

Eagle Mountain City, Utah

RESOLUTION NO. 22-2010

**A RESOLUTION OF THE CITY COUNCIL OF
OF EAGLE MOUNTAIN CITY, UTAH ACKNOWLEDGING
AND APPROVING ASSIGNMENT OF BANKED WATER ENTITLEMENT**

WHEREAS, Eagle Mountain City holds certain water rights creating a banked water entitlement for S.L. 6 L.L.C. referred to as "the Assignor" to meet the requirements of the City for development; and

WHEREAS, the Assignor has assigned the banked water entitlement with the City as collateral to Zions Bank (the "Assignee"); and

WHEREAS, the Assignee has requested that the City acknowledge the assignment and the banked water entitlement and the City is prepared to acknowledge the entitlement and the assignment.

NOW THEREFORE, be it resolved by the City Council of Eagle Mountain City, Utah as follows:

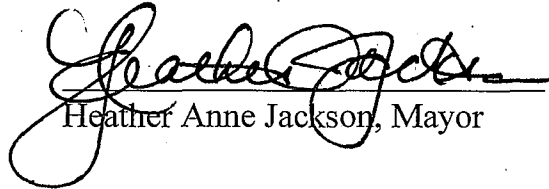
1. The "Assignment of Banked Water Entitlement with Eagle Mountain City" attached to this Resolution as Exhibit 1 is hereby acknowledged, received and approved by Eagle Mountain City.
2. The Mayor is authorized to execute the Acknowledgement and Consent to the Assignment of Banked Water Entitlement and to return this Resolution with the

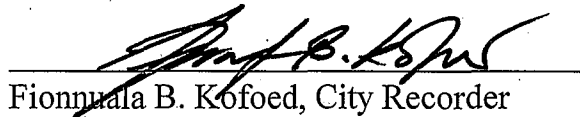
Acknowledgement to the Assignee.

ADOPTED by the City Council of Eagle Mountain City, Utah, this 1st day of December, 2009.

EAGLE MOUNTAIN CITY, UTAH

ATTEST:


Heather Anne Jackson, Mayor


Fionnuala B. Kofoed, City Recorder

CERTIFICATION

The above resolution was adopted by the City Council of Eagle Mountain City on the 1st day of December, 2009.

4 voting aye 0 voting nay


Fionnuala B. Kofoed, City Recorder



EXHIBIT

1

S.L.6, LLC
1099 WEST SOUTH JORDAN PARKWAY
SOUTH JORDAN, UTAH 84095

November 4, 2010

Gerald H. Kinghorn
Attorney for Eagle Mountain City
Parsons Kinghorn Harris, PC
111 East Broadway, #1100
Salt Lake City, Utah 84111

Re: Instruction Letter to allocate 101.44 acre-feet of Banked Water Entitlements from S.L.6, LLC to Zions First National Bank, and to acknowledge security interest granted in favor of Zions First National Bank

Dear Mr. Kinghorn:

Pursuant to the water dedication ordinance of Eagle Mountain City, Sections 13.25.110 and .120, enclosed herewith is a copy of the fully executed Assignment of Banked Water Entitlement and Grant of Security Interest for 101.44 acre-feet of banked water entitlements remaining from the original 118 acre feet deeded to the City under the Water Right Deed dated December 14, 2004, recorded December 15, 2004, as Entry No. 140642:2004, a copy of which is attached hereto as Exhibit A, currently shown in the name of S.L.6, LLC on the City's ledger account used for tracking banked water entitlements. The Assignment transfers 101.44 acre-feet of the entitlements from S.L.6, LLC to Zions First National Bank and grants a security interest in favor of Zions First National Bank in the 101.44 acre-feet of entitlements.

Please allocate and transfer on the ledger account the entitlement for 101.44 acre-feet from S.L.6, LLC to the name of Zions First National Bank and for such S.L.6, LLC property as currently designated. Also, I understand and acknowledge that the City Council has acknowledged or will acknowledge by proper resolution both the security interest and ownership interest in the 101.44 acre-feet of entitlements in favor of Zions First National Bank.

Sincerely,

S.L.6, LLC, a Utah limited liability company

By:


Milton P. Shipp, Member

Enclosure: Assignment of Banked Water Entitlement and Grant of Security Interest
(101.44 Acre-Feet)

Exhibit A

WATER RIGHT DEED

(See Attached)

WHEN RECORDED, RETURN TO:
Gerald H. Kinghorn
PARSONS KINGHORN HARRIS
A PROFESSIONAL CORPORATION
111 E. Broadway, 11th Floor
Salt Lake City, Utah 84111

ENT 140642; 2004 PG 1 of 1
RANDALL A. COVINGTON
UTAH COUNTY RECORDER
2004 Dec 15 3:48 pm FEE 0.00 BY LJ
RECORDED FOR EAGLE MOUNTAIN CITY

WATER RIGHT DEED

SL6, LLC Grantor, hereby conveys and warrants to EAGLE MOUNTAIN CITY, a municipal corporation, Grantee, of 1680 E. Heritage Drive, Utah County, Utah 84043, for TEN DOLLARS (\$10.00) and other valuable consideration, the following described water right registered in the Office of the State Engineer of the State of Utah as follows:

Water Right Number: 54-1044
Change Application Number: a23069
Quantity in Acre Feet: 118 acre feet

IN WITNESS WHEREOF, the Grantor has executed this Deed the 14th day of December, 2004.

GRANTOR:

SL6, LLC
By: [Signature]
(Signature)

Milton P Shipp
(Printed Name)

Title: member - manager

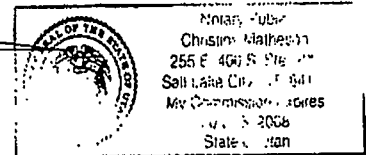
STATE OF UTAH)
)ss.
COUNTY OF SALT LAKE)

ACKNOWLEDGMENT

On this 14th day of December, 2004, personally appeared before me Milton P Shipp who acknowledged to me that he/she executed the foregoing document on behalf of the Grantor.

My Commission Expiration:
July 15, 2008

[Signature]
Notary Public



WHEN RECORDED, RETURN TO:

Zions First National Bank
Real Estate Loan Department
One South Main Street, Suite 470
Salt Lake City, Utah 84133
Attn: Sharlet Malinsky

File No. 397040-CP

**ASSIGNMENT OF BANKED WATER ENTITLEMENT
AND GRANT OF SECURITY INTEREST
(101.44 Acre Feet)**

This Assignment of Banked Water Entitlement and Grant of Security Interest (the "Assignment") is made and entered into this 4th day of ~~June~~^{November}, 2010, by and between S.L.6, L.L.C., a Utah limited liability company ("Assignor") and **Zions First National Bank, a national banking association** ("Assignee").

RECITALS

WHEREAS, Assignor and Assignee have previously entered into that certain Land Development Loan Agreement dated May 11, 2004 ("Loan Agreement"), and a subsequent Third Renewal and Substitute Promissory Note dated June 29, 2009, in the amount of \$16,004,843.52, together with interest, costs, fees and expenses incidental thereto, and several extensions, modifications, and/or renewals thereof, including but not limited to that certain Sixth Loan Modification Agreement between the parties of even date herewith (collectively, the "Obligation"), in connection with the financing of Assignor's development of the Silver Lake Project (as hereinafter defined).

WHEREAS, the Obligation is, and continues to be secured in part by certain Trust Deeds affecting the real property described in Exhibit A hereto, including, certain water rights including in particular the right to divert and use 118 acre-feet of water evidenced by Water Right Number 54-1044 and Change Application a23069 (such 118 acre-feet water right is hereinafter defined as the "Subject Water Right").

WHEREAS, pursuant to Chapter 13.25 of the Eagle Mountain Municipal Code (the "Code"), but without the knowledge or consent of Assignee, on or about December 14, 2004, Assignor executed a Water Right Deed in favor of Eagle Mountain City ("City") recorded as Entry No. 140642:2004 in the records of the Utah County Recorder, State of Utah, purporting to convey free and clear title to the Subject Water Right to the City, which Subject Water Right was reviewed, approved and accepted by the City in exchange for certain banked water entitlements in the amount of 118 acre-feet of water, held and reserved on account with the City and allocated in conformance with the requirements of the Code (the "Subject Banked Water Entitlement").

WHEREAS, (i) 13.50 acre-feet of the Subject Banked Water Entitlement were assigned for security to Brighton Bank without permission of Assignee, and in order to avoid the cost and expense of litigating Assignee's rights and priority in such 13.50 acre-feet of the Subject Banked Water Entitlement, Assignee has agreed not to dispute the priority of the security interests granted by such assignment to Brighton Bank, and (ii) 3.06 acre-feet of the Subject Banked Water Entitlement have been assigned to Ranch Plat 7 in the Silverlake Project. As consideration for Assignee's determination not to dispute the interests of Brighton Bank in the 13.50 acre-feet of the Subject Banked Water Entitlement, Assignor agrees to provide Assignee with additional collateral for the Obligation as set forth in the Sixth Loan Modification Agreement.

WHEREAS, pursuant to the terms and provisions of this Assignment, and in order to correct a potential default under the documents securing the Obligation, the balance of the Subject Banked Water Entitlement, in the amount of 101.44 acre-feet (the "101.44 Acre-Feet SL6 Banked Water Entitlement"), is to be transferred and assigned to Assignee as continuing collateral for the Obligation (converted from water rights already pledged to secure the Obligation to banked water entitlements assigned hereunder) to be held in the name of Assignee in the City's banked water records provided the Subject Banked Water Entitlement shall be used in connection with the development of certain real property located within the boundaries of the City which is owned by Assignor and pledged to Assignee, more particularly that certain real property located at Silver Lake, Eagle Mountain, in Utah County, Utah, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Silver Lake Project"), expressly subject to the terms and provisions of this Assignment.

WHEREAS, the Subject Water Rights encumbered under the Trust Deeds securing the Obligation are being released under the Trust Deeds in consideration of and upon the execution, delivery and recording of this Assignment and pursuant to terms and conditions of Section 4 of this Assignment.

WHEREAS, in conformance with Assignor's request, Assignee is willing to accept this Assignment of the 101.44 Acre-Feet SL6 Banked Water Entitlement subject to and in conformance with the provisions of this Assignment.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Assignment. Assignor hereby presently grants, conveys, and assigns for collateral purposes to Assignee all of Assignor's right, title, and interest in and to the 101.44 Acre-Feet SL6 Banked Water Entitlement. Assignor further assigns to Assignee all of Assignor's right, title, and interest in and to any claim, in law or equity, which Assignor may have in connection with or which Assignor might have by virtue of the 101.44 Acre-Feet SL6 Banked Water Entitlement, and Assignor and Assignee agree that the 101.44 Acre-Feet SL6 Banked Water Entitlement shall be held in the name of Assignee on the banked water entitlement records of the City pursuant to this Assignment.

2. Grant of Security Interest. To the extent, if any, the foregoing Assignment is ineffective or not complete, Assignor hereby grants and conveys to Assignee a first lien and security interest in and to the 101.44 Acre-Feet SL6 Banked Water Entitlement, and all of Assignor's right, title, and interests thereto (the "Security Interest").

3. Representations and Warranties.

(a) Assignor's Representations and Warranties. For the purpose of inducing Assignee to make loans to Assignor, and with full knowledge that Assignee will rely thereon, Assignor hereby represents and warrants to Assignee as follows:

(1) Assignor shall duly perform all the conditions, covenants, and terms imposed upon Assignor under the Code and otherwise by the City regarding the 101.44 Acre-Feet SL6 Banked Water Entitlement.

(2) The 101.44 Acre-Feet SL6 Banked Water Entitlement has not been assigned by Assignor to secure any other indebtedness of Assignor.

(3) Except in connection with the Trust Deeds securing the Obligation, Assignor's interest in the 101.44 Acre-Feet SL6 Banked Water Entitlement has not been previously pledged, conveyed, transferred, or hypothecated in whole or in part.

(4) Assignor is not in default, or has cured all present defaults, if any, under any of the terms, covenants, or conditions regarding the 101.44 Acre-Feet SL6 Banked Water Entitlement and will not permit a default to occur.

(5) Except in connection with the Trust Deeds securing the Obligation, the 101.44 Acre-Feet SL6 Banked Water Entitlement is free and clear of all defenses, setoffs, counterclaims, liens, and encumbrances of every kind and nature except for the requirements and impositions of the City for its use.

(b) Assignee's Representations and Warranties. For the purpose of inducing Assignor to enter into this Assignment, and with full knowledge that Assignor will rely thereon, Assignee hereby represents and warrants to Assignor as follows:

(1) This Assignment is binding and enforceable against Assignee in accordance with its terms, and the execution, delivery and performance of this Assignment by Assignee has been duly and validly authorized by all necessary action and proceedings, such that no further action or authorization is necessary on the part of Assignee with respect to the transactions contemplated pursuant hereto.

(2) Except in strict accordance with the terms and conditions of Section 9.2 of the Loan Agreement, Assignee will not sell, assign, encumber, hypothecate or otherwise

transfer the 101.44 Acre-Feet SL6 Banked Water Entitlement to any person other than Assignor, except as provided in Section 12 below.

4. Assignment as Continuing Collateral. This Assignment is made and given as continuing collateral (converted from water rights already pledged to secure the Obligation to banked water entitlements assigned hereunder) to be applied in securing the Obligation in exchange for the partial reconveyance of the Subject Water Right under the Trust Deeds securing the Obligation. So long as this Assignment remains in effect, Assignee shall be deemed to be the owner of the 101.44 Acre-Feet SL6 Banked Water Entitlement, as defined in Section 13.25.010 of the Code for purposes of the Code, on the City's banked water entitlement records, subject to the terms and provisions of this Assignment, and Assignor shall so instruct the City, in writing, pursuant to the requirements of the Code.

5. Release of Assignment Upon Satisfaction of the Obligation. Assignee will release, reassign and transfer its assigned interest in the 101.44 Acre-Feet SL6 Banked Water Entitlement under this Assignment to Assignor when the Obligation is fully performed and satisfied (and in this regard, shall file and/or record any termination statements or similar instruments reasonably necessary to reflect such release, reassignment and transfer), and provide prompt and concurrent notice to the City of such release, reassignment and transfer. Assignee may, upon request of Assignor, make partial releases of all or portions of the 101.44 Acre-Feet SL6 Banked Water Entitlement consistent with the terms and conditions of Section 9.2 of the Loan Agreement.

6. Assignor's Covenant to Defend and Protect Against Any Third Party Security or Other Interests. Unless Assignee elects to so defend the 101.44 Acre-Feet SL6 Banked Water Entitlement (which shall be at Assignor's cost and expense), Assignor shall defend at its cost and expense the 101.44 Acre-Feet SL6 Banked Water Entitlement against all claims or demands of any and all persons claiming any security or other interest therein which is allegedly superior to that of Assignee, excluding claims and demands arising from Assignee's actions with respect to such 101.44 Acre-Feet SL6 Banked Water Entitlement. Assignor shall execute any other documents reasonably required by Assignee and necessary to perfect the interests of Assignee in the 101.44 Acre-Feet SL6 Banked Water Entitlement. Assignor shall not attempt to further assign the 101.44 Acre-Feet SL6 Banked Water Entitlement and it shall not create or permit any lien, charge, or encumbrance upon the 101.44 Acre-Feet SL6 Banked Water Entitlement. Further, Assignor shall not, except in strict compliance with the terms and conditions of Section 9.2 of the Loan Agreement, transfer the 101.44 Acre-Feet SL6 Banked Water Entitlement or any interest therein without the prior written consent of Assignee and written instruction by Assignee to the City which Assignee may give or withhold in its sole discretion.

7. Assignee Not Responsible for Terms of the Banked Water Entitlement. It is further understood that this Assignment, as between Assignor and Assignee, shall not operate to place any responsibility for the 101.44 Acre-Feet SL6 Banked Water Entitlement as set forth in the Code upon Assignee, nor for the carrying out of any of the terms and conditions that the City may otherwise impose regarding the 101.44 Acre-Feet SL6 Banked Water Entitlement, and that all such responsibilities shall be fulfilled by Assignor as set forth in Section 9 hereof. Notwithstanding the

foregoing, Assignor shall promptly provide to Assignee copies of any and all notices or other correspondence received from the City which relate to the 101.44 Acre-Feet SL6 Banked Water Entitlement and Assignee shall promptly provide to Assignor copies of any and all notices or other correspondence received from the City which relate to the 101.44 Acre-Feet SL6 Banked Water Entitlement.

8. Liability of Assignee. Assignee shall not be liable for any loss sustained by Assignor resulting from Assignee's failure to exercise any rights Assignee may have under and pursuant to 101.44 Acre-Feet SL6 Banked Water Entitlement, this Assignment or any other document or instrument evidencing or securing the Obligation, and nothing contained herein shall require Assignee to exercise any rights it may have pursuant thereto. Assignee may exercise its rights at its sole option and discretion both before and after a default by Assignor under the Obligation or this Assignment. Assignee shall not be obligated to perform or discharge, nor does Assignee hereby undertake to perform or discharge, any obligation, duty, or liability under the Code or any other City requirements regarding the 101.44 Acre-Feet SL6 Banked Water Entitlement under or by reason of this Assignment.

9. Assignor's Covenant to Perform All Code Obligations. Assignor covenants with Assignee that Assignor will observe and be solely responsible to perform all the obligations imposed upon Assignor and Assignee as their interests may appear with regard to the 101.44 Acre-Feet SL6 Banked Water Entitlement as required under the Code or the City, specifically including, but not limited to, the obligations of Assignee as the "owner" of the Banked Water Entitlement as set forth in Sections 13.25.070, 13.25.080, and 13.25.090 of the Code. Further, Assignor will not, without the prior written consent of the Assignee, which may be withheld in Assignee's sole discretion: (i) do or permit to be done anything to impair Assignor's or Assignee's interest in the 101.44 Acre-Feet SL6 Banked Water Entitlement, this Assignment or any security interest granted hereby; (ii) except as expressly set forth in Section 9.2 of the Loan Agreement, transfer or assign Assignor's obligations or interests under the 101.44 Acre-Feet SL6 Banked Water Entitlement; (iii) encumber or hypothecate Assignor's interest in the 101.44 Acre-Feet SL6 Banked Water Entitlement to any person other than Assignee hereunder; (iv) alter, modify, or change the terms of the 101.44 Acre-Feet SL6 Banked Water Entitlement or give up or waive any right or option Assignor may have under or pursuant to the 101.44 Acre-Feet SL6 Banked Water Entitlement or any interest therein so as to affect directly or indirectly, proximately or remotely, the rights of or a termination or diminution in the value of Assignor's or Assignee's interest thereunder. Notwithstanding the foregoing, following a default hereunder or after an Event of Default has occurred under any instrument or document evidencing or securing the Obligation, Assignee shall have the right, but not the obligation, to perform all obligations and exercise all rights of Assignee and Assignor in connection with the 101.44 Acre-Feet SL6 Banked Water Entitlement.

10. Power of Attorney. Assignor appoints Assignee its lawful attorney-in-fact to demand, receive, and enforce all rights under the 101.44 Acre-Feet SL6 Banked Water Entitlement and to give notices, receipts, releases, and satisfactions and to sue for all rights either in the name of Assignor or in the name of Assignee, with the same force and effect as Assignor could have done if this Assignment had not been made.

11. Default.

(a) Assignor will be in default hereunder if any of the following events occur:

(1) There is any default with respect to the 101.44 Acre-Feet SL6 Banked Water Entitlement, following the expiration of a cure period, if any, provided by the City (and excluding any defaults with respect to the 101.44 Acre-Feet SL6 Banked Water Entitlement caused by a breach by Assignee of any representation made by Assignee pursuant to Section 3(b) above).

(2) Any statement, representation, or warranty made herein or in any of the instruments or documents evidencing or securing the Obligation by Assignor to Assignee is determined to be untrue in any material respect when made.

(3) Assignor becomes insolvent or fails to pay its debts as they mature, or Assignor makes an assignment for the benefit of creditors, or any proceeding is instituted against or by Assignor under the United States Bankruptcy Code.

(4) There is any default under the Obligation for which this Assignment is given as collateral or of any term, condition, or covenant of this Assignment, or there is any default or Event of Default under any of the instruments or documents evidencing or securing the Obligation.

(b) Assignor understands and agrees that any default hereunder shall additionally be an Event of Default under the Obligation.

12. Remedies. Upon or at any time after default as defined in Section 11 herein, Assignee, without in any way waiving such default or limiting any other remedy, may, after notice to the City and to Assignor, at its sole discretion and option, take any or all of the following actions:

(a) Accelerate and declare immediately due and payable all indebtedness or payments remaining under the Obligation secured hereby.

(b) Transfer the 101.44 Acre-Feet SL6 Banked Water Entitlement to a third party.

(c) Pursue any other remedy allowed it by the terms of this Assignment, the Obligation secured hereby or the documents otherwise evidencing or securing the Obligation, or any law, and receive from Assignor all its costs and expenses in so doing, including reasonable attorney's fees and costs (and reasonable attorney's fees and costs for the appeal of any judicial action). The remedies of Assignee are cumulative and not exclusive, and any waiver of Assignor's default shall not be considered a waiver of any other or future default. No failure or delay on the part of Assignee in exercising any right, power, privilege, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, privilege, or remedy hereunder preclude any other or further exercise thereof.

13. Indemnification. Assignor shall, and does hereby agree, to indemnify Assignee for, and to hold Assignee harmless from, any and all liabilities, losses, or damages which may or might be incurred pursuant to the 101.44 Acre-Feet SL6 Banked Water Entitlement or under or by reason of this Assignment and from any and all claims and demands whatsoever that may be asserted against Assignee by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements regarding the 101.44 Acre-Feet SL6 Banked Water Entitlement, excluding liabilities, losses, or damages which may or might be incurred by Assignee as a result of Assignee's gross negligence or willful misconduct. Should Assignee incur any such liability under the 101.44 Acre-Feet SL6 Banked Water Entitlement or under or by reason of this Assignment or in defense of any such claims or demands, the amount thereof, including any costs, expenses, and reasonable attorney's fees, including any fees from the appeal of any judicial action, shall be paid by Assignor immediately upon demand and upon failure to do so, Assignee may, at its option, declare all sums owing under the Obligation to be immediately due and payable including the amount of all such costs, expenses and fees. The Assignor's obligation to pay all such costs, fees and expenses is secured by the Obligation and this Assignment and if Assignor fails to pay these, Assignee may do so and add such costs, fees and expenses to the balance due under the Obligation.

14. Miscellaneous. Nothing contained in this Assignment and no act done or omitted by Assignee pursuant to the powers and rights granted it hereunder shall be deemed to be a waiver by Assignee of its rights and remedies under the agreements now existing or hereafter arising between Assignor and Assignee secured hereby, and this Assignment is made and accepted without prejudice to any of the rights and remedies possessed by Assignee under and pursuant to the terms of said agreements. The right of Assignee to full satisfaction of the Obligation secured hereby and to enforce any other security held by it may be exercised by Assignee either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

15. Binding Effect. This Assignment, together with the covenants and warranties herein contained, shall inure to the benefit of Assignee, its successors, representatives, and assigns and shall be binding upon Assignor, its successors, representatives, and assigns.

16. Notices. For purpose of written notice to Assignor hereunder, Assignor hereby designates the following to be its address and agrees that Assignee will be in compliance with any notification requirements under this Assignment or any governing statutory law upon mailing of written notice to:

Assignor:

S.L. 6, L.L.C.
1099 West South Jordan Parkway
South Jordan, Utah 84095
Attn: Nathan Shipp

With copies to: Ray Quinney & Nebeker P.C.
36 South State Street Suite 1400
Salt Lake City, Utah 84111
Attn: Blake Bauman

Assignee: Zions First National Bank
One South Main, Suite 470
Salt Lake City, Utah 84133
Attn: Janet M. Fisher, Vice President

With copies to: Callister Nebeker & McCullough
Zions Bank Building, Suite 900
10 East South Temple
Salt Lake City, Utah 84133
Attn: Lynda Cook


17. Final Agreement. This Assignment, together with any written instruments or documents that are referred to in or made a part of this Assignment, is the final expression of the agreement between Assignee and Assignor concerning the subject matter of this Assignment and may not be contradicted by evidence of any alleged oral agreement.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement, even though all parties do not sign the same counterpart. A signature sent by facsimile shall be the same as if it were an original.

***[SIGNATURE PAGE(S) AND EXHIBIT(S),
IF ANY, FOLLOW THIS PAGE]***


IN WITNESS WHEREOF, the parties have executed this Assignment of Banked Water Entitlement and Grant of Security Interest (101.44 Acre-Feet) as of the day and year first above written.

**S.L.6, L.L.C.,
a Utah limited liability company**

By: 
Milton P. Shipp, Member

This Assignment is hereby accepted by Assignee this 4th day of November, 2010

**ZIONS FIRST NATIONAL BANK,
a national banking association**

By: 
Janet M. Fisher
SVP
Vice President

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

The foregoing instrument was acknowledged before me this 27 day of ^{October} ~~June~~, 2010, by Milton P. Shipp, Member of S.L.6, L.L.C., a Utah limited liability company.



Kristen Zandi
NOTARY PUBLIC

My Commission Expires:

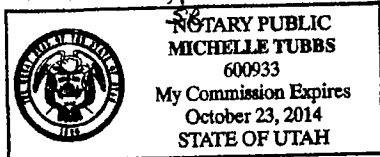
1/11/13

Residing At:

S. Jordan, UT

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

The foregoing instrument was acknowledged before me this 4 day of ^{November} ~~June~~, 2010, by Janet M. Fisher, ^{VP} Vice President of Zions First National Bank, a national banking association.



Michelle Tubbs
NOTARY PUBLIC

My Commission Expires:

10/23/14

Residing At:

Salt Lake City

EXHIBIT "A"
SILVER LAKE DEVELOPMENT
(Legal Description)

PARCEL 1:

BEGINNING AT A POINT LOCATED SOUTH 89°10'11" EAST ALONG THE SECTION LINE 1319.685 FEET FROM THE NORTHWEST CORNER OF SECTION 28, TOWNSHIP 5 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; THENCE SOUTH 89°10'11" EAST 1319.685 FEET ALONG THE SECTION LINE TO THE NORTH QUARTER CORNER OF SECTION 28; THENCE SOUTH 89°50'17" EAST 2639.41 FEET ALONG THE SECTION LINE TO THE NORTHEAST CORNER OF SECTION 28; THENCE SOUTH 00°08'39" WEST 2647.80 FEET ALONG THE SECTION LINE TO THE EAST QUARTER CORNER OF SECTION 28; THENCE SOUTH 00°36'42" WEST 2659.26 FEET ALONG THE SECTION LINE TO THE SOUTHEAST CORNER OF SECTION 28; THENCE NORTH 89°20'31" WEST 2652.03 FEET ALONG THE SECTION LINE TO THE SOUTH QUARTER CORNER OF SECTION 28; THENCE NORTH 89°16'10" WEST 1324.566 FEET ALONG THE SECTION LINE TO THE 1/16 SECTION CORNER OF SECTION 28; THENCE NORTH 00°33'59" EAST 2649.228 FEET ALONG THE 1/16 SECTION LINE; THENCE NORTH 00°34'12" EAST 2637.168 FEET ALONG THE 1/16 SECTION LINE TO THE POINT OF BEGINNING.

BASIS OF BEARING: SOUTH 89°10'11" EAST ALONG THE SECTION LINE BETWEEN THE NORTHWEST CORNER AND THE NORTH QUARTER CORNER OF SECTION 28, TOWNSHIP 5 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN.

LESS AND EXCEPTING THEREFROM SAID PARCEL 1 THE FOLLOWING DESCRIBED PARCELS A THRU N:

A) BEGINNING AT A POINT WHICH IS SOUTH 89°50'21" EAST 110.70 FEET ALONG SECTION LINE FROM THE NORTH QUARTER CORNER OF SECTION 28, TOWNSHIP 5 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; THENCE SOUTH 89°50'21" EAST 2529.05 FEET ALONG SECTION LINE TO THE NORTHEAST CORNER OF SAID SECTION 28; THENCE SOUTH 0°08'41" WEST 1273.19 FEET ALONG SECTION LINE; THENCE WEST 1602.55 FEET; THENCE NORTH 03°34'35" WEST 315.42 FEET; THENCE NORTH 31°33'13" WEST 174.49 FEET; THENCE NORTH 68°29'00" WEST 31.49 FEET; THENCE NORTH 44°46'44" WEST 153.43 FEET; THENCE NORTH 07°27'01" WEST 109.84 FEET; THENCE NORTH 61°38'15" WEST 262.77 FEET; THENCE NORTH 19°36'20" WEST 59.94 FEET; THENCE NORTH 40°18'05" WEST 86.78 FEET; THENCE NORTH 88°44'27" WEST 76.26 FEET; THENCE NORTH 55°40'11" WEST 83.19 FEET; THENCE NORTH 36°26'40" WEST 135.39 FEET; THENCE NORTH 10°51'23" WEST 62.27 FEET; THENCE NORTH 38°27'13" WEST 36.37 FEET; THENCE NORTH 12°10'17" EAST 43.71 FEET; THENCE NORTH 64°00'56" WEST 114.27 FEET TO THE POINT OF BEGINNING. (58-040-0226)

B) THE FOLLOWING AS CONVEYED TO PROVO RESERVOIR COMPANY, A CORPORATION BY WARRANTY DEED RECORDED AUGUST 20, 1918 AS ENTRY NO. 5103 IN BOOK 180 AT PAGE 378, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING 797 FEET NORTH FROM THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 28, TOWNSHIP 5 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; AND THENCE A STRIP OF LAND 2 RODS WIDE EXTENDING 1 1/4 QUARTER RODS OF THE LEFT AND 3/4 RODS TO THE RIGHT OF THE CENTER LINE OF CANAL DESCRIBED AS FOLLOWS: SOUTH 42°20' WEST 475 FEET, SOUTH 28°19' WEST 255 FEET, SOUTH 3°37' EAST 625 FEET, SOUTH 17°48' WEST 435 FEET, SOUTH 55°59' WEST 225 FEET, SOUTH 2°46' EAST 370 FEET MORE OR LESS TO THE QUARTER SECTION LINE.

C) SILVER LAKE SUBDIVISION PLAT ONE-A, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JANUARY 18, 2005 AS ENTRY NO. 2304:2005 OF OFFICIAL RECORDS.

D) SILVER LAKE SUBDIVISION PLAT ONE-B, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JANUARY 18, 2005 AS ENTRY NO. 5305:2005 OF OFFICIAL RECORDS.

E) SILVER LAKE SUBDIVISION PLAT ONE-C, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED APRIL 05, 2005 AS ENTRY NO. 35638:2005 OF OFFICIAL RECORDS.

F) SILVER LAKE SUBDIVISION PLAT TWO-A, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED MAY 31, 2005 AS ENTRY NO. 58198:2005 OF OFFICIAL RECORDS.

G) SILVER LAKE SUBDIVISION PLAT TWO-B, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED APRIL 05, 2005 AS ENTRY NO. 35635:2005 OF OFFICIAL RECORDS.

H) SILVER LAKE VILLAGE SUBDIVISION PLAT THREE, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED MARCH 01, 2005 AS ENTRY NO. 20749:2005 OF OFFICIAL RECORDS. (66-071-0247 THRU 66-071-0299)

I) SILVER LAKE VILLAGE PUD SUBDIVISION, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JULY 05, 2006 AS ENTRY NO. 84114:2006 OF OFFICIAL RECORDS.

J) SILVER LAKE VILLAGE PLAT FOUR-A, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JANUARY 18, 2005 AS ENTRY NO. 5303:2005 OF OFFICIAL RECORDS.

K) SILVER LAKE VILLAGE PLAT FOUR-B, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED MAY 31, 2006 AS ENTRY NO. 66919:2006 OF OFFICIAL RECORDS.

L) SILVER LAKE PLAT 5 ROAD DEDICATION PLAT RECORDED APRIL 04, 2007 AS ENTRY NO. 49065:2007 OF OFFICIAL RECORDS.

M) SILVERLAKE PLAT 6, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED APRIL 04, 2007 AS ENTRY NO. 49066:2007 OF OFFICIAL RECORDS. (66-194-0601 THRU 66-194-0643)

N) SILVERLAKE PLAT 7, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JULY 25, 2007, AS ENTRY NO. 106559:2007 OF OFFICIAL RECORDS. (66-217-0001 THRU 66-217-0074)

PARCEL 3:

LOT 182 SILVER LAKE SUBDIVISION PLAT TWO-A, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED MAY 31, 2005 AS ENTRY NO. 58198:2005 OF OFFICIAL RECORDS. (66-084-0182)

PARCEL 4:

LOTS 603 THRU 610, 614, AND 618 THRU 624, SILVERLAKE PLAT 6, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED APRIL 04, 2007 AS ENTRY NO. 49066:2007 OF OFFICIAL RECORDS. (66-194-0603 THRU 0610, 0614, 0618 THRU 0624)

PARCEL 5:

LOTS 1-5, 8-13, 16-18, 22,23, 25-26, 28-32, 34, 36,38,40,44,45,52-55, 58, 59,60, 65-68, 73, 74, 77, 79-81, 83, 84, 86, SILVERLAKE PLAT 7, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JULY 25, 2007 AS ENTRY NO. 106559:2007 OF OFFICIAL RECORDS. (66-217-0001-0005, 0008-0013, 0016-0018, 0022,0023, 0025, 0026, 0028-0032, 0034, 0036, 0038, 0040, 0044, 0045, 0052-0055, 0058, 0059, 0060, 0065-0068, 0073, 0074, 0077, 0079-0081, 0083)

CERTIFICATE OF EAGLE MOUNTAIN CITY, UTAH

EAGLE MOUNTAIN CITY, a municipal corporation of the State of Utah (the "City"), by and through its Mayor, does hereby certify to and for the benefit of **Zions First National Bank**, a national banking association, ("Zions"), in connection with the hereinafter described transaction, as follows:

1. Attached hereto as Exhibit A is a true, correct and complete copy of Section 13.20.250 and Chapter 13.25 of the Eagle Mountain City Code (collectively, the "Ordinance"), pursuant to which Ordinance the City has established and currently operates a banked water rights entitlement program. The Ordinance is in full force and effect, and has not been amended, modified or repealed.

2. Pursuant to the Ordinance, S.L.6, L.L.C., a Utah limited liability company ("SL6"), has heretofore transferred and conveyed to the City, by Water Right Deed dated December 14, 2004, the following water right, representing the right to annually divert the indicated quantities of water:

<u>Water Right Number</u>	<u>Diversion Limit</u>
54-1044, a23069	118 acre feet

Such water right, representing in the aggregate 118 acre-feet, is hereinafter referred to collectively as the "Water Right."

3. The Water Right is approved for municipal use within the City and the City will take such steps as are necessary to timely prove to the Utah Division of Water Rights the continuing beneficial use of the Water Right.

4. Since the transfer of the Water Right to the City, the City has not filed any change applications with respect to or affecting the Water Right.

5. The Water Right is presently owned by the City, and such ownership is reflected on the official records of the Utah State Engineer.

6. To the best knowledge of the City, after due inquiry: (i) the Water Right is in full force and effect, (ii) the Water Right is subject to no liens or encumbrances, (iii) the City has not received any notices from the Utah State Engineer limiting the Water Right, questioning the validity thereof, or asserting any facts or raising any issues which might result in the Water Right becoming wholly or partially invalid for any reason, and (iv) the City is not aware of any facts or circumstances which, with the giving of notice, the passage of time, or the taking of appropriate action by the Utah State Engineer or others, might result in the Water Right becoming wholly or partially invalid for any reason.

7. Pursuant to the Ordinance, by virtue of the transfer and conveyance of the Water Right by SL6 to the City, SL6, was registered on the books and records of the City as the

“owner” of a total of 118 banked water right entitlements. At the time of the transfer referenced in Paragraph 9 below, SL6 was the owner of 118 banked water right entitlements (the “Banked Water Entitlements”), for all purposes of the Ordinance.

8. The Banked Water Entitlements have not been “allocated” by the City within the meaning of the term “Allocate” as defined in Section 13.25.10 of the Ordinance, except for the 3.06 acre feet allocated to Ranch Plat 7 in Silver Lake, Eagle Mountain City. Also 13.50 acre feet of the Banked Water Entitlements have been pledged to Brighton Bank pursuant to that certain Assignment of Banked Water Entitlement entered into between SL6, as “Assignor”, and Brighton Bank, as “Assignee”, which was recorded in the office of the County Recorder of Utah County, State of Utah, on March 25, 2008, as Entry No. 34742:2008.

9. SL6 has informed the City in writing that 101.44 acre feet of the Banked Water Entitlements are to be transferred to Zions effective the date hereof, and has requested, in conformance with the terms and provisions of that certain Assignment of Banked Water Entitlement and Grant of Security Interest (101.44 Acre Feet) by and between SL6 and Zions, dated on or about November 4, 2010 (the “Assignment”), a copy of which has been provided to the City and its legal counsel, and pursuant to and in satisfaction of the requirements of Section 13.25.120 of the Ordinance, that the City register such transfer on the books and records of the City, and recognize Zions as both a secured party and as the owner of all of the 101.44 Banked Water Entitlements, to be used in connection with property owned and to be developed by SL6 within the boundaries of the City as legally described in Exhibit “A” to the Assignment (the “SL6 Development Property”).

10. SL6 is qualified under the Ordinance to transfer the 101.44 acre feet of the Banked Water Entitlements to Zions.

11. Zions is qualified to be an “Owner” of the 101.44 acre feet of the Banked Water Entitlements under the Ordinance, among other things, by virtue of Zions’ legal interest in the SL6 Development Property as the beneficiary under certain trust deeds executed by SL6 which are currently of record and in force against said real property.

12. Based on the written requests of SL6, and the review and approval by the City of the matters referenced therein, the City has registered the 101.44 acre feet of the Banked Water Entitlements in the name of Zions, as evidenced by the document attached hereto as Exhibit B.

13. The 101.44 acre feet of the Banked Water Entitlements have not heretofore, and are not presently committed, dedicated, pledged, allocated or assigned to or in support of any development within the City except the SL6 Development Property.

14. Upon the City giving Zions any notice of default under and pursuant to the terms and conditions of the 101.44 acre feet of the Banked Water Entitlements, the City shall, at the same time, also give a copy of such notice to SL6 at the following address: S.L.6, L.L.C., 1099 West South Jordan Parkway, South Jordan, UT 84095; and that SL6 may remedy such default within the period given to Zions, and the City shall accept such performance, whether by Zions or by SL6 as if such performance had been made by Zions.

EXHIBIT A

[Here attach a true, correct and complete copy of Section 13.20.250 and Chapter 13.25 of the Eagle Mountain City Code.]

EXHIBIT B

[Here attach evidence of registration of Banked Water Entitlement in the name of Zions]

13.20.250 Developments within the city.

The city does not have sufficient water rights to supply the needs of new connections within the city limits and, therefore, those who apply for new connections to the city water system will be required to convey to the city municipal use water rights sufficient to accommodate the needs of the new connections.

A. Amount of Water Required. All persons desiring to connect to the city's water system within the city limits shall convey to the city title to water rights capable of use in the city water system in the amounts set forth in Table 13.20.250. All rights shall be approved for municipal use without conditions of approval for municipal use which are beyond the normal control of the city, and shall be conveyed in accordance with this section.

**Table 13.20.250
Residential Water Right Requirements (Updated per 2003 Evaluation)**

Lot Sizes in Square Feet	Per Lot Irrigable Acreage	Outdoor Water Requirements (2.5 Acre-Foot/Acre)	Indoor Water Requirements	Total Water Right Per Lot Requirements
Less than 7,000	0.08	0.20	0.53	0.73
7,001 – 9,000	0.13	0.33	0.53	0.86
9,001 – 11,000	0.17	0.43	0.53	0.96
11,001 – 14,500	0.25	0.63	0.53	1.16
Multifamily		2.5 acre-feet/ irrigable acre	0.383	

Residential lots which exceed 14,501 square feet are required to dedicate an amount of water right calculated on a case-by-case basis after a review of the proposed use by the city engineer.

B. Additional Requirements. In addition to furnishing water rights, the developer/owner may be required to pay all costs required to construct the needed facilities to supply, store and distribute the water to the developer's project. Items of construction may include, but not be limited to, wells, storage reservoirs, spring development, pumps, pressure regulating stations, distribution lines, etc.

C. Time of Conveyance. The conveyance of title to required water rights shall be prior to recordation of a subdivision plat or record of survey approval by the city council of the site plan for single-owner multifamily projects, or for the development approval of nonresidential properties, at any time prior to the issuance of a building permit for the proposed nonresidential use. [Ord. O-08-2004 § 1; Ord. O-01-2004 § 1 (Exh. A § 4.25); Ord. 002 § 1 (Exh. A § 4.25)].

Chapter 13.25 WATER RIGHTS

Sections:

- 13.25.010 Definitions.
- 13.25.020 Conveyance of title to water.
- 13.25.030 Conveyance of water rights.
- 13.25.040 Application to transfer water rights.
- 13.25.050 Eligibility to bank water rights.
- 13.25.060 Water rights.
- 13.25.070 Warranty of water rights.
- 13.25.080 Suspension of entitlement to banked water rights.
- 13.25.090 Banked water rights – Responsibilities of owner.
- 13.25.100 Limited liability of the city.
- 13.25.110 Allocation of banked water.
- 13.25.120 Transfer of banked water rights.
- 13.25.130 No credit for banked water rights.
- 13.25.140 Security interest in banked water.
- 13.25.150 All transfers final.
- 13.25.160 Public information.
- 13.25.170 Request for determination of ownership.
- 13.25.180 Appeal of mayor's decision.
- 13.25.190 Appeal of city council's decision.

13.25.010 Definitions.

"Accounting" means a ledger account prepared by the city tracking the allocation and use of the water rights transferred to the city.

"Allocate" means the process by which the city assigns portions of a water right transferred to the city to new connections within the city.

"Banked water right" means that portion of any water right that has been transferred to the city but has not been allocated for a specific use by the city.

"City" means Eagle Mountain City, Utah.

"Grantor" means the person deeding a water right to the city.

"Owner" means the person having the legal right to direct the city to allocate any portion of a banked water right.

"Person" means any individual, nonprofit or profit corporation, partnership, sole proprietorship, or other type of business organization.

"State Engineer" shall mean the person designated as State Engineer under Section 73-2-1, Utah Code Annotated 1953.

"Transfer" means the act of assigning ownership of a banked water right entitlement to

another person.

"Water right" means a valid and unencumbered water right capable of use in the city water system.

"Water rights deed" means a deed for the transfer of water rights in the form approved by the city. [Ord. O-38-2006 § 1].

13.25.020 Conveyance of title to water.

In accordance with Chapter 13.20 EMMC, all persons desiring to connect to the city's water system must convey to the city title to water in the amounts set forth in Chapter 13.20 EMMC. [Ord. O-38-2006 § 2].

13.25.030 Conveyance of water rights.

The conveyance of water rights shall be prior to the recordation of a subdivision plat or record of survey approval by the city council or the site plan for single-owner multifamily projects, or the development approval of nonresidential properties, at any time prior to the issuance of a building permit for the proposed nonresidential use. [Ord. O-38-2006 § 3].

13.25.040 Application to transfer water rights.

Any person desiring to transfer a water right to the city shall complete and submit to the city a city-approved application to transfer water rights and pay an application fee as established by the city. [Ord. O-38-2006 § 4].

13.25.050 Eligibility to bank water rights.

Only persons owning property in the city or an interest in an entity owning property in the city are eligible to bank water rights with the city. Water rights may only be transferred to the city for the purpose of banking if the transferee anticipates the banked water rights will be allocated in conjunction with the development of property in the city in the reasonably near future. [Ord. O-38-2006 § 5].

13.25.060 Water rights.

The city attorney shall review all applications to transfer water rights to the city. Only water rights meeting the following terms and conditions shall be approved for transfer:

- A. The water right is approved for use in the city;
- B. The person proposing to transfer the water right to the city has title to the water right free and clear of any financial encumbrances; and
- C. The order or memorandum decision of the State Engineer related to the use of the water right does not contain any conditions or restrictions affecting the use of the water right that are not acceptable to the city. [Ord. O-38-2006 § 6].

13.25.070 Warranty of water rights.

Any person transferring water to the city shall warrant that the water right is valid and not encumbered by any other persons. In the event that any water right transferred to the city shall become forfeited or encumbered, except when the city is responsible for the forfeiture or encumbrance, the grantor and any subsequent owner of the entitlement to

the water right shall immediately:

A. Cure any defaults or encumbrances; or

B. Transfer to the city sufficient water rights to replace that portion of such water rights that has been allocated by the city. [Ord. O-38-2006 § 7].

13.25.080 Suspension of entitlement to banked water rights.

In the event that any banked water right shall become forfeited or encumbered, except when the city is responsible for the forfeiture or encumbrance, the entitlement to such banked water right shall be suspended until such encumbrance is cured. Forfeiture of any banked water right shall result in the permanent loss of entitlement to the banked water right. [Ord. O-38-2006 § 8].

13.25.090 Banked water rights – Responsibilities of owner.

The owner of a banked water right shall notify the city attorney in writing 30 days prior to the deadline to file any extension, non-use application, or any other action related to a banked water right. The owner shall be responsible for the payment of all costs associated with the filing of an extension, non-use application, or related action, including reasonable attorney's fees. [Ord. O-38-2006 § 9].

13.25.100 Limited liability of the city.

The city shall only be responsible for the forfeiture of a water right if the city receives notification of a deadline to file an extension, non-use application, or related action as set forth in EMMC 13.25.090, and negligently fails to file such extension, non-use application or other action. [Ord. O-38-2006 § 10].

13.25.110 Allocation of banked water.

Upon written request of the owner of a banked water right, as set forth in the records of the city, the city shall allocate a portion of a banked water right as requested by the owner. [Ord. O-38-2006 § 11].

13.25.120 Transfer of banked water rights.

The city shall transfer the entitlement to a banked water right to a subsequent owner only upon written request of the current owner of record in a form acceptable to the city. [Ord. O-38-2006 § 12].

13.25.130 No credit for banked water rights.

A banked water right shall not be used as a credit or offset against any other fees or cost. [Ord. O-38-2006 § 13].

13.25.140 Security interest in banked water.

Any person taking a security interest in a banked water right may notify the city in writing of such person's interest in the banked water right. All notices of a security interest in a banked water right shall be directed to the city attorney and shall contain the name, address and telephone number of the secured party. Notice of the secured interest shall only be valid upon written acknowledgment by the city attorney of receipt of such notice. Prior to the transfer or allocation of any banked water right for which the city has received a valid notice of security interest, the city shall notify the secured party in writing of such

proposed transfer or allocation not less than five business days prior to the transfer or allocation of the banked water right. [Ord. O-38-2006 § 14].

13.25.150 All transfers final.

The city shall not return or transfer to any person a water right that has been transferred to the city. A banked water right only entitles the owner of such right to allocate the banked water right for use in the city water system and creates no other rights or interest. [Ord. O-38-2006 § 15].

13.25.160 Public information.

All information submitted to the city in accordance with this chapter and all information concerning the transfer, banking or allocation of water rights shall be considered a public record. [Ord. O-38-2006 § 16].

13.25.170 Request for determination of ownership.

Any person that claims an interest in a banked water right may file a petition with the mayor requesting a decision as to the person entitled to transfer or allocate the banked water right. The mayor, in conjunction with the city attorney, shall make a written determination of the owner of the banked water right within 30 days of such request. The city may restrict the transfer or allocation of a banked water right until the person claiming an interest in the water right has had an opportunity to appeal the mayor's decision. [Ord. O-38-2006 § 17].

13.25.180 Appeal of mayor's decision.

Any person aggrieved by the mayor's decision regarding the owner of a banked water right may appeal the determination to the city council as follows:

- A. The appellant shall set forth in writing the basis and legal authority for the request.
- B. An appeal under this section shall be brought within 30 calendar days of the date of the mayor's decision. All appeals shall be filed in the city recorder's office.
- C. No later than three days after receiving a notice of appeal, the city recorder shall schedule a hearing before the city council which shall be held no sooner than 15 days and no later than 30 days from the date of the filing of the appeal.
- D. At the hearing, the city council shall allow the parties to testify, present evidence and comment on the issues. The city council may allow other interested persons to comment on the issues.
- E. The city council shall make a determination on any appeal within five business days after the hearing. The city council shall issue a signed decision regarding the owner of the banked water right. The decision of the city council shall include a statement of reasons for the decision. [Ord. O-38-2006 § 18].

13.25.190 Appeal of city council's decision.

Any person may appeal the final decision of the city council to the district court, in accordance with the Utah Rules of Civil Procedure, within 30 days after the date of such decision. [Ord. O-38-2006 § 19].

This page of the Eagle Mountain Municipal Code is current through Ordinance O-20-2010, passed November 16, 2010.

Disclaimer: The City Recorder's Office has the official version of the Eagle Mountain Municipal Code. Users should contact the City Recorder's Office for ordinances passed subsequent to the ordinance cited above.

City Website:
<http://www.eaglemountaincity.org/>
City Telephone: (801) 789-6610
Code Publishing Company

**INVENTORY OF WATER RIGHTS FOR
WATER RIGHT NO. 54-1044 (a23069)(Zions Bank FNB / SL6, LLC)**

	ENTRY NO. & RECORDING DATE A.	DOCUMENT B.	GRANTOR C.	GRANTEE D.	TRANSFER AMOUNT OF WATER RIGHTS OR % INTEREST E.	BALANCE F.	ENCUMBERED BALANCE G.	DATE OF DOC. H.	CLEAR I.
1.	97029:2010 (Utah Cty) 11/08/10	Assignment of Banked Water Entitlement between SL6, ZION'S BANK & EMC	SL6	Zions Bank	+101.44 ac. ft.	101.44 ac. ft. - (Must receive request from both SL6 & Zions Bank before placing water to use as all 101.44 ac. ft. is encumbered)	114.94 ac. ft. encumbered	11/22/10	[0.00] Clear
2.									
3.									
4.									
5.									
						Ending Balance: (NOTE: EMC actually owns all of this water, but 101.44 ac. ft. is encumbered - must have request and release from both Zions Bank and SL6 - before placing water to use)	101.44 ac. ft. encumbered		[0.00] Clear

ACKNOWLEDGEMENT AND CONSENT TO
ASSIGNMENT OF BANKED WATER ENTITLEMENT
AND CONFIRMATION OF OWNERSHIP

1. EAGLE MOUNTAIN CITY, UTAH, (the "City") hereby duly acknowledges and agrees that:

(a) Pursuant to Chapter 13.25 of the Eagle Mountain Municipal Code (the "Code"), SL6 has conveyed to the City 118 acre feet of water evidenced by Water Right Number 54-1044 (a23069) (the "Water Right"), and that SL6 is eligible to bank water with the City for the benefit of SL6 in conformance with the requirements of the Code;

(b) The Water Right is approved for municipal use within the City, under Change Application Number a23069;

(c) The Water Right has been reviewed, approved and accepted by the City pursuant to and in conformance with the requirements of the Code, and in exchange for the transfer of the Water Right to the City, the City, pursuant to written instructions from SL6, has allocated banked water entitlements in the original amount of 118 acre feet on the City's banked water account in the name of SL6, which is being held and reserved on account with the City pursuant to the Code, except with regard to (i) 13.50 acre feet of the original entitlement which have been assigned to Brighton Bank, and (ii) 3.06 acre feet of the original entitlement which have previously been allocated to Ranch Plat 7 in Silver Lake (the remaining 101.44 acre feet are the "Banked Water Entitlement");

(d) The Banked Water Entitlement is in full force and effect and the City knows of no adverse interest or encumbrance against the Water Right or the Banked Water Entitlement or any facts or circumstances relating thereto which would result in the Banked Water Entitlement becoming wholly or partially invalid for any reason;

(e) The Banked Water Entitlement has not heretofore, and is not presently committed, dedicated, pledged or assigned to or in support of any development within the City except as provided in subparagraph (f) hereof;

(f) The Banked Water Entitlement has been allocated to and shall remain on account on the City's banked water records for Zion's First National Bank in connection with the development of real property owned by SL6 located within the boundaries of the City, including that certain property located at Silver Lake, Eagle Mountain, in Utah County, Utah, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Silver Lake Project"), expressly subject to the terms and provisions of that certain Assignment of Banked Water Entitlement and Grant of Security Interest (101.44 Acre Feet), dated November 4, 2010 by and between SL6 and Zion's First National Bank (the "Assignment"), to which this Acknowledgement and Consent to Assignment of Banked Water Entitlement shall be attached, wherein the Banked Water Entitlement has been assigned by SL6 to Zions First National Bank ("Zions");

(g) In conformance with the Assignment, and pursuant to the requirements of the Code, SL6 has sent written instructions to the City that so long as the Assignment remains in effect, Zions shall be designated as the Owner of the Banked Water Entitlement, as defined in Section 13.25.010 of the Code, on the City's banked water records subject to the terms and provisions of the Assignment;

(h) Upon the City giving Assignor any notice of default under and pursuant to the terms and conditions of the Banked Water Entitlement, the City shall, at the same time, also give a copy of such notice to Zions at the following address: Zions First National Bank, Real Estate Loan Department, One South Main Street, Suite 470, Salt Lake City, Utah 84111, Attn: Janet M. Fisher, Vice President; and that Zions may remedy such default within the period given to SL6, and the City shall accept such performance by Zions as if such performance had been made by SL6;

(i) Upon the occurrence of an event of default as defined in Section 11 of the Assignment, Zions may transfer the Banked Water Entitlement to a third party in conformance with the requirements of the Code.

2. The City has adopted Resolution No. R-22-2010 of its City Council, a copy of which is attached hereto and incorporated herein by reference, pursuant to which the City:

(a) Consents to the assignment by S.L.6, L.L.C., as Assignor of the Banked Water Entitlement to Zions, as Assignee;

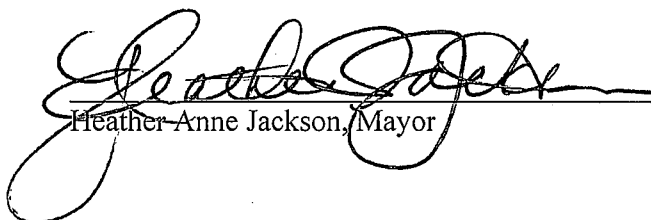
(b) Defines the requirements for use of the Banked Water Entitlement;

(c) Acknowledges that SL6 will not permit any further assignment of the Banked Water Entitlement in the future;

(d) Acknowledges that Zions may, in its sole discretion, perfect its security interest in the Banked Water Entitlement by confirming legal title to the Water Rights is in the City and that Zions may perfect its beneficial interest to the Banked Water Entitlement by recording the Assignment in the official records of the County Recorder for Utah County, Utah, and/or by filing a UCC-1 Financing Statement with the Department of Commerce of the State of Utah.

DATED this 7 day of ~~November~~ ^{DECEMBER}, 2010.

EAGLE MOUNTAIN CITY, UTAH


Heather Anne Jackson, Mayor

Attest:

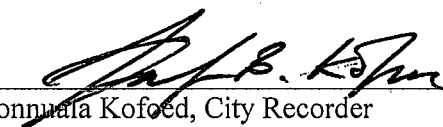

Fionnuala Kofoed, City Recorder



EXHIBIT "A"
SILVER LAKE DEVELOPMENT
(Legal Description)

PARCEL 1:

BEGINNING AT A POINT LOCATED SOUTH 89°10'11" EAST ALONG THE SECTION LINE 1319.685 FEET FROM THE NORTHWEST CORNER OF SECTION 28, TOWNSHIP 5 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; THENCE SOUTH 89°10'11" EAST 1319.685 FEET ALONG THE SECTION LINE TO THE NORTH QUARTER CORNER OF SECTION 28; THENCE SOUTH 89°50'17" EAST 2639.41 FEET ALONG THE SECTION LINE TO THE NORTHEAST CORNER OF SECTION 28; THENCE SOUTH 00°08'39" WEST 2647.80 FEET ALONG THE SECTION LINE TO THE EAST QUARTER CORNER OF SECTION 28; THENCE SOUTH 00°36'42" WEST 2659.26 FEET ALONG THE SECTION LINE TO THE SOUTHEAST CORNER OF SECTION 28; THENCE NORTH 89°20'31" WEST 2652.03 FEET ALONG THE SECTION LINE TO THE SOUTH QUARTER CORNER OF SECTION 28; THENCE NORTH 89°16'10" WEST 1324.566 FEET ALONG THE SECTION LINE TO THE 1/16 SECTION CORNER OF SECTION 28; THENCE NORTH 00°33'59" EAST 2649.228 FEET ALONG THE 1/16 SECTION LINE; THENCE NORTH 00°34'12" EAST 2637.168 FEET ALONG THE 1/16 SECTION LINE TO THE POINT OF BEGINNING.

BASIS OF BEARING: SOUTH 89°10'11" EAST ALONG THE SECTION LINE BETWEEN THE NORTHWEST CORNER AND THE NORTH QUARTER CORNER OF SECTION 28, TOWNSHIP 5 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN.

LESS AND EXCEPTING THEREFROM SAID PARCEL 1 THE FOLLOWING DESCRIBED PARCELS A THRU N:

A) BEGINNING AT A POINT WHICH IS SOUTH 89°50'21" EAST 110.70 FEET ALONG SECTION LINE FROM THE NORTH QUARTER CORNER OF SECTION 28, TOWNSHIP 5 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; THENCE SOUTH 89°50'21" EAST 2529.05 FEET ALONG SECTION LINE TO THE NORTHEAST CORNER OF SAID SECTION 28; THENCE SOUTH 0°08'41" WEST 1273.19 FEET ALONG SECTION LINE; THENCE WEST 1602.55 FEET; THENCE NORTH 03°34'35" WEST 315.42 FEET; THENCE NORTH 31°33'13" WEST 174.49 FEET; THENCE NORTH 68°29'00" WEST 31.49 FEET; THENCE NORTH 44°46'44" WEST 153.43 FEET; THENCE NORTH 07°27'01" WEST 109.84 FEET; THENCE NORTH 61°38'15" WEST 262.77 FEET; THENCE NORTH 19°36'20" WEST 59.94 FEET; THENCE NORTH 40°18'05" WEST 86.78 FEET; THENCE NORTH 88°44'27" WEST 76.26 FEET; THENCE NORTH 55°40'11" WEST 83.19 FEET; THENCE NORTH 36°26'40" WEST 135.39 FEET; THENCE NORTH 10°51'23" WEST 62.27 FEET; THENCE NORTH 38°27'13" WEST 36.37 FEET; THENCE NORTH 12°10'17" EAST 43.71 FEET; THENCE NORTH 64°00'56" WEST 114.27 FEET TO THE POINT OF BEGINNING. (58-040-0226)

B) THE FOLLOWING AS CONVEYED TO PROVO RESERVOIR COMPANY, A CORPORATION BY WARRANTY DEED RECORDED AUGUST 20, 1918 AS ENTRY NO. 5103 IN BOOK 180 AT PAGE 378, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING 797 FEET NORTH FROM THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 28, TOWNSHIP 5 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN; AND THENCE A STRIP OF LAND 2 RODS WIDE EXTENDING 1 1/4 QUARTER RODS OF THE LEFT AND 3/4 RODS TO THE RIGHT OF THE CENTER LINE OF CANAL DESCRIBED AS FOLLOWS: SOUTH 42°20' WEST 475 FEET, SOUTH 28°19' WEST 255 FEET, SOUTH 3°37' EAST 625 FEET, SOUTH 17°48' WEST 435 FEET, SOUTH 55°59' WEST 225 FEET, SOUTH 2°46' EAST 370 FEET MORE OR LESS TO THE QUARTER SECTION LINE.

C) SILVER LAKE SUBDIVISION PLAT ONE-A, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JANUARY 18, 2005 AS ENTRY NO. 2304:2005 OF OFFICIAL RECORDS.

D) SILVER LAKE SUBDIVISION PLAT ONE-B, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JANUARY 18, 2005 AS ENTRY NO. 5305:2005 OF OFFICIAL RECORDS.

E) SILVER LAKE SUBDIVISION PLAT ONE-C, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED APRIL 05, 2005 AS ENTRY NO. 35638:2005 OF OFFICIAL RECORDS.

F) SILVER LAKE SUBDIVISION PLAT TWO-A, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED MAY 31, 2005 AS ENTRY NO. 58198:2005 OF OFFICIAL RECORDS.

G) SILVER LAKE SUBDIVISION PLAT TWO-B, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED APRIL 05, 2005 AS ENTRY NO. 35635:2005 OF OFFICIAL RECORDS.

H) SILVER LAKE VILLAGE SUBDIVISION PLAT THREE, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED MARCH 01, 2005 AS ENTRY NO. 20749:2005 OF OFFICIAL RECORDS. (66-071-0247 THRU 66-071-0299)

I) SILVER LAKE VILLAGE PUD SUBDIVISION, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JULY 05, 2006 AS ENTRY NO. 84114:2006 OF OFFICIAL RECORDS.

J) SILVER LAKE VILLAGE PLAT FOUR-A, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JANUARY 18, 2005 AS ENTRY NO. 5303:2005 OF OFFICIAL RECORDS.

K) SILVER LAKE VILLAGE PLAT FOUR-B, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED MAY 31, 2006 AS ENTRY NO. 66919:2006 OF OFFICIAL RECORDS.

L) SILVER LAKE PLAT 5 ROAD DEDICATION PLAT RECORDED APRIL 04, 2007 AS ENTRY NO. 49065:2007 OF OFFICIAL RECORDS.

M) SILVERLAKE PLAT 6, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED APRIL 04, 2007 AS ENTRY NO. 49066:2007 OF OFFICIAL RECORDS. (66-194-0601 THRU 66-194-0643)

N) SILVERLAKE PLAT 7, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JULY 25, 2007, AS ENTRY NO. 106559:2007 OF OFFICIAL RECORDS. (66-217-0001 THRU 66-217-0074)

PARCEL 3:

LOT 182 SILVER LAKE SUBDIVISION PLAT TWO-A, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED MAY 31, 2005 AS ENTRY NO. 58198:2005 OF OFFICIAL RECORDS. (66-084-0182)

PARCEL 4:

LOTS 603 THRU 610, 614, AND 618 THRU 624, SILVERLAKE PLAT 6, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED APRIL 04, 2007 AS ENTRY NO. 49066:2007 OF OFFICIAL RECORDS. (66-194-0603 THRU 0610, 0614, 0618 THRU 0624)

PARCEL 5:

LOTS 1-5, 8-13, 16-18, 22,23, 25-26, 28-32, 34, 36,38,40,44,45,52-55, 58, 59,60, 65-68, 73, 74, 77, 79-81, 83, 84, 86, SILVERLAKE PLAT 7, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDED JULY 25, 2007 AS ENTRY NO. 106559:2007 OF OFFICIAL RECORDS. (66-217-0001-0005, 0008-0013, 0016-0018, 0022,0023, 0025, 0026, 0028-0032, 0034, 0036, 0038, 0040, 0044, 0045, 0052-0055, 0058, 0059, 0060, 0065-0068, 0073, 0074, 0077, 0079-0081, 0083)