issued to fund various improvements on the City's water infrastructure. The City pledges net revenues derived from water revenues to repay the revenue bonds. Annual principal and interest payments required 0.0% of the pledged revenues, as no principal or interest payments were due during the fiscal year. The total pledged irrigation water revenues on these bonds is \$3,032,000, which is the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

The 2024 Sewer Revenue bonds were issued to fund various improvements on the City's sewer infrastructure. The City pledges net revenues derived from sewer revenues to repay the revenue bonds. Annual principal and interest payments required 0.0% of the pledged revenues, as no principal or interest payments were due during the fiscal year. The total pledged irrigation water revenues on these bonds is \$9,598,720, which is the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

The 2024B Irrigation Revenue bonds were issued to fund various improvements on the City's irrigation infrastructure. The City pledges net revenues derived from irrigation revenues to repay the revenue bonds. Annual principal and interest payments required 0.0% of the pledged revenues, as principal payments were due during the fiscal year. The total pledged irrigation water revenues on these bonds is \$1,343,000, which is the remaining principal and interest to maturity. These bonds contain a provision that, in the event of default, penalty interest charges may be incurred.

In 2022, the City entered into a financed purchase arrangement for a Jet Truck. Original principal amount of the lease was \$500,000. The lease carries interest at 1.82% and is payable in annual installments of \$67,757 due on January 1 of each year with the first payment due January 1, 2022.

The respective business-type activities generally liquidate their respective liabilities in each fund as it relates to compensated absences.

See Note 4-D for more information about the City's net pension liability.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-D. Long-term debt (Continued)

Bond debt service requirements to maturity for business-type activities are as follows:

Year	Principal	Interest	Total
2026	\$ 1,489,528	\$ 869,693	\$ 2,359,221
2027	1,510,160	875,139	2,385,299
2028	1,532,424	852,761	2,385,185
2029	1,556,056	829,485	2,385,541
2030	1,579,688	805,244	2,384,932
2031-2035	8,446,344	3,626,855	12,073,199
2036-2040	9,310,096	2,855,622	12,165,718
2041-2045	9,521,848	1,922,150	11,443,998
2046-2050	8,005,112	851,238	8,856,350
2051-2055	3,935,000	231,015	4,166,015
Total	<u>\$ 46,886,256</u>	<u>\$ 13,719,202</u>	<u>\$ 60,605,458</u>

Note payable debt service requirements to maturity for business-type activities are as follows:

Year	Principal	Interest	Total
2026	\$ 63,041	\$ 4,716	\$ 67,757
2027	64,188	3,569	67,757
2028	65,356	2,401	67,757
2029	66,546	1,211	67,757
Total	<u>\$ 259,131</u>	<u>\$ 11,897</u>	<u>\$ 271,028</u>

3-E. Operating transfers and interfund balances

The operating transfers among the funds were as follows:

	Transfers In	Transfers Out
<i>Governmental funds:</i>		
General Fund	\$ 444,937	\$ 4,991,204
Airport Special Revenue Fund	10,485	174,500
General - Capital Projects	3,950,145	876,000
Airport - Capital Projects	174,500	-
Parks - Capital Projects	-	695,525
Nonmajor Governmental Funds	2,177,819	813,463
<i>Enterprise funds:</i>		
Pressurized Irrigation Fund	792,806	-
	<u>\$ 7,550,692</u>	<u>\$ 7,550,692</u>

Transfers were made primarily for debt service, and future capital projects.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

3-E. Operating transfers and interfund balances (Continued)

The City, from time to time, will carry interfund balances that are recorded as interfund receivables and interfund payables.

	Interfund Receivable	Interfund Payable
<i>Governmental funds:</i>		
General Fund	\$ 1,499,373	\$ -
General - Capital Projects	-	1,300,000
Airport - Capital Projects	-	264,587
Nonmajor Governmental Funds	800,000	-
<i>Enterprise funds:</i>		
Water Fund	-	269,115
Pressurized Irrigation Fund	-	465,671
	<u>\$ 2,299,373</u>	<u>\$ 2,299,373</u>

Interfund balances generally result from pooled cash borrowings that are expected to be repaid shortly after fiscal year-end. During the fiscal year ended June 30, 2025 the City's General Capital Projects fund borrowed \$500,000 from the General Fund, and \$800,000 from the Perpetual Care Fund. That note carries interest of 4.55% with payments beginning July 2025.

NOTE 4 - OTHER INFORMATION

4-A. Risk management

Heber City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is unable to obtain insurance to cover most of these risks at a cost it considers to be economically justifiable. The City joined together with other governments in the State of Utah to form the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The City pays an annual premium to ULGT for its general insurance coverage. The City also carries comprehensive general liability insurance coverage through Utah Local Governments Trust. Settled claims from this risk type have not exceeded coverage in any of the past three fiscal years.

4-B. Investment in Joint Venture

Heber Light & Power Company

The City is party to a joint venture with Midway and Charleston, neighboring municipalities. The joint venture was created by the three municipalities to provide electric services to their communities. Additional information is as follows:

- a. Participants and their percentage shares were: Heber City, 75.0%; Charleston, 12.5%; and Midway, 12.5%.
- b. The utility is governed by the Power Board which is selected from the Mayor and City Council of the participating municipalities.
- c. The Power Board governs the operations of the utility through management employed by the Board. Since the utility is subject to the same laws as the creating entities, it must follow state law for cities in the areas of fiscal management, budgeting, and financing. As the governing board is made up of the participants' mayors and appointees from the city councils, each participant has indirect control over these matters.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-B. Investment in Joint Venture

d. Summary financial information, as of the joint venture's last year end of December 31, 2024, is as follows:

	Heber Light and Power	Heber City's Share
Total assets and deferred outflows	\$ 135,375,709	\$ 101,531,782
Total liabilities and deferred inflows	<u>58,653,440</u>	<u>43,990,080</u>
Net position	<u>\$ 76,722,269</u>	<u>\$ 57,541,702</u>
Total operating revenues	\$ 27,474,148	\$ 20,605,611
Total operating expenses	<u>28,494,988</u>	<u>21,371,241</u>
Net operating income (loss)	<u>(1,020,840)</u>	<u>(765,630)</u>
Non-operating income	6,384,027	4,788,020
Non-operating expense	<u>1,787,224</u>	<u>1,340,418</u>
Net non-operating income (loss)	<u>4,596,803</u>	<u>3,447,602</u>
Income (loss) before contributions	3,575,963	2,681,972
Capital contributed	9,437,873	7,078,405
Less - Restatement for GASB Statement No. 101	<u>(77,436)</u>	<u>(58,077)</u>
Change in net position	<u>\$ 12,936,400</u>	<u>\$ 9,702,300</u>

e. The joint venture has the following long-term debt:

Revenue bonds	\$ 45,145,000
Unamortized bond premiums	4,729,397
Notes payable	758,859
Compensated absences	1,249,842
Termination benefits	140,132
Contract payable	<u>1,199,436</u>
	53,222,666
Less current portion	<u>(1,922,110)</u>
Net long-term debt	<u>\$ 51,300,556</u>

f. Audited financial statements for Heber Light and Power are available at Heber Light and Power's office:
31 South 100 West, Heber City, Utah 84032.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans

General Information about the Pension Plan

Plan description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust funds:

Defined Benefit Plans

Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple-employer, cost sharing, public employee retirement system;

Public Safety Retirement System (Public Safety System) is a cost-sharing, multiple-employer public retirement system;

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple-employer cost sharing public employee retirement system;

Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

Benefits provided:

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA**
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 Years	20 years any age 10 years, age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4 % depending upon employer
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years, age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years, any age 20 years, age 60* 10 years age 62* 4 years age 65	1.5% per year all years 2.0% per year July 1, 2020 to present	Up to 2.5%

* *Actuarial reductions are applied.*

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contribution Rate Summary:

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2025 are as follows:

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

	Employee	Employer	Employer 401(k)
Contributory System			
111 Local Government Div - Tier 2	0.70%	15.19%	0.00%
Noncontributory System			
15 Local Government Div - Tier 1	N/A	16.97%	N/A
Public Safety System Contributory			
122 Tier 2 DB Hybrid Public Safety	4.73%	25.33%	N/A
Public Safety System Noncontributory			
43 Other Div A with 2.5% COLA	N/A	33.54%	N/A
Tier 2 DC Only			
211 Local Government	N/A	5.19%	10.00%
222 Public Safety	N/A	11.33%	14.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

Contribution Summary

For fiscal year ended June 30, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 427,112	\$ -
Public Safety System	208,753	-
Tier 2 Public Employees System	501,382	23,057
Tier 2 Public Safety and Firefighter	473,472	88,414
Tier 2 DC Only System	110,773	3
Tier 2 DC Public Safety and Firefighter	26,170	-
Total Contributions	<u>\$ 1,747,662</u>	<u>\$ 111,474</u>

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions

At June 30, 2025, we reported a net pension asset of \$0 and a net pension liability of \$2,457,541.

	(Measurement Date): December 31, 2024				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2023	Change (Decrease)
Noncontributory System	\$ -	\$ 974,784	0.3073947%	0.3017632%	0.0056315%
Public Safety System	-	991,197	0.6405966%	0.6271424%	0.0134542%
Tier 2 Public Employees System	-	318,905	0.1069292%	0.1053718%	0.0015574%
Tier 2 Public Safety and Firefighter	-	172,656	0.3817390%	0.3326733%	0.0490657%
Total	<u>\$ -</u>	<u>\$ 2,457,542</u>			

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2025, we recognized pension expense of \$2,135,014.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 927,966	\$ 11,269
Changes in assumptions	283,972	2,739
Net difference between projected and actual earnings on pension plan investments	496,741	-
Changes in proportion and differences between contri- butions and proportionate share of contributions	65,806	19,712
Contributions subsequent to the measurement date	899,250	-
	<u>\$ 2,673,735</u>	<u>\$ 33,720</u>

\$899,250 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 724,750
2026	865,247
2027	(153,466)
2028	10,759
2029	107,790
Thereafter	185,685

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognize pension expense of \$885,189.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 580,831	\$ -
Changes in assumptions	80,633	-
Net difference between projected and actual earnings on pension plan investments	293,620	-
Changes in proportion and differences between contri- butions and proportionate share of contributions	-	9,632
Contributions subsequent to the measurement date	215,396	-
	<u>\$ 1,170,480</u>	<u>\$ 9,632</u>

\$215,396 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 551,388
2026	534,963
2027	(119,142)
2028	(21,757)
2029	-
Thereafter	-

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognize pension expense of \$652,412.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 104,741	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	171,547	-
Changes in proportion and differences between contri- butions and proportionate share of contributions	2,283	-
Contributions subsequent to the measurement date	106,389	-
	<u>\$ 384,960</u>	<u>\$ -</u>

\$106,389 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 117,382
2026	243,498
2027	(69,679)
2028	(12,630)
2029	-
Thereafter	-

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognize pension expense of \$348,135.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 137,865	\$ 2,197
Changes in assumptions	106,510	28
Net difference between projected and actual earnings on pension plan investments	20,383	-
Changes in proportion and differences between contri- butions and proportionate share of contributions	50,600	5,686
Contributions subsequent to the measurement date	318,982	-
	<u>\$ 634,340</u>	<u>\$ 7,911</u>

\$318,982 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 36,597
2026	56,622
2027	24,331
2028	29,882
2029	71,004
Thereafter	89,011

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

Tier 2 Public Safety and Firefighter System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, we recognize pension expense of \$249,278.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 104,529	\$ 9,072
Changes in assumptions	96,829	2,711
Net difference between projected and actual earnings on pension plan investments	11,191	-
Changes in proportion and differences between contri- butions and proportionate share of contributions	12,923	4,394
Contributions subsequent to the measurement date	258,483	-
	<u>\$ 483,955</u>	<u>\$ 16,177</u>

\$258,483 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 19,383
2026	30,164
2027	11,024
2028	15,264
2029	36,786
Thereafter	96,674

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

Actuarial assumptions:

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.5 – 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the longterm expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity securities	35.00%	7.01%	2.45%
Debt securities	20.00%	2.54%	0.51%
Real assets	18.00%	5.45%	0.98%
Private equity	12.00%	10.05%	1.21%
Absolute return	15.00%	4.36%	0.65%
Cash and cash equivalents	0.00%	0.49%	0.00%
Totals	100.00%		5.80%
Inflation			2.50%
Expected arithmetic nominal return			8.30%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

Discount rate:

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1.00 percentage point lower (5.85 percent) or 1.00 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 4,122,538	\$ 974,784	\$ (1,665,162)
Public Safety System	3,045,097	991,197	(684,755)
Tier 2 Public Employees System	952,491	318,905	(173,963)
Tier 2 Public Safety and Firefighter	588,742	172,656	(160,010)
Total	\$ 8,708,868	\$ 2,457,542	\$ (2,683,890)

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plan:

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Heber City participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-D. Pension Plans (Continued)

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 121,226	\$ 157,359	\$ 122,333
Employee Contributions	215,066	140,651	127,761
457 Plan			
Employer Contributions	\$ 9,908	\$ 6,543	\$ -
Employee Contributions	70,909	37,511	26,914
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 62,015	\$ 51,026	\$ 43,542
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 150	\$ 575	\$ -

4-F. Leases Receivable

The City's leasing operations consist of the leasing of hangar space at the City's airport to tenants. The majority of the 82 leases have a consumer price index-based inflation factor, while some older leasing agreements are a flat fee for the duration of the term. Lease terms remaining on the leases range from 3 to 79 years.

Lease revenues recognized during the year totaled \$143,726.

Expected future lease payments to be received are as follows:

Year	Principal	Interest	Total
2026	\$ 69,458	\$ 198,240	\$ 267,698
2027	72,311	196,157	268,468
2028	69,312	193,987	263,299
2029	75,929	191,908	267,837
2030	84,977	189,630	274,607
2031-2035	532,980	906,527	1,439,507
2036-2040	594,137	815,181	1,409,318
2041-2045	364,526	740,449	1,104,975
2046-2050	131,276	697,472	828,748
2051-2055	(24,794)	694,578	669,784
2056-2060	84,333	692,131	776,464
2061-2065	228,853	671,282	900,135
2066-2070	417,270	626,231	1,043,501
2071-2075	389,608	553,739	943,347
2076-2080	142,826	520,517	663,343
2081-2085	277,565	491,431	768,996
2086-2090	451,602	439,877	891,479
2091-2095	674,034	359,433	1,033,467
2096-2100	955,866	242,205	1,198,071
2101-2104	1,015,942	78,515	1,094,457
Total	<u>\$ 6,608,011</u>	<u>\$ 9,499,490</u>	<u>\$ 16,107,501</u>

HEBER CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2025

4-G. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, which is, the date the financial statements were available to be issued.

4-H. Change Within Reporting Entity

During the fiscal year ended June 30, 2025, two of the City's funds qualified as Major, while two other funds no longer qualified as Major. A summary of these changes is displayed below:

	Reporting Units Affected by Adjustments to Beginning Balances			
	Funds			
	COVID-19 - Special Revenue	General - Capital projects	Streets - Capital Projects	Airport - Capital Projects
Fund Balance - beginning of year, as previously reported	\$ 792,806	\$ -	\$ 2,920,646	\$ -
Change from nonmajor to major fund	-	3,335,905	-	559
Change from major to nonmajor fund	(792,806)	-	(2,920,646)	-
Fund Balance, beginning of year, adjusted	<u>\$ -</u>	<u>\$ 3,335,905</u>	<u>\$ -</u>	<u>\$ 559</u>

4-I. Implementation of GASB Statement No. 101, *Compensated Absences*

During the year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences. This Statement creates a unified model for reporting, as well as amends certain previously required disclosures. As a result of implementing this standard, the City recalculated its compensated absences using estimates of vacation and sick leave usage for amounts, including the impact on the June 30, 2024 balances and determined no significant change from what was previously reported, therefore, no adjustment or restatement of beginning fund balance or net position is necessary.

REQUIRED SUPPLEMENTARY INFORMATION

HEBER CITY CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are:

- General Fund.
- Airport Special Revenue Fund

The basis of budgeting for these funds is the same as GAAP as applicable to governmental entities.

Budgeting and Budgetary Control

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Changes in Assumptions Related to Pensions

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 14,700,976	\$ 15,300,976	\$ 14,948,602	\$ (352,374)
Licenses and permits	1,285,995	1,558,409	1,754,728	196,319
Intergovernmental revenues	1,418,828	1,503,628	2,234,546	730,918
Charges for services	267,000	611,600	1,006,910	395,310
Fines and forfeitures	301,000	301,000	523,690	222,690
Impact fees	70,141	104,903	174,869	69,966
Heber Light and Power dividend	250,000	250,000	-	(250,000)
Interest	463,869	463,869	880,177	416,308
Miscellaneous revenue	170,070	292,070	354,291	62,221
Total revenues	18,927,879	20,386,455	21,877,813	1,491,358
EXPENDITURES:				
General government:				
Legislative	246,116	310,816	306,303	4,513
Judicial	392,027	407,027	402,403	4,624
Administrative	1,105,628	1,469,328	1,465,222	4,106
Human resources	186,551	193,451	159,216	34,235
Information technology	322,220	352,220	328,529	23,691
General government buildings	224,696	311,546	301,133	10,413
Building department	1,145,464	1,430,024	1,259,802	170,222
Planning department	792,131	832,131	750,143	81,988
Attorney	217,646	227,646	222,410	5,236
Engineering	352,695	352,695	292,668	60,027
Public Safety:				
Police department	6,298,306	7,334,906	7,235,122	99,784
Animal control	414,226	414,226	386,060	28,166
Roads	2,750,265	4,618,765	3,011,182	1,607,583
Parks and recreation	1,414,823	2,048,323	1,083,199	965,124
Cemetery	750,915	750,915	727,356	23,559
Debt Service:				
Principal	-	65,000	63,719	1,281
Interest	-	20,000	11,358	8,642
Total expenditures	16,613,709	21,139,019	18,005,825	3,133,194
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,314,170	(752,564)	3,871,988	4,624,552
Other financing sources and (uses):				
Transfers in	-	-	444,937	444,937
Transfers out	(1,432,159)	(5,492,058)	(4,991,204)	500,854
Budgeted use of fund balance	53,597	7,180,230	-	(7,180,230)
Total other financing sources and (uses)	(1,378,562)	1,688,172	(4,546,267)	(6,234,439)
Net change in fund balances	935,608	935,608	(674,279)	(1,609,887)
Fund balances - beginning of year	14,896,798	14,896,798	14,896,798	-
Fund balances - end of year	\$ 15,832,406	\$ 15,832,406	\$ 14,222,519	\$ (1,609,887)

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
AIRPORT SPECIAL REVENUE FUND
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Charges for services	\$ 1,044,599	\$ 1,044,599	\$ 536,598	\$ (508,001)
Interest	5,500	5,500	201,605	196,105
Miscellaneous revenue	500	500	17,161	16,661
Total revenues	1,050,599	1,050,599	755,364	(295,235)
EXPENDITURES:				
Airport	600,924	655,224	598,847	56,377
Total expenditures	600,924	655,224	598,847	56,377
Excess (Deficiency) of Revenues Over (Under) Expenditures	449,675	395,375	156,517	(238,858)
Other financing sources and (uses):				
Transfers in	-	10,500	10,485	(15)
Transfers out	(385,000)	(385,000)	(174,500)	210,500
Budgeted use of fund balance	-	43,800	-	(43,800)
Total other financing sources and (uses)	(385,000)	(330,700)	(164,015)	166,685
Net change in fund balances	64,675	64,675	(7,498)	(72,173)
Fund balances - beginning of year	25,239	25,239	25,239	-
Fund balances - end of year	\$ 89,914	\$ 89,914	\$ 17,741	\$ (72,173)

HEBER CITY CORPORATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Utah Retirement Systems
June 30, 2025
Measurement Date of December 31
Last 10 Fiscal Years

Measurement Date December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Noncontributory System					
2024	0.3073947%	\$ 974,784	\$ 2,420,760	40.27%	96.0%
2023	0.3017632%	699,959	2,398,506	29.18%	96.9%
2022	0.2779631%	476,081	2,106,570	22.60%	97.5%
2021	0.2779569%	(1,591,890)	2,091,442	(76.11%)	108.7%
2020	0.2737815%	140,434	2,124,512	6.61%	99.2%
2019	0.2292198%	863,900	1,845,122	46.82%	93.7%
2018	0.2526255%	1,860,264	1,971,435	94.36%	87.0%
2017	0.2372588%	1,039,502	1,821,196	57.08%	91.9%
2016	0.1993893%	1,280,323	1,545,111	82.86%	87.3%
2015	0.1945194%	1,100,685	1,545,329	71.23%	87.8%
Public Safety System					
2024	0.6405966%	\$ 991,196	\$ 668,272	148.32%	93.3%
2023	0.6271424%	896,916	765,839	117.12%	93.4%
2022	0.5536366%	715,894	644,042	111.16%	93.6%
2021	0.6369301%	(517,278)	828,553	(62.43%)	104.2%
2020	0.6475021%	537,583	832,551	64.57%	95.5%
2019	0.5387236%	864,984	707,026	122.34%	90.9%
2018	0.6456268%	1,660,930	872,536	190.36%	84.7%
2017	0.6348638%	995,884	873,748	113.98%	90.2%
2016	0.5564376%	1,129,166	741,131	152.36%	86.5%
2015	0.5237153%	938,106	705,002	133.06%	87.1%
Tier 2 Public Employees Retirement Systems					
2024	0.1069292%	\$ 318,905	\$ 3,169,029	10.06%	87.4%
2023	0.1053718%	205,094	2,724,324	7.53%	89.6%
2022	0.1040239%	113,271	2,269,303	4.99%	92.3%
2021	0.1011490%	(42,810)	1,876,541	(2.28%)	103.8%
2020	0.0940144%	13,522	1,502,880	0.90%	98.3%
2019	0.0783959%	17,632	1,090,988	1.62%	96.5%
2018	0.1031187%	44,164	1,201,755	3.67%	90.8%
2017	0.1121103%	9,884	1,097,416	0.90%	97.4%
2016	0.0994969%	11,099	815,958	1.36%	95.1%
2015	0.0814209%	(178)	526,066	(0.03%)	100.2%
Tier 2 Public Safety and Firefighter Retirement System					
2024	0.3817390%	\$ 172,656	\$ 1,742,527	9.91%	90.1%
2023	0.3326733%	125,315	1,260,515	9.94%	89.1%
2022	0.3048087%	25,428	937,830	2.71%	96.4%
2021	0.2384933%	(12,054)	570,328	(2.11%)	102.8%
2020	0.2931178%	26,291	587,756	4.47%	93.1%
2019	0.2551496%	24,000	420,651	5.71%	89.6%
2018	0.2696340%	6,756	359,867	1.88%	95.6%
2017	0.2848050%	(3,295)	300,639	(1.10%)	103.0%
2016	0.3813388%	(3,310)	315,072	(1.05%)	103.6%
2015	0.4220258%	(6,166)	251,149	(2.46%)	110.7%

HEBER CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS
Utah Retirement Systems

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System					
2025	\$ 427,112	\$ 427,112	\$ -	\$ 2,523,816	16.92%
2024	425,797	425,797	-	2,375,525	17.92%
2023	417,449	417,449	-	2,330,873	17.91%
2022	366,622	366,622	-	1,994,389	18.38%
2021	387,996	387,996	-	2,110,087	18.39%
2020	404,497	404,497	-	2,217,554	18.24%
2019	392,023	392,023	-	2,171,149	18.06%
2018	339,609	339,609	-	1,879,659	18.07%
2017	290,865	290,865	-	1,585,919	18.34%
2016	286,000	286,000	-	1,533,288	18.65%
Public Safety System					
2025	\$ 208,753	\$ 208,753	\$ -	\$ 622,400	33.54%
2024	256,843	256,843	-	754,533	34.04%
2023	245,671	245,671	-	721,712	34.04%
2022	237,659	237,659	-	698,178	34.04%
2021	287,301	287,301	-	844,008	34.04%
2020	281,973	281,973	-	828,360	34.04%
2019	297,419	297,419	-	873,733	34.04%
2018	299,185	299,185	-	879,181	34.03%
2017	268,574	268,574	-	790,512	33.97%
2016	243,908	243,908	-	716,534	34.04%
Tier 2 Public Employees System**					
2025	\$ 501,382	\$ 501,382	\$ -	\$ 3,300,734	15.19%
2024	488,880	488,880	-	3,053,592	16.01%
2023	395,374	395,374	-	2,472,225	15.99%
2022	336,659	336,659	-	2,095,034	16.07%
2021	259,884	259,884	-	1,644,837	15.80%
2020	223,427	223,427	-	1,409,366	15.85%
2019	203,249	203,249	-	1,309,128	15.53%
2018	166,326	166,326	-	1,101,253	15.10%
2017	145,599	145,599	-	976,518	14.91%
2016	97,358	97,358	-	654,337	14.88%
Tier 2 Public Safety and Firefighter System					
2025	\$ 473,472	\$ 473,472	\$ -	\$ 1,869,215	25.33%
2024	396,840	396,840	-	1,536,353	25.83%
2023	285,643	285,643	-	1,105,859	25.83%
2022	173,924	173,924	-	671,504	25.90%
2021	147,972	147,972	-	572,868	25.83%
2020	139,604	139,604	-	603,562	23.13%
2019	100,922	100,922	-	437,348	23.08%
2018	69,706	69,706	-	308,879	22.57%
2017	68,246	68,246	-	303,317	22.50%
2016	66,923	66,923	-	297,438	22.50%

The Schedule of Contributions is continued on the next page.

HEBER CITY CORPORATION
SCHEDULE OF CONTRIBUTIONS (Continued)**
Utah Retirement Systems

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Tier 2 Public Employees DC Only**					
2025	\$ 110,773	\$ 110,773	\$ -	\$ 729,252	15.19%
2024	29,475	29,475	-	476,174	6.19%
2023	25,296	25,296	-	408,665	6.19%
2022	19,129	19,129	-	285,939	6.69%
2021	12,398	12,398	-	185,325	6.69%
2020	12,661	12,661	-	189,253	6.69%
2019	7,444	7,444	-	111,278	6.69%
2018	6,036	6,036	-	90,221	6.69%
2017	1,279	1,279	-	19,112	6.69%
2016	1,271	1,271	-	19,005	6.69%
Tier 2 Public Safety and Firefighter DC Only System**					
2025	\$ 26,170	\$ 26,170	\$ -	\$ 230,978	11.33%
2024	9,066	9,066	-	76,639	11.83%
2023	7,295	7,295	-	61,663	11.83%
2022	14,620	14,620	-	123,587	11.83%
2021	12,798	12,798	-	108,182	11.83%
2020	8,823	8,823	-	74,574	11.83%
2019	5,982	5,982	-	50,568	11.83%
2018	5,363	5,363	-	45,331	11.83%
2017	3,740	3,740	-	31,613	11.83%
2016	-	-	-	-	0.00%

** Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created July 1, 2011.

SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS

DEBT SERVICE FUND

Debt service funds are used to account for the proceeds of debt issued for governmental activities and the subsequent repayment of long-term debt. The City's Debt Service Fund is used for this purpose.

SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specified revenues sources for governmental activities. The City's COVID-19 special revenue fund was used to track COVID-19-era federal grant revenues. During the fiscal year ended June 30, 2025 the fund was closed out after all related federal funds had been expended.

CAPITAL PROJECT FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities and equipment other than those financed by proprietary funds and trust funds. The City's Community Reinvestment Agency Capital Projects fund, and Streets Capital Projects Fund are used to account for capital improvements and purchases for governmental activities.

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for the purposes that support the government's programs. The City's Cemetery Perpetual Care Permanent Fund accounts for assets held by the City to provide for the perpetual care of the cemetery. The principal portion of the fund must be maintained, whereas the interest earned in the fund is available to be used as needed to maintain and improve the community cemetery unless otherwise approved by the council to use for other cemetery related purposes.

BUDGETARY COMPARISON SCHEDULES

The Budgetary Comparison Schedules presented in this section of the report are:

- General Capital Projects (Major)
- Airport Capital Projects Fund (Major)
- Parks – Capital Projects Fund (Major)
- Debt Service Fund
- COVID-19 Special Revenue Fund
- Community Reinvestment Agency Capital Projects Fund
- Streets – Capital Projects Fund
- Perpetual Care – Permanent Fund

The basis of budgeting for these funds is the same as GAAP as applicable to governmental entities.

HEBER CITY CORPORATION
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	Debt Service	Special Revenue	Capital Projects		Permanent	Total Nonmajor
	Debt Service Fund	COVID-19	Community Reinvestment Agency	Streets	Perpetual Care Fund	Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 96,669	\$ -	\$ 96,669
Receivables:						
Other receivables	-	-	-	-	4,459	4,459
Due from other funds	-	-	-	-	800,000	800,000
Restricted cash and cash equivalents	390,479	-	39,405	3,770,039	31,643	4,231,566
TOTAL ASSETS	\$ 390,479	\$ -	\$ 39,405	\$ 3,866,708	\$ 836,102	\$ 5,132,694
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ 528	\$ 96,670	\$ -	\$ 97,198
TOTAL LIABILITIES	-	-	528	96,670	-	97,198
FUND BALANCES:						
Nonspendable:						
Perpetual care	-	-	-	-	831,643	831,643
Restricted for:						
Debt service	390,479	-	-	-	-	390,479
Capital projects	-	-	38,877	3,770,038	-	3,808,915
Assigned for:						
Capital projects	-	-	-	-	4,459	4,459
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	390,479	-	38,877	3,770,038	836,102	5,035,496
TOTAL LIABILITIES AND FUND BALANCES	\$ 390,479	\$ -	\$ 39,405	\$ 3,866,708	\$ 836,102	\$ 5,132,694

HEBER CITY CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	Debt Service	Special Revenue	Capital Projects				Permanent	Total
			Formerly Nonmajor Fund	Formerly Nonmajor Fund	Community Reinvestment Agency	Formerly Major Fund Streets	Formerly Nonmajor Fund Parks Fund	Nonmajor Governmental Funds
	Debt Service Fund	Formerly Major Fund COVID-19	Formerly Nonmajor Fund General Capital Projects	Formerly Nonmajor Fund Airport Fund	Community Reinvestment Agency	Formerly Major Fund Streets	Formerly Nonmajor Fund Parks Fund	Nonmajor Governmental Funds
REVENUES:								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,381
Impact fees	-	-	-	-	-	1,633,303	-	-
Interest	-	-	-	-	1,793	147,650	-	317
Total revenues	-	-	-	-	1,793	1,780,953	-	57,698
EXPENDITURES:								
Current:								
General government	-	-	-	-	10,067	-	-	-
Public works	-	-	-	-	876,000	116,225	-	-
Capital outlay:								
Public works	-	-	-	-	-	794,679	-	-
Debt service:								
Principal	1,042,104	-	-	-	-	-	-	-
Interest	249,606	-	-	-	-	-	-	-
Total expenditures	1,291,710	-	-	-	886,067	910,904	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,291,710)	-	-	-	(884,274)	870,049	-	57,698
Other Financing Sources and (Uses):								
Transfers in	1,301,819	-	-	-	876,000	-	-	-
Transfers (out)	-	(792,806)	-	-	-	(20,657)	-	-
Total other financing sources and (uses)	1,301,819	(792,806)	-	-	876,000	(20,657)	-	-
Net Change in Fund Balances	10,109	(792,806)	-	-	(8,274)	849,392	-	57,698
Fund balances - beginning of year, as previously presented	380,370	-	3,335,905	559	47,151	-	4,446,638	778,404
Change within financial reporting entity	-	792,806	(3,335,905)	(559)	-	2,920,646	(4,446,638)	-
Fund balances - beginning of year as adjusted	380,370	792,806	-	-	47,151	2,920,646	-	778,404
Fund balances - end of year	\$ 390,479	\$ -	\$ -	\$ -	\$ 38,877	\$ 3,770,038	\$ -	\$ 836,102

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL - CAPITAL PROJECTS FUND (Major)
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
General government:	-	25,500	25,206	294
Public Safety	-	86,000	85,200	800
Roads	-	1,870,000	1,862,143	7,857
Parks and recreation	4,485,000	1,082,800	1,074,880	7,920
Cemetery	-	4,200,000	4,758,761	(558,761)
Total expenditures	4,485,000	7,264,300	7,806,190	(541,890)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,485,000)	(7,264,300)	(7,806,190)	(541,890)
Other financing sources and (uses):				
Sale of fixed assets	-	116,717	700,000	583,283
Transfers in	151,000	4,545,417	3,950,145	(595,272)
Transfers (out)	-	(876,000)	(876,000)	-
Budgeted use of fund balance	4,334,000	3,828,317	-	(3,828,317)
Total other financing sources and (uses)	4,485,000	7,614,451	3,774,145	(3,840,306)
Net change in fund balances	-	350,151	(4,032,045)	(4,382,196)
Fund balances - beginning of year	3,335,905	3,335,905	3,335,905	-
Fund balances - end of year	\$ 3,335,905	\$ 3,686,056	\$ (696,140)	\$ (4,382,196)

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
AIRPORT - CAPITAL PROJECTS FUND (Major)
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 1,335,603	\$ 6,671,203	\$ 5,775,933	\$ (895,270)
Total revenues	<u>1,335,603</u>	<u>6,671,203</u>	<u>5,775,933</u>	<u>(895,270)</u>
EXPENDITURES:				
Airport	<u>1,718,640</u>	<u>7,218,640</u>	<u>6,100,589</u>	<u>1,118,051</u>
Total expenditures	<u>1,718,640</u>	<u>7,218,640</u>	<u>6,100,589</u>	<u>1,118,051</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(383,037)</u>	<u>(547,437)</u>	<u>(324,656)</u>	<u>222,781</u>
Other financing sources and (uses):				
Transfers in	385,000	385,000	174,500	(210,500)
Budgeted use of fund balance	<u>-</u>	<u>164,400</u>	<u>-</u>	<u>(164,400)</u>
Total other financing sources and (uses)	<u>385,000</u>	<u>549,400</u>	<u>174,500</u>	<u>(374,900)</u>
Net change in fund balances	<u>1,963</u>	<u>1,963</u>	<u>(150,156)</u>	<u>(152,119)</u>
Fund balances - beginning of year	<u>559</u>	<u>559</u>	<u>559</u>	<u>-</u>
Fund balances - end of year	<u>\$ 2,522</u>	<u>\$ 2,522</u>	<u>\$ (149,597)</u>	<u>\$ (152,119)</u>

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PARKS - CAPITAL PROJECTS FUND (Major)
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Impact fees	\$ 1,124,117	\$ 1,124,117	\$ 1,575,985	\$ 451,868
Interest	90,000	90,000	160,374	70,374
Total revenues	1,214,117	1,214,117	1,736,359	522,242
EXPENDITURES:				
Parks and recreation	4,746,000	5,254,000	4,383,047	870,953
Total expenditures	4,746,000	5,254,000	4,383,047	870,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,531,883)	(4,039,883)	(2,646,688)	1,393,195
Other financing sources and (uses):				
Transfers (out)	-	(695,525)	(695,525)	-
Budgeted use of fund balance	3,531,883	4,735,408	-	(4,735,408)
Total other financing sources and (uses)	3,531,883	4,039,883	(695,525)	(4,735,408)
Net change in fund balances	-	-	(3,342,213)	(3,342,213)
Fund balances - beginning of year	4,446,638	4,446,638	4,446,638	-
Fund balances - end of year	\$ 4,446,638	\$ 4,446,638	\$ 1,104,425	\$ (3,342,213)

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Debt service:				
Principal	1,042,104	1,042,104	1,042,104	-
Interest	249,606	249,606	249,606	-
Total expenditures	1,291,710	1,291,710	1,291,710	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,291,710)	(1,291,710)	(1,291,710)	-
Other financing sources and (uses):				
Transfers in	1,301,820	1,301,820	1,301,819	(1)
Budgeted contribution to fund balance	(10,110)	(10,110)	-	10,110
Total other financing sources and (uses)	1,291,710	1,291,710	1,301,819	10,109
Net change in fund balances	-	-	10,109	10,109
Fund balances - beginning of year	380,370	380,370	380,370	-
Fund balances - end of year	\$ 380,370	\$ 380,370	\$ 390,479	\$ 10,109

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
COVID-19 SPECIAL REVENUE FUND
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
General government:				
Total expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other financing sources and (uses):				
Transfers out	-	(792,806)	(792,806)	-
Budgeted	-	792,806	-	(792,806)
Total other financing sources and (uses)	-	-	(792,806)	(792,806)
Net change in fund balances	-	-	(792,806)	(792,806)
Fund balance - beginning of year	792,806	792,806	792,806	-
Fund balance - end of year	\$ 792,806	\$ 792,806	\$ -	\$ (792,806)

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY REINVESTMENT AGENCY – CAPITAL PROJECTS
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ -	\$ -	\$ 1,793	\$ 1,793
Total revenues	-	-	1,793	1,793
EXPENDITURES:				
General government:				
Administrative	\$ 20,000	\$ 896,000	\$ 886,067	\$ 9,933
Total expenditures	20,000	896,000	886,067	9,933
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(896,000)	(884,274)	11,726
Net change in fund balances	(20,000)	(896,000)	(8,274)	887,726
Fund balances - beginning of year	47,151	47,151	47,151	-
Fund balances - end of year	\$ 27,151	\$ (848,849)	\$ 38,877	\$ 887,726

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
STREETS – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Impact fees	\$ 665,851	\$ 665,851	\$ 1,633,303	\$ 967,452
Interest	90,000	90,000	147,650	57,650
Total revenues	755,851	755,851	1,780,953	1,025,102
EXPENDITURES:				
Roads	2,304,000	3,250,000	910,904	2,339,096
Total expenditures	2,304,000	3,250,000	910,904	2,339,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,548,149)	(2,494,149)	870,049	3,364,198
Other financing sources and (uses):				
Transfers out	(17,696)	(17,696)	(20,657)	(2,961)
Budgeted use of fund balance	1,565,845	2,511,845	-	(2,511,845)
Total other financing sources and (uses)	1,548,149	2,494,149	(20,657)	(2,514,806)
Net change in fund balances	-	-	849,392	849,392
Fund balances - beginning of year	2,920,646	2,920,646	2,920,646	-
Fund balances - end of year	<u>\$ 2,920,646</u>	<u>\$ 2,920,646</u>	<u>\$ 3,770,038</u>	<u>\$ 849,392</u>

HEBER CITY CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
PERPETUAL CARE FUND
For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Charges for services	\$ 60,000	\$ 60,000	\$ 57,381	\$ (2,619)
Interest	-	-	317	317
Total revenues	60,000	60,000	57,698	(2,302)
EXPENDITURES:				
Cemetery	-	-	-	-
Total expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,000	60,000	57,698	(2,302)
Other financing sources and (uses):				
Transfers (out)	-	(800,000)	-	800,000
Budgeted use of fund balance	-	800,000	-	(800,000)
Total other financing sources and (uses)	-	-	-	-
Net change in fund balances	60,000	60,000	57,698	(2,302)
Fund balances - beginning of year	778,404	778,404	778,404	-
Fund balances - end of year	\$ 838,404	\$ 838,404	\$ 836,102	\$ (2,302)



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Heber City Council
Heber City
Heber City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Heber City ("the City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 2, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Heber City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Heber City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Larson & Company, PC

Spanish Fork, Utah
February 2, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE*

To the Heber City Council
Heber City
Heber City, Utah

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited Heber City's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Heber City's major federal programs for the year ended June 30, 2025. Heber City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Heber City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards general accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Governments Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U. S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Heber City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Heber City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Heber City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Heber City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Heber City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Heber City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Heber City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of Heber City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah

February 2, 2026

Heber City, Utah
Schedule of Expenditures of Federal Awards
June 30, 2025

	<u>Federal CFDA Number</u>	<u>Amount of Expenditures</u>
Indirect Assistance		
U.S. Division of Water Resources		
Passed through the State of Utah		
BWRre ARPA Grant	21.027	\$ 1,961,958
Total U.S. Division of Water Resources		<u>1,961,958</u>
U.S. Department of Transportation		
Passed through the State of Utah		
* Airport Improvement Program / 2019	20.106	5,512,761
Total U.S. Department of Transportation		<u>5,512,761</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 7,474,719</u></u>

* Major Program

NOTE 1. PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards is a supplementary schedule to Heber City's ("the City") financial statements and is presented for the purpose of additional analysis. Because the schedule presents only a selected portion of the activities of the City, it is not intended to, and does not present financial position, changes in fund balances, or the current funds, revenue, expenditure, and other changes of the City.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The information in the schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost of Principles, and Audit Requirement* for Federal Awards.

Federal Awards

Pursuant to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* assistance is defined by a federal agency, either directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriation. Accordingly, non-monetary federal assistance, including federal surplus property, would be included in federal awards, if applicable, and therefore, would be reported on the schedule in federal awards. Federal awards include direct federal cash assistance to individuals.

Type A and Type B Programs

The Single Audit Act Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* establish the levels of expenditure or expenses to be used in defining Type A and Type B federal award programs. Type A programs, for the City, are those programs which exceed \$750,000 in federal expenditures, distributions, or issuances for the fiscal year ended June 30, 2025.

Reporting Entity

The reporting entity is fully described in Note 1 of Heber City's financial statements. The schedule includes all federal award programs administered by the City for the year ended June 30, 2025.

Basis of Accounting

The expenditures in the schedule are recognized as incurred based on the modified accrual basis of accounting and the cost accounting principles contained in the *Uniform Guidance, Cost Principles for State and Local Governments*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

Matching Costs

The schedule does not include matching expenditures.

10% De Minimis Indirect Cost Rate

The City does not use the 10% de minimis cost rate. Heber City negotiates an indirect cost rate with their cognizant oversight agency.

Direct and Indirect Flow-Through Federal Assistance

Some of Heber City's Federal Awards are received directly from the granting federal agency. However, the majority of federal awards as identified on the schedule are passed through a separate entity prior to receipt by the City.

Sub-recipients

Heber City does not pass through to any sub-recipients.

Non-Cash Assistance

Heber City did not receive any non-cash assistance for the year ended June 30, 2025.

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the governmental activities, business-type activities, each major fund,
and the aggregate remaining fund information
Unmodified

Internal Control over financial reporting:

Material weakness identified	None reported
Significant deficiencies identified not considered to be material weaknesses	None reported

Noncompliance material to financial statements noted?	No
---	----

Federal Awards

Internal control over major programs:

Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported

Type of auditor's report issued on compliance for major programs
Unmodified

Any findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No
--	----

Identification of major programs:

<u>Name of federal program or cluster</u>	<u>Assisted Listing Number</u>
Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

CURRENT YEAR FINDINGS

Financial Statement and State Compliance Findings:

2025-001 Budgetary Compliance

Criteria: Per Utah Code 10-6-123, City officers may not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or as subsequently amended. Any obligation contracted by any such officer may not be or become valid or enforceable against the City.

Condition: During our testing, it was discovered that expenditures in the General Capital Projects Fund exceeded budgeted appropriations.

Cause and effect: Oversight by the management and staff. The effect of this finding resulted in noncompliance with Utah State Code.

Recommendation: We recommend that management and governance fortify review controls over expenditures, as well as reviewing on a recurring basis (at least monthly) the budget to actual results for that period and the current fiscal year to date. If departments or funds are close to, or have exceeded, budgeted appropriations, then budgets should be adjusted appropriately, or increased through the proper public hearings and amended as required by Utah State Code.

Management response to finding: Management agrees with the finding and will review the controls currently in place. If needed, controls will be adjusted to ensure that the City remains within budgeted appropriations in all departments for funds as required by law.

Federal Award Findings:

None noted for the current fiscal year

PRIOR YEAR FINDINGS

Financial Statement and State Compliance Findings:

None noted in the prior year

Federal Award Findings:

None noted in the Prior Year



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

To the Heber City Commission
Heber City
Heber City, Utah

Report on Compliance

We have audited Heber City ("the City") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025 in the following areas:

Budgetary Compliance	Fund Balance
Justice Courts	Governmental Fees
Fraud Risk Assessment	Restricted Taxes and Related Restricted Revenue

Opinion on Compliance

In our opinion, Heber City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide), issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Heber City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Heber City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Heber City's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Heber City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Heber City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Heber City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Heber City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of Heber City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and recommendations as item 2025-001. Our opinion on compliance is not modified with respect to these matters. Responses from responsible officials after findings will be found in the accompanying schedule of findings and recommendations.

Government Auditing Standards require the auditor to perform limited procedures on Heber City's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and recommendations. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.



Larson & Company, PC

Spanish Fork, Utah
February 2, 2026



Sawmill Addendum #2

February 17, 2026

Vicinity Map

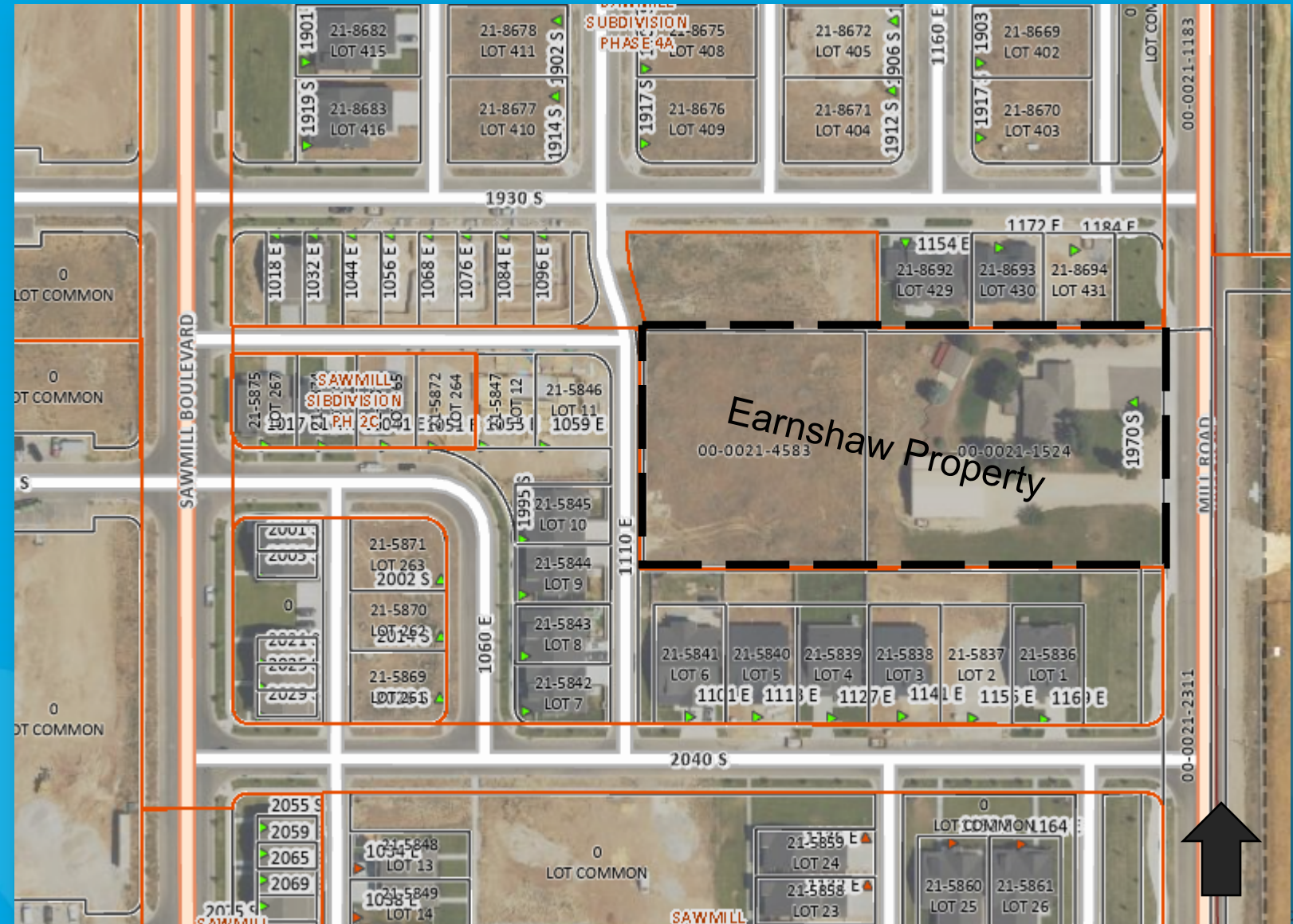


Jesus

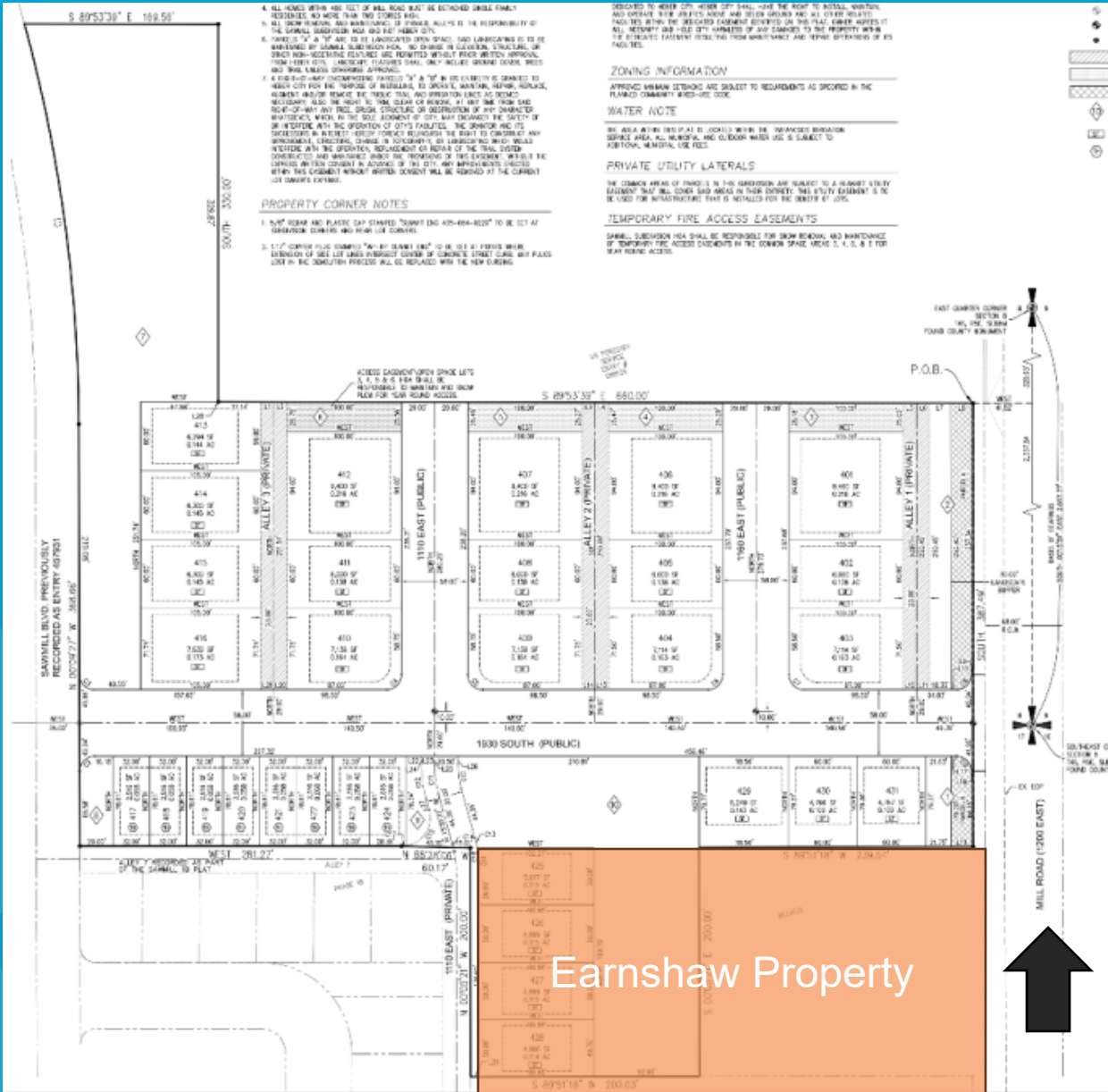
HEBER
CITY

Purpose of Addendum #2

- Incorporate Earnshaw Property into Sawmill Master Plan



Sawmill Phase 4A



Addendum #2: Open Space and 5 New Lots



PROPOSED SAWMILL PLAT CHANGES

Sawmill Plat 4	Previous	Proposed	Change
Plat Area:	8.02	8.94	+ 0.92 ac
Open Space Area:	1.99	2.49	+ 0.50 ac
Open Space Percentage	24.8%	27.9%	
New City Public Park	0	0.80	+ 0.80 ac
Number of Housing Units	26	31	+5

Request is to add 0.92 acres ("Earnshaw Remnant Parcel") to Sawmill Plat 4.
50% of the added land will be city park, and 50% will be developed into 4 new single-family lots along an existing road.
City Park of 0.80 acres includes a tot lot playground, 3 benches, sidewalks, 10 trees, grass, irrigation system
One new lot on 1930 South is requested in order to fund a portion of the park improvements.

Summary

- Sawmill Addendum #2 between Regal Homes & Heber City
 - Incorporated Earnshaw Property into Sawmill Master Plan
 - Permitted 5 dwelling units
 - Required dedication of Improved 0.797 acre park to Heber City
- Villa Two LLC acquired that same property on December 30, 2020 from Ridgepoint and did not know about Addendum #2
- Regal Homes pursued the Addendum in good faith that it would be acquiring the property from Ridgepoint and could represent itself as the future owner of the property and party to Addendum #2

Issues in Addendum #2

- **Villa Two LLC not a party to Addendum #2:**

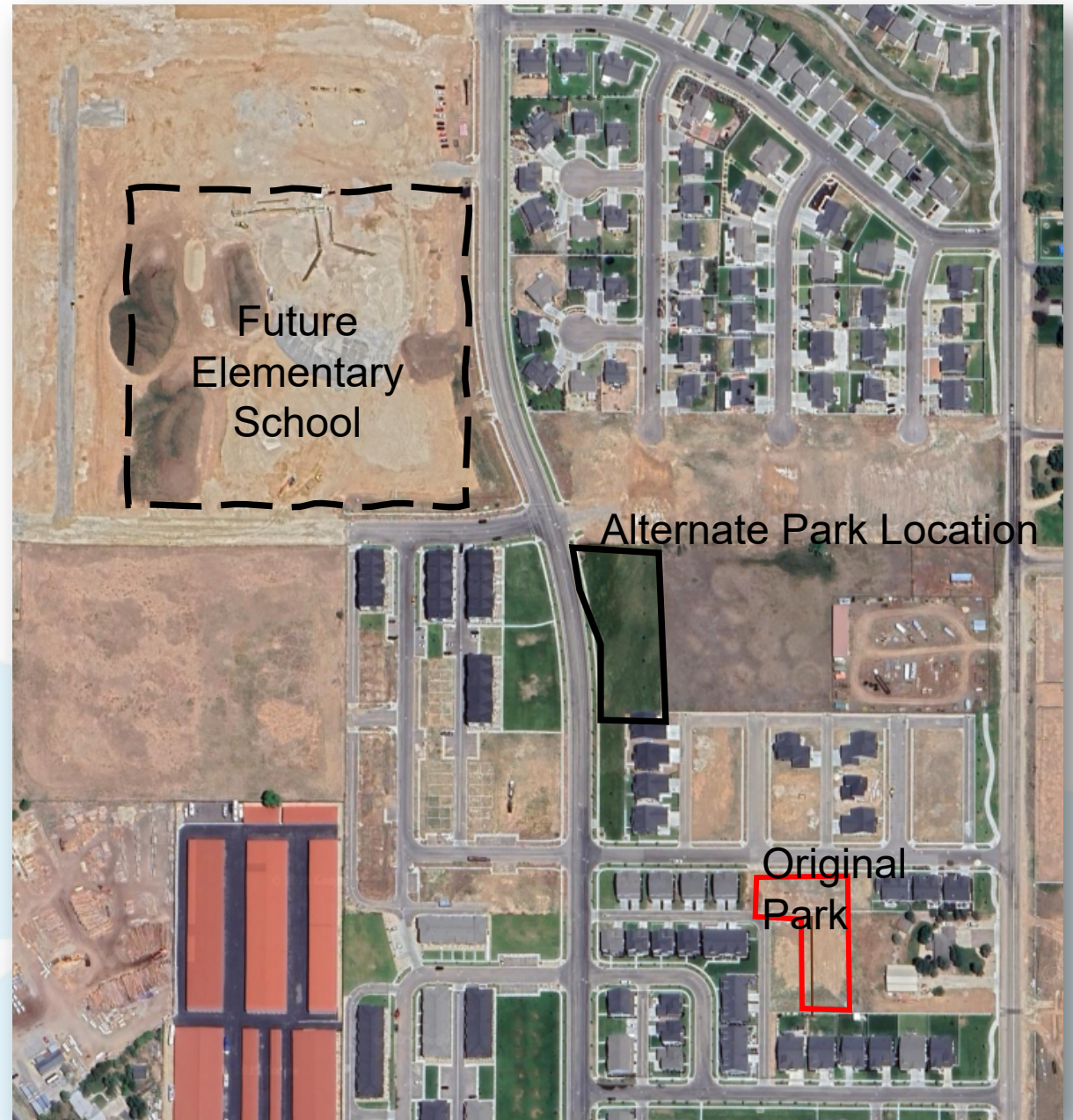
- Owns a portion of the future park
- Owns the area where 4 of the 5 lots are to be situated

- **Regal Homes, a party to Addendum #2:**

- Owns the area where 1 of the 5 homes are to be situated
- Only owns a portion of the future park

Opportunities

- Regal Homes owns an area in Sawmill where a public park could alternately be located



Policy Questions

- Would Council be amenable to moving the public park to a new location?
- Would Council be amenable to additional density considerations within the old park location?

Current State



WHEN RECORDED RETURN TO
Heber City Attorney
75 North Main Street
Heber City, Utah 84032

Ent 534152 Bk 1446 Pg 1193-1205
Date: 03-JUL-2023 3:27:24PM
Fee: \$78.00 Check Filed By: KM
MARCY M MURRAY, Recorder
WASATCH COUNTY CORPORATION
For: SUMMIT ENGINEERING GROUP INC

**ADDENDUM NO. 2 TO
SAWMILL PLANNED COMMUNITY
MIXED-USE DEVELOPMENT AGREEMENT**

This *Addendum No. 2 to the Sawmill Planned Community Mixed-Use Development Agreement* (“**Addendum**”) is made as of the date last executed below by and among Heber City, a municipal corporation and political subdivision of the State of Utah (“**City**”), and Regal Homes, LLC, a Utah limited liability company (“**Regal**”).

RECITALS

- A. On or about January 3, 2018, City, Ridgepoint Management Group, LLC (Ridgepoint), Tioga Funding Real Estate Group, LLC (Tioga), and Tingey Real Estate LTD (Tingey), entered into that certain *Sawmill Planned Community Mixed-Use Development Agreement* (“**Development Agreement**”).
- B. The Development Agreement was recorded in the real property records of Wasatch County, Utah, on or about March 6, 2018, as Entry No. 449000, in Book 1216, page 1644-1723.
- C. The Development Agreement was modified on January 4, 2022 and recorded in the real property records of Wasatch County, Utah, on June 15, 2022, as Entry No. 520918, in Book 1412, page 1577-1590, by and between the City and Bird Homes, a successor to Ridgepoint. This modification changed the original approved number of dwelling units for the Sawmill Master Plan from 622 to 592.
- D. The real property located in Wasatch County, Utah, which is encumbered by the Development Agreement (“**Property**”) is identified with particularity on **Exhibit A**, hereto.
- E. Pursuant to Section 36 of the Development Agreement, the provisions thereof run with the land. Regal is Ridgepoint’s successor-in-interest with respect to a portion of the Property and has assumed the rights, obligations, and duties of Ridgepoint under the Development Agreement.
- F. Pursuant to Section 25 of the Development Agreement, the Development Agreement may be amended to add to or clarify the provisions of the Development Agreement.
- G. The applicable zoning of the Property is currently PC Planned Community. The Development Agreement was approved under the PCMU Planned Community Zone, which has since been repealed by the City.
- H. On February 28, 2023, the Planning Commission forwarded a recommendation for approval of the Addendum to the Agreement.

- I. The City and Regal (as successor-in-interest to Ridgepoint) now wish to modify the terms of the Development Agreement on the terms and conditions set forth herein.

AMENDMENT

In consideration of the mutual promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Regal hereby agree as follows:

1. Recitals Incorporated. The foregoing Recitals are hereby incorporated and made part of the parties' agreement.
2. Sawmill Master Plan. The property described in Exhibit B (aka the Earnshaw Property) is hereby incorporated into the Sawmill Master Plan, with the approved addition to the Sawmill Master Plan illustrated in Exhibit C.
3. Density. Section 5 of the Development Agreement is hereby amended to permit an additional five dwelling units, which increases the total permitted dwelling units in the Sawmill Master Plan to 597.
4. Uses. Approved uses within the newly added portion of the Sawmill Master Plan include five detached single-family dwelling units, which shall be constructed pursuant to the standards and requirements of the Sawmill Master Plan and the repealed PCMU Zone.
5. Open Space. Developer shall dedicate a 0.797 acre public park to the City at the time of recording the subdivision plat. Developer will improve the park as per the requirements of the City's North Village Overlay Zone (NVOZ), found in Chapter 18.104 of Heber City Municipal Code. The park is illustrated in Exhibit D.
6. Entitlements. Developer shall obtain the remaining necessary entitlement approvals for the subdivision as required by the municipal code.
7. Effective Date. This Amendment shall be effective on the date when all parties have executed this Agreement.
8. Scope of Amendment. Except as expressly modified or changed in this Amendment, the terms and conditions of the Development Agreement remain in full force and effect. However, in the event of a conflict between the terms of the Development Agreement and this Amendment, this Amendment will control.
9. Document Recording. This Addendum shall be a covenant running with the land, and shall be binding upon the parties and their assigns and successors in interest. This Addendum shall be recorded with the Wasatch County Recorder.



CITY

Heber City, a municipal corporation and political subdivision

By: Heidi Franco

Name: HEIDI FRANCO

Title: MAYOR

Date: 6/20/23

Attest: Drina M. Cohe
City Recorder

STATE OF UTAH)
 SS.
COUNTY OF WASATCH)

The foregoing instrument was acknowledged before me this 20 day of June, 2023, by Heidi Franco, as Mayor of Heber City.

Seal:



Robin E. Raines-Bond
Notary Public

REGAL

Regal Homes Corporation, LLC, a Utah
limited liability company

By: Richard D. Lloyd

Name: Richard D. Lloyd

Title: Member/Manager

Date: 6/15/2023

STATE OF UTAH)
 SS.
COUNTY OF WASATCH)

The foregoing instrument was acknowledged before me this 15th day of June,
2023, by Richard D. Lloyd, as Member/Manager of Regal Homes LLC.

Seal:



Kelly Rogers
Notary Public

PARCEL NUMBERS**00-0021-5887****00-0021-5888**

BEGINNING SOUTH 00°15'51" EAST ALONG THE SECTION LINE 329.93 FEET AND WEST 41.52 FEET FROM THE WASATCH COUNTY SURVEY MONUMENT FOR THE EAST ONE-QUARTER CORNER OF SECTION 8, TOWNSHIP 4 SOUTH, RANGE 5 EAST, SALT LAKE BASE AND MERIDIAN; SAID POINT OF BEGINNING ALSO BEING THE SOUTHEAST CORNER OF THE UNITED STATES OF AMERICA FORESTRY SERVICE PROPERTY AS RECORDED AS ENTRY NUMBER 088125, OFFICIAL RECORDS OF WASATCH COUNTY, UTAH;

THENCE SOUTH 387.49 FEET; THENCE S89°51'18"W 239.54 FEET; THENCE S00°05'21"E 200.00 FEET TO THE BEGINNING OF THE SAWMILL PHASE 1B BOUNDARY; THENCE ALONG SAID BOUNDARY THE FOLLOWING FOUR (4) COURSES: (1) S89°51'18"W 200.03 FEET; (2) N00°05'21"W 200.00 FEET; (3) N88°28'06"W 60.17 FEET; (4) WEST 281.27 FEET TO THE WEST BOUNDARY OF THE SAWMILL BOULEVARD BOUNDARY RECORDED AS ENTRY 457931; THENCE ALONG SAID BOUNDARY THE FOLLOWING TWO (2) COURSES: (1) NORTH 00°09'27" WEST 368.66 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY HAVING A RADIUS OF 1,338.00 FEET; (2) THENCE 354.12 FEET ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 15°09'50", WITH A CHORD BEARING AND DISTANCE OF NORTH 07°44'22" WEST 353.08 FEET; THENCE SOUTH 89°53'39" EAST 169.56 FEET TO THE NORTHWEST CORNER OF SAID FORESTRY SERVICE PROPERTY; THENCE ALONG SAID FORESTRY SERVICE PROPERTY BOUNDARY THE FOLLOWING TWO COURSES: (1) SOUTH 330.00 FEET TO THE SOUTHWEST CORNER OF SAID FORESTRY SERVICE PROPERTY; (2) SOUTH 89°53'39" EAST 660.00 FEET TO THE POINT OF BEGINNING.

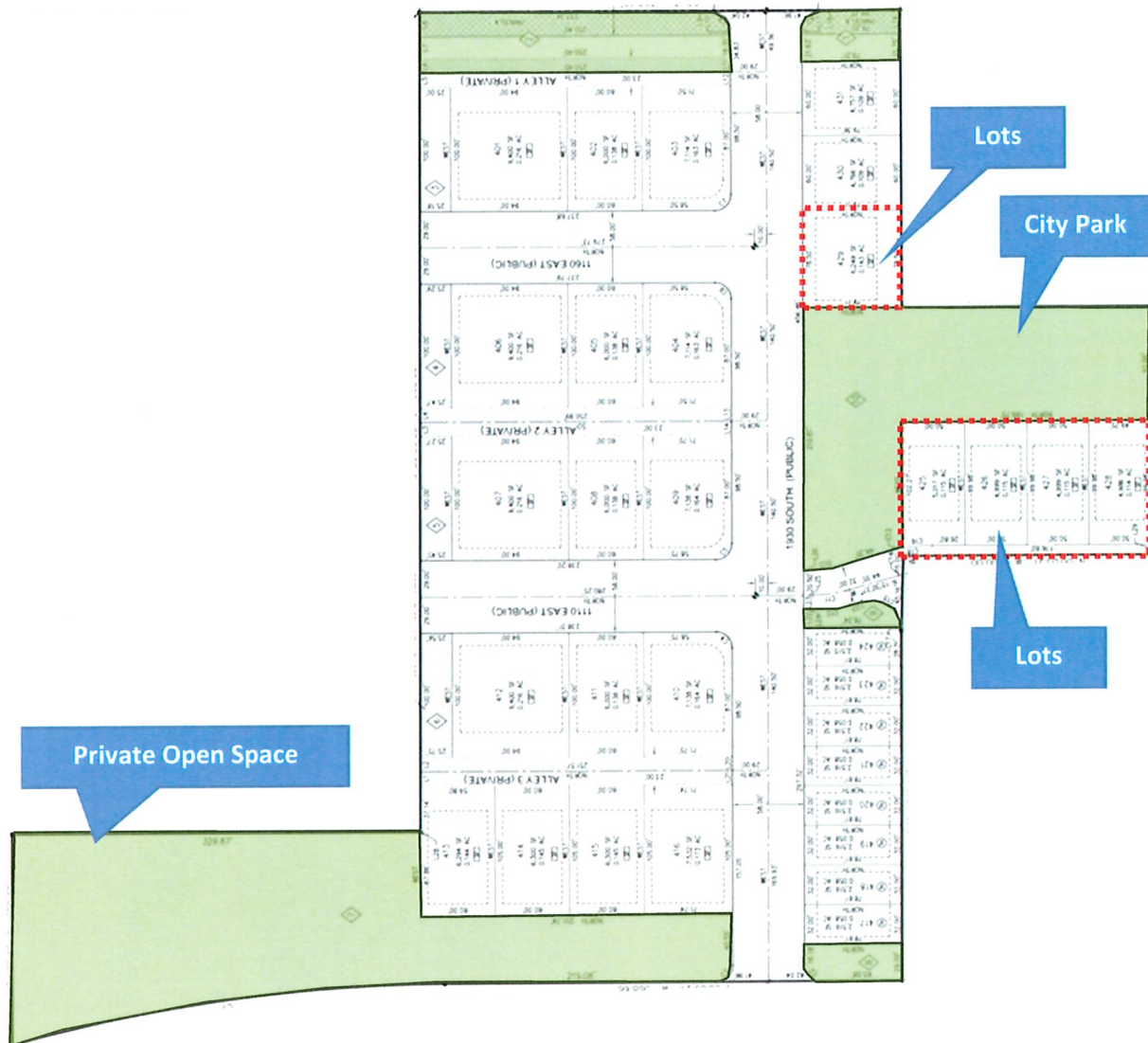
PARCEL CONTAINS 8.938 ACRES, OR 389,350 SQUARE FEET.

EXHIBIT C: MODIFIED MASTER PLAN

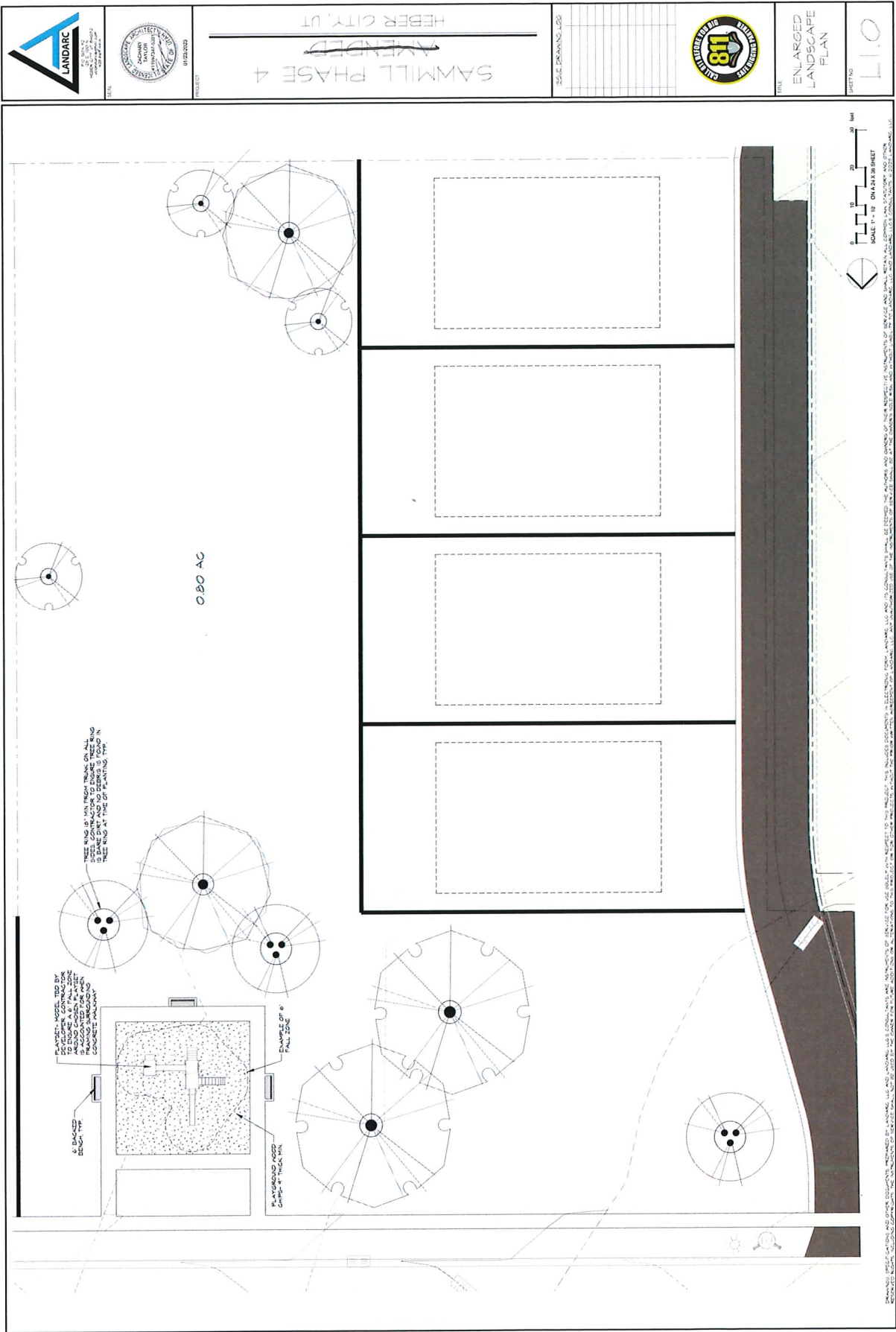
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EXHIBIT D: OPEN SPACE

Open Space & 5 Lots Vicinity Map



Enlarged Landscape Plan



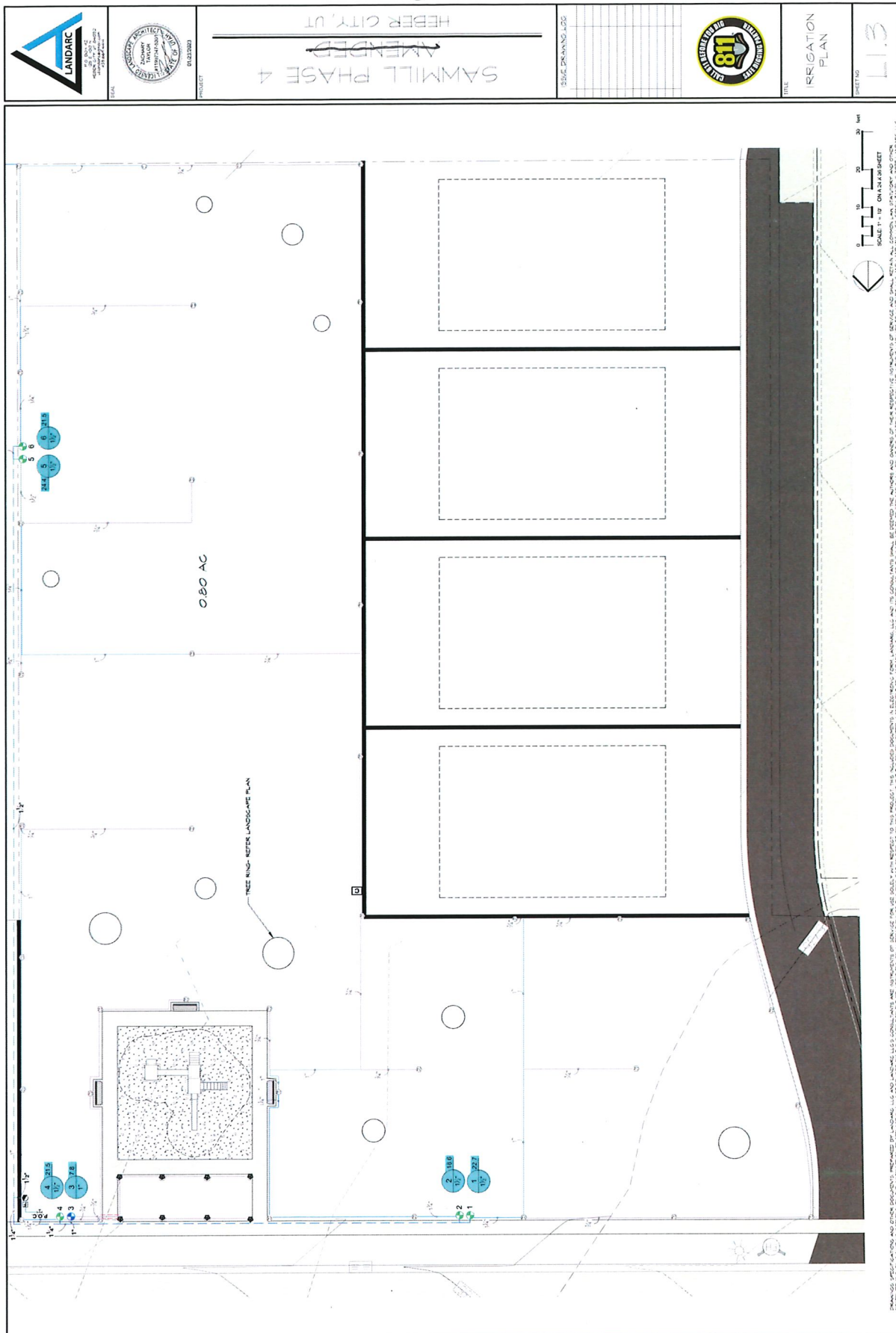
Plant Schedule

TREE	BOTANICAL COMMON NAME	QTY	GRADE
	AGAVE FREZZARII / AUTUMN BLAZE / AUTUMN BLAZE MALE	2 CAL	3
	FRAXINUS PENSYLVANICA / MARSHALL'S SEEDLESS / MARSHALL'S SEEDLESS A&B	2 CAL	3
	OLESTERIA TRIANGULOSUS / AREA / GOLDEN HONEY LOCUST	2 CAL	3
	FRAXINUS VIRGINIANA / CANADA RED / CANADA RED CHERRY	2 CAL	3

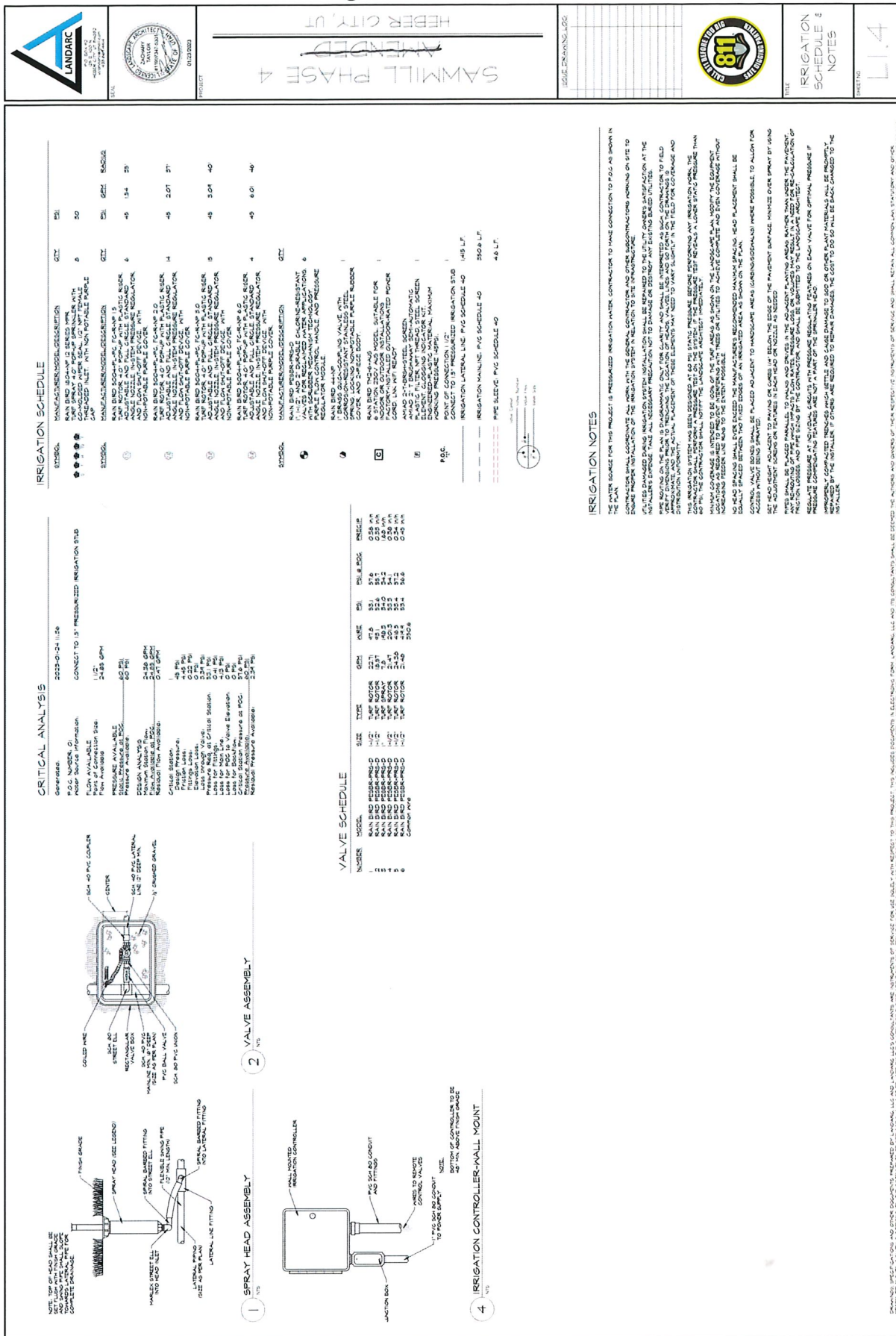
502

CHANDLER PARKS HERITAGE BLUEGRASS / DROUGHT TOLERANT BLUEGRASS

Irrigation Plan



Irrigation Schedule & Notes





Heber City Council Staff Report

MEETING DATE: 2/17/2026
SUBJECT: Proposed Changes to Sawmill Phase 6 & 8
RESPONSIBLE: Jamie Baron
DEPARTMENT: Planning
STRATEGIC RELEVANCE: Community and Economic Development

SUMMARY

Ryan Poleman is the owner of Sawmill Phases 6 and 8. He is seeking feedback from the Council on a potential change of layout for phases 6 and 8. The change would require a MDA amendment.

RECOMMENDATION

Staff and the property owner are seeking feedback from the council on a potential development agreement amendment.

BACKGROUND

The Sawmill Development was originally approved in 2018. Since the original approval, there have been multiple changes. The most applicable change was in 2021 where the master plan layout was amended to accommodate a 10 acre school site for Wasatch County School District. Since this change, phase 8 and 6 have received preliminary and final plat approval. The property owner is looking at potentially changing the layouts of the said phases to respond to the housing market.

DISCUSSION

Current Layout vs New Layout

Key Changes

1. Transfers 42 Condo units to Town Home Units
2. Reduces overall units by 2 units
3. Changes town homes from 3 stories to 2 stories
4. Changes the 17 10-plex stacked flats buildings to 7 18-plex stacked flat buildings
5. Increases open space by .31 acres
6. Moves 3 story buildings farther from Sawmill Blvd and Medical Way
7. Lines Medical Way with Town Homes

OLD PHASE 8 & 9 APPROVED LAYOUT

	BUILDINGSUNITS		FOOTPRINT (SF)
TOWNHOMES (6-UNIT / 6600 SF)	5	30	33000
STACKED FLATS (10-UNIT / 6230 SF)	17	170	105910
TOTAL	22	200	138910
NORTHEAST OPEN SPACE	46960	SF	
	1.08	AC	
BUILDING DISTANCE FROM SAWMILL BLVD	132	FT	

NEW PHASE 8 & 9 CONCEPTUAL LAYOUT

	BUILDINGSUNITS		FOOTPRINT (SF)
TOWNHOMES (6-UNITS / 8316 SF)	12	72	99792
STACKED FLATS (18-UNITS / 7130 SF)	7	126	50897
TOTAL	19	198	150689
NORTHEAST OPEN SPACE	60172	SF	
	1.38	AC	
BUILDING DISTANCE FROM SAWMILL BLVD	246	FT	

FISCAL IMPACT

N/A

CONCLUSION

Ryan Poleman is the owner of Sawmill Phases 6 and 8. He is seeking feedback form the Council on a potential change of layout for phases 6 and 8 to address the housing market. This change would result in 2 less units, more town homes, less stacked flat buildings, 18-plex buildings.

ALTERNATIVES

Not an Action Item

POTENTIAL MOTIONS

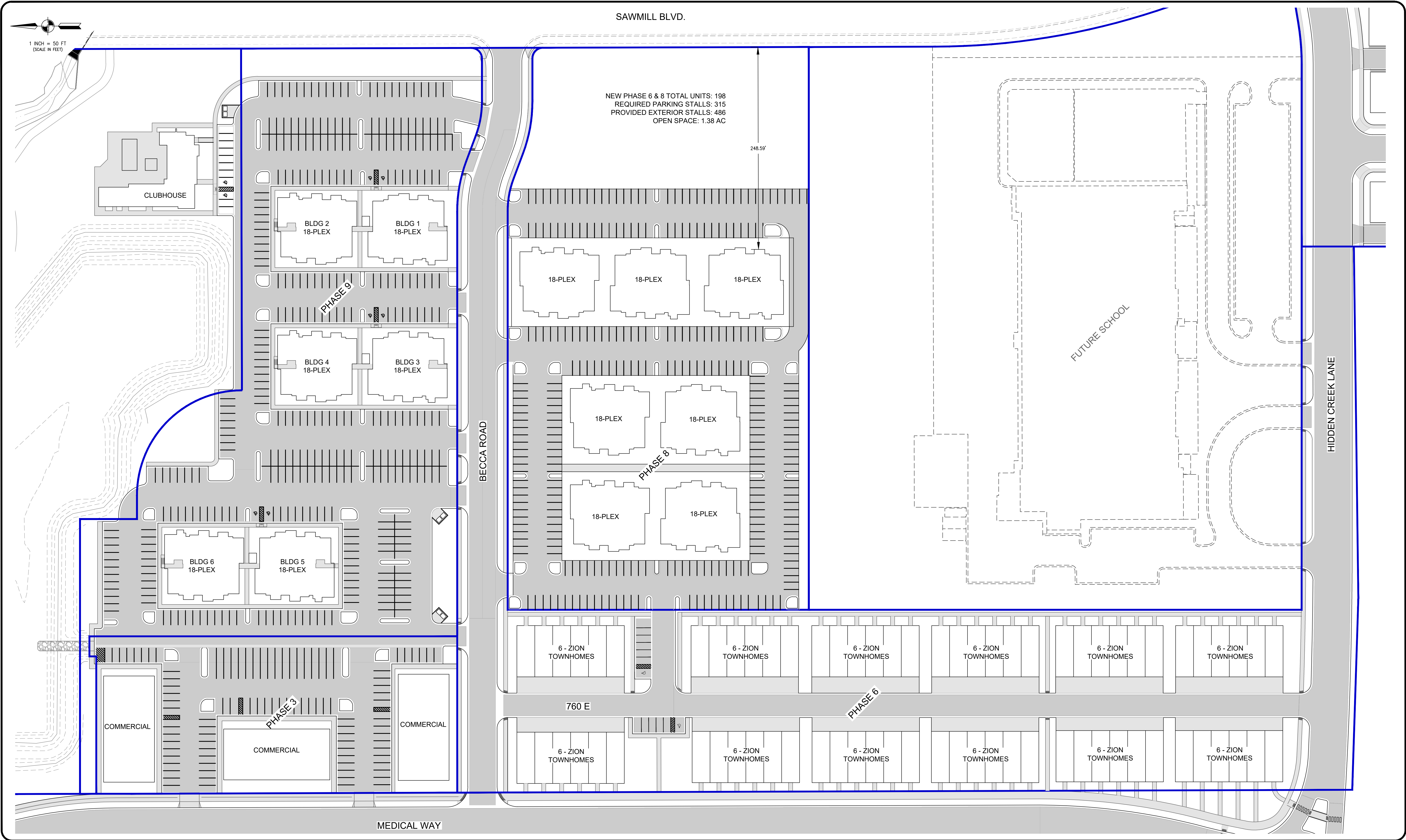
Not an Action Item

ACCOUNTABILITY

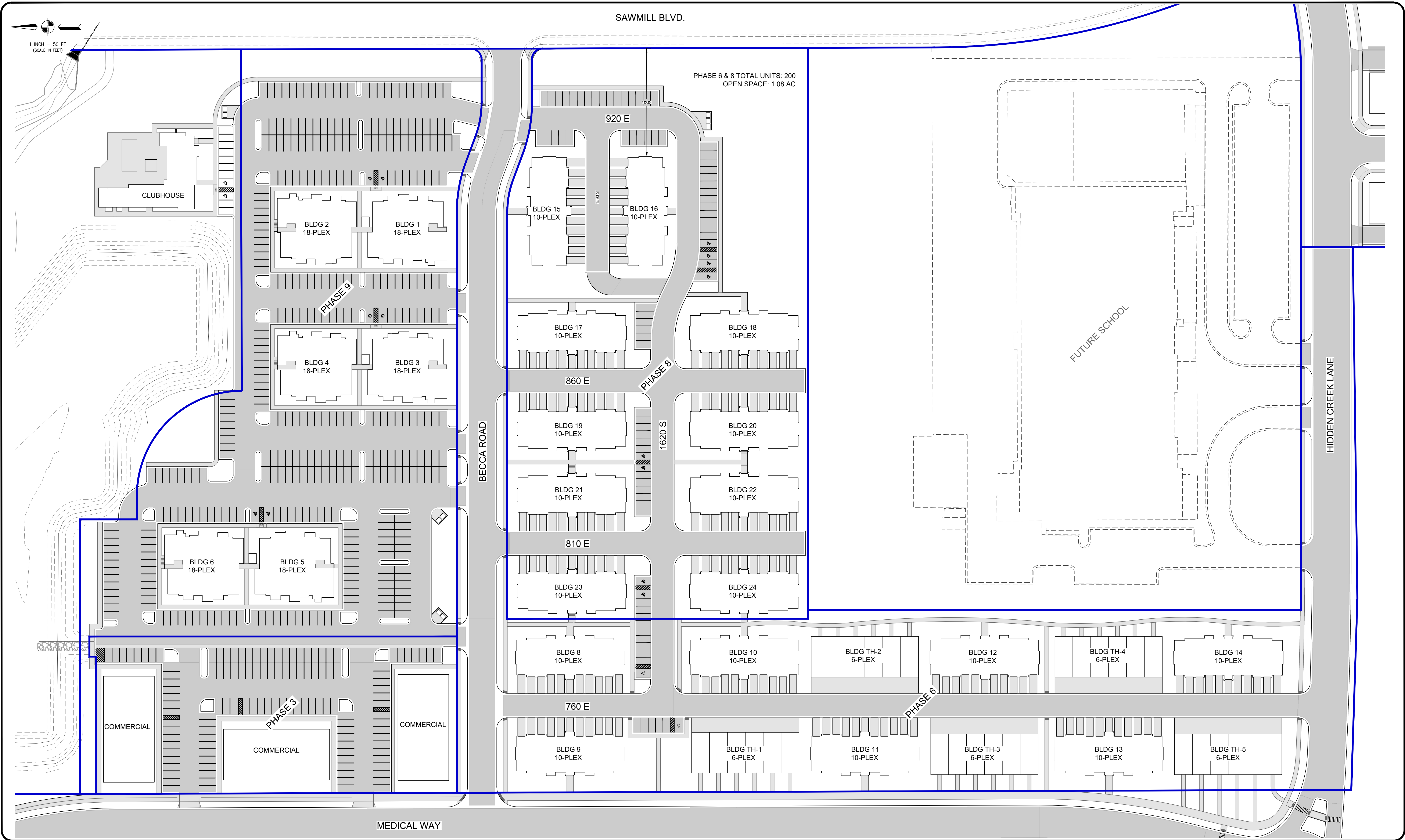
Department: Planning
Staff member: Jamie Baron, Planning Manager

EXHIBITS

1. SAWMILL 6 8 NEW LAYOUT EXHIBITS_260128[1]
2. Current 10 Plex Elevations
3. 18 Plex Elevations 1
4. 18 Plex Elevations2
5. 18 Plex Elevations 3



1/28/2026 Z:\05 Projects\CURRENT PROJECTS\C18-030 Sawmill Master Working Files\Priority\Layout\C18-030 SAWMILL 6 & 8 - LAYOUT CONCEPT.dwg					
PROJECT C18-030	PREPARED FOR HEBER CITY	SAWMILL 6 & 8 - NEW LAYOUT CONCEPT		DRAWN BY: ANF	 866.850.4200 www.atwell.com
SHEET 1 OF 2	PROJECT SAWMILL SUBDIVISION			REVIEWED BY: BMB	
				SCALE: SEE SHEET	
				ISSUE DATE 1/28/2026	IT IS A VIOLATION OF LAW FOR ANY PERSON, UNLESS ACTING UNDER THE DIRECTION OF THE PROFESSIONAL LAND SURVEYOR TO ALTER ANY ITEM ON THIS DOCUMENT IN ANY WAY. ANY LICENSEE WHO ALTERS THIS DOCUMENT IS DEEMED BY LAW TO AFFIX THEIR SEAL AND THE NOTATION "ALTERED BY FOLLOWED BY THEIR SIGNATURE AND REPORT DESCRIPTION OF THE ALTERATIONS."



PROJECT C18-030	PREPARED FOR HEBER CITY	SAWMILL 6 & 8 - CURRENT APPROVED LAYOUT	DRAWN BY: ANF	 ATWELL 866.850.4200 www.atwell.com 55 WEST CENTER • P.O. BOX 176 HEBER CITY, UTAH 84032 P: 435-654-9229 • F: 435-654-9231	COPYRIGHT © 2026 ATWELL, LLC.
SHEET 2 OF 2	PROJECT SAWMILL SUBDIVISION		REVIEWED BY: BMB		DRAWING ALLEGATION IT IS A VIOLATION OF LAW FOR ANY PERSON, UNLESS ACTING UNDER THE DIRECTION OF THE PROFESSIONAL LAND SURVEYOR TO ALTER ANY ITEM ON THIS DOCUMENT IN ANY WAY. ANY LICENSEE WHO ALTERS THIS DOCUMENT IS SUBJECT TO LAW TO AFFIX THEIR SEAL AND THE NOTATION "ALTERED BY FOLLOWING BY THEIR SIGNATURE AND REPORT DESCRIPTION OF THE ALTERATIONS."
			SCALE: SEE SHEET		ISSUE DATE 1/28/2026











Heber City Council Staff Report

MEETING DATE: 2/17/2026

SUBJECT: Flex Ready Homes Presentation on Potential Development at Approximately 895 South 1200 West (continued discussion from December 2, 2025)

RESPONSIBLE: Tony Kohler

DEPARTMENT: Planning

STRATEGIC RELEVANCE: Community Development

SUMMARY

This item is a continuation of discussions about a potential affordable detached single-family dwelling development from December 2, 2025 Council meeting. Council asked for the developer to return for continued discussions prior to going to the Planning Commission to request a zone change. The proposal involves a unique approach to modular housing construction of detached single-family dwellings that can help deliver lower-cost housing. Mr. Magleby is seeking comments from Council on this approach to developing affordable housing prior to submitting an application for a rezone from RA-2 Residential Agriculture to R-3 Residential with the Clustered Open Space Overlay Zone (COSZ) and a development agreement.

Policy question includes:

- Does Council support the petitioner taking this concept to the Planning Commission for a zone change/development agreement?

RECOMMENDATION

Staff recommends Council continue reviewing and discussing the development with the petitioner.

BACKGROUND

At the December 2, 2025 meeting, Council asked the developer to address the following issues:

- Can the development include some buffering along the perimeter of the subdivision, such as fencing, berms and landscaping to soften the impact of a new street along the property line for existing neighbors?
- Can the development include deed restrictions limiting future value increases to remain affordable to those earning 80% AMI?
- Can the development also include housing aimed at those earning 60% AMI?
- Can the development include dedicated open space for children?

- Can the development reduce density?

The property is currently owned by George Bennett. Flex Ready Homes is also looking at acquiring the assisted living center and converting it into condos. Mr. Bennett has appeared before Council in the past and has had concepts involving senior housing (independent living apartments) and a campus for the disabled. The property is currently located within the RA-2 Residential Agriculture Zone, which requires 100 feet of frontage and 20,000 square feet per lot. Up until recently, the RA-2 Zone was the only zone that permitted rest homes, which is how the assisted living was entitled and is also how the independent living apartments were to be approved per the rest home permitted use. The RA-2 Zone was updated a couple of years ago and no longer permits rest homes. Mr. Bennett appeared before Council a couple of years ago to request a development agreement to develop a campus for the disabled, but did not pursue the development to completion.

The RA-2 Zone is not conducive to development of the parcel based on the lot size requirements. The surrounding properties are located within the R-1 Residential Zone which requires 100 feet of frontage and 10,000 square feet per lot. Current Zoning of the property would likely permit up to 6 dwellings on the property, requiring 20,000 square feet and 100 feet of frontage per lot.

The newly revised concept involves 42 units on 4.11 acres, for a density of 10.22 units per acre, including 35 detached single family dwellings and 7 condo units within the assisted living center. The detached single family housing within the proposed development is proposed to be market rate affordable units. That means the developer would sell housing units at market rate without deed restrictions. The starting prices would be affordable to those earning 80% to 120% AMI. The housing can be sold at this lower rate due to the modular construction techniques. Though there would not be deed restrictions limiting sales price, there would be restrictive covenants that prohibit short term rentals and a limit to the size of dwellings. A 3D development concept is available online at <https://www.youtube.com/watch?v=7XmLiq5G8JU&feature=youtu.be>. The condos could potentially serve low to moderate income housing.

DISCUSSION

The proposed rezone would entail the R-3 Residential Zone and the Clustered Open Space Zone (COSZ). The COSZ Zone was adopted in 2007 to accommodate the Ranch Landing Community at 1200 South and 500 East. It was also used to accommodate the Villages on 12th Community at 700 East 1200 South, the Parkview Place Community at 1200 West 850 South and Kimball Villas at 700 South 1200 West. The COSZ requires, in summary, a 10 acre minimum project size, 12 units per acre max, a 30 foot perimeter setback and 42 foot height limit. It permits uses such as single family, townhomes, apartments and condominiums. This particular project would need a development agreement to address the particulars of this property, such as being smaller than 10 acres and an affordable housing agreement.

The property is located across the street from a public park in Parkview Place, in a location conducive to affordable housing. The surrounding area contains other affordable housing developments, including Parkview Place to the west and Kimball Villas and Meadows at Southfield to the northwest. Given the need for a zone change, there is an opportunity for the City to negotiate with the developer for needed affordable housing.

The property is surrounded by existing detached single family dwellings. Given the need for a zone change, there will be a public hearing with the Planning Commission and an opportunity for neighbors to be involved in a public process.

FISCAL IMPACT

N/A

CONCLUSION

The proposed housing development has the potential for delivering much needed affordable housing for the community.

ALTERNATIVES

N/A

POTENTIAL MOTIONS

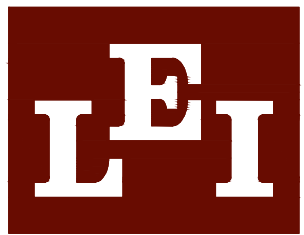
N/A

ACCOUNTABILITY

Department: Planning
Staff member: Tony Kohler, Community Development Director

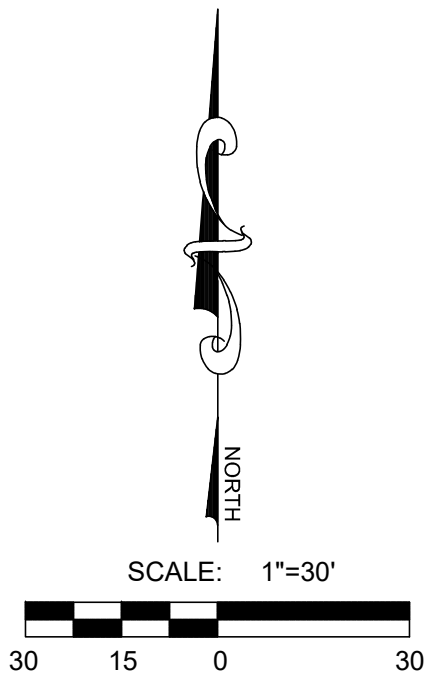
EXHIBITS

1. Curt Magleby Flex Homes Concept



CIVIL
STRUCTURAL
SURVEY

3302 N. Main Street
Spanish Fork, UT 84660
Phone: 801.798.0555
Fax: 801.798.9393
office@lei-eng.com
www.lei-eng.com



NOT FOR
CONSTRUCTION

MY MOUNTAIN HOME LOT 1
HEBER CITY, UTAH
CONCEPT PLAN

REVISIONS	
1	-
2	-
3	-
4	-
5	-
6	-

LEI PROJECT #:
2025-0018
DRAWN BY:
BLS/MJV
DESIGNED BY:
GDM
SCALE:
1"=30'
DATE:
02/05/2026

SHEET

1



ADDITIONAL TABULATIONS	
LANDSCAPE AREA:	38,704 SF/0.89 ACRES
ROAD CENTERLINE :	1,627 LFT
ASPHALT AREA:	32,816 SF/0.75 ACRES
CURB & GUTTER:	2,782 LFT
PARKING AREA:	12,707 SF
EXTERIOR FENCELINE:	1,449 LFT

TABULATIONS	
AREA:	4.11 ACRE
UNIT COUNT:	35
DENSITY:	11.74
FLEXGARAGE:	22
FLEXBASE PLUS:	13
ONSITE PARKING:	3 PER UNIT
SHARED PARKING:	70
TOTAL STALLS:	3 PER UNIT
ROAD LENGTH:	1,625 LFT



Heber City Council Staff Report

MEETING DATE: 2/17/2026
SUBJECT: Heber City's America 250 Monument Proposal
RESPONSIBLE: Matt Brower
DEPARTMENT: Administrative
STRATEGIC RELEVANCE:

SUMMARY

During the Council's annual retreat held in January, an item was added to the Council's Action Register to establish a monument celebrating the Semiquincentennial (250th anniversary) of the adoption of the Declaration of Independence. Mayor Franco and several Council members expressed a formal desire to have the monument completed and unveiled by July 4, 2026, to coincide with the national celebration. Muirfield Park was identified as a preferred location for the monument. Utilizing AI-assisted design, staff has developed three distinct alternatives for your review. We are now seeking Council direction regarding the final site selection and preferred design.

RECOMMENDATION

Staff is seeking Council direction regarding the final site selection and preferred design.

BACKGROUND

Muirfield Park was mentioned as a preferred site for the monument. A possible location is near the improved parking lot or by the canal crossing located in the interior of the park.



DISCUSSION



FISCAL IMPACT

CONCLUSION

ALTERNATIVES

1. Approve as proposed
 2. Approve as amended
 3. Continue
 4. Deny
-

POTENTIAL MOTIONS

Alternative 1 - Approval - Staff Recommended Option

I move to **approve** the item as presented, with the findings and conditions as presented in the conclusion above.

Alternative 2 - Approve as Amended

I move to **approve** the item as amended, as follows.

Alternative 3 - Continue

I move to **continue** the item to another meeting on [DATE], with direction to the applicant and/or Staff on information and / or changes needed to render a decision, as follows:

Alternative 4 - Denial

I move to **deny** the item with the following findings.

ACCOUNTABILITY

Department: Administrative

Staff member:

EXHIBITS

None