CONDITIONAL USE PERMIT LIST OF CONDITIONS FOR SENTIERRE RESORT & SANCTUARY IN PADRE CANYON

Description of Project

The property upon which the Sentierre Resort & Sanctuary in Padre Canyon ("the Project") will be located is a 42.75 acre parcel ("the Property") directly south of Tuacahn, adjacent to Tuacahn Drive to the west, and is owned by Parkway Partners, LC ("Owner"). The Application for Conditional Use Permit was submitted and signed by Alan S. Layton, managing partner of the owner and developer, Parkway Partners, LC, and by Stanley Castleton as agent for the property owner (collectively hereinafter referred to as "Applicant").

Applicant provided the Planning Commission and City Council, and also showed to the public by way of a PowerPoint presentation, a summary book for the Project ("Presentation Materials") which is hereby incorporated herein by this reference. The Presentation Materials contain Applicant's representations to the Planning Commission, City Council and the public about what the Project will look like and what it will consist of. The Planning Commission relied upon the representations made in the Presentations Materials in making its recommendation to the City Council and the City Council relied upon the representations made in the Presentation Materials in granting a Conditional Use Permit for the Project. The Presentation Materials contain additional detail about the Project, including the following: a Project description and Illustrative Site Plan for the Project; a description and breakdown of the resort hotel buildings and parking, as well as an illustrated Information Plan showing the location of all referenced resort hotel buildings and accesses; a Boundary Plan showing the boundaries of the Project, its vicinity to Tuacahn and its location along Tuacahn Drive; a description of trails and a Trail Plan, both within and outside the Project; a Tortoise Fence Plan, including conceptual designs of a concrete stormwater channel with/without tortoise fencing on top; a Stormwater Plan showing where the stormwater channels are proposed to be located along with a Stormwater Drain Plan; a discussion and illustrated plan of access, linkages and parking within the Project; a discussion of projections for Traffic and Parking; a discussion of Grading and Soils, as well as a Conceptual Grading Plan; a Preliminary Erosion Control Plan; a Utilities Plan for water and sewer; a Utilities Plan for power, telephone, cable and gas; a Conceptual Fire Protection Plan and discussion regarding same; a discussion about landscaping within the Project, together with illustrations showing Landscape Areas, Conceptual Landscape Plan and Plant List; a discussion concerning view perspectives as well as conceptualized photo simulations of anticipated appearance of the Project from various points along Tuacahn Drive; a discussion and photographs depicting colors and materials to be used in the Project; elevations for both types of Casitas and both types of Villas, as well as elevations for Hotel Central. Other information in the Presentation Materials, such as programming information, development philosophy, customer service objectives and similar information, do not constitute specific conditions for the development of the Project

Some of the topics contained in the Presentation Materials are discussed further herein under the heading "Conditions Specific to this Project." The Project is expressly conditioned upon the consistency of the development plan with planning information shown in the Presentation Materials with respect to the site plan, product mix, buildings types and approximate sizes, design themes, and assurance that the Project will substantially appear and be constructed as represented in the Presentation Materials.

Standard Conditions

1. The Project shall comply with the Ivins City Standard Specifications for Design and Construction.

2. The Project shall comply with all applicable requirements of the Ivins City Zoning Ordinance (Title 16 of the Ivins City Code), particularly chapters 11 (General Development Standards), 12 (Supplementary Development Standards), 19 (Site Plan and Building Design Requirements), 20 (Off Street Parking and Loading), 21 (Signs), 22 (Landscaping and Outdoor Lighting), and 26 (Building Code and Building Permits).

3. In the event Applicant desires to subdivide the Casitas and/or Villas to sell them, or any portion thereof, to private ownership, the Project shall comply with all applicable requirements of the Ivins City Subdivision Ordinance (Title 15 of the Ivins City Code).

4. The Project shall comply with all applicable Building and Construction Codes as adopted by Ivins City in Title 14 of the Ivins City Code.

5. Before any grading begins or is allowed on the Property, a Grading Permit must first be obtained from the Ivins City Public Works Department and all conditions thereof must be strictly followed and complied with throughout the duration of such permit.

6. The Project must comply with all City Master Plans, including Transportation, Culinary Water, Secondary Water (Irrigation), Sewer, Storm Drain, Parks and Public Safety.

7. The Project must comply with all requirements of the US Fish and Wildlife approved Habitat Conservation Plan administered by Washington County, as set forth in the letter from Cameron Rognan of the Red Cliffs Desert Reserve to Alan Layton dated May 11, 2011, and any subsequent amendments or additions thereto.

Conditions Specific to this Project

1. Phasing. The Project is intended to be constructed in no more than three phases under the following minimum levels per phase:

a. Phase 1:
   i. The part of Hotel Central that includes the restaurant, lobby, meeting space, a fitness center, trail gathering area, loading dock and support space;

   ii. Hotel/Condominiums that equate to 49 hotel keys from any category, excluding Villas, and the number of condominium units (as opposed to keys) can vary.

   iii. A pro rata portion of the total number of parking stalls.

b. Phase 2:
   i. Spa.

   ii. Hotel/Condominiums that equate to 23 hotel keys from any category, excluding Villas.

iii. A pro rata portion of the total number of parking stalls.

c. Phase 3.
i. Any remaining Hotel/Condominiums that total a minimum of 107 hotel keys at completion, excluding Villas.

There shall be no restriction on building more than these minimums at any time. The private Villas will be built as they are sold, provided no Certificates of Occupancy for private Villas will be issued by the City prior to the commencement of construction on Phase 1. No more than 12 Certificates of Occupancy will be issued by the City for private Villas prior to the completion of Hotel Central, including the restaurant, lobby, meeting space, fitness center, trail gathering area, loading dock and support space. No more than 12 additional Certificates of Occupancy will be issued by the City for private Villas prior to the completion of Phase 1. No more than 10 additional Certificates of Occupancy will be issued by the City for private Villas prior to the completion of Phase 2. Upon the completion of Phase 3, there will be no restrictions on the issuance of Certificates of Occupancy for privately owned Villas or Casitas. The phasing plan above may be modified, as dictated by market demand or financing requirements, but such modification must be approved by the City Council.

2. Trails.
a. Trail Gathering Area. Applicant will provide at or near Hotel Central a Trail Gathering Area that will be open to the public as well as Sentierre guests and will consist of Trail Maps~~)~~ and a concession area where people can purchase food and drink. Trails through the Project, particularly the diagonal trail running from Tuacahn Drive to the Trail Gathering area, will be open to the public. The owner of the Hotel Central shall have the right to establish reasonable hours for operation of the Trail Gathering Area, as well as reasonable rules and regulations for the use of such facility by the public. Applicant will also allow the hiking/biking public to use a limited number of the parking stalls in the Project.

b. Tuacahn Drive Trail. Applicant will install a ten foot (10') wide paved trail on the west side of Tuacahn Drive to the point where it connects to the existing paved trail at the northwest corner of Snow Canyon Drive / Center Street roundabout. Applicant will also install a separation barrier at the curve south of the Project designed to withstand a collision by a car into it in order to protect pedestrians and bikers on the trail from vehicles that might miss the turn and drive straight through the curve (as has occurred in the past). Applicant will be given a credit against Park Impact Fees for money Applicant has spent for installing that portion of the paved trail, including the aforementioned protective barrier and any retaining walls that may be required, offsite and south of the Project. Applicant will submit and obtain the City's prior approval of any construction plans for offsite improvements within the City's right-of-way. Once the credit has been exhausted, the Park Impact Fee will be owed and paid to Ivins City at the time any further Building Permits for private Villas are issued.

3. Soils. AGEC's soil analysis revealed significant amounts of collapsible soils on the Property. Therefore, Applicant shall be required to over excavate and/or otherwise treat all areas having collapsible soils as recommended by AGEC in order to make the Property safe to build on. AGEC represented that there is no apparent risk of landslide to the Project.

4. Rockfall. AGEC represented that in 2008 a Geologic Hazards Map was prepared which identified areas of potential rockfall. The western portion of the Property is identified on that Map as hazardous for rockfall. AGEC represented that it performed a detailed rockfall study of the area around and above the Property by site reconnaissance. That study identified an approximate limit of a rockfall hazard zone determined by identifying rockfall source areas, potential sizes of rockfall source rock, the slope conditions below the rockfall source and considering resting locations of previously fallen rocks. Applicant must either: 1) not build any structures within the rockfall hazard zone; or 2) must use mitigation methods that have a proven track record of being the safest and most effective methods in stopping all rocks that might run out onto the property in a rockfall event before any building permits will be issued by the City for structures overlapping the zone. Any such mitigation technology and materials must be demonstrated to be functional for at least twenty (20) years. Applicant must also satisfy the City that any company used to install such mitigation measures can meet all technical standards for such mitigation. Applicant, or a homeowner's association formed to maintain the common areas of the project, shall be responsible for the long-term maintenance of, and the timely repair of any damage to, the rockfall mitigation facilities. Furthermore, Applicant must disclose such mitigation measures to anyone considering purchasing property within the Project or who may otherwise be staying within the hazard area of the Project as recommended by the State of Utah Geological Service. Applicant, or a homeowners' association formed to operate and maintain the common areas of the project, shall perform all inspections and maintenance as recommended by the company that installs the mitigation measures in order to maintain the integrity of the system.

Inasmuch as most mitigation methods are not attractive when installed, Applicant must mitigate any adverse aesthetic impacts caused by the mitigation methods by exercising commercially reasonable efforts to blend the color of the materials used for mitigation with the surrounding environment and must use screening, by the placement of buildings and landscaping, to reduce the visibility of the materials used for mitigation.

5. Storm Drainage. Applicant acknowledges that historically there have been significant amounts of water and sediment that has flowed onto the Property from property above it to the west. Therefore, Applicant's Stormwater Plan must be sufficient to capture such water and sediments and then run the sediment laden water into an internal storm drain system within the Project before discharging the water into either: 1) the Tuacahn Wash to flow into the Tuacahn Detention Basin (approximately 2/3 of the upstream flows), provided Applicant obtains a drainage easement through the property owned by Tuacahn; or 2) into the City's storm drain culverts located within the Tuacahn Drive right-of-way (the remaining upstream flows on the southern 1/3 of the Project) but not more than the existing flows from the Property. Applicant is not otherwise allowed to discharge more than historical flows to or across Tuacahn Drive onto the Snow Canyon State Park property to the east of the Project. Applicant further acknowledges that the integrity of any system must consider the impact of sediment laden storm water and its potential to restrict and reduce capacity and thus requires appropriate considerations of potential blockages during an event and continuous ongoing maintenance to remove buildup of sediment in the system. Applicant, or a homeowners' association formed to operate and maintain the common areas of the project, shall perform all such required maintenance necessary to maintain the integrity of the system, particularly after each storm event that brings runoff into the system. Kuma Engineering represented that the Storm Water Plan, with its use of a concrete channel along the western boundary of the Project, will effectively capture such upstream flows, provide

storage for expected sediment deposition, and convey storm water as described above. All pipes used in the Storm Water Plan must be large enough to allow sediment to be cleaned out of the pipe system and all detention basins must be large enough to accommodate the expected sediment deposition of at least a 100 year event. Any final construction plans must demonstrate that all such requirements have been met before receiving City approval. Applicant shall prepare and submit to the City, for its review and approval, a detailed drainage study that meets City standard specification and estimates the impact of sediments with any site construction drawings prior to the City issuing any construction permits.

6. Property Access & Grading. All accesses into and throughout the Project shall either be concrete or asphalt; any other material must demonstrate that it is sufficiently strong to hold the weight of a fire truck loaded with water in all weather conditions. The main accesses into the Property will be thirty feet (30') in width; the drivable accesses into and around the Villas may be reduced to twenty-four feet (24') but must be widened to twenty-six feet (26') wherever a fire hydrant is located. All accesses must comply with all of the requirements of the Fire Code as adopted by the City. Applicant shall install a left turn lane into the Project on Tuacahn Drive. No parking shall be allowed on the sides / shoulders of any accesses within the Project. No access areas may be at a grade in excess of a ten percent (10%) slope. A final grading plan must ensure that finished grades convey water away from all buildings within the Project.

7. Utilities. Applicant will tie into existing water, sewer, telephone, power and cable existing within the Tuacahn Drive right-of-way. However, Applicant will pay for the installation of a natural gas line to the Project and to its northern boundary where Tuacahn can also tie into it.

8. Fire Protection. Applicant will comply with all applicable provisions of the Fire Code as adopted by Ivins City and will substantially comply with the Fire Plan contained in the Presentation Materials which identifies the proposed locations and number of Wet Standpipes with Fire Hose/Cabinet, Fire Department Connections, Fire Hydrants, Fire Command Center and Fire Lanes. At a minimum, Hotel Central, Sanctuary, all Casitas and all Suites, will be fully sprinklered. The Private Villas will also be fully sprinklered if required by the Fire Code.

9. Landscaping. Applicant shall substantially follow the Landscape Plan and Plant List contained in the Presentation Materials. As noted above, appropriate landscaping shall be used to screen any rockfall mitigation materials in order to preserve the aesthetics of the Property, whether viewing the mitigation materials from within or from outside the Project.

10. Lighting. All Project lighting must comply with the City's lighting ordinances as set forth in Title 14, Chapter 10 and Title 16, Chapter 22. Applicant shall also lessen the impact of lights coming from within all Project buildings at night through the use of tinted glass and/or deformed or frosted glass. No bollard lighting is required along the Tuacahn Drive paved trail. Applicant may use a form of trail lighting along that portion of the Tuacahn Drive paved trail running along the Project that is lower and less impactful than bollard lighting. In the event the City retains ownership of Tuacahn Drive in front of and along the Project, Applicant shall install a fourteen foot (14') standard city street light at both Project access points. Lighting alternatives may be considered in accordance with City standard specifications.

Financial Security / Backing for the Project

In order to mitigate possible adverse consequences of a Project this size, type and critical location (directly adjacent to Tuacahn, which is not only of huge significance to Ivins City but is also of regional significance to all of Washington County), the Applicant, as a condition to issuance of the building permits for each phase of development, shall submit written evidence to the City that it has the financial resources, or commercially reasonable and reliable commitments from third party lenders and investors to provide such resources, sufficient to pay the costs of constructing such phase of the Project. Such evidence may include some or all of the following: construction/development loan commitments, agreements to provide equity capital for the project, written confirmation of Owner's financial resources designated for development of the Project, bonding commitments, letters of credit, non-refundable deposits from unit purchasers, and similar items. At the option of the City Council the responsibility to review and approve the sufficiency of financial resources may be assigned to an employee or advisor to the City that is acceptable to the City Council and to the Applicant, provided that in such event the Applicant shall have the right to appeal the decision of such person to the City Council. In connection with such review the Applicant shall not be required to submit financial information determined by Applicant to be proprietary or confidential. This requirement to provide financial assurances shall apply not only to Applicant, but to any other person or entity that may acquire the Property from Owner in the future and step into the legal position of the Owner as the developer of the Project.

Recordation

This List of Conditions shall run with the land, and shall be binding upon all heirs, successors and assigns of the Owner (and the term "Owner", as used herein, shall include all such successors and assigns). This List of Conditions shall not be recorded in the Office of the Washington County Recorder, but the City or the Owner may record a notice of the existence of the Conditional Use Permit for the Project, advising interested third parties that additional information regarding the CUP and this List of Conditions may be obtained from Ivins City, and including the appropriate contact information for the City.

Breach of Conditions

Any failure of the Owner to comply with any of the foregoing conditions shall entitle the City to withhold further permits for the Project until such conditions have been fully satisfied, modified by the City Council, or the City Council accepts a detailed plan to remedy the breach of the condition. This would be in addition to any other legal or equitable remedies the City may have.

Development Agreement

With the approval of the City Council, the City and the Owner may enter into a Development Agreement to govern the development of the Project, consistent with this List of Conditions.