May 6, 2009

David L. Church, Esq.
BLAISDELL & CHURCH, P.C.
5995 South Redwood Road
Salt Lake City, UT 84123

> Re: *Homeowners Assoc. of Pheasant Hollow and Tom Creighton v. Highland City, Utah*, Case No. 090401513

Dear David:

I am writing on behalf of my clients, plaintiffs Homeowners Association of Pheasant Hollow and Tom Creighton in the action captioned above ("*Action*"). The purpose for this letter is to confirm the agreement terms and conditions reached by our respective clients on Friday, April 24, 2009 ("*Agreement*"). The terms and conditions of the Agreement are as follows:

1.   The hearing scheduled before Judge Lynn Davis for April 27, 2009 at 2:00 p.m. on Plaintiffs' application for a preliminary injunction is cancelled.

2.   Plaintiffs will withdraw their application for a preliminary injunction. Plaintiffs and Defendant will prepare a stipulation and joint motion and proposed court order to accomplish the withdrawal of the preliminary injunction application.

3.   Highland City may proceed to close on the purchase of the Jensen and Walkenhorst properties, and Plaintiffs will not oppose the City's closing of the purchases.

4.   The Action will remain on file with the district court. Plaintiffs need not reply to Highland City's memorandum in opposition to the preliminary injunction application and memorandum in support of the city's motion for summary judgment until and unless plaintiffs decide to respond to the same. Plaintiffs may dismiss the action without prejudice any time. Highland City will not oppose Plaintiffs' opposition to a court-initiated order to show cause why the Action should not be dismissed.

5.   The Highland City Council will meet with Plaintiffs in a public work session prior to the end of May 2009 to negotiate a process for addressing each of the following:

        a. The City will engage in an honest, open, totally transparent, and good faith process to determine need for and the alignment of the east/west road alignment known as the Murdock connector. Pheasant Hollow will have an opportunity to provide its input (road studies, flood studies, other impacts, mitigation and so forth) and then the City will consider carefully its impact and mitigation. So the process cannot be a short one – it will take five to eight months;

        b. The City will consider in good faith appointing someone from Pheasant Hollow to be a part of the transportation committee, and any other advisory body giving input on the Murdock connector and other east/west connection issues;

        c. The City will comply with restrictive covenants and preserve, maintain and ultimately sell, if possible, the Walkenhorst and Jensen homes;

        d. Except for finishing the environmental assessment, the City shall stop moving forward on opening the road through Highland Glen Park area until it finishes with the process above. City will then engage in the same inclusive and transparent process for evaluating the purpose and need for opening road thru Highland Glen; and

        e. The City will engage in same inclusive and totally transparent process in considering any proposal to connect Knight Boulevard, which is located east of Pheasant Hollow, to the Murdock connector.
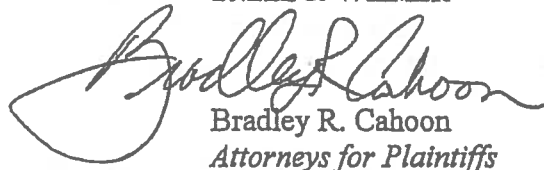
        6.   By entering into this Agreement, neither party has waived or relinquished any claims, defenses, privileges or arguments asserted or that may be asserted in the Action.

        7.   Any statement made by representatives of the parties at the April 24, 2009 Highland City work session were made in connection with compromise negotiations and are inadmissible under Rule 408 of the Utah Rules of Evidence.

        In witness whereof the parties in this Action have authorized their respective undersigned legal counsel to execute this Agreement on their behalf.

        Very truly yours,

        SNELL & WILMER

        Bradley R. Cahoon
        Attorneys for Plaintiffs