

Lionsback Resort

Project Background, Timeline & Summary of Improvements

January 3, 2017

Project Background

Lionsback Resort is a new development located on 175-acres of land owned by Utah's School & Institutional Trust Lands Administration (SITLA). The project is being developed by LB Moab Land, LLC (LB Moab). The property is located on Sand Flats Road between the City of Moab and the entrance to the Sand Flats Recreation Area. The property is bisected by Sand Flats Road with the development occurring on the west side of the road leaving the property on the east side of the road in its pristine state. The development covers approximately 47.25-acres leaving over 127-acres of open space (73%).

The project is designed for a 50-unit condo/hotel (3-bedrooms each), a full-service restaurant/bar, spa, convention center/wedding venue and 188 single-family casitas and lots. The hotel will be owned by LB Moab Land, LLC and the single-family casitas and lots will be sold to end users. The single-family casitas may be included, at the owner's option, in the rental pool to be operated and managed by the hotel operator.

Michael Badger first began working on the project in 2004. Badger and his team began working with SITLA and the City of Moab on a potential new resort. The objective was to create a more natural resort experience for Moab visitors than what existed with the Main Street select service hotels. It was determined that there was not an applicable zoning code that made sense for this type of resort development in the City's Land Use Code. Being sensitive to the environment, community and the City's goals, the City of Moab created the Sensitive Area Resort Zone (SAR) which was incorporated into the City's Land Use Code.

From 2006 to 2008, LB Moab cleaned up the former Lionsback campground by removing trash, debris and four portable toilet systems with 12 foot deep ground pits filled with raw sewage. They also closed multiple jeep roads that were being created by off-road vehicles off of Hells Revenge and were scarring the landscape. Off road vehicles are now contained to the Hells Revenge easement by adding natural barriers and fencing. LB Moab also worked with Trail Mix to create a future pedestrian/bike trail connection between Sand Flats Road and Mill Creek via the Old Dump Road.

In late 2008, the City of Moab approved the Lionsback Resort under the SAR Zone through the Master Plan Development process and entered into a Development Agreement and Pre-Annexation Agreement with LB Moab. During the entitlement process with the City of Moab, LB Moab addressed all the issues that have recently been raised by Town Council members and Moab citizens including Sand Flats Road traffic

and safety issues, Sand Flats Road upgrades, protection of the ground water, protection of the natural environment, utility connections, etc. These commitments are set forth in the Development Agreement and Pre-Annexation Agreement.

Shortly after the City of Moab approved the Lionsback Resort, the City was sued by an environmental group over the entitlement process. The City LB Moab were successful in winning the lawsuit in 2012 when the Utah State Supreme Court ruled in the City and LB Moab's favor.

In the fall of 2013, LB Moab and SITLA determined that the demand for a resort project such as Lionsback was strong and the financing markets for a resort hotel development were improving. As a result, they made the decision to relaunch the Lionsback Resort project. LB Moab reassessed the market and determined that it needed to revise the hotel site plan and layout. The original plan consisted of up to 50 hotel condo units in 9 different buildings with a large parking lot between the hotel and Sand Flats Road. LB Moab's design team and hospitality advisors strongly recommended that the hotel be constructed in one building and the parking lot be moved out of site from Sand Flats Road to the rear of the hotel complex. This minimized the visual impact of the hotel and parking lot and provided more efficient hotel operations. LB Moab found conflicts in the Development Agreement and Pre-Annexation Agreement regarding the approved condo/hotel density. The documents stated 25 units in some places and 50 units in other parts of the documents. The single-family casitas lot sizes and densities were not changed.

LB Moab went to the City of Moab to get clarification on 1) the number of approved condo/hotel units; 2) 50 condo/hotel units with three bedrooms each would conform to the existing entitlements; and 3) the hotel lot and adjacent single family lots could be modified to accommodate the new layout of the revised hotel site plan. LB Moab had multiple meetings and presentations with the City of Moab which included the City Manager, the Mayor, Planning Department Staff and Public Works Department staff. The City of Moab confirmed in April 2014 that 50 three-bedroom condo/hotel units conformed to the existing entitlements and encouraged LB Moab to proceed with the project. LB Moab instructed its design team to revise the hotel site plan and layout.

The SAR zoning allows for a total density of 2 dwelling units/acre, plus the SAR Density Bonus of 15% which translates into 402 d/u's on the 175 acre Lionsback parcel. The current density of the project is 256 units (50 condo/hotel units, 188 single family casitas/lots and 18 employee housing units) which is well under the potential 402 units allowed. The revised hotel plan required an increase of the hotel site from 6.37 acres to 7.4 acres. This increase still leaves over 73% open space (SAR zone requires 70% open space). Again, the City of Moab confirmed that the plan met the existing entitlements and the minor modifications of the lot lines would be handled during the final plat approval process.

LB Moab has also worked with adjacent land owners over the past two years to find an alternative utility alignment instead of putting the utilities in Sand Flats Road. It was

concluded that the “Old Sand Flats Road” would work for bringing utilities to the site and LB Moab has negotiated multiple easements for these utilities. An added benefit of the new utility alignment will be to create a bike/pedestrian path along this alignment which will keep pedestrians and bikers off the steep section of Sand Flats Road. A Cost Reimbursement Agreement was negotiated between LB Moab, neighboring land owners and the City of Moab. However, LB Moab has been waiting for the City to review and approve the agreement since December 2015.

After spending over \$500,000 and another year of development work, LB Moab was preparing to enter into an agreement with an investment partner and begin raising the remaining equity and debt to complete the project in the summer of 2015. LB Moab then began to hear rumors that the new City Manager, Rebecca Davidson, was not in favor of the Lionsback Resort project and was going to stop the development. LB Moab began contacting the City about the rumors and was unable to get any feedback. LB Moab elected to put the project on hold again until it could verify and address any entitlement issues with the City. LB Moab was finally asked to make a presentation to the previous City Mgr. (Rebecca Davidson) in September 2015.

LB Moab and SITLA worked throughout the fall of 2015 to get confirmation of the entitlements, approval of the Master Utility Plan and address any City concerns. The City provided no response to LB Moab and SITLA’s requests until April of 2016. At that time, it was relayed to LB Moab that the project would need to go back through a public process despite already receiving City Staff approval to move forward in spring of 2014. SITLA and LB Moab are just as concerned about traffic on Sand Flats Road, protection of the ground water and the overall environment. We have conformed to the SAR zoning which we worked very closely with the City of Moab to create and designed less density than we are allowed to build on the site. We feel that many of the concerns expressed by the City Council members at the December 13, 2016 council meeting by Moab citizens have been addressed as set forth in the Development Agreement and Pre-Annexation Agreement. This includes \$700,000 to \$800,000 in upgrades to Sand Flats Road and creating the Source Water Protection Plan for the Lionsback Resort which was approved by the Moab City Council in 2010.

Timeline

2004 - Property was introduced to Michael Badger. Badger began working with Utah's School and Institutional Trust Lands Administration (SITLA) and the City of Moab evaluating the opportunity and what could be developed on the property.

2005 – Continued discussions and negotiations with SITLA. Negotiated a lease buyout from the then lease holder, Michael Hill, who was running a camp ground on the site. On-going work with the City of Moab related to zoning and annexation. City did not have zoning that worked for the Lionsback Resort so Badger worked with the City to adopt zoning specifically for the project. This required a careful balance between development and the environment. The City of Moab introduces a new section to the Land Use Code, the Sensitive Area Resort Zone SAR

2006 – In June 2006, Badger forms LB Moab Land, LLC (LB Moab) and enters into a 99-year development lease with SITLA for the 175-acre Lionsback property. Land planning and conceptual engineering/architectural design for the Lionsback Resort commences. City of Moab approves the SAR Zone.

2006 to 2008 – LB Moab works through the design, entitlement and annexation processes with SITLA and the City of Moab. Completed extensive due diligence including traffic study, Sand Flats Road Condition Report, Environmental Phase 1, Wildlife Assessment, Geotechnical Report, etc. Cleaned up the former Lionsback campground by removing trash, debris and 4 portable toilet systems with 12 foot deep pits. Closed unauthorized off-road vehicle roads and contained traffic to Hells Revenge alignment.

2008 – On October 28, 2008 Lionsback Resort receives approval for the land to be annexed into the City of Moab. The City of Moab also approves the development of 50 units (150 keys) hotel, 188 single-family residential lots, 18 employee housing units, a service facility and a storage unit facility on the property. The MPD density is two units per acre. Plus a 15% density bonus for being in the SAR Zone. Yielding 402 units. The Open Space requirement of 70% was exceeded by 3.35% or 73.35%

2009 – LB Moab receives an equity and debt financing commitment to fund the Lionsback Resort development. An environmental group files a lawsuit against the City of Moab over the entitlement and annexation process of the Lionsback Resort project. LB Moab adjoins the lawsuit with the City of Moab. As a result of the lawsuit and the downturn in the US economy, the project is put on hold. The City elects to fight the lawsuit.

2010 – City reviews and approves the Drinking Water Source Protection Plan by Resolution #03-2010 dated January 26, 2010.

2012 – In late 2012, a final ruling by the Utah State Court of Appeals issues a final ruling in favor of the City of Moab and the lawsuit is dismissed.

2013 – As the market for financing new resort developments began to improve, SITLA & LB Moab review the project in the fall of 2013 and decide to re-launch the project. Multiple meetings with the City Manager and staff.

October 8, 2013 – Meeting with City Manager and Department Heads to present the new hotel plan and discussed the conflicts within the Pre-Annexation Agreement and the Development Agreement regarding the approved density of Lot 1 the six-acre hotel site. Followed by additional meetings and correspondence.

2014 – LB Moab engaged SET Engineering to complete conceptual engineering for on & off-site engineering, HKS Architects to complete conceptual architecture for the Hotel and Casitas and Jones Lang LaSalle to complete a Market and Feasibility study. The development team worked on utility easement agreement negotiations, had on-going discussions with the City of Moab Staff for water and sewer infrastructure, and negotiations with third party utility companies. Throughout this process City staff and the mayor were briefed during regular meetings.

January 9, 2014 – Written request sent to Donna Metzler on confirmation of hotel density units and other required clarifications.

March 18, 2014 – LB Moab and the HKS architectural team meet with the City of Moab to update them on the Lionsback project and architectural design progress.

April 2, 2014 - LB Moab Land received confirmation from City Manager and Planning Department Staff that the proposed changes to the plan were approved by staff and would be processed as a minor amendment and any modifications would be addressed at Final Plat. (email from Jeff R. - City Planner)

2015 – LB Moab & SITLA worked on securing easements with neighboring land owners for more desirable and cost efficient utility routes. This alternative utility route takes the utilities out of Sand Flats Road and through the Cozzens and Granite Development parcel. Essentially the old Sand Flats Road alignment. Cost Reimbursement Agreements and easements were submitted to city staff for review/comment. (not received to date.)

Project put on hold by LB Moab in September 2015 due to rumors of Rebecca Davidson stating that she was not in favor of the project and that we didn't have any entitlements. LB Moab and SITLA began multi-pronged effort to get confirmation of the entitlements already granted for the project. Still no resolution as of December 2016.

February 24, 2015 – City of Moab Meeting with Mayor Dave, Donna Metzler, Jeff Reinhart and other staff. Presented complete HKS site plan, architectural plan and development update. Feedback was very positive and encouraged us to continue to move ahead. Mayor provided us with multiple financing sources for the project and public infrastructure. Meeting requested by the City.

October 26, 2015 - Jeff Pillus, LB Moab's engineer, emailed Philip Bowman to set up a meeting to discuss the project and current plans including low pressure sewer, offsite utilities and water/storage pumping since we were receiving no response to previous submittals of the infrastructure master plan.

Nov. 23, 2015 – SITLA sent written notification to the new City Mgr. (R. Davidson) requesting confirmation of the city's position on the project entitlements, agreements, and status.

2016 – Continued efforts to solve the confirmation of the Lionsback entitlements.

Jan. 27, 2016 – R. Davidson emails stating that she has forwarded our confirmation request to the city attorney. (No response was ever received by SITLA.)

March 14, 2016 – R. Davidson, City Atty, & LB Moab have a conference call to discuss project. In the conference call, the City advised LB Moab that the project would require a process with the City to 'prove up' the densities, and that the water/sewer system should be changed to a private system. City Staff also advised that they would support the application and would expedite the process.

April 6, 2016 – Letter from City Atty. states that LB Moab's reliance on statements by city manager and staff is not reasonable, and that the proposed plan would constitute a change under the MPD Ordinance; which would therefore require application submittal. Further clarification from City Staff after this correspondence resulted in LB Moab incurring significant costs to develop and submit for approval an amendment to the Lionsback MPD (submitted on June 30, 2016)

July 2016 – City staff deem the amendment application 'incomplete' and make request to review reports, documents related to the entire site. Not just the amendment area related to the hotel site.

August 2, 2016 - City Atty. follows up with letter documenting the requested items to the MPD Application, including items that relate to the entire site and are new requirements not associated with the proposed Amendment Area and confirms that they believe the Amendment is considered a 'Major' Amendment vs LB Moab and SITLA belief that it is 'Minor'.

September 2016 – SITLA and City discuss options to address conflict of Major/minor process while preserving Cities Authority to review/approve final plats, site plans, and building permitting.

November 2016 – SITLA prepares Zoning Status Agreement to clarify position and protect cities future approval rights on platting & permitting.

December 13, 2016 – 1st City Council Meeting on proposed Agreement

Anticipated Timeline Going Forward

Resolution on Zoning Agreement with City:

January 2017

Updates to Development Agreement, Pre-Annexation Agreement and Off-Site Infrastructure Cost Reimbursement Agreement:

February and March 2017

Final Design and Pre-Construction Phase 1 (Hotel and Phase 1 Casitas/Lots):

April 2017 through May 2018

Phase 1 Construction (Hotel and Phase 1 Casitas/Lots):

June 2018 through November 2019

Lionsback Resort opening anticipated:

Fall 2019

Phase One of the Project will consist of the following development components:

Hotel Center. A large central building containing a 50 unit condo/hotel (150 rooms in single and suite configurations), hotel facilities and offices for the resort, and may include retail space, bike storage, spa, fitness center and locker room, front desk and lobby, lobby terrace, restaurant, back of house facilities, conference center/wedding venue, pool facility, separate service entry.

Residential Units. 34 single family lots each accommodating a casita will be platted. Developer may elect to construct casitas on the lots or may sell them as vacant lots to third party purchasers for future construction of the casita on that lot.

Subdivision Improvement Phase - Phase One. The Subdivision Improvement Phase - Phase One will include the following:

1. **Internal Subdivision Roads.** The main access to the Project and the Hotel from Sand Flats Road will be constructed. Gecko Drive will create a loop road to and from the Hotel Drive to access the thirty-four single-family residential units proposed in this phase. The construction of a hotel service entrance to the hotel is proposed to be constructed during this phase.
2. **Parking.** The roadway construction will create 230 parking spaces primarily near the hotel.
3. **Stormwater Management.** A proposed storm drain system will be required to convey storm water through this phase from future phases. Existing culverts beneath Sand Flats Road will be upgraded to convey the one-hundred-year

storm event as part of this phase and as part of the offsite improvements required along Sand Flats Road. Four culverts will be required along with shallow swales to convey stormwater runoff. The Source Water Protection plan for Lionsback Resort will be adhered to.

4. **Water System.** Connections to the City Water System will be made and a booster pump at the connection will be installed as will transmission and distribution lines to connect to and serve the Project. The transmission line will use a four-inch pressurized line along Sand Flats Road or an alternate route known as "Old Sand Flats Road" and will transport water to a water tank which will then be used to distribute water to all proposed development in the Project. The water stored in the water tank will also be available to provide fire suppression for all structures in the Project, which will be sprinkled. The water system will be extended to each lot and development parcel included in Phase One.
5. **Sanitary Sewer System.** Connections to the City Sanitary Sewer System will be made and collection lines will be installed to serve the Project. A low pressure system, a vacuum system or a hybrid low pressure/gravity fed system are being evaluated. The sanitary sewer system will be extended to each lot and development parcel included in Phase One.
6. **Shallow Utilities.** Electric, natural gas, cable television and telephone lines will be extended and installed along Sand Flats Road or an alternate route known as "Old Sand Flats Road" to serve Lionsback Resort, including each of the lots and development parcels included in Phase One. The existing roadway to the existing tower will continue to be utilized and may be used to improve the cellular telephone service to this development.
7. **Offsite Road Improvements**
 - A. **Sand Flats Road.** Offsite construction will include necessary improvements to Sand Flats Road. Proposed shoulder improvements and turning lanes at project entries will allow for greater public safety. The portion of Sand Flats Road running North-South through the project boundary will be improved with eight and two foot wide shoulders on the East and West sides respectively. The sharp curve at the Southern end of this section will be improved by removing some of the existing pavement on the inside of the curve and installing a section of curb and gutter with breakaway delineators. This portion of construction has been coordinated with the City of Moab Engineer to improve public safety through this area. The improved and disturbed sections of Sand Flats Road will be painted with a double yellow stripe in the center and single white lane stripes on either side off set twelve feet to denote travel lanes.