REIMBURSEMENT AGREEMENT
BETWEEN
THE CITY OF PAYSON, UTAH
AND
RED BRIDGE PUBLIC INFRASTRUCTURE DISTRICT NO. 1
AND
RED BRIDGE PUBLIC INFRASTRUCTURE DISTRICT NO. 2

This *Reimbursement Agreement* ("**Agreement**") is hereby adopted, approved and made by and between PAYSON CITY, a Utah municipal corporation ("**City**"), Red Bridge Public Infrastructure District No. 1, and Red Bridge Public Infrastructure District No. 2, political subdivisions of the State of Utah ("**Districts**"). This Agreement is effective on the date that the last party executes this Agreement as indicated by the date stated under that party's signature line ("**Effective Date**").

RECITALS

A. Districts are developing a commercial, residential, and mixed-use development within the City's municipal boundaries to be known as Red Bridge Station Development ("**Project**"). The Project is located generally to the south of 800 South Street and to the West of 1700 West Street in Payson, Utah and is generally depicted in **Exhibit A**, attached hereto and incorporated herein by this reference.

B. As part of the development of the Project, Districts have designed, constructed, and installed certain public infrastructure improvements ("**Improvements**") which include, without limitation: a 21" sewer main line along 1950 West Street and offsite north of the future 800 South roadway; and a new drinking water Well and Well house ("**Well**"). Districts may in the future construct an upsized double barrel 12.5' x 6' box culvert within the Dry Creek Channel for the Project. If the District chooses to complete the culvert, the reimbursement totals of said culvert will be addressed in a supplemental reimbursement agreement. The scope of the Improvements is described more particularly on **Exhibit B**, attached hereto and incorporated herein by this reference.

C. The parties acknowledge that only those portions of the Improvements that exceed the infrastructure otherwise required to serve the Project and that provide a system-wide benefit may be eligible for reimbursement. The reimbursable portions of the improvements are identified in Exhibit B. Eligibility for reimbursement shall not constitute an admission by the City that any specific amount is owed unless and until the requirements of this Agreement have been satisfied. Reimbursement for the Well improvement shall be limited to the amounts and conditions expressly set forth herein.

D. The parties desire to enter into an Agreement, subject to the terms and conditions contained here, by which the City will reimburse Districts at the rates and amounts identified herein for the Improvements.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Recitals and Exhibit Incorporated.** The foregoing Recitals and the Exhibits attached hereto are incorporated into and made part of the parties' Agreement.

2. **Acknowledgement of Construction of Improvements.** Subject to the terms and conditions of this Agreement, the Parties acknowledge that Districts have constructed the Improvements in a good and workmanlike manner and in accordance with the requirements of the City's municipal code ("**City Code**") and all applicable building and development standards incorporated into the City Code.

3. **City's Obligation to Reimburse.** Subject to annual appropriation, the availability of the funding sources identified herein, Districts' compliance with all requirements of this Agreement, and final acceptance of the Improvements by the City, the City shall reimburse Districts only for eligible reimbursable costs as expressly provided in this Agreement.

4. **Specific Development Obligations.** In connection with the construction of the upsized Improvements, Districts agree to the following provisions.

4.1. **Construction Standards.** Districts have constructed and completed the Improvements using qualified licensed contractors and in accordance with the City Code. Prior to the City's payment of the Reimbursement Amount, as provided herein, Districts shall provide satisfactory evidence to the City, that all labor, materials, equipment, and other costs incurred in constructing the Improvements have been paid in full and that the City will receive dedication of the Improvements free and clear of all liens and encumbrances incurred in connection with the construction of the Improvements. Districts shall maintain complete records of all construction costs and shall provide the City access to invoices, contracts, change orders, lien waivers, sworn statements, and other such documentation as the City may reasonably require to verify reimbursable costs. As a condition precedent to any reimbursement, Districts shall provide final unconditional lien waivers from all contractors, subcontractors, suppliers, and materialmen.

4.2. **Development Warranty.** Districts hereby warrant that all portions of the Improvements, and all parts thereof, will be and remain free from all defects in the design, materials, or construction of such Improvements for a period of one (1) year following the completion of the same and acceptance by the City. Districts have given written notice to the City that construction of the Improvements are complete, and the City has inspected the condition of the Improvements. The City has accepted that construction of the Improvements is complete. The City may hereafter inspect the Improvements from time to time and may, for a period of one (1) year following the date on which the Improvements are deemed to be accepted, notify Districts of any defects in the design, materials, or construction of the Improvements. Districts shall promptly repair or correct any defects

identified in writing during such one (1) year period. Acceptance of the Improvements by the City shall not constitute a waiver of latent defects, defective workmanship, design defects, code violations, or deficiencies not reasonably discoverable at the time of acceptance. The warranty obligations set forth herein shall survive termination of this Agreement and final reimbursement.

4.3. **Dedication.** To the extent the Improvements are constructed on real property owned or controlled by Districts, withing ninety (90) days following City's request, but no later than final reimbursement under this Agreement, Districts will dedicate and transfer an easement to the City allowing the City reasonable access to the Improvements for the purposes of maintenance, repair, and replacement of such Improvements. At no time will the City repair private utilities on Districts' property. Such easement may be subject to a requirement that the City repair and replace any damage to the underlying property, or adjoining property, caused by the City in connection with such maintenance, repair, and replacement of the Improvements so long as the rights of way are free of obstructions and reasonably accessible.

4.4. **Indemnification for Construction.** Districts shall defend, indemnify, and hold harmless the City and its officers, employees, agents, and elected officials from and against any and all claims, damages, losses, liabilities, liens, penalties, costs, and expenses, including reasonable attorneys' fees, arising out of or related to the design, construction, installation, maintenance, repair, or failure of the Improvements, except to the extent caused by the negligent or wrongful acts of the City.

4.5 Reimbursement Provisions. The Improvements for which reimbursement is required under this Agreement are identified and depicted in **Exhibit B**. The City may satisfy its reimbursement obligation through reimbursement of impact fees paid by District. The District may receive impact fee credits toward future impact fees; provided, however that no credit shall be applied unless and until the applicable impact fee has been assessed and paid. Any approved impact fee credit shall be applied in accordance with the reimbursement procedures and limitations set forth in Sections 4.7 and 4.8 of this Agreement.

4.6 Reimbursement Amount. Subject to the terms and conditions of this Agreement, the City shall reimburse the Districts for the reimbursable portions of the Improvements identified in Exhibit B. The City's reimbursement obligation shall be limited to actual, documented, reasonable, and eligible costs incurred by the Districts, approved by the City, and determined to be reimbursable under this Agreement. The amounts set forth below are maximum reimbursement amounts only and shall serve as reimbursement caps. The City shall have no obligation to reimburse the Districts for any costs in excess of the amounts set forth below, and the Districts shall not be entitled to receive reimbursement in excess of its actual eligible costs. Subject to the limitations and conditions of this Agreement, the City agrees that the maximum reimbursable amounts, shall not exceed the following amounts (collectively, the "**Reimbursement Amounts**"):

(a) **$1,300,053.21** for the 21" sewer main line in 1950 West Street and offsite north of 800 South. For purposes of this agreement, the City acknowledges that this portion of the sewer system has been installed and accepted by the City;

(b) **$2,278,440.62** for the new drinking water Well and Well house located southeast of MTECH. For purposes of this agreement, the City acknowledges that the Well and Well house have been installed and accepted by the City.

The total maximum Reimbursement Amount shall not exceed **$3,578,493.83**

4.7 Reimbursement Method and Timing.

4.7.1 **Source of Reimbursement.** Subject to the Parties' compliance with Section 4.8, and applicable law, the City shall reimburse the Districts for eligible Reimbursement Amounts from impact fees actually collected and available for reimbursement by the City for the applicable Improvement category identified in Exhibit B. Nothing in this Agreement shall requires the City to advance its own funds, use non-impact fee revenues, incur debt, borrow money, or make reimbursement payments in excess of impact fees actually collected and legally available for reimbursement.

4.7.2 **Annual Reimbursement Process.** Beginning in October 2026, and continuing each October thereafter during the terms of this Agreement, the City shall review impact fees collected during the preceding fiscal year and determine the amount available for reimbursement for each applicable Improvement category. The City shall remit available reimbursement funds during its annual October reimbursement cycle.

4.7.3 **Reimbursement Priority.** Available impact fee revenues shall be distributed in accordance with the City's reimbursement priority schedule and applied to eligible reimbursement projects in the order reimbursement agreements are approved by the City.

4.7.4 **Previously Collected Impact Fees.** To the extent permitted by applicable law and impact fee accounting requirements, eligible impact fees previously collected and available for reimbursement may be included in the annual reimbursement process.

4.7.5 **Duration of Reimbursement.** Reimbursement payments shall continue annually until the applicable Reimbursement Amount has been fully reimbursed, this Agreement terminates, or reimbursement is otherwise satisfied. The Parties acknowledge that reimbursement is dependent upon future development activity and impact fee collections. The timer required for reimbursement cannot be guaranteed, and no provision of this Agreement shall be constructed as a guarantee that reimbursement will occur withing any specified period of time.

4.7.6 **Impact Fees to Property Owners Within the Districts**. City acknowledges that owners of property within the District boundaries will pay for their proportionate share of improvements installed by the Districts through property taxes, imposed to assure repayment of the PID, whereas owners of property outside of the District Boundaries will pay their share of the District's Projects through impact fees. Accordingly, to avoid requiring owners within the District's boundaries to pay for those improvements twice – through property taxes and again through impact fees – the City shall adjust and reduce the amount of impact fees due and payable by owners of property within the District's boundaries. Such reduction will be for the amount of the source component of the drinking water impact fee and the collection component of the wastewater impact fee until the credit equals the impact fee reimbursable cost paid by the Districts.

4.8 Processing Reimbursement Requests. Following the Effective Date, Districts may request the Reimbursement Amount associated with such portion of the Improvements ("**Reimbursement Request**"). The City shall process eligible Reimbursement Requests in accordance with Section 4.7 and subject to the limitations contained in this Agreement. If the City, in good faith, disputes any portion of the amount identified in a Reimbursement Request, the City will provide written notice to Districts identifying the nature of such dispute together with all information or evidence supporting the City's position relating to the dispute. Even if the City does provide notice of a dispute, the City must pay any undisputed amounts identified in the Reimbursement Request within the timeframe identified in Section 5.2. If the City delivers a notice of dispute as provided in this Section 5.3, then within a reasonable time thereafter, the City and Districts will meet and confer in good faith to discuss the disputed amounts, each party reserving all rights under this Agreement. As a condition precedent to reimbursement, Districts have already or shall submit documentation reasonably satisfactory to the City demonstrating:

(a) completion of the applicable Improvements;
(b) final acceptance by the City;
(c) actual costs incurred;
(d) payment in full of all contractors and suppliers; and
(e) compliance with all requirements of this Agreement

5. **Term.** This Agreement shall remain in effect until the earlier of (i) full reimbursement of approved reimbursable costs, (ii) mutual written termination, or (iii) twenty (20) years following the Effective Date. Warranty, indemnification, audit, and record-retention obligations shall survive termination.

6. **Indemnification.** Each Party shall indemnify, defend, and hold harmless the other Party, its officers, employees, agents, and elected officials from and against any and all claims, demands, causes of action, damages, liabilities, losses, penalties, fines, costs, and expenses, including reasonable attorneys' fees, arising out of or related to the design, construction, installation, operation, maintenance, repair, or failure of the Improvements, or the approval thereof, except to the extent caused by the negligence or willful misconduct of one party. Nothing in this Agreement shall be construed as a waiver of any immunity, limitation of liability, defense, or protection available under the Utah Governmental Immunity Act or other applicable law.

7. **General Provisions.**

7.1. **Binding Agreement.** This Agreement will be binding upon and will inure to the benefit of the permitted successors and assigns of the parties.

7.2. **Captions.** The headings used in this Agreement are inserted for reference purposes only and will not be deemed to define, limit, extend, describe, or affect in any way the meaning, scope, or interpretation of any of the terms or provisions of this Agreement or the intent hereof.

7.3. **Counterparts.** This Agreement may be signed in any number of counterparts with the same effect as if the signatures upon any counterpart were upon the same instrument. All signed counterparts will be deemed to be one original.

7.4. **Severability.** The provisions of this Agreement are severable, and should any provision hereof be void, voidable, unenforceable or invalid, such void, voidable, unenforceable, or invalid provision will not affect the other provisions of this Agreement.

7.5. **Waiver of Breach**. Any waiver by either party of any breach of any kind or character whatsoever by the other, whether such be direct or implied, will not be construed as a continuing waiver of, or consent to, any subsequent breach of this Agreement.

7.6. **Cumulative Remedies.** The rights and remedies of the parties will be construed cumulatively, and none of such rights and remedies will be exclusive of, or in lieu or limitation of, any other right, remedy, or priority allowed by law.

7.7. **Amendment.** This Agreement may not be modified except by an instrument in writing signed by the parties.

7.8. **Interpretation.** This Agreement will be interpreted, construed, and enforced according to the substantive laws of the State of Utah. This Agreement will be interpreted in an absolutely neutral fashion, and ambiguities herein will not be construed against any party as the "drafter" of this Agreement.

7.9. **Attorneys' Fees.** In the event any action or proceeding is taken or brought by either party concerning this Agreement, the prevailing party will be entitled to recover its costs and reasonable attorneys' fees, whether such sums are expended with or without suit, at trial, on appeal or in any bankruptcy or insolvency proceeding.

7.10. **Time for Performance.** Time is the essence of this Agreement. As used herein, the term "business days" means all days other than Saturdays, Sundays, and legal holidays observed by the courts of the State of Utah. If the date for the performance of any obligation hereunder falls on a date which is not a business day, then the time for such performance will be automatically extended until the next day, which is a business day.

7.11. **Assignment.** Districts may not assign their rights or obligations under this Agreement without the prior written consent of the City, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Districts may, without the consent of City, assign its right to receive reimbursement payments under this Agreement directly to Districts' bondholders or a trustee acting on their behalf. Any approved assignee shall assume all obligations of Districts in writing.

7.12. **Audit.** Districts shall retain all records relating to the Improvements and reimbursement requests for a period of six (6) years following final reimbursement. The City shall have the right to inspect and audit such records upon reasonable notice. Any overpayment identified through audit shall be promptly reimbursed to the City.

7.13. **Default.** If Districts fail to comply with any material provision of this Agreement, the City may withhold reimbursement until the default is cured. The City's exercise of such right shall not constitute a breach of this Agreement. If City fails to comply with any material provision of this Agreement, the Districts shall give City notice of default and a 30-day opportunity to cure the default. Thereafter, unless the default is cured in the sole judgement of Districts, Districts may exercise all rights and remedies available to it in order to obtain payment of reimbursement, including an action for unconstitutional taking without just compensation.

7.14. **No Third-Party Beneficiaries.** This Agreement is entered solely for the benefit of the parties and creates no rights in any contractor, subcontractor, supplier, property owner, lender, or other third party.

7.15. **Notice.** All notices provided for herein must be in writing and must be given by email, first class mail, certified or registered, postage prepaid, addressed to the parties at their respective addresses set forth below:

Districts:	Red Bridge Public Infrastructure Districts No. 1 Red Bridge Public Infrastructure Districts No. 2 Attn: Michael Crandall Address: 105 E 300 S Provo, UT. 84606 Phone: (801) 373-7570 Email: docs@provoabstract.com
With a copy to:	Dentons, Durham, Jones, Pinegar Brent Bateman 1557 W Innovation Way, Suite 400 Lehi, Utah 84043 Email: brent.bateman@dentons.com
City:	City of Payson Attn: City Recorder

439 West Utah Avenue
Payson, Utah 84651
Email: amalieo@payson.org

With a copy to: City Attorney
Attn: Brandon Dalley
439 West Utah Avenue
Payson, Utah 84651
Email: brandond@paysonutah.gov

[End of Agreement. Signatures Follow.]

PAYSON CITY

Signature: _____

Name: _____

Title: _____

Date: _____

Attested: _____
City Recorder

Approved as to form: _____
City Attorney

Red Bridge Public Infrastructure Districts No. 1

Signature: _____

Name: _____

Title: _____

Date: _____

Red Bridge Public Infrastructure Districts No. 2

Signature:

Name:

Title:

Date:

EXHIBIT A

(PROPERTY DEPICTION)

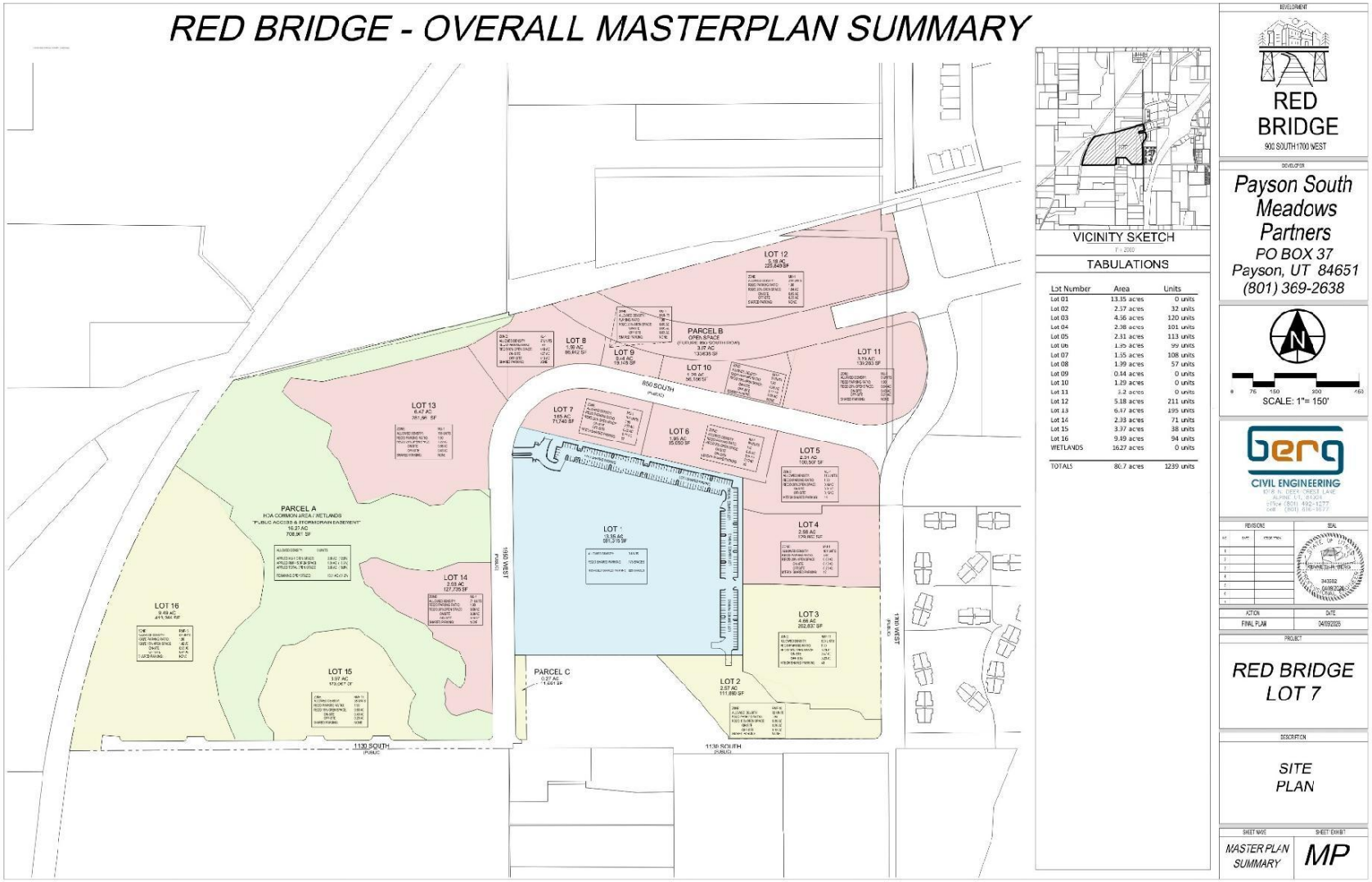


EXHIBIT B

(SUMMARY OF IMPROVEMENTS)

RED BRIDGE

10/27/2026

SEWER CAPACITY ANALYSIS PID SEWER ALL PHASES

Exist Payson City 21" Sewer Outfall Line in Utah Ave at 75% Capacity		4.980 cfs
Measured flowrate of existing Payson City Sewer @ PID tie-in location in Utah Ave		1.19 cfs
Total available PID Sewer Capacity @ tie-in to existing sewer system		3.790 cfs
Red Bridge Station - Sewer Capacity Reservation		1.723 cfs
1240 Dwelling Units		
560 Additional ERU's (Mtech, Hotels, Retail, Restaurants)		
Projected Peak Hourly Flow		1.723 cfs
Remaining PID Sewer Capacity for areas South of Red Bridge Development		2.067 cfs
Projected South Service Area of PID Sewer Line	360 ac	
Projected South Service Area Zoning	3.0 DU/ac	
Projected Total # of Dwelling units	1,080 DU	
Projected Peak Hourly Flow		2.064 cfs

CONSTRUCTION COSTS

Description	Total Cost
Red Bridge PID - Sewer Outfall Overall Cost	$ 2,385,320.49
Total Red Bridge PID - Sewer Outfall Cost	$ 2,385,320.49

SOUTH SERVICE AREA - PIONEERING AGREEMENT CONNECTION FEE

TOTAL RED BRIDGE PID - SEWER OUTFALL $ 2,385,320.49

		Peak Flowrate	% of Flowrate	
RED BRIDGE		1.723 cfs	45%	$1,085,267.28
SOUTH SERVICE AREA		2.064 cfs	55%	$1,300,053.21
	TOTALS	3.787 cfs	100%	$2,385,320.49

SOUTH SERVICE AREA TOTAL PIONEERING AMOUNT $1,300,053.21

SOUTH SERVICE AREA - TOTAL # OF DWELLING UNITS 1,080 DU

PIONEERING AGREEMENT CONNECTION FEE PER DU $1,203.75

RED BRIDGE

10/27/2026

WATER ANALYSIS PID WELL

RED BRIDGE PID - WELL IMPROVEMENTS YIELD ANALYSIS 5,509 eru

As per the HAL pump letter the well has the capacity as stated

CONSTRUCTION COSTS

Description	Total Cost
All Well Costs	$ 3,384,180.72
Total Red Bridge PID - Well Improvements	$ 3,384,180.72

WELL - PIONEERING AGREEMENT CONNECTION FEE

TOTAL RED BRIDGE PID - WELL IMPROVEMENTS $ 3,384,180.72

		ERU	% of Well Yield	
RED BRIDGE		1,800 eru	33%	$1,105,740.66
SOUTH SERVICE AREA ** based on sewer capacity **		1,080 eru	20%	$663,444.40
PAYSON CITY (WEST SERVICE AREA) [CAPITAL FACILITY]		2,629 eru	48%	$1,614,995.66
	TOTALS	5,509 eru	100%	$3,384,180.72

TOTAL PIONEERING AMOUNT $2,278,440.06

TOTAL # OF DWELLING UNITS 2,110 eru

PIONEERING AGREEMENT CONNECTION FEE PER ERU	**$1,080.00**
PAYSON CITY DIRECT PURCHASE AS PER CAPITAL FACILITY PLAN	**$1,614,995.66**