

**FIRST REVISED
ADDENDUM TO THE DEVELOPMENT AND PUBLIC
IMPROVEMENT
INSTALLATION AGREEMENT FOR
PROVIDENCE HIGHLANDS SUBDIVISION PHASE 1**

This FIRST REVISED ADDENDUM TO THE PUBLIC IMPROVEMENT INSTALLATION AND DEVELOPMENT AGREEMENT ("Revised Addendum") is made this 15th day of July, 2005, by and between **Providence City**, a Utah municipal corporation ("City"); and **Providence Highlands Phase I, LC**, (Developer) as follows:

RECITALS

WHEREAS, City and Developer entered into a Development Agreement, including all attachments and/or addenda, on April 8, 2005 (the "Development Agreement");

WHEREAS, the Development Agreement sets forth City and Developer's agreement and understanding of the development requirements, conditions, and obligations for the Providence Highlands Phase I Subdivision (the "Subdivision");

WHEREAS, City and Developer have participated in on-going discussions regarding the dedication and improvement of 1000 South and the construction of a second water line to provide a separate method to get culinary water into the Comb Flat Reservoir, including a pump house and/or station, and other associated improvements (collectively referred to as the "Secondary Water Line") as necessary conditions of developing the Subdivision;

WHEREAS, City and Developer have agreed that the Addendum to the Development Agreement should be revised to more accurately define the payment and reimbursement of the construction costs required to improve 1000 South and the Secondary Water Line;

WHEREAS, City requires a minimum of two access roads from each subdivision within its municipal boundaries, and Developer has met City's access requirements by connecting Grandview Drive to Canyon Road and Forgotten Lane to 1000 South;

WHEREAS, the dedication and improvement of 1000 South was a condition of Subdivision approval, it is deemed a project improvement, and City will not participate in the construction costs as was set forth in the Development Agreement;

WHEREAS, the State of Utah requires that culinary reservoirs have two water sources, the Comb Flat Reservoir currently has only one water source, and the construction of the Secondary Water Line is deemed a system improvement.

REVISED ADDENDUM TERMS

NOW THEREFORE, in light of the Recitals contained herein, and with consideration given to the existing agreements, promises, warranties, and other understandings between City and Developer, it is hereby mutually agreed that the Addendum to the Development Agreement is amended as set forth herein.

Paragraph 2. Street Improvements

e. 1000 South (off-site improvements). Developer agrees to extend 1000 South from Foothill Drive west to approximately 470 East as shown on the Approved Construction Plans, subject to City obtaining the necessary easements, dedications, and/or right-of-way agreements.

Shared Development Costs. This is a Project Improvement. City will not reimburse Developer for the construction costs of improving 1000 South. However, Developer may be eligible for reimbursement from adjacent property owners. The Developer has submitted a Statement of Costs as described in Providence City Code 11-5-14:4.a, and it has recorded a Notice of Shared Development Costs against properties immediately adjacent to those portions of 1000 South which will be improved.

City Participation. City agrees to contact the adjacent property owners on the north side of 1000 South to acquire additional property and construction easements for a 60' right-of-way. If the negotiations with adjacent landowners fail, and City does not take legal action to acquire the property, City agrees to allow 1000 South to be built with a 50' profile matching that installed through Orchard Hills. However, Developer's obligation to construct the 1000 South improvements is conditioned upon City obtaining the necessary easements, dedications, and/or right-of-way agreements. City agrees to reimburse Developer for 100% of the curb, gutter, and sidewalk on the north side of the Wolford lot. The City will not reimburse the Developer for engineering or design fees, construction surveying, or staking.

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Paragraph 4. Secondary Water Line

e. Second source of culinary water to Comb Flat Reservoir (off-site improvement). Developer agrees to design and install the Comb Flat Reservoir Secondary Water Line, as shown on the approved Construction Drawings (Exhibit "B"). Developer understands that the design, and all required permits, must be approved by City and the State of Utah. City agrees to allow Developer to construct this off-site improvement concurrently with its Subdivision improvements. City will reimburse Developer for the Secondary Water Line, as it is a system improvement.

Reimbursement from City. Providence City agrees to reimburse Developer for the design and installation of the Comb Flat Secondary Water Line, in accordance with the fee schedule

depicted in attached Exhibit "A". City shall first reimburse Developer for fifty-percent (50%) of the actual construction costs of completing the improvement, as it is constructed and the services provided are presented to City.

Invoicing and Payment Schedule. On the first day of each calendar month, Developer shall submit an invoice to City depicting the actual construction costs incurred during the previous month. After reasonable consideration, verification, and review of the submitted invoice, City shall make full payment on the invoice to Developer not later than the fifteenth (15th) day of the month during which the invoice is submitted. City shall make such monthly payments until such time as Developer has received fifty-percent (50%) of the estimated construction costs depicted in Exhibit "A". After City has approved and accepted the Secondary Water Line in its entirety, City shall reimburse developer for any shortfall arising from the monthly payments, to achieve a full fifty-percent (50%) reimbursement for the actual cost incurred, but under no circumstances shall City be required to immediately reimburse Developer in an amount exceeding fifty-percent (50%) of the actual Secondary Water Line construction costs. City shall thereafter reimburse Developer on an annual basis for the remaining fifty-percent (50%) of the Secondary Water Line construction costs from impact fees collected during the previous fiscal year. The annual payments made to Developer shall not exceed 50% of the total water impact fees collected by City during any fiscal year. All reimbursement payments from City to Developer shall cease once Developer has been reimbursed one hundred percent (100%) of its actual costs incurred in designing and constructing the Secondary Water Line, as defined herein. The amount of the first annual payment shall be determined after the end of the fiscal year, July 1, 2005 to June 30, 2006, and paid by August 15, 2006. Payments shall be made on August 15 of each fiscal year thereafter until the remaining fifty-percent (50%) is paid in full. No interest shall accrue, nor be payable, on any remaining balance at any time.

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Construction start date. Developer agrees to have the necessary approvals and permits in place and to start construction of the Comb Flat Reservoir Secondary Water Line on or before May 31, 2005. If the Developer fails to meet the May 31, 2005 start date, Developer agrees that City will issue a stop work order on all homes under construction on June 1, 2005. The stop work order will remain in effect until construction on the Comb Flat Reservoir Secondary Water Line is approved and construction has begun. Developer agrees that once construction of the Comb Flat Reservoir Secondary Water Line has begun, construction will continue at a pace which will allow the work to be completed on or before September 1, 2005. If construction on the Secondary Water Line ceases or slows to a rate that will not meet the September 1, 2005 finish date, City will issue a stop work order on all homes then under construction. Developer agrees to provide notification to contactors and/or homeowners of the requirements contained in this section and to work with the City to enforce them. Developer agrees to provide the City with a written acknowledgment of notification from the contractor and/or homeowner prior to the issuance of a building permit.

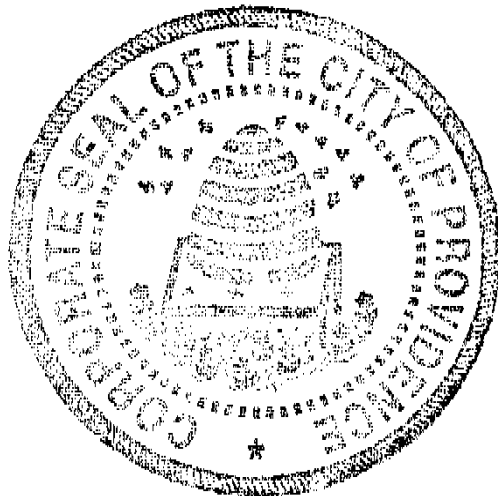
Restriction of Certificates of Occupancy. City agrees to issue building permits according to Providence City Code 11-5-2 and the exception noted in Resolution 05-005 and shown

on Exhibit "F" (see also 10.c. below). Developer agrees that no Certificates of Occupancy (temporary or permanent) will be issued until the Comb Flat Reservoir Secondary Water Line is complete and in operation with an approved operating permit from the State. The Developer agrees to provide notification to contractors and/or homeowners of this restriction. The Developer agrees to provide the City with a written acknowledgment of notification from the contractor and/or homeowner prior to the issuance of a building permit.

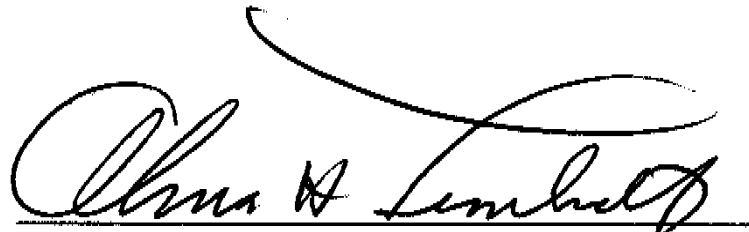
CONCLUSION

The language contained in this First Revised Addendum is intended to change and/or modify Paragraphs 2 and 4 of the Development Agreement only. Except as modified herein, Developer's Agreement, Addendum, related exhibits, and documents remain in full force and effect. To the extent differences and/or conflicts now exist between this First Revised Addendum and the Development Agreement, the language in this First Revised Addendum shall control.

DATED this 15th day of July, 2005.




ATTEST


PROVIDENCE CITY
By: ALMA H. LEONHARDT
Its: MAYOR

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SKARLET BANKHEAD
PROVIDENCE CITY RECORDER


PROVIDENCE HIGHLANDS PHASE I
By: Richard R. Arnold, Jr.
Its: Managing Member