

Upon Recording, Return to:  
Virgin Town  
PO Box 790008  
Virgin, UT 84779

APN: V-2-1-21-226

## DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into as of the \_\_\_\_\_ day of February, 2026, December, 2025 (the “Effective Date”), by and between VIRGIN TOWN, a Utah municipal corporation (the “Town”) and DESERT PEARL INN LLC, a Utah limited liability company (the “Owner.”) Throughout this Agreement, the Town and Owner may be referred to individually as a “Party” and collectively as the “Parties”.

### RECITALS

A. The Town is an incorporated municipality duly organized under the laws of the State of Utah.

B. The Town is authorized pursuant to the Utah Code Annotated, Title 10, Chapter 20, to enact ordinances necessary or appropriate for the use of land within the Town’s municipal boundaries.

C. Pursuant to Utah Code Annotated, Title 10, Chapter 3b, Section 301, the Virgin Town Council (“Town Council”) is designated as the governing and legislative body of the Town.

D. Pursuant to Utah Code Annotated, Title 10, Chapter 20, Section 103(40), the Town Council is also the Land Use Authority of the Town

E. Owner is the owner of approximately 58.5 acres of real property located within the municipal boundaries of the Town, as more particularly described in ***Exhibit “A”***, attached hereto and incorporated herein by this reference (the “Subject Property”).

~~F. The Subject Property consists of two parcels, as more particularly set forth in Exhibit “A”: the “North Parcel,” which is approximately 25.24 acres, and the “South Parcel,” which is approximately 33.27 acres.~~

**G.F.** On May 20, 2025, the Town Council enacted Ordinance No. 2025-08 (“Ord. 2025-08”), amending zone locations in Chapters 32, 40, and 44 of Title 16 of the Virgin Town Code (“VTC”).

**H.G.** Ord. 2025-08 also amended Section 40.06 of VLUC to provide that “Commercial Zone property shall have frontage on State Route Nine (SR-9) and uses shall extend a maximum of 400 feet back from the SR-9 right of way and may not extend across the river.”

**I.H.** Prior to the adoption of Ord. 2025-08, Owner ~~submitted a zone change application (presented to the “Zone Change Application”) requesting that City a land use plan for the Subject Property be rezoned from Rural Residential (RR) to Commercial (C) along generally with a portion~~

~~being used as commercial and the Northernmost 25.24 acres, with other portion being residential, which land use plan would require a zone change for the remaining 33.27 acres lying generally to portion of the South remaining Rural Residential (RR). Subject Property that is now the North Parcel.~~

J.I. Before ~~the~~ a zone change application would be processed, the Town required Owner to seek a division of land waiver from the Town and then ~~record~~ recording of a deed (with the original division of land waiver acknowledgement attached thereto) effectively dividing the Subject Property into a “the North Parcel” and a “the South Parcel” ~~as described more fully in Exhibit “A” so that the Subject Property to mirror where the split zoning would not be “split zoned”, but rather the zone change could occur along parcel boundaries.~~

K.J. ~~After Owner submitted a zone change application (the division of the Subject Property into the North Parcel and the South Parcel was effectuated, Applicant filed an amendment to the “Zone Change Application to have just”) requesting that the North ~~Parcels~~ Parcel be rezoned from Rural Residential to the Town’s Commercial (C) zoning district (hereinafter “Amended Zone Change Application”)~~

L.K. Following a public hearing on July 8, 2025, the Virgin Town Planning Commission (the “Planning Commission”) recommended approval of the Amended Zone Change Application to the Town Council, ~~which recommendation proceeded~~ under the assumption that there was no uncertainty as to whether Ord. 2025-08 (and its 400 foot commercial limitation) would govern the rezoning of the North Parcel to Commercial (C) Subject Property.

M.L. At its regular business meeting held on August 19, 2025, the Town Council, recognizing a degree of uncertainty on this matter, referred the Amended Zone Change Application back to the Planning Commission for another Public Hearing after further hearing, review and consideration based upon the Town’s Attorney rendered his legal opinion that because interpreting the Zone Change Application (which was the genesis of the Amended Zone Change Application) had as having been initiated prior to the adoption of Ord. 2025-08, that the Amended Zone Change Application and thus it was entitled approval without being subject to the 400 foot commercial limitation.

N. ~~Based upon the uncertainty or misunderstanding of the Planning Commission and the public during the first public hearing, the Town Council voted to refer the Zone Change Application back to the Planning Commission for a new public re-hearing and a new recommendation.~~

O.M. On September 9, 2025, the Virgin Town Planning Commission conducted the public re-hearing one of the Amended Zone Change Application in light of the legal opinion rendered by the Town’s Attorney, after which it reversed its prior recommendation and instead recommended denial of the same to the Town Council (“Revised Recommendation”).

P.N. On September 16, 2025, upon receipt of the Revised Recommendation, the Town Council considered the matter and input provided by the Owner’s agents present at its regularly scheduled business meeting and voted to approve the Amended Zone Change Application on the conditions that: i) Owner could only construct commercial buildings and conduct commercial uses within the North Parcel that was all located within the first 400 feet from the SR-9 right of way (“(the “Commercial Setback Area”,”), and 2ii) that as far as the remainder of that

North Parcel not lying within the Commercial Setback Area and all of Subject Property (the South Parcel (collectively “Subject Property Remainder”) the Town’s attorney would prepare this Agreement which contemplates and requires that, prior to commencing any development or use on the Subject Property Remainder that is not allowed under the Rural Residential zone, the Owner and the Town must prepare, approve and record a second development agreement which would approve and regulate what additional uses could occur on said Subject Property Remainder.

Q.O. The Parties are willing and desirous to enter into this Agreement to implement the purposes and conditions of VTC § 16.40.06 of VLUC, as amended by Ord. 2025-08, and to memorialize the covenants and commitments of each Party, while giving effect to applicable state law and the remaining provisions of the VTC.

## AGREEMENT

NOW THEREFORE, in consideration of the promises, conditions, covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Incorporation of Recitals & Exhibit “A”. The recitals set forth above and Exhibit “A” which is attached hereto, are incorporated fully into this Agreement as if fully set forth herein.

2. Zone Change. Upon execution of this Agreement, the approval given by the Town Council on September 16, 2025 regarding the North Parcel located at approximately, SR-9 and 1000 W (South side), (V-2-1-21-226) within Virgin Town, Washington County, State of Utah, being reclassified from the Rural Residential Zone (RR) zoning district to the Commercial (C) zoning district on the Official Virgin Town Zoning Map is hereby effectuated.

3. Development Restrictions. Upon effectuation of the zone change on the North Parcel, Owner may construct, operate, and/or permit any use, building, structure, or activity within the Commercial Setback Area applied to the Subject Property that is identified under Section 16.40.08 of the VTC as a Permitted Use. Should Owner desire to construct, operate or use the portion of the North ParcelSubject Property within the Commercial Setback Area for a use that is listed under Section 16.40.10 of the VTC as a Conditional Use, Owner shall first obtain a conditional use permit from the Town.

4. Future Use of the Subject Property Remainder. The Owner may use the Subject Property Remainder consistent with the requirements and permitted/and conditional uses of the Rural Residential (RR) zoning district set forthDistrict, VTC §§ 16.34.04 and 16.34.06. Upon request from the Owner at a later date, the Parties shall negotiate expeditiously in good faith and enter into a separate development agreement to be recorded against the Subject Property Remainder which designates allowable structures and uses that are in addition to those permitted and conditional uses in the Rural Residential District (“Development Agreement No. 2”). The uses and structures proposed for the Subject Property Remainder need not be limited to those listed as Permitted or Conditional in VTC §§16.40.08 & 16.40.10; rather, proposed uses may include any use that is listed as a Permitted or Conditional in any other zoning district of the Town. Because Development Agreement No. 2 will effectively “re-zone” the Subject Property Remainder upon its recordation in the Official Records on file in the Office of the Recorder of Washington, State of Utah, the Parties acknowledge and agree that approval of Development Agreement No. 2 will be processed in the same manner prescribed in Utah Code Ann. § 10-20-502 with a public hearing

and a recommendation from the Planning Commission to the Town Council.

5. Vesting. The rights of the Owner to develop the Commercial Setback Area under Sections 2 and 3, as well as the right to use the Subject Property Remainder consistent with the Rural Residential District, as set forth in Section 4, are hereby vested, subject to the rules, regulations, ordinances, and official policies of the Town in force and effect as of the Effective Date (the “Applicable Rules”), subject to the following exceptions: (1) changes to the Applicable rules that the Town finds, on the record, are necessary to avoid jeopardizing a compelling, countervailing public interest; (2) changes to Applicable Rules that required to comply with State and Federal laws and regulations; (3) updates or amendments to building, plumbing, mechanical, drainage, engineering, or similar construction or safety related codes; (4) taxes and fees, or modifications thereto, so long as such taxes or fees are lawfully imposed and charged uniformly by the Town to all properties, applications, and persons similarly situated; and (5) changes to Applicable Rules that the Owner voluntarily, in writing, consents to be bound by. Nothing in this Agreement is intended to diminish, replace, waive, or otherwise abrogate any existing development rights that Owner holds with respect to the Subject Property, and Owner reserves any such rights.

6. Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by any Party for the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

7. Notice and Filings. All notices, filings, consents, approvals and other communications provided for herein or given in connection herewith shall be validly given, filed, made, delivered or served in writing and delivered personally, sent by certified United States Mail, postage prepaid, or by a national express overnight delivery service, freight prepaid, if to:

To the Town: Virgin Town  
Attn: Town Clerk/Recorder  
PO Box 790008  
Virgin, UT 84779

To the Owner: **Desert Pearl Inn LLC**  
Attn: Anna Palmer, Manager  
707 Zion Park Blvd.  
Springdale, UT, 84767

## 8. General Term and Conditions.

a. Headings. The headings contained in this Agreement are intended for convenience only and are in no way to be used to construe or limit the text herein.

b. Binding Effect. This Agreement shall inure to the benefit of, and be binding upon, the Parties and their respective heirs, representatives, officers, agents, employees, members, successors and assigns. Without limiting the generality of the foregoing, a "successor" includes a party that succeeds to the rights and interests of the Owner in the Subject Property as evidenced by, among other things, such party's submission of land use applications to the Town relating to the Subject Property.

c. No Third Party Rights. Except for the Owner, the Town, and other parties that may succeed the Owner on title to any portion of the Subject Property, all of whom are express intended beneficiaries of this Agreement, this Agreement shall not create any rights in and/or obligations to any other persons or parties.

d. Relationship of Parties. This Agreement does not create any joint venture, partnership, undertaking, business arrangement, or fiduciary relationship between the Town and the Owner.

e. No Waiver of Governmental Immunity. Nothing in this Agreement is intended to, or shall be deemed, a waiver of the Town's governmental immunity granted pursuant to Governmental Immunity Act of Utah (Utah Code Ann. § 63G-7-1 et seq).

f. Agreement to Run With the Land. This Agreement shall be recorded in the Official Records on file in the Office of the Recorder of Washington County, State of Utah, against the entirety of the Subject Property and is intended to and shall be deemed to run with the land and shall be binding on and shall benefit all successors in the ownership of any portion of the Subject Property.

g. Performance. Each Party, person and/or entity governed by this Agreement shall perform its respective obligations under this Agreement in a manner that will not unreasonably or materially delay, disrupt or inconvenience any other Party, person and/or entity governed by this Agreement, the development of any portion of the Subject Property or the issuance of final plats, certificates of occupancy or other approvals associated therewith.

h. No Monetary Damages Relief Against the Town. The Parties acknowledge that the Town would not have entered into this Agreement had it been exposed to monetary damage claims from the Owner for any breach thereof. As such, the Parties agree that in no event shall Owner be entitled to recover monetary damages against the Town for breach of this Agreement but shall only be entitled to specific performance and other equitable relief as may be determined by the court.

i. Equitable Relief. In the event of a breach by the City of this Agreement, as a result of, among other things, an attempt by the City to limit or restrict Owner's vested rights as set forth herein, the Owner shall have the right to seek equitable relief, including emergency injunctive relief as may be warranted, from a court of competent jurisdiction consistent with this Agreement.

j. Applicable Law. This Agreement is entered into under and pursuant to, and is to be construed and enforceable in accordance with, the laws of the State of Utah.

k. Construction. This Agreement has been reviewed and revised by legal counsel for both the Town and the Owner, and no presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

l. Consents and Approvals. Except as expressly stated in this Agreement, the consent, approval, permit, license or other authorization of any Party under this Agreement shall be given in a prompt and timely manner and shall not be unreasonably withheld, conditioned, or delayed. Any consent, approval, permit, license or other authorization required hereunder from the Town shall be given or withheld by the Town in compliance with this Agreement.

m. Approval and Authority to Execute. Each of the Parties represents and warrants as of the Effective Date this Agreement that the undersigned person signing on its behalf has all requisite power and authority to execute and deliver this Agreement, being fully authorized so to do, and that this Agreement constitutes a valid and binding agreement against such Party.

n. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all Parties may be physically attached to a single document.

o. Amendment. This Agreement may be amended only in writing signed by the Parties hereto.

*(Signature Pages to Follow)*

IN WITNESS WHEREOF, the Parties have executed this Agreement by and through their respective, duly authorized representatives as of the day and year first hereinabove written.

**TOWN:**

VIRGIN TOWN,  
a Utah municipal corporation

Attest:

Jean Krause, Mayor

Krystal Percival, Recorder

STATE OF UTAH )  
 )ss:  
COUNTY OF WASHINGTON )

On the \_\_\_\_\_ day of February, 2026~~December, 2025~~, personally appeared before me Jean Krause and Krystal Percival, who being by me duly sworn, did say that they are respectively the Mayor and Recorder of Virgin Town, a Utah municipal corporation, and that the within and foregoing instrument was signed on behalf of said Town with proper authority and duly acknowledged to me that they executed the same for its intended purpose.

Notary Public

IN WITNESS WHEREOF, the Parties have executed this Agreement by and through their respective, duly authorized representatives as of the day and year first hereinabove written.

**OWNER:**

DESERT PEARL INN, LLC,  
a Utah limited liability company

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Anna Palmer, Manager

STATE OF UTAH )  
 )ss:  
COUNTY OF WASHINGTON )

On the   -day of February, 2026~~December, 2025~~, personally appeared before me Anna Palmer, who being by me duly sworn, did say that she is manager of DESERT PEARL INN, LLC, and that the foregoing instrument was signed on behalf of said Company with proper authority and duly acknowledged to me that she executed the same for its intended purpose.

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## Notary Public

**EXHIBIT "A"**  
**TO DEVELOPMENT AGREEMENT FOR DESERT PEARL**

(Legal Description of Subject Property)

North Parcel (Parcel No. V-2-1-21-226)

Beginning at a point on the easterly line of Sheep Bridge Road, as recorded as Entry No. 679158 with the Washington County Recorder's Office, said point being North 00°17'49" West 1,122.69 feet along the center section line and East 393.91 feet from the South Quarter Corner of Section 21, Township 41 South, Range 12 West, Salt Lake Base & Meridian, and running;

thence Northwest 427.62 feet along an arc of a 450.00 foot radius curve to the left (center bears North 86°29'36" West, long chord bears North 23°43'00" West 411.71 feet with a central angle of 54°26'48") along said easterly line of Sheep Bridge Road;

thence North 00°07'55" West 52.24 feet;

thence North 03°54'41" East 66.31 feet;

thence North 05°06'38" East 260.02 feet to the southerly line State Highway SR-9;

thence South 82°14'33" East 1,779.74 feet along said southerly line of State Highway SR-9;

thence South 00°01'05" West 684.03 feet;

thence South 00°01'05" West 184.40 feet;

thence North 76°47'03" West 237.83 feet;

thence Westerly 183.25 feet along an arc of a 50.00 foot radius curve to the right (center bears North 89°10'23" West, long chord bears North 74°10'37" West 96.59 feet with a central angle of 209°59'32");

thence Northerly 17.45 feet along an arc of a 20.00 foot radius curve to the left (center bears North 59°10'51" West, long chord bears North 05°49'18" East 16.90 feet with a central angle of 49°59'41");

thence North 19°10'32" West 41.18 feet;

thence Northerly 194.02 feet along an arc of a 275.00 foot radius curve to the right (center bears North 70°49'28" East, long chord bears North 01°02'11" East 190.02 feet with a central angle of 40°25'27");

thence North 21°14'54" East 201.85 feet;

thence South 83°11'04" West 1,326.68 feet;

thence Westerly 10.32 feet along an arc of a 150.00 foot radius curve to the right (center bears North 06°48'56" West, long chord bears South 85°09'21" West 10.32 feet with a central angle of 03°56'34");

thence South 87°07'38" West 37.92 feet to the Point of Beginning.

Containing 1,099,347 square feet or 25.24 acres.

South Parcel (Parcel No. V-2-1-21-222)

Beginning at a point on the easterly line of Sheep Bridge Road, as recorded as Entry No. 679158 with the Washington County Recorder's Office, said point being North 00°17'49" West 1,122.69 feet along the center section line and East 393.91 feet from the South Quarter Corner of Section 21, Township 41 South, Range 12 West, Salt Lake Base & Meridian, and running;

thence North 87°07'38" East 37.92 feet;  
thence Easterly 10.32 feet along an arc of a 150.00 foot radius curve to the left (center bears North 02°52'22" West, long chord bears North 85°09'21" East 10.32 feet with a central angle of 03°56'34");  
thence North 83°11'04" East 1,326.68 feet;  
thence South 21°14'54" West 201.85 feet;  
thence Southerly 194.02 feet along an arc of a 275.00 foot radius curve to the left (center bears South 68°45'06" East, long chord bears South 01°02'11" West 190.02 feet with a central angle of 40°25'27");  
thence South 19°10'32" East 41.18 feet;  
thence Southerly 17.45 feet along an arc of a 20.00 foot radius curve to the right (center bears South 70°49'28" West, long chord bears South 05°49'18" West 16.90 feet with a central angle of 49°59'41");  
thence Easterly 183.25 feet along an arc of a 50.00 foot radius curve to the left (center bears South 59°10'51" East, long chord bears South 74°10'37" East 96.59 feet with a central angle of 209°59'32");  
thence South 76°47'03" East 237.83 feet to the northwest corner of Lot 1, Virgin Acres Phase 1, as recorded as Entry No. 795513 with the Washington County Recorder's Office;  
thence westerly the following (2) courses along said Virgin Acres Phase 1;  
thence South 08°16'31" West 148.77 feet (148.44 feet record);  
thence South 89°58'40" West 1,328.67 feet (1328.68 feet record) to and along the northerly line of Virgin Acres Subdivision – Phase 2, as found on record as Entry No. 20190000116;  
thence the following (2) courses along said Virgin Acres Subdivision – Phase 2;  
thence South 00°02'17" West 324.34 feet;  
thence South 89°57'54" East 120.56 feet to the westerly line of said Virgin Acres Phase 1;  
thence South 00°02'12" West 297.26 feet (298.24 feet record) along said westerly line to the section line;  
thence North 89°55'21" West 783.30 feet along the section line to said South Quarter Corner of Section 21, Township 41 South, Range 12 West, Salt Lake Base & Meridian;  
thence South 89°46'21" West 430.81 feet;  
thence North 60°06'15" East 36.95 feet along the section line;  
thence North 25°28'40" East 185.99 feet to the easterly line of said Sheep's Bridge Road;  
thence northerly the following (6) courses along said easterly line of Sheep's Bridge Road;  
thence North 33°59'17" East 164.89 feet;  
thence Northeasterly 43.53 feet along an arc of a 350.00 foot radius curve to the right (center bears South 56°00'43" East, long chord bears North 37°33'05" East 43.51 feet with a central angle of 07°07'36");  
thence North 41°06'53" East 218.30 feet;  
thence North 43°12'27" East 25.56 feet;  
thence North 45°18'01" East 414.30 feet;  
thence Northeasterly 328.25 feet along an arc of a 450.00 foot radius curve to the left (center bears North 44°41'59" West, long chord bears North 24°24'13" East 321.02 feet with a central angle of 41°47'37") to the Point of Beginning.

Containing 1,449,083 square feet or 33.27 acres.