

**RE: Question Re Purchase Option for Green River Industrial Park**

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**From:** Mike McCandless - Emery County Economic Development <econdev@co.emery.ut.us>  
**To:** 'John Andrews', 'Sarah Fields'  
**Cc:** 'Kim Christy' <kimchristy@utah.gov>  
**Subject:** RE: Question Re Purchase Option for Green River Industrial Park  
**Date:** Feb 17, 2010 12:31 PM

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Sara,

As I mentioned in the last email I sent to you on January 12, Emery County and SITLA have not executed any agreement with Blue Castle or any other purchaser at this time. They have notified Emery County that they intend to purchase the lots at some time in the future and we, in all honesty, intend to sell them to Blue Castle. They (Blue Castle) have invested substantial funds into the site to conduct archaeology studies, seismic studies and are currently conducting some very costly engineering studies. The Emery County commission is 100% supportive of the project and under their direction, I am doing everything I can to help Blue Castle facilitate the sale. As soon as Blue Castle remits the funds, I will process them as quickly as possible to move the process along through to SITLA. The Emery County Commission has voted, in a public meeting to support the project and until a sale is made or they reverse their position, this is what I will work to facilitate.

To summarize, it is Emery County's intent to facilitate a sale of this property to Blue Castle as soon as they are able to remit full funding of the purchase price of the lots. Until they are able to do so, we are not marketing those portions of the park that they have targeted, to other buyers. We have, as the lease holder on the land, in effect set the land aside for them. We are able to do this because the industrial park is large enough to still have other marketable properties we are still trying to sell to other prospective clients. Furthermore, under the lease with SITLA, we have a 7 year lease on the land that enables us to market the property in a way that will best facilitate a sale of the property. It is our hope that they will remit full funding as soon as the change of diversion application is approved by water rights.

From what I have been told by Mr. Tilton, Blue Castle has initiated an Escrow Account with a local title company to hold funds as they are made available by investors for the future purchase of the property. I believe they have listed the Castleland RC&D as the beneficiary of these funds because the RC&D will be the fiscal agent when a sale transpires. Emery County actually never will touch any of the funds in any sale and will never hold title to the land. The RC&D will take in the funds, submit a check to SITLA and SITLA will put the property in the name of the RC&D. The RC&D will then transfer title to the purchaser.

Although there is language in the agreement between Emery County and SITLA that allows for an Option agreement, frankly Emery County does not have

intention to utilize this as a method to sell the lots in the Industrial Park. It is our belief that it is in everyone's best interest to simply require purchasers to deliver the full balance of required funds and to quickly finalize a land purchase. This is what I have communicated to all prospective buyers. Emery County asked SITLA to include this provision in our agreement to give us flexibility, however, we believe it is not the best course of action to facilitate a sale in the park.

Thanks,

Michael McCandless  
Emery County Economic Development Director & Planner  
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Castle Dale, UT 84513  
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-----Original Message-----

From: John Andrews [mailto:jandrews@utah.gov]  
Sent: Tuesday, February 16, 2010 6:14 PM  
To: Sarah Fields  
Cc: econdev@co.emery.ut.us; Kim Christy  
Subject: Re: Question Re Purchase Option for Green River Industrial Park

Ms. Fields:

In response to your inquiry, there are not currently any approved options under paragraph 6.4 of the Development Lease. It is my understanding that Emery County has been in negotiations with several parties but that they have not risen to the level of an agreement. With respect to Blue Castle Holdings, we did receive notice of their intent to buy lands some time ago (see attached), but understand that that transaction with the County is on hold pending advancement of the water rights transfer. However, we are not close to this; your question would probably be better addressed by Mike McCandless with Emery County, who I have copied on this email. SITLA would presumably approve any option agreement or sale with respect to the project as a matter of course so long as it complied with the applicable portions of the development lease, for example, on pricing.

John Andrews

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>>> Sarah Fields <sarahmfields@earthlink.net> 2/16/2010 3:30 PM >>>

Dear Mr. Andrews,

These questions are in regard to the Development Lease between the School and Institutional Trust Lands Administration(SITLA) and Emery County (Development Lease Number 813), dated November 17, 2008. The Development Lease is for certain SITLA parcels for an industrial park west of the City of Green River.

The Development Lease, Section 6.4 (Options of Third Party Purchasers), discusses the right of Emery County to enter into option contracts with third parties that wish to purchase one or more of the lots in the industrial park. The contracts between Emery County and a third party for the purchase of lots in the development area by Emery County on behalf of the "Optionee" (third party).

The Development Lease requires the approval of SITLA prior to entering into any Option Contract.

I would like to know if there are any Option Contracts for the purchase of any lots described in the Development Lease that were consented to by SITLA and are currently in effect. (I understand that at least one Option Contract was terminated.) If so, when was the Option Contract entered into and who is the third party.

Also, is SITLA giving consideration to any Option Contracts that have not yet been approved by SITLA under the Development Lease? If so, who is the third party and when did SITLA receive the proposed Option Contract agreement for their review and consent?

Thank you,

Sarah Fields