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FEB 18 2004

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT ("Agreement") is made and entered into as of this 19 day of July, 2000, by and between **FARMINGTON CITY**, a Utah municipal corporation, hereinafter referred to as "City," and **CLAIMS, INC.**, a Utah corporation, hereinafter referred to as the "Developer."

E 1963379 B 3478 P 773
RICHARD T. MAUGHAN, DAVIS CNTY RECORDER
2004 FEB 18 2:28 PM FEE 25.00 DEP MEC
REC'D FOR FARMINGTON CITY CORP

RECITALS:

- A. The Developer is developing 98.3 acres of land situated within the City which is known as Farmington Greens (the "Property"). The Property is more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof.
- B. The Developer proposes to install certain public improvements within the Property and additional off-site public improvements in order to provide access, infrastructure and municipal services to the Property.
- C. Some of the public improvements which will be installed by Developer will be "system improvements" as defined in the Utah Impact Fees Act, Title 11, Chapter 36 of the Utah Code Annotated, and will provide services in the future to certain properties located adjacent to or near the Property and the community at large.
- D. The City and Developer have entered into a Development Agreement for Farmington Greens dated the 19 day of July, 2000 ("Development Agreement") wherein the City agreed to enter into a mutually acceptable reimbursement agreement with Developer to reimburse and/or credit Developer from impact fees for a portion of the costs for system improvements installed by Developer.
- E. The Developer has requested the City to reimburse Developer for a portion of the costs associated with the construction and installation of the system improvements which will benefit the Property and other neighboring properties.
- F. Subject to the terms and conditions set forth in this Agreement, the City is willing to reimburse Developer for a portion of the costs incurred by Developer for the construction and installation of the system improvements as proportional to the benefit received by the neighboring properties in light of the total cost of installing or constructing the system improvements.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and the Developer hereby agree as follows:

1. **Incorporation of Recitals.** The foregoing Recitals are hereby incorporated into this Agreement and are made a part hereof.

2. **Developer's Obligations.** The Developer shall:

a. Install and construct or cause to be installed and constructed certain system improvements which are more particularly described in Exhibit "B" attached hereto and by this reference made a part hereof. The estimated costs shown on Exhibit "B" for the system improvements are estimates only and shall be revised based on actual costs.

Developer shall construct and install, or cause to be constructed and installed, all of the system improvements described on Exhibit "B" at Developer's sole cost and expense and in accordance with requirements of the City Engineer and the City Ordinances in effect as of the date of this Agreement. Upon completion of the said system improvements and the inspection and acceptance of the same by the City, the City shall thereafter own the system improvements together with the lands and rights-of-way conveyed to the City by Developer. The Developer shall be obligated to construct and install all other required public improvements located within and required to serve the Property at Developer's sole cost and expense.

The Developer shall provide to the City copies of receipts, checks, vouchers, bills, statements and all other information necessary for the City to determine the actual costs incurred by the Developer in installing and constructing system improvements as set forth in Exhibit "B" attached hereto.

b. Due to inadequate existing culinary water capacity in the west Farmington area of the City, Developer agrees in accordance with the Development Agreement to advance to the City at the times required by the Development Agreement Ninety-Two Thousand Three Hundred Forty and no/100 Dollars (\$92,340.00) and any additional amounts advanced by the Developer with the approval of the City which are over and above the prepaid impact fee amounts (the "Reimbursement Amount") to aid in the financing of the "Water System Development Project" as set forth in paragraph 4(e)(iii) of the Development Agreement between the City and the Developer dated July 19, 2000.

3. **City's Obligations.** The City's obligations to provide municipal services to the Property are subject to and conditioned upon the Developer performing its obligations under the Development Agreement, and complying with all of the provisions thereof, the requirements of the

Planning Commission, City Council, City Engineer, and all City ordinances, rules and regulations which are in force on the date of this Agreement, including but not limited to the payment by the Developer of all fees and charges due to the City. Nothing contained herein shall exempt, release or excuse Developer or its successors and assigns from paying any impact fees or other fees and charges required for development of the Property, or any portion thereof, pursuant to the ordinances and resolutions of the City, except where credits against such fees are granted hereunder to the Developer by the City.

4. **Reimbursement.** The City agrees to reimburse a portion of Developer's costs incurred pursuant to paragraph 2 above solely in accordance with the following:

a. Pursuant to City ordinance and as permitted by law, the City shall assess and collect impact fees on all development activities within the Property and development activities on those lands located in the City within the area west of I-15. The amount of the impact fees shall be determined by the City in its absolute and sole discretion.

b. Where authorized and permitted by law, the following impact fees will be assessed and collected by the City: transportation impact fees and culinary water development impact fees. All such fees shall be determined by the City based upon a capital facilities plan adopted or to be adopted by the City for the service area which includes the Property together with an impact fee analysis as required under the Impact Fee Act of Utah. To the extent prepaid in connection with the Development Agreement, no additional impact fees shall be charged, assessed or collected by the City. The City will collect transportation impact fees and culinary water development impact fees on buildings and structures located on the Property and on lands located in the entire City which are served by the system improvements. In the event any law or court decision hereafter prohibits, limits, or eliminates impact fees, the City shall not be obligated to assess or collect any impact fees other than those authorized by the then existing law and/or any applicable court decision(s). Subject to the foregoing, the City will reimburse Developer on a quarterly basis for the Reimbursement Amount and for the actual reasonable costs incurred by the Developer in providing the system improvements described on Exhibit "B" by remitting to Developer (a) its pro-rata share (24.3%) of one-half of the above-referenced impact fees which may be collected hereafter by the City and from lands located in the City service areas set forth above for transportation impact fees and culinary water development impact fees, and (b) 100% of the culinary water development impact fees collected by the City from the Property for the increase in size of any culinary water connection from 3/4" to 1". In the event the City is obligated to make other expenditures for system improvements or reimbursements for impact fees collected, the impact fees collected, net of direct expenditures, shall be divided among the outstanding system improvement agreements in proportion to the original amounts due; provided, however, if the Developer is entitled to preferential reimbursement of the Put Amount, as said term is defined in the Development Agreement, Developer shall receive such Put Amount on a preferential basis vis-a-vis any reimbursement due to the Opt Out Party, as said term is defined in the Development Agreement. Reimbursements for system

improvements shall have priority over reimbursements for oversizing. Notwithstanding anything in this Agreement to the contrary, the City shall have no obligation to make any reimbursement to the Developer until the above-referenced impact fees from the Property or lands located within the applicable service area are actually received by the City. The City shall not be obligated to pay interest to the Developer on amounts reimbursed from or credited against impact fees. Developer hereby agrees to accept those above-referenced impact fees actually collected by the City and/or credited to Developer as provided herein as full and final reimbursement and satisfaction of all sums due and hereby agrees to hold the City and its officers, employees, agents and representatives harmless for any amounts claimed by Developer for reimbursement in the event the City is unable to collect the aforesaid impact fees for any reason whatsoever. Impact fees reimbursed hereunder to Developer shall be solely for the purposes for which such fees were collected respectively.

c. No reimbursement or credits shall be due hereunder to Developer until:

(i) with respect to the system improvements described on Exhibit "B," the system improvements for which reimbursement is requested or credits given have been fully installed, inspected and approved by the City; and

(ii) until the provisions of this Agreement require such reimbursement and/or credits.

5. **Ownership and Maintenance.** Ownership of the system improvements which are subject of this Agreement as well as any other public improvements located on the Property shall be with the City after completion of construction of the same by the Developer and inspection and approval thereof by the City. The City will assume responsibility for maintenance, repair or replacement of the system and public improvements once they are completed by the Developer and accepted by the City subject to any applicable warranty periods.

6. **Collection Period.** It is further agreed that the City will collect the impact fees specified herein to the extent permitted by law for a period of ten (10) years from the date of this Agreement, or until such time as Developer's actual costs for the designated system improvements and the Reimbursement Amount have been paid in full, whichever occurs first ("actual costs" means the costs actually and reasonably expended to construct the system improvements excluding interest). The Developer specifically agrees to accept the impact fees specified above which are in fact collected and/or credited by the City during this period as full and final payment under this Agreement and hereby waives any rights or claims against the City for reimbursement of any kind or source other than as set forth herein.

7. **Conflict.** In the event of any conflict between the provisions of this Reimbursement Agreement and the Development Agreement entered into by the parties hereto, the terms and provisions of the Development Agreement shall be controlling. Nothing contained herein shall be deemed to modify or supersede the provisions of the Development Agreement.

8. **Entire Agreement.** This Agreement contains the entire agreement and understanding of the parties with respect to reimbursement to the Developer for lands, easements, trails, system improvements, public improvements and utilities, and supersede all prior written or oral agreements, representations, promises, inducements or understandings between the parties with regard to any reimbursements to Developer from the City.

9. **Binding Effect.** This Agreement shall be binding upon the parties hereto and their respective officers, employees, representatives agents, members, successors, and assigns.

10. **Validity and Severability.** If any section, clause or portion of this Agreement is declared invalid by a court of competent jurisdiction for any reason, the remainder shall not be affected thereby and shall remain in full force and effect.

11. **Amendment.** This Agreement may be amended only in writing signed by the parties hereto.

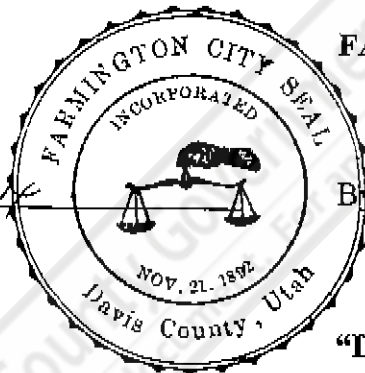
IN WITNESS WHEREOF, the parties hereto have executed this Reimbursement Agreement as of the day and year first hereinabove written.

“CITY”

FARMINGTON CITY

ATTEST:

Margy Lomas
City Recorder



By: *[Signature]*
Mayor

“DEVELOPER”

CLAIMS, INC.
a Utah corporation

By: *Neuman C. Petty*
Its: President

EXHIBIT "A"

FARMINGTON GREENS LEGAL DESCRIPTION

pt 1/2 E 1/4 23 3N-1W
08-074-0012 - pt
0096
0095, 0038

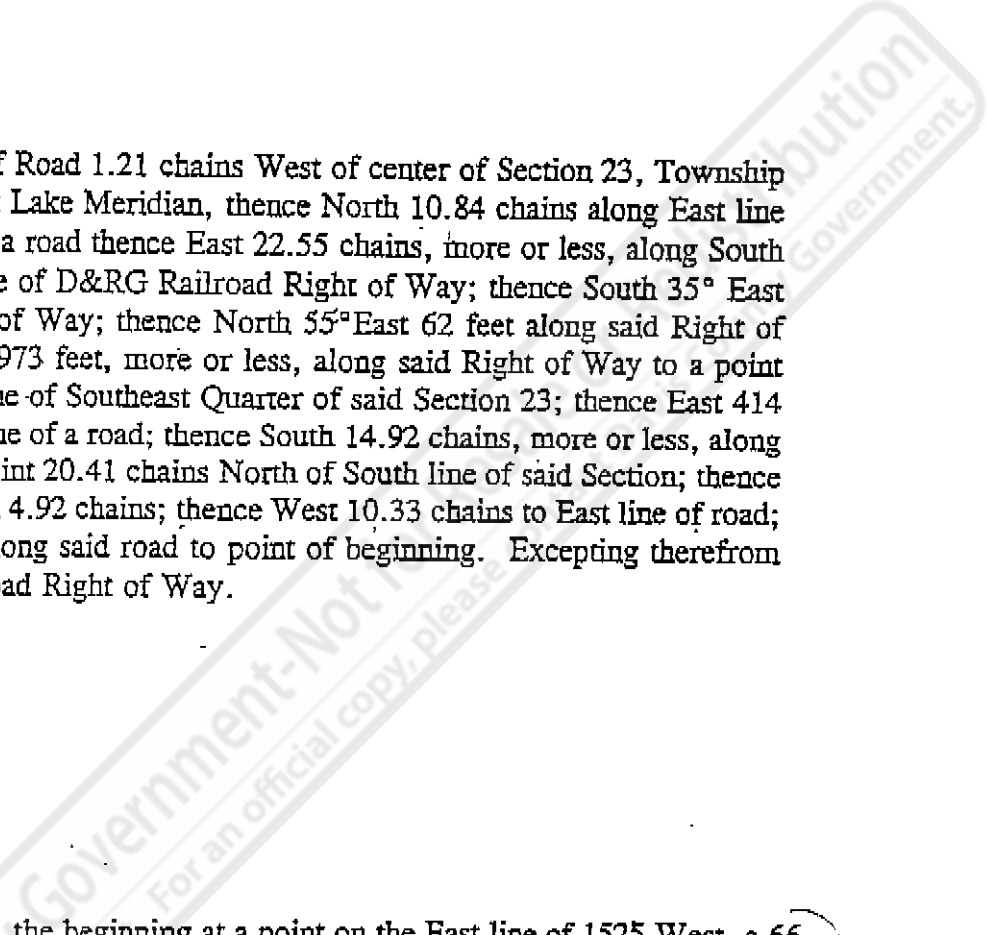
BEGINNING on East line of Road 1.21 chains West of center of Section 23, Township 3 North, Range 1 West, Salt Lake Meridian, thence North 10.84 chains along East line of said road to South line of a road thence East 22.55 chains, more or less, along South line of said road to West line of D&RG Railroad Right of Way; thence South 35° East 280.3 feet along said Right of Way; thence North 55° East 62 feet along said Right of Way; thence South 35° East 973 feet, more or less, along said Right of Way to a point 304.9 feet South of North line of Southeast Quarter of said Section 23; thence East 414 feet, more or less, to West line of a road; thence South 14.92 chains, more or less, along West line of said road to a point 20.41 chains North of South line of said Section; thence West 30 chains; thence North 4.92 chains; thence West 10.33 chains to East line of road; thence North 14.34 chains along said road to point of beginning. Excepting therefrom that portion in D&RG Railroad Right of Way.

Farmington Greens 1A
08-306-0101 thru 0119

LESS AND EXCEPTING: the beginning at a point on the East line of 1525 West, a 66 foot road, said point being West 79.860 feet and South 00°09'57" East 12.000 feet from the center of Section 23, Township 3 North, Range 1 West, Salt Lake Base and Meridian; and running thence East 305.594 feet; thence North 60°22'20" East 79.671 feet, thence South 75°10'54" East 295.072 feet; thence South 00°09'57" East 341.782 feet; thence North 89°50'03" East 300.00 feet; thence South 00°09'57" East 10.429 feet to a point on a 200.000 foot radius curve to the right, center bears South 89°50'03" West; thence Southwesterly along the arc of the curve 168.111 feet thru a central angle of 48°09'37"; thence South 42°00'20" East 336.767 feet; thence South 46°59'06" West 171.781 feet; thence South 59°47'58" West 87.375 feet; thence West 916.471 feet to the East line of said 1525 West; thence North 00°09'57" West 948.004 feet along 1525 West to the point of beginning.

08-074-0012

Provided
This is not



System Improvements and Estimated Costs

<u>System Improvement</u>	<u>Estimated Cost</u>
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Clark Lane Paving (15-foot-wide strip)

A.	Clark Lane Estimated Reimbursable Expenses (1100 West to west side of D&RG tracks)	
1.	15' of 3" Asphalt Road Surface 350 ton at \$38/ton	\$13,300.00
2.	15' of 8" Roadbase 850 ton at \$9/ton	7,650.00
3.	15' of 2' Road Excavation 1,335 cubic yards at \$5/cu. yd.	6,675.00
4.	15' of Road Cobble Subgrade 2,000 square yards at \$3/sq. yd.	6,000.00
5.	15' of Geo Fabric 2,000 square yards at 1.25	<u>2,500.00</u>
	Total:	\$36,125.00
	Farmington Greens Share (24.3%)	\$8,778.38
	Farmington Ranches Share (75.7%)	\$27,346.62
B.	Clark Lane Estimated Reimbursable Expenses (West side of D&RG tracks to 1525 West)	
1.	15' of 3" Asphalt Road Surface 445 ton at \$38/ton	\$16,910.00
2.	15' of 8" Roadbase 1,070 ton at \$9/ton	9,630.00
3.	15' of 2' Road Excavation 1,700 cubic yards at \$5/cu. yd.	8,500.00
4.	15' of Road Cobble Subgrade 2,550 square yards at \$3/sq. yd.	7,650.00
5.	15' of Geo Fabric 2,550 square yards at 1.25	<u>3,188.00</u>
	Total:	\$45,878.00
	Farmington Greens Share (100%)	\$45,878.00

Clark Lane Right-of-Way - Actual Cost Reimbursement E 1963379 B 3478 P 780

Seven (7) feet off north side of property at rate of \$1/square foot
(see Development Agreement, paragraph 4(b)(iv))

Estimated Square Feet: 10,675

\$10,675.00

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