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WHEN RECORDED MAIL TO:

Jordan Valley Water
Conservancy District
Attn: Paul Rowley
8215 South 1300 West
P. O. Box 70
West Jordan, Utah 84088-0070

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09/09/2008 10:13 AM \$0.00

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GARY W. OTT

RECORDER, SALT LAKE COUNTY, UTAH

JORDAN VALLEY WATER

CONSERVANCY DISTRICT

8215 S 1300 W

WEST JORDAN UT 84088

BY: SLR, DEPUTY - MA 15 P.

[PARCEL ID #26-36-400-020]

ENCROACHMENT AGREEMENT

This Encroachment Agreement is made as of July 8, 2008, between the Jordan Valley Water Conservancy District, a water conservancy district organized under the laws of the State of Utah ("District"), and Rosecrest, Inc. ("Company").

RECITALS:

A. The District holds an easement and right-of-way (collectively referred to as the "Easement/Right-of-Way," and described on attached Exhibit A) under authority of a written agreement, and it utilizes, or will utilize, them for constructing, installing, operating, maintaining, inspecting, repairing and/or replacing a water pipeline and related facilities;

JVWCD NO. 00CI051A-8

ROSECREST_ENCROACHMENT_K1270 doc 7/14/08

B. The Company has requested permission to encroach upon the Easement/Right-of-Way of the District in a manner more particularly specified in this Agreement; and,

C. The District is willing to agree to the encroachment, upon the terms and conditions set forth in this Agreement.

TERMS:

The parties agree:

1. The District hereby agrees to encroachment upon the Easement/Right-of-Way by the Company, but only to this extent and for this purpose: The Company may install a sign, which measures 12' above ground, 6' below ground and 12' across, which advertises the Rosecrest Subdivision, on the North side of 13400 South Street at approximately 4900 West (referred to as the "Encroachment Improvements"), as shown on attached Exhibit B.

2. The Company shall comply with the District's Guidelines for Encroachment upon the Easement/Right-of-Way as set forth in attached Exhibit C.

3. The Company and its contractor(s) and agent(s) shall perform all work within the Easement/Right-of-Way in accordance with the plans, drawings, guidelines, and/or maps set forth in Exhibit B, and in a manner satisfactory to the District.

4. If the installation, construction, operation, maintenance, repair, replacement or inspection of any structures, equipment, facilities or pipeline(s) of the District located, or to be located, in the Easement/Right-of-Way should be made more expensive by reason of the Encroachment Improvements or the activities of the Company, the Company shall pay

to the District the full amount of such additional expense upon receipt of an itemized statement.

5. The Company shall construct, install, use, maintain, repair and replace its Encroachment Improvements in such a manner as not to (i) damage or obstruct the District's structures, equipment, facilities and/or pipelines; or, (ii) interfere with the installation, construction, operation, maintenance, inspection, repair or replacement of the District's structures, equipment, facilities and pipelines.

6. In consideration of the District agreeing to encroachment upon the Easement/Right-of-Way, the Company shall:

(a) Indemnify, defend and hold harmless the District, its agents, employees, officers, trustees, assigns and successors from and against all claims, demands, causes of action, liability or judgment of any kind, including attorney's fees and costs, which directly or indirectly arise from the negligence of the Company [or its agent(s) or contractor(s)], or from the existence, construction, installation, operation, maintenance, repair, replacement, condition, use or presence of the Encroachment Improvements within the Easement/Right-of-Way;

(b) Release the District and its agents, employees, officers, trustees, assigns and successors, from liability for all loss or damage of every description or kind whatsoever which may result to the Company from the construction, installation, operation, maintenance, inspection, repair and replacement of District structures, equipment, pipelines and facilities within the Easement/Right-of-Way, provided the loss or damage was not due solely to the negligence of the District; and,

(c) Hereby acknowledge that it accesses and uses the Easement/Right-of-Way at the Company's risk and hazard and, without limiting the generality of the foregoing, the Company agrees that the District shall not be responsible for any harm, damage or injury that may be suffered or incurred by the Company, its agents, employees, contractors, licensees, guests or invitees associated with the use or condition of the Easement/Right-of-Way, except to the extent the harm, damage or injury was caused by the reckless or intentional misconduct of the District.

7. The Company and its contractor(s) and agent(s) shall comply with all applicable laws, ordinances, rules, and regulations enacted or promulgated by any federal, state, or local governmental body having jurisdiction over the Encroachment Improvements and/or the Easement/Right-of-Way.

8. The provisions of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties; provided, however, that no such successor or assign of the Company shall have the right to use, alter, or modify the Encroachment Improvements in a manner which will increase the expense or burden to the District of the Company's encroachment on the Easement/Right-of-Way.

9. (a) This Agreement, and the encroachment granted to the Company by this Agreement, shall terminate without further notice or condition if (i) the Company does not continuously use the Encroachment Improvements as intended by this Agreement for any twelve (12) month period; or, (ii) the Company breaches this Agreement.

(b) In the event of termination, the Company, at its expense, shall immediately remove the Encroachment Improvements from the Easement/Right-of-Way and restore the surface of the Easement/Right-of-Way to its pre-encroachment condition.

10. (a) The Company may assign this Agreement with the prior written consent of the District, which consent shall not be unreasonably withheld.

(b) The District may assign this Agreement.

11. This Agreement may be amended only by written instrument executed by all parties.

12. All of the grants, covenants, terms, provisions and conditions in this Agreement shall run with the land and shall be binding upon and inure to the benefit of the successors, assigns, heirs, executors and administrators of the parties.

13. This Agreement, including exhibits, constitutes the entire agreement of the parties and supersedes all prior understandings, representations or agreements of the parties regarding its subject matter.

14. Each individual executing this Agreement does hereby represent and warrant that he or she has been duly authorized to sign this Agreement in the capacity and for the entities identified.

15. The parties shall perform those acts and/or sign all documents required by this Agreement and which may be reasonably necessary to effectuate the terms of this Agreement.

16. Any party may record this Agreement.

"District":

Jordan Valley Water
Conservancy District

Dated: 8-13-08

By: Richard P. Bay
Richard P. Bay
Its Chief Executive Officer
and General Manager

"Company":

Rosecrest, Inc.

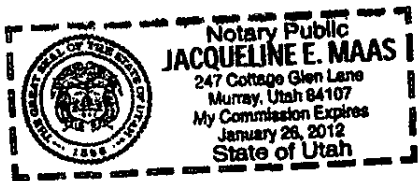
Dated: 1/30/08

By: Donald E. Wallace
Donald E. Wallace
Its Vice President

STATE OF UTAH)
)
 :SS.
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this 13 day of August 2008, by Richard P. Bay as Chief Executive Officer and General Manager of the Jordan Valley Water Conservancy District.

Commission expires: 1-26-2012

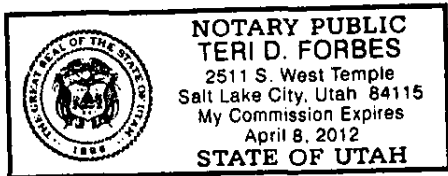


Jacqueline E. Maas
NOTARY PUBLIC
Residing in Murray, UT

STATE OF UTAH)
)
 :SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this 31st day of July, 2008, by Donald E. Wallace as Vice President of Rosecrest, Inc.

Commission expires: April 8, 2012



[Signature]
NOTARY PUBLIC
Residing in SALT LAKE County

EXHIBIT A

DESCRIPTION OF DISTRICT'S EASEMENT AND RIGHT-OF-WAY

A strip of land (Easement Property) twenty feet (20') in width, situated in Section 36, Township 3 South, Range 2 West, Salt Lake Base and Meridian, in Salt Lake county, State of Utah, being more particularly described as follows:

Easement Property:

A 20 foot wide pipeline easement described as being 10 feet each side of a centerline beginning at a point on the Darger East property line North $0^{\circ}03'51''$ West, 60.0 feet from the Southeast corner of the Darger property, said corner being North $89^{\circ}19'22''$ West, 657.48 feet, more or less, from the Southeast corner of Section 36, Township 3 South, Range 2 West, Salt Lake Base & Meridian; thence along the easement centerline North $89^{\circ}19'22''$ West, 1.98 feet, more or less; thence south $66^{\circ}49'22''$ West 42.04 feet, more or less; thence North $89^{\circ}19'22''$ West 622.77 feet, more or less, to the West property line of the Darger property. Containing 0.31 Acres, more or less.

EXHIBIT B
ENCROACHMENT IMPROVEMENTS



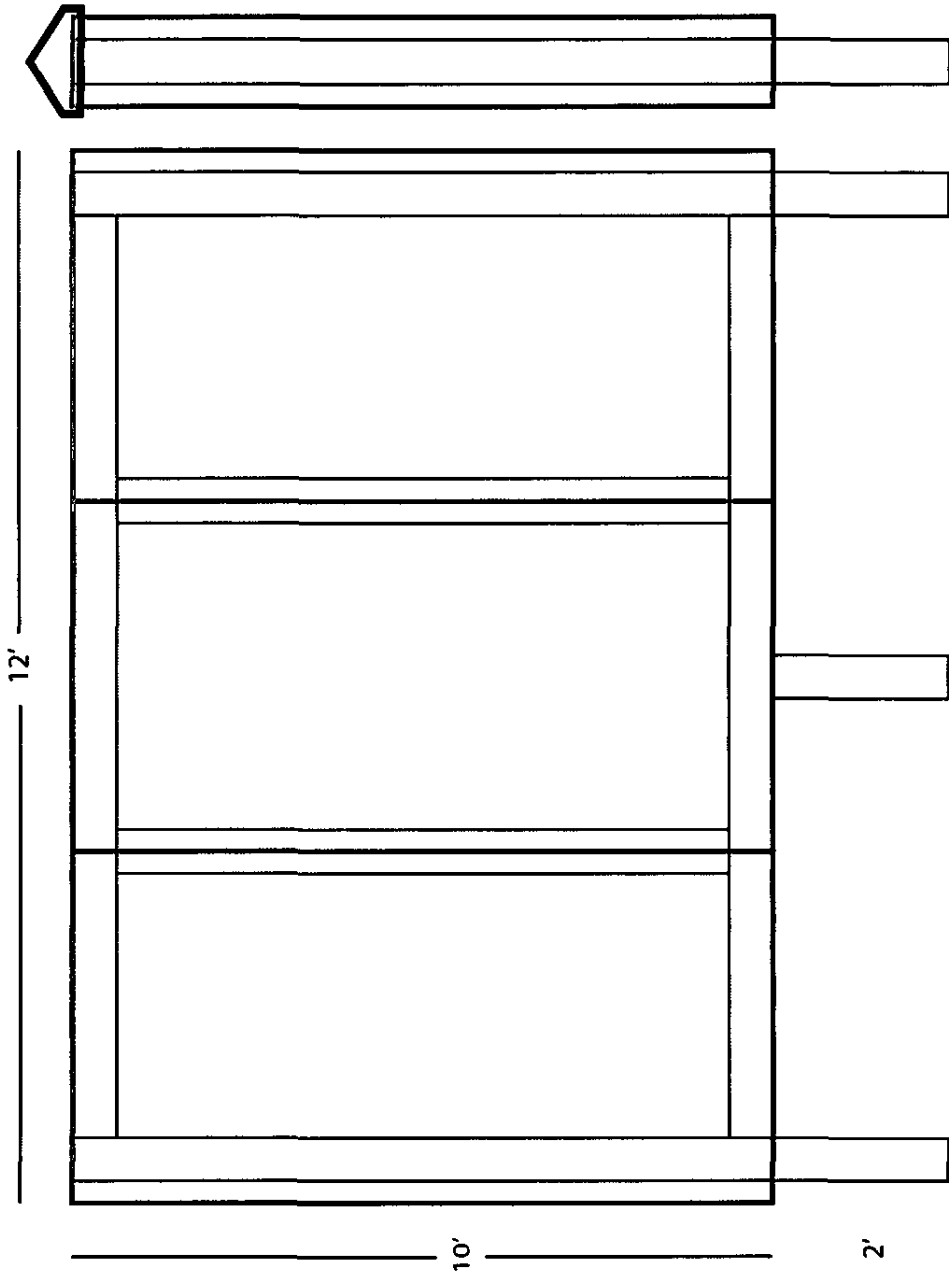
ROSECREST



← Left, 1.2 Miles

The Sorenson Group

Overall structure face 12X10



Marine-grade 3/4 plywood/Painted Semi Gloss Exterior (white)
Tight seams on faces and ends to allow laminate material to adhere evenly.

4X4 Tube Steel/Welded/Exerior Semi Gloss (black or white)
Frame lined with 2X4 lumber. Ends of structure lined and boxed with plywood with tight seams. Top of structure capped to prevent water from entering the structure and to help prevent wind damage. Vertical tubes burried 6' in ground.

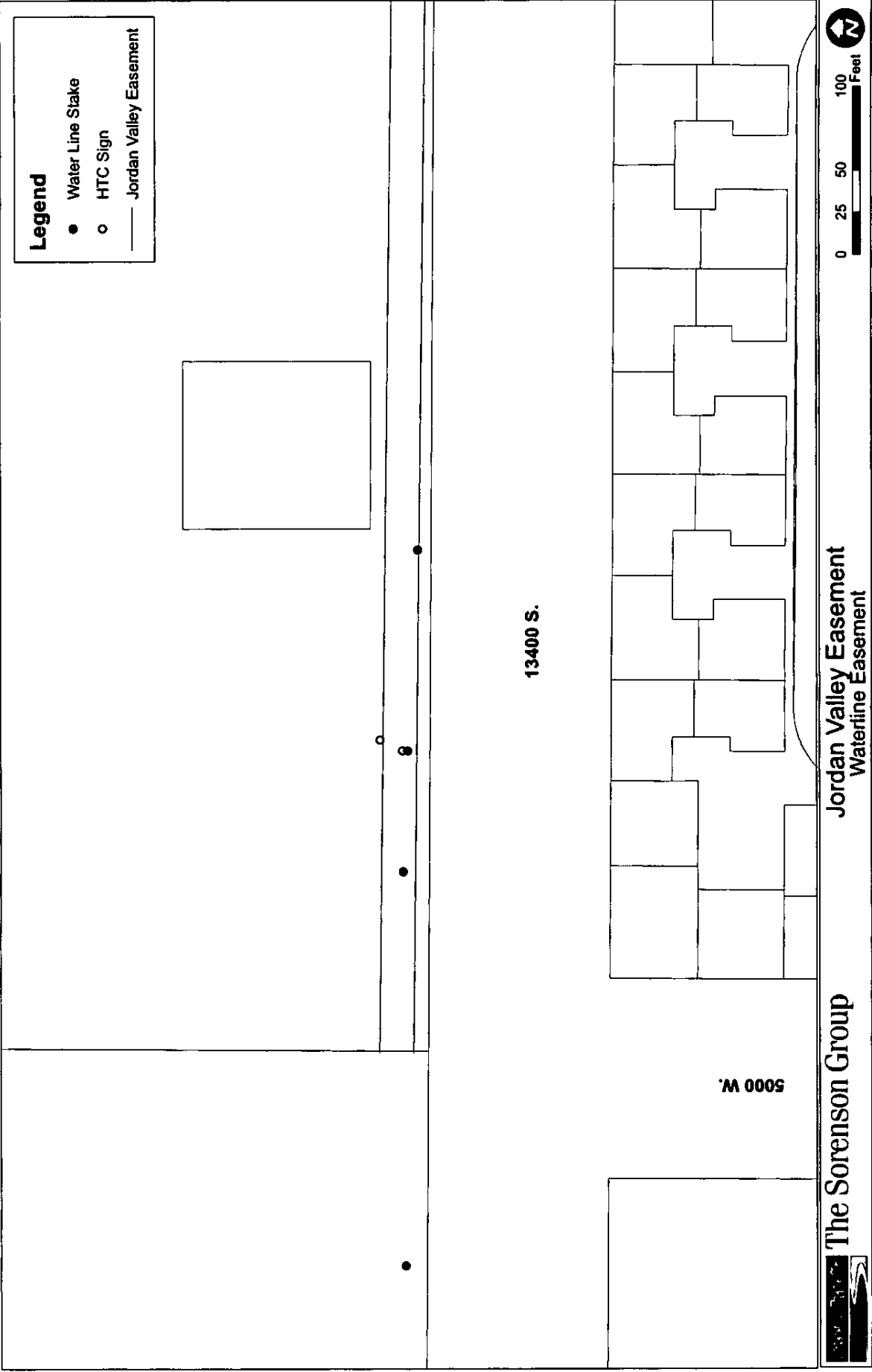


EXHIBIT C

GUIDELINES FOR ENCROACHMENT

A. Surface structures that may be constructed within the District's Easement/Right-of-Way, but only upon the prior written consent of the District, include asphalt roadway, with no utilities within roadway; non-reinforced parking lot, curb, gutter, sidewalk, walkway and driveway; and non-masonry fence with gated opening. However, where the District's facilities or pipeline(s) has specific maximum and minimum cover designations, the special requirements for structures crossing over the pipeline(s) shall be obtained from the District for the maximum allowable external loading or minimum cover. It is understood that all surface structures shall be analyzed and considered by the District on an individual basis.

B. Structures that may not be constructed in, on, over, across or along the District's Easement/Right-of-Way include but are not limited to permanent structures such as footings, foundations, masonry block walls, buildings, garages, decks, carports, trailers, swimming pools and athletic courts, as designated and characterized by the District.

C. No trees are allowed within the Easement/Right-of-Way.

D. All changes in ground surfaces within the Easement/Right-of-Way are considered encroaching structures. Earthfills and cuts on adjacent property shall not encroach onto the Easement/Right-of-Way without the prior written consent of the District.

E. Existing gravity drainage of the Easement/Right-of-Way shall be maintained. No new concentration of surface or subsurface drainage may be directed onto, under or across the Easement/Right-of-Way without adequate provision for removal of drainage water or adequate protection of the Easement/Right-of-Way.

F. Prior to any construction within the Easement/Right-of-Way, an excavation must be made to determine the location of existing District facilities and pipeline(s). The excavation shall be made by or in the presence of the District, at the Company's expense.

G. All construction activities within the Easement/Right-of-Way shall be limited to construction of the Encroachment Improvements previously approved by the District, and the Encroachment Improvements shall be constructed strictly in accordance with the plans and specifications previously approved by the District.

H. The ground surfaces within the Easement/Right-of-Way shall be restored to the condition, elevation and contour which existed prior to construction or as shown on the plans, drawings, guidelines and/or maps set forth in Exhibit B.

I. The Company shall notify the District upon completion of construction and shall, at its expense, provide the District with one (1) copy of as-built drawings showing actual Encroachment Improvements within the Easement/Right-of-Way.

J. Following completion of construction of the Encroachment Improvements, and except in case of emergency repairs, the Company shall give the District at least ten (10) days written notice before entering upon the Easement/Right-of-Way for the purpose of accessing, maintaining, inspecting, repairing, or removing the Encroachment Improvements.

K. If unusual conditions are proposed for the Encroachment Improvements or unusual field conditions within the Easement/Right-of-Way are encountered, as designated and characterized by the District, the District may, at its discretion, impose conditions or requirements which are different from or more stringent than those prescribed in these Guidelines.

L. All backfill material within the Easement/Right-of-Way shall be compacted to ninety percent (90%) of maximum density, unless otherwise allowed or required by the District. Mechanical compaction shall not be allowed within six inches (6") of any of the District's facilities and pipeline(s). Mechanical compaction using heavy equipment, as designated and characterized by the District, will not be allowed over District facilities and pipeline(s) or within eighteen inches (18") horizontally.

M. Backfilling of any excavation or around any facilities or pipeline(s) within the Easement/Right-of-Way shall be compacted in layers not exceeding six inches (6") thick to the following requirements: (1) cohesive soils to 90 percent (90%) maximum density specified by ASTM Part 19, D-698, method A; (2) noncohesive soils to 70 percent (70%) relative density specified by ANSI/ASTM Part 19, d-2049, par. 7.1.2, wet method.

N. To enable the District to locate non-metallic Encroachment Improvements below ground level, the Company shall install a "locator wire" as required by District specifications.

O. The Company shall notify the District at least seventy-two (72) hours in advance of commencing initial construction of the Encroachment Improvements in order to permit inspection by the District.

P. No encroachment shall involve the use or storage of hazardous material(s), as designated and characterized by the District.