

Echo Canyon Administrative Funding and Reimbursement Agreement

June 12, 2025

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ADMINISTRATIVE FUNDING AND REIMBURSEMENT AGREEMENT

This ADMINISTRATIVE FUNDING AND REIMBURSEMENT AGREEMENT (the “**Agreement**”) is made and entered into as of the 12th day of June, 2025, by and between **ECHO CANYON, Utah** a political subdivision and body corporate and politic of the State of Utah (“**Echo Canyon**”), and both **Kane Creek Preservation and Development LLC**, a Delaware limited liability company (the “**Developer**”). Echo Canyon and the Developer are collectively referred to herein as the “**Parties**”.

RECITALS

WHEREAS, Echo Canyon was duly incorporated and certified as a political subdivision and body corporate and politic of the State of Utah pursuant to Utah Municipal Code, Title 10 (the “**Code**”), with the powers of a municipality except as limited by the Code; and

WHEREAS, Echo Canyon has incurred and will incur costs (the “**Costs**”) in furtherance of the Echo Canyon’s permitted purposes, including all powers granted to municipalities of Utah except as restricted in § 10-2a-509(4) of the Utah Code; and

WHEREAS, Echo Canyon does not presently have financial resources to provide funding for payment of Costs that are projected to be incurred prior to the anticipated availability of funds; and

WHEREAS, the Developer is willing to loan funds to Echo Canyon, from time to time, on the condition that Echo Canyon agrees to repay such loans, in accordance with the terms set forth in this Agreement; and

WHEREAS, Echo Canyon is willing to execute one or more reimbursement notes, bonds, or other instruments (“**Reimbursement Obligations**”), in an aggregate principal amount not to exceed the Maximum Loan Amount (as defined below), to be issued to or at the direction of the Developer upon its request, subject to the terms and conditions hereof, to further evidence the Echo Canyon’s obligation to repay the funds loaned hereunder; and

WHEREAS, the Echo Canyon anticipates repaying moneys advanced by the Developer hereunder, including as evidenced by any requested Reimbursement Obligations, with the proceeds of future bonds, ad valorem taxes, or other legal and available revenues, as applicable, of Echo Canyon; and

WHEREAS, Echo Canyon and the Developer desire to enter into this Agreement for the purpose of consolidating all understandings and commitments between them relating to the funding and repayment of the Costs; and

WHEREAS, the Preliminary Municipality Board (the “**Board**”) has determined that the best interests of Echo Canyon and its property owners will be served by entering into this Agreement for the funding and reimbursement of the Costs; and

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WHEREAS, the Board has authorized its officers to execute this Agreement and to take all other actions necessary and desirable to effectuate the purposes of this Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Echo Canyon and the Developer agree as follows:

COVENANTS AND AGREEMENTS

1. LOAN AMOUNT AND TERM. The Developer agrees to loan to Echo Canyon one or more sums of money, not to exceed the aggregate of \$250,000 (as the same may be subsequently increased by agreement of the Parties hereto and execution of a supplement or addendum to this Agreement) (the “**Maximum Loan Amount**”). These funds shall be loaned to Echo Canyon in one or a series of installments and shall be available to Echo Canyon through December 31, 2030 (as the same may be amended pursuant to an annual review evidenced by supplement or amendment hereto, the “**Loan Obligation Termination Date**”). Thereafter, the Developer may agree to renew its obligations hereunder by providing written notice thereof Echo Canyon, in which case the Loan Obligation Termination Date shall be amended to the date provided in such notice, which date shall not be earlier than December 31 of the succeeding year.

2. PRIORITY RELATIVE TO OTHER MUNICIPALITY OBLIGATIONS. The Developer agrees that any Reimbursement Obligations of Echo Canyon hereunder shall be issued on a basis that is junior and subordinate to all other then-outstanding obligations of Echo Canyon, including but not limited to any bond(s) previously issued by Echo Canyon.

3. USE OF FUNDS. Echo Canyon agrees that it shall apply all funds loaned by the Developer under this Agreement solely to Costs of Echo Canyon as set forth from time to time in the annual adopted budget for Echo Canyon, and pursuant to any contracts entered into with third parties to perform functions for Echo Canyon under such adopted budget. It is understood that Echo Canyon has budgeted or will budget as revenue from year to year the entire aggregate amount which may be borrowed hereunder to enable Echo Canyon to appropriate revenues to pay the Costs included within Echo Canyon’s annual budget. The Developer shall be entitled to a quarterly accounting of the expenditures made by Echo Canyon, upon request, and otherwise may request specific information concerning such expenditures at reasonable times and upon reasonable notice to Echo Canyon.

4. MANNER FOR REQUESTING ADVANCES.

a. Echo Canyon shall from time to time determine the amount of revenue required to fund budgeted expenditures by Echo Canyon, but such determination shall be made not more often than monthly. Each determination shall be made based upon the expenditures contained in the adopted budget for Echo Canyon and upon the rate of expenditures estimated for the next succeeding month and such other factors as the Board may consider relevant to the projection of future financial needs. Not less than fifteen (15) days before the beginning of each

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month, Echo Canyon shall notify the Developer of the requested advance for the next month, and the Developer shall deposit such advance on or before the beginning of that month. The Parties may vary from this schedule upon mutual agreement.

b. Upon receipt of advances hereunder, Echo Canyon shall keep a record of such advances made. Failure to record such advances shall not affect inclusion of such amounts as reimbursable amounts hereunder; provided that such advances are substantiated by Echo Canyon's accountant. The Developer may provide any relevant documentation evidencing such unrecorded advance to assist in Echo Canyon's final determination.

5. OBLIGATIONS IRREVOCABLE.

a. The obligations of the Developer created by this Agreement are absolute, irrevocable, unconditional, and are not subject to setoff or counterclaim.

b. The Developer shall not take any action which would delay or impair Echo Canyon's ability to receive the funds contemplated herein with sufficient time to properly pay approved invoices and/or notices of payment due.

6. INTEREST PRIOR TO ISSUANCE OF REIMBURSEMENT OBLIGATIONS.

With respect to each loan advance made under this Agreement prior to the issuance of any Reimbursement Obligation reflecting such advance, the interest rate shall be six percent (6%) per annum, from the date any such advance is made, simple interest, to the earlier of the date the Reimbursement Obligation is issued to evidence such advance, or the date of repayment of such amount. Upon issuance of any such Reimbursement Obligation, unless otherwise consented to by the Developer, any interest then accrued on any previously advanced amount shall be added to the amount of the loan advance and reflected as principal of the Reimbursement Obligation, and shall thereafter accrue interest as provided in such Reimbursement Obligation.

7. TERMS OF REPAYMENT; SOURCE OF REVENUES.

a. Any funds advanced hereunder shall be repaid in accordance with the terms of this Agreement. Echo Canyon intends to repay any advances made under this Agreement from ad valorem taxes and other legally available revenues of Echo Canyon, net of any debt service costs of Echo Canyon, and provided that such payment is allowed under any bond indenture applicable to Echo Canyon. Any mill levy certified by Echo Canyon for the purpose of repaying advances made hereunder shall be subject to any applicable laws.

b. The provision for repayment of advances made hereunder, as set forth in Section 7(a) hereof, shall be at all times subject to annual appropriation by Echo Canyon.

c. At such time as Echo Canyon issues Reimbursement Obligations to evidence an obligation to repay advances made under this Agreement, the repayment terms of such Reimbursement Obligations shall control and supersede any otherwise applicable provision

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of this Agreement, except for the Maximum Reimbursement Obligation Repayment Term (as defined below).

8. ISSUANCE OF REIMBURSEMENT OBLIGATIONS.

a. Subject to the conditions of this Section 8 and Section 9 hereof, upon request of the Developer, Echo Canyon hereby agrees to issue to or at the direction of the Developer one or more Reimbursement Obligations to evidence any repayment obligation of Echo Canyon then existing with respect to advances made under this Agreement. Such Reimbursement Obligations shall be payable solely from the sources identified in the Reimbursement Obligations, including, but not limited to, *ad valorem* property tax revenues of Echo Canyon, and shall be secured by Echo Canyon's pledge to apply such revenues as required hereunder, unless otherwise consented to by the Developer. Such Reimbursement Obligations shall mature on a date or dates, subject to the limitation set forth in the Maximum Reimbursement Obligation Repayment Term defined herein, and bear interest at a market rate, to be determined at the time of issuance of such Reimbursement Obligations. Echo Canyon shall be permitted to prepay any Reimbursement Obligation, in whole or in part, at any time without redemption premium or other penalty, but with interest accrued to the date of prepayment on the principal amount prepaid. Echo Canyon and the Developer shall negotiate in good faith the final terms and conditions of the Reimbursement Obligations.

b. The term for repayment of any Reimbursement Obligation issued under this Agreement shall not extend beyond six (6) years from the date of this Agreement ("**Maximum Reimbursement Obligation Repayment Term**").

c. The terms of this Agreement may be used to construe the intent of Echo Canyon and the Developer in connection with issuance of any Reimbursement Obligations, and shall be read as nearly as possible to make the provisions of any Reimbursement Obligations and this Agreement fully effective. Should any irreconcilable conflict arise between the terms of this Agreement and the terms of any Reimbursement Obligation, the terms of such Reimbursement Obligation shall prevail.

d. If, for any reason, any Reimbursement Obligation is determined to be invalid or unenforceable, Echo Canyon shall issue a new Reimbursement Obligation to the Developer that is legally enforceable, subject to the provisions of this Section 8.

e. In the event that it is determined that payments of all or any portion of interest on any Reimbursement Obligation may be excluded from gross income of the holder thereof for federal income tax purposes upon compliance with certain procedural requirements and restrictions that are not inconsistent with the intended uses of funds contemplated herein and are not overly burdensome to Echo Canyon, Echo Canyon agrees, upon request of the Developer, to take all action reasonably necessary to satisfy the applicable provisions of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

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9. NO DEBT. It is hereby agreed and acknowledged that this Agreement evidences Echo Canyon's intent to repay the Developer for advances made hereunder in accordance with the terms hereof. However, this Agreement shall not constitute a debt or indebtedness by Echo Canyon within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple-fiscal-year financial obligation. Further, the provision for repayment of advances made hereunder, as set forth in Section 7 hereof, and the agreement to issue a Reimbursement Obligation as set forth in Section 8 hereof, shall be at all times subject to annual appropriation by Echo Canyon, in its absolute discretion.

10. TERMINATION.

a. The Developer's obligations to advance funds to Echo Canyon in accordance with this Agreement shall terminate on December 31, 2031, (subject to the extension terms above), except to the extent advance requests have been made to the Developer that are pending by this termination date, in which case said pending request(s) will be honored notwithstanding the passage of the termination date.

b. Echo Canyon's obligations hereunder shall terminate at the earlier of the repayment in full of the Maximum Loan Amount (or such lesser amount advanced hereunder if it is determined by Echo Canyon that no further advances shall be required hereunder) or thirty (30) years from the execution date hereof. After thirty (30) years from the execution of this Agreement, the Parties hereby agree and acknowledge that any obligation created by this Agreement which remains due and outstanding under this Agreement, including accrued interest, is forgiven in its entirety, generally and unconditionally released, waived, acquitted and forever discharged, and shall be deemed a contribution to Echo Canyon by the Developer, and there shall be no further obligation of Echo Canyon to pay or reimburse the Developer with respect to such amounts.

11. TIME IS OF THE ESSENCE. Time is of the essence hereof; provided, however, that if the last day permitted or otherwise determined for the performance of any required act under this Agreement falls on a Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding business day, unless otherwise expressly stated.

12. NOTICES AND PLACE FOR PAYMENTS. All notices, demands and communications (collectively, "**Notices**") under this Agreement shall be delivered or sent by: (a) first class, registered or certified mail, postage prepaid, return receipt requested, (b) nationally recognized overnight carrier, addressed to the address of the intended recipient set forth below or such other address as either party may designate by notice pursuant to this Section 12, or (c) sent by confirmed facsimile transmission, PDF or email. Notices shall be deemed given either one business day after delivery to the overnight carrier, three (3) days after being mailed as provided in clause (a) above, or upon confirmed delivery as provided in clause (c) above.

Echo Canyon: ECHO CANYON, UT
c/o Jay L. Springer, Esq.

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Smith Hartvigsen, PLLC
257 E. 200 S., Ste. 500
Salt Lake City, UT 84111
jspringer@shutah.law

Developer: Kane Creek Preservation and Development LLC
10446 N. Iverson Ln.
Highland, UT 84003
cnweston@icloud.com

13. AMENDMENTS. This Agreement may only be amended or modified by a writing executed by both Echo Canyon and the Developer.

14. SEVERABILITY. If any portion of this Agreement is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this Agreement, which shall remain in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Agreement a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

15. APPLICABLE LAWS. This Agreement and all claims or controversies arising out of or relating to this Agreement shall be governed and construed in accordance with the law of the State of Utah, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Utah. Venue for all actions arising from this Agreement shall be in the District Court in and for the county in which the District is located.

16. ASSIGNMENT. This Agreement may not be assigned by Echo Canyon or the Developer and any attempt to assign this Agreement in violation hereof shall be null and void.

17. AUTHORITY. By execution hereof, Echo Canyon and the Developer represent and warrant that their respective representatives signing hereunder have full power and authority to execute this Agreement and to bind the respective party to the terms hereof.

18. ENTIRE AGREEMENT. This Agreement constitutes and represents the entire, integrated agreement between Echo Canyon and the Developer with respect to the matters set forth herein and hereby supersedes any and all prior negotiations, representations, agreements or arrangements of any kind with respect to those matters, whether written or oral. This Agreement shall become effective upon the date of full execution hereof.

19. LEGAL EXISTENCE. Echo Canyon will maintain its legal identity and existence so long as any of the advanced amounts contemplated herein remain outstanding. The foregoing statement shall apply unless, by operation of law, another legal entity succeeds to the liabilities and rights of Echo Canyon hereunder without materially adversely affecting the Developer's privileges and rights under this Agreement.

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20. GOVERNMENTAL IMMUNITY. Nothing herein shall be construed as a waiver of the rights and privileges of Echo Canyon pursuant to the Governmental Immunity Act of Utah, Title 63G, Chapter 7, Utah Code Annotated 1953, as amended.

21. NEGOTIATED PROVISIONS. This Agreement shall not be construed more strictly against one party than against another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being acknowledged that each party has contributed substantially and materially to the preparation of this Agreement.

22. LEGAL COUNSEL. Echo Canyon's general counsel, Smith Hartvigsen, PLLC ("SH"), has drafted this Agreement in connection with Echo Canyon's anticipated need of operating funding. Developer and Echo Canyon acknowledge that they are aware that SH has represented and is representing both Echo Canyon and Developer in matters related to the Project, but that this Agreement has been prepared by SH on behalf of the Echo Canyon. Each of Echo Canyon and Developer, having been advised thereof, by signing this Agreement give their informed and express written consent to SH's preparation of this Agreement on Echo Canyon's behalf, and waive any conflict which may arise or exist as the result of the same. By executing this Agreement, Developer acknowledges that it has been advised to obtain its own independent legal counsel to advise it with respect to this Agreement and its legal effect, and also acknowledges that it has had ample opportunity to seek independent legal counsel and waives the right to do so if executing this Agreement prior to obtaining such counsel.

23. COUNTERPART EXECUTION. This Agreement may be executed in several counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile or email of a PDF document, and, upon receipt, shall be deemed originals and binding upon the signatories hereto.

[Remainder of Page Intentionally Left Blank. Signature Page Follows]

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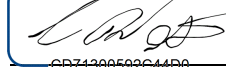
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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date and year first above written. By the signature of its representative below, each party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

Echo Canyon:

ECHO CANYON, UT, a political subdivision and
body corporate and politic of the State of Utah

DocuSigned by:



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By: Craig Weston

Its: Chair

ATTEST:

Signed by:



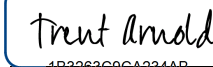
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Jacob Clark, Municipal Recorder

DEVELOPER:

Kane Creek Preservation and Development LLC, a
Delaware Limited Liability Company

DocuSigned by:



1B3263C9CA234AB...

By: Trent Arnold

Its: Manager

*Signature page to Administrative Funding and Reimbursement Agreement
Echo Canyon Preliminary Municipality*