

Master Development Agreement Summary

Open Space & Trail Connectivity

Overview - The South Willard Development

(SWD) property has two invaluable and truly unique benefits to offer Willard City, which combine to create the best open space contribution of any development to date. First, SWD's property east and west of Highway 89 present the only location where the Rail Trail and Bonneville Shoreline Trail can be connected, to make the county trail master plan a reality! The proposed development will incorporate approximately 25,000 linear feet of trail to make this critical east-west connection. Second, SWD's 20-acres west of Highway 89 offers the makings of what may be described as a nature preserve type of space, with most improvements focused on the pond(s), creek, canal, and along the trail area, which is something that no development could possibly afford to replicate!

Natural Features - Existing natural features are: flowing creek bed from the eastern pond which is fed by natural springs on site. The area acts as a crucial habitat for a number of species of animals in the area, in addition to the larger pond to the west that attracts a large numbers of water fowl and deer. On the east side, 45-acres of hillside will be preserved to protect the view corridor while also connecting the trail system. In total SWD will permanently preserve 60-acres, 43% of total acreage, of natural open space. As land in the area is developed, the value of the natural open space offered by SWD will increase in value, as less and less natural space is available for residents to enjoy and fewer if any, that can match what SWD has to offer longterm.

Community Engagement and Community Improvement Contribution(s)

Royalty - The city shall receive \$500,000, or more, in the form of a 1% extraction royalty, as compensation for the impact the operation will have on the community. Typical development contributions come with restrictions on how the city may spend money received but royalty income received will be immediately available to the city, to be used for any purpose deemed beneficial by City Council.

Community Group - In addition, to direct financial compensation, the city will also, with input from Granite, select members of the community to participate in the South Willard Community Group (SWCG). Members will receive training necessary to effectively identify, evaluate, and address issues, typical to extraction operations. Group members will be part of regularly scheduled meetings, have immediate access, through Granite's Public Liaison, to the following members of Granite's team: Environmental Manager, Plants Manager, and Vice President – Utah Regional Operations.

Culinary Water System Contribution

Water Tank - SWD will provide the city with a 500,000-gallon water tank and the property to locate it on. Net SWD required storage needs, the city will be left with 2/3, or about 330,000 gallons, of the total storage capacity. The proposed location is ideal for two, very important and unique, reasons: elevation and connect ability. Location: From an engineering perspective the elevation is effectively a perfect match to the other three tanks which improves pressure and serviceability of the city's existing culinary system. It also provides the city with a future opportunity to decentralize its culinary water sources (springs & wells). Connection: In terms of connection to the culinary system, (which may be a required Developer expense as a condition of approval representing additional value to the city) the site provides looping options for three major elements of the city's water master plan: 200 West, Highway 89 (both sides), and 300 East.

Pressurized Secondary Irrigation

Secondary Irrigation - A secondary water system will be created using SWD's existing pond(s) or through an agreement with Pine View. The new system will be a game changer for the city, as future development will have an alternative source of water which will effectively reduce demand on the city's limited culinary resources, by 2/3 for new developments that take advantage of the opportunity to connect.

Overview: Development and Extraction Process

SWD will have a unique, hopefully trend setting, development timeline, to accommodate its equally unique "remove and improve" development concept. What does this mean? Using extraction to prepare the rough development grades means approximately 70-acres, representing the ground for the third and final phase of residential development, will be left partially undeveloped until the end of the approved extraction zoning period. At that point, zoning will automatically change to the Planned Development Zone agreed to today and look substantially like the Master Development concept, which will be an exhibit to the final Agreement. If the Agreement is Breached the zoning shall also automatically revert to .5 acre zoning if the Agreement is Breached.

SWD will have three residential development phases. Phase one, occurs in year one or two and develops all the 22-acres, west of Highway 89, with a portion of open space to be completed in future phases. Phase two, begins after year three but completed by year five. In total 303 homes will be developed with 25% in each of the first two phases, and the remaining 50% in phase three which begins when the zoning automatically changes to residential. So how long before the last home is sold?

The development will be complete in about 25 years! It could be sooner but with no way of predicting what will happen with the economy and housing, we will assume we can sell, on average, two homes per month, or 24 homes per year. Assuming the approved extraction period is 15 years, then development of the remaining 50% of the homes in phase three begins year 16. Based on the assumption that two homes, on average, are sold month, the last home would be sold in 2042.

Term of Agreement

Agreement shall continue beyond the 25-year term, but only for previously approved residential rights or site plans that have been submitted to the city for preliminary approval, prior to the end of the Agreement. If the developer has not breached the terms of the Agreement, there are four (4) "automatic" extensions, of five (5) years each which protect the developer's residential development rights, agreed to today.

The period allowed for extraction and distribution of materials, shall terminate on the date approved, which is established in 13.d. No provision in the Agreement allows for an extension of the duration and/ or scope of extraction without approval from City Council through a public process which will include public comment.

All terms of the Agreement, including those related to infrastructure commitments to the city, residential zoning approved by the city, and extraction, will run with the land and are binding on any future parties the Developer may assign its SWD interest to.

Zoning

Under the PD Zone, subject to approval by the city, approved land uses are: single-family and town home residential uses, in addition to Commercial/ Manufacturing – Gravel extraction (for a period of time) Prohibited land uses listed in the Agreement include but are not limited to: asphalt hot plant; convenience store with gasoline sales; mines, including without limitation, chemicals and fertilizers (mineral) mining; and truck and heavy equipment service stations. Unless substantial construction in phase one begins within 7 years, or if there are other breaches by the developer, zoning reverts to ½ acre residential.

Extraction: General Terms and Conditions

Except for minor changes, the agreement may not be modified or amended except in written form mutually agreed to and signed by each of the parties.

The city's ability to regulate and enforce terms of this agreement shall come from:

1. Enforcement of rules, policies, regulations, and/ or ordinances of the city, application to Developer.
2. Right to access property.
3. Rules and regulations described in the Developers Excavation Permit Application (Exhibit F).
4. Federal regulations,
5. State Regulations

Events of Default

Developer shall be considered in default if they make intentionally misleading statements or they provide misleading exhibits. Second, the city has substantial evidence that the Developer has not complied in good faith with any material terms or conditions of the Agreement. Third, Developer violates any Extraction Law. Fourth, there are any other events, conditions, or omissions that materially interfere with the intent of the Agreement.

Upon any occurrence of Default the defaulting party shall receive written notice specifying the nature of the default and the manner in which the default may be satisfactorily cured. After notice is received the Developer shall have ninety (90) days to cure the default. If the default reasonably requires more than ninety (90) days to cure and Developer is making significant and continuous steps to cure the default, the Developer may have additional time to cure. However, after ninety (90) days or the other appropriate cure period has failed to cure the default, the city may declare the Developer to be in Breach. Once in Breach the city may deny pending development approvals, building permits, or request for certificates of occupancy, they may also refuse to honor any obligation in this Agreement.