

ANNEXATION AND DEVELOPMENT AGREEMENT

This Agreement is made and entered into this 18 day of December, 1996, by and between Santaquin City, a municipality and political subdivision of the State of Utah, (hereinafter "the City") and a group of contiguous land owners to the City of Santaquin known as South County Development, LC, a Utah limited liability company, Edwin and Colleen Ahlin, Waren and Thelma Ahlin, Daryl and Darlene Kay and S.H.O.P., LC, a Utah limited liability company (hereinafter "the Group")

WHEREAS, the State of Utah has enacted legislation which requires municipalities to adopt an annexation policy declaration as a condition precedent to annexing unincorporated territory having more than five acres; and,

WHEREAS, the City desires to annex territory on its boundaries; and,

WHEREAS, Urban development should occur within cities and the City desires to encourage urban development within its boundaries rather than allowing urban development on the City's periphery; and,

WHEREAS, the City Council, having considered the Petition for annexation after appropriate notice and all necessary public hearings in compliance with the requirements of state law, is willing to annex the Property but only upon certain conditions to be met and fulfilled by the Company; and,

WHEREAS, the City is authorized to enter into annexation and development agreements in appropriate circumstances in order to promote orderly development of property within its boundaries and to provide other benefits in connection with such developments; and,

WHEREAS, it is further understood and agreed that the performance of the obligations set forth herein are independent of and in addition to compliance by the Group with all applicable laws, ordinances, resolutions, requirements and regulations of the City.

NOW THEREFORE, in consideration of the foregoing goals and objectives and the covenants and promises set forth below, the parties agree as follows:

1. **PURPOSE OF THIS AGREEMENT** The purpose of this agreement is to provide for the annexation of certain real property into the City, to designate the zoning that will attach to the property upon its annexation, and to provide for the development of the Annexation within the boundaries of the City as a conditional use, in accordance with the development plan approved by the City Planning Commission and the City Council.

ENT 2551 BK 4167 PG 88
RANDALL A. COVINGTON
UTAH COUNTY RECORDER
1997 Jan 10 3:05 pm FEE 0.00 BY BLT
RECORDED FOR SANTAQUIN CITY

2. **ANNEXATION** The City, pursuant to a petition filed by a majority of the land owners within the area proposed for annexation, and in accordance with the authority granted by statute, agrees to adopt a resolution/ordinance of annexation and thereby to annex the area described on the annexation plat which is attached hereto and incorporated herein by this reference into Santaquin City. The area to be annexed is part of the unincorporated area of Utah County, State of Utah. It is further agreed that this proposed annexation meets all requirements of State law in that;

A. **CONTIGUITY** The area proposed for annexation is contiguous to the boundaries of the City.

B. **WITHIN DECLARATION AREA** That the area to be annexed is within the area identified by the City in its annexation policy declaration statement for possible annexation into the City.

C. **NOT WITHIN ANOTHER CITY** That the area to be annexed is not included within the boundaries of any other incorporated municipality.

D. **NO UNINCORPORATED ISLANDS** That the annexation of this area will not leave any islands of unincorporated territory requiring municipal type services.

E. **NOT SOLELY FOR REVENUE** That the annexation is not being pursued by the City solely for the purpose of gaining revenues or to gain a jurisdictional advantage over another municipality or to restrict annexation by some other municipality.

F. **CITY CAN SERVE** That the City can and will provide the same level of municipal services to the annexed territory as it provides all other areas within its boundaries except as set forth in this Agreement.

G. **PETITION WAS PROPER** That a petition for annexation of this property was properly signed by the majority of land owners within the area proposed for annexation.

H. **NO FISCAL BURDEN CREATED** That the City has determined that annexation of this area will not create fiscal burdens on the City that will not be off-set by the revenues expected to be generated by virtue of this annexation.

I. **COMPATIBILITY** That the annexation will not result in a change of the character of the community and that the proposed development is therefore a compatible land use within this community and that each development on the Property shall provide reasonable density and open space.

3. GENERAL CHARACTER OF THE LAND TO BE ANNEXED

A. DESCRIPTIONS The property to be annexed is located in Utah County, State of Utah and is described in Exhibit "A" attached hereto. A development of the land is described as any member of the Group or their assigns or purchasers of part or all of their properties that is involved with developments on the Property and is herein referred to as "the Developer." The well and water rights owner and holder is referred to as "the Holder."

B. MUNICIPAL SERVICES REQUIRED The property will generally require municipal services from the City. Culinary water will be provided from the City's culinary water distribution system as provided for herein. Water, sewage and municipal natural gas will be provided as set forth herein. The water, natural gas and sewer systems will require off-site extensions which shall be constructed by the Developer as provided for herein.

C. UTILITIES The utilities, water, sewer and municipal natural gas systems installed and extended at the Group's or the Developer's sole expense and will be constructed to standards of the city, state or federal law or regulation, whichever is higher, and will, upon acceptance by the City, be conveyed to the City free and clear of liens and encumbrances.

D. WELL RIGHTS Shirl Ekins, the Holder of water rights, will submit to City a complete site report including state engineers permanent change application related to the well known as the Ekins Well. In the event that the Group, or any member or assignee of the Group applies for any additional acreage to be annexed the well and water rights or equivalent will be transferred to the City by Ekins or others applying for such annexation, reserving five acre feet of water usage for the continued use at the Ekins' farm and home operation where presently used. Shirl Ekins, the Holder of Ekins' well, as a party hereto agrees not to convey, transfer or otherwise alienate his rights to said well and its corresponding rights until subsequential annexation is applied for by the Group and accepted or denied by the City. It is furthermore understood and agreed by the parties hereto that any additional annexations shall involve the conveyance of water rights according to the following formula, will be set forth in Exhibit C. It is also agreed that all such water rights conveyed to the City shall be used for the water exaction for that annexation. This paragraph shall not limit the City to require additional water rights as defined in the water ordinances or any future annexation.

E. WATER SYSTEM CONNECTION FEES The Developer shall pay all water system connection fees for all hereditaments and structures to be connected to the City. Payment of the connection fees shall not be required until such time as each ^{unit} ~~unit~~ connects to the water distribution system and seeks water service. Upon payment of these fees and subject to the terms and conditions of this Agreement, these hereditaments and structures will receive water service from the City's water system on the same basis as all other customers of the City's water distribution system.

F. WATER SYSTEM IMPROVEMENTS AND EXTENSIONS The Developer shall install all culinary water system improvements and on-site improvements as may be necessary and required by the City at the Company's sole expense and no-reimbursement shall be paid by the City for the costs of these water system improvements.

G. WATER EXACTION Water exaction (payment by the Developer to the City for water) will be charged at the current rate provided in the water ordinance upon development.

H. SEWER Initially, the Developer shall be required and shall be solely responsible to install, maintain a sewage septic system for sewage collection and treatment at the Developer's sole expense. When the development in the annexation reaches a point equal to the sewer consumption of fifteen (15) residential users, the Developer will be required to connect into the City sewer system and to install the necessary sewer line to do so at the Developer's expense. Prior to any residential development in the annexation, the Company shall install the necessary sewer lines from the point of connection to the development.

I. FLOOD PLAINS There is a flood plain located within the annexation area. The Developer agrees to keep and maintain flood drains capable of 500 CFS on the development property in accordance with the design plans.

J. GAS LINES The Group or the Developer agrees to install all natural gas and other utility lines required for development in the annexation at the Developer's sole expense.

K. ROADS All roads shall be designed to the City's standards and in accordance with the applicable zoning designation, including adequate provision for construction traffic. The roads within the development will be according to construction standards as approved by the Council and master road plan.

L. FUTURE DEVELOPMENT The Developer shall not apply for additional acreage to be annexed until the current project shows substantial forward progress or as reasonably necessary to further the development of the property herein being annexed as determined by City Council.

M. SURFACE WATER RUN-OFF CONTROL The Developer shall detain all surface water run-off on site. Storm drain facilities will be required as per the engineering report. Storm water run-off from all roads or the freeway is to be directed to the side of the road and to be absorbed by the gravel and grasses areas to be maintained at the edge of the road right of way as reasonable and necessary.

N. **CITY FEES** Upon annexation, the Property is for all purposes part of the City, and is fully subject to all of its policies, ordinances, regulations, and tax levies, including levies for previously issued bonds. Except as set forth in this Agreement, all subdivisions and building fees, building permit, engineering inspection and general impact fees will be imposed on the annexed property in the same manner that they are applied elsewhere in the City.

O. **SNOW REMOVAL** The City is not obligated to take over snow removal responsibility on public streets within the annexed property until seventy percent of each development is developed which will be described in each development plan. Until such occurs, snow removal shall be the Developer's responsibility.

P. **OTHER SERVICES** Police, fire and ambulance services will be provided through the established development. Building codes and zoning enforcement will be administered by the Santaquin City Planning and Zoning Commission, and Building Officials.

Q. **TRANSFERS OF OWNERSHIP** It is understood and agreed that upon completion of the development of water, waste and road systems within each development and acceptance of such by the City that ownership of said systems shall be transferred to the City. Thereafter, the City shall own, operate, repair, maintain and replace such systems including storage facilities in order to provide adequate services to those within the said developments.

R. **REIMBURSEMENTS** Reimbursements for any development shall be made in accordance with the City's Subdivision Ordinance #95, Section 714 (Title Utility Extensions Agreements (7-1-95) as amended).

S. **DEVELOPMENT AGREEMENTS** Nothing in this Agreement shall prohibit Developers from applying for assistance to the Santaquin City Redevelopment Agency or the City for any other assistance.

T. **COVENANTS** This agreement, may be recorded in the Office of the Recorder of Utah County, Utah and shall constitute a covenant running with the land for each parcel listed in Exhibit "A" attached hereto and shall be binding upon successors and assigns.

4. **ZONING CLASSIFICATION** The City hereby agrees that this property shall be zoned as set forth in Exhibit C attached hereto and incorporated herewith. (Commercial C-2 and residential R-M-10, upon its annexation, together with all the uses that are customarily accessory and incidental to this zoning designation, and that it will be subject to the requirements as prescribed in that section of the Zoning Ordinance of Santaquin City.) Upon annexation the Property will become subject to all ordinances, regulations, master plans, subdivision regulations and land use regulations of the City. The density and master plan will be determined in light of the master plan, open space and entry corridor policies of the City.

5. **DEVELOPMENT TO CONFORM TO APPROVED PLAN** All development shall be subject to and in accordance with the approved plans to be submitted to the Council. The development shall comply with all applicable building, subdivision, sewer, water and other ordinances as may be established from time to time by the City. All required bonds shall be in place in the approved amounts prior to the commencement of any development work on the Property.

6. **INTEGRATION** — The foregoing constitutes the full and complete Agreement by and between these parties and shall supersede all prior oral or written agreements, representations or discussions. This Agreement shall be binding on the successors and assigns of the parties hereto.

7. **AMENDMENT OF AGREEMENT** This Agreement may be amended only in writing and signed by the parties hereto or their successors and assigns.

8. **ASSIGNMENT** This Agreement may not be assigned by South County Development, LC without the written approval of the City, which approval shall not be unreasonably withheld, except to an affiliated organization, entity or individual without the express acceptance of such provisions herein to the City in writing by the assignee.

9. **SEVERABILITY** If any portion, part or paragraph of this Agreement shall be held or deemed to be illegal, unconstitutional, inoperative or otherwise unenforceable, the same shall not affect any other section, paragraph, provision or provisions contained herein, nor shall it render the same invalid, inoperative or unenforceable to any extent whatsoever.

10. **AGREEMENT TO RUN WITH THE LAND** This Agreement shall be recorded against the Property and shall be deemed to run with the Property. This Agreement shall be binding upon and inure to the benefit of all successors in interest to the Property.

11. **NO JOINT VENTURE, PARTNERSHIP OR THIRD PARTY RIGHTS** This Annexation and Development Agreement does not create any joint venture, partnership, undertaking or business arrangement between the City and the parties hereto, nor any rights or benefits to third parties.

12. **ATTORNEY FEES AND COSTS** In the event of a breach of this Agreement, the breaching party shall pay to the enforcing party all reasonable costs of enforcement, with or without suit, including a reasonable attorney's fee, together with such other legal costs as may be authorized by law.

This Annexation Agreement has been authorized by a resolution, duly adopted by the Mayor and City Council of Santaquin, Utah, at a regularly scheduled meeting of that body, pursuant to public notice thereof, held on the _____ day of _____, 1996. A true and correct copy of the resolution is attached hereto and incorporated herein by this reference.

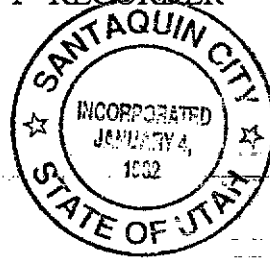
CITY OF SANTAQUIN

ATTESTED BY

Keith Broadhead
MAYOR

Elaine Tusher
CITY RECORDER

MA Lp
CITY ATTORNEY



SOUTH UTAH COUNTY
DEVELOPMENT, LC

S.H.O.P., LC

Amy L...
MANAGING MEMBER

Don Larsen
MANAGING MEMBER

Edwin Ahlin
EDWIN AHLIN

Warren Ahlin
WARREN AHLIN

Colleen Ahlin
COLLEEN AHLIN

Thelma Ahlin
THELMA AHLIN

Daryl Kay
DARYL KAY

Shirl Ekins
SHIRL EKINS

Darlene Kay
DARLENE KAY

STATE OF UTAH)
)
COUNTY OF UTAH)

ENT 2551 BK 4167 PG 95

On the 31st day of December, 1996, personally appeared before me Hal M. Magleby, who being duly sworn, says that he is the Managing Member of SOUTH UTAH COUNTY DEVELOPMENT, L.L.C, a Utah Limited Liability Company and that said instrument was signed on behalf of said Company by authority of its Articles of Organization (or by authority of its operating Agreement and said Managing Member duly acknowledge that said Company executed the same.

Sandra Steere
NOTARY PUBLIC

Residing at: Drem Utah
My commission expires: 12.3.97

