

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is entered into as of [_____] by and between **GRANITE CONSTRUCTION COMPANY**, a California corporation, as Tenant ("Tenant"), and **WILLARD CITY CORPORATION**, a Utah municipality, as landlord ("Landlord").

FOR THE SUM OF TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Landlord and Tenant agree as follows:

1. Definitions. When used in this Lease, each term below shall have the indicated meaning. Unless the context otherwise expressly requires, the words "herein," "hereto," "hereunder," and other words of similar import refer to this Lease as a whole and not to a particular Article or portion thereof.

1.1 "Affiliate" or "Affiliates" means any entity which is directly controlled by Tenant. For the purpose of this definition, "controlled" means the ownership of at least 50% of the voting and capital interests of such entity.

1.2 "Effective Date" means the date listed in the opening paragraph of this Lease, or the date on which the Box Elder County Conditional Use Permit is issued, or, if a conditional use permit is needed from Willard City, the date on which such conditional use permit from Willard City is issued, whichever is later.

1.3 "Expiration Date" means the date thirty years after the Effective Date, unless extended pursuant to Section 2.2 hereof or earlier terminated in accordance with the provisions hereof.

1.4 "Improvements" means, collectively, all buildings and improvements now or hereafter located on the Land.

1.5 "Land" means that certain land located in Box Elder County, Utah, more particularly described on Exhibit A attached hereto.

1.6 "Lease Year" means each twelve (12) month period during the Term, commencing on January 1 of each year and ending on December 31 of each year. For purposes of the initial year, "Lease Year" shall mean the period from the Effective Date until the end of that current calendar year.

1.7 "Materials" means sand, gravel, aggregate, hard rock, stone, boulders, or other natural materials used for Tenant's purposes severed from the Land by Tenant.

1.8 "Occupants" means, collectively, any assignee, subtenant, employee, agent, licensee or invitee of Tenant.

1.9 "Permitted Use" means (when performed in compliance with all applicable laws and regulations):

(a) the mining, extracting, stockpiling, crushing, processing, sale, and removing of Materials;

(b) manufacture of concrete, base rock material, and other products in connection with Tenant's operations;

(c) the installation and operation of temporary or permanent rock crushing plants, batch plants, and other equipment and facilities as Tenant's business may require; and

(d) use of the Land to stockpile, store and sell various products from multiple sources, provided such other products do not violate any other term of this Lease or applicable law.

1.10 "Premises" means, collectively, the Land and the Improvements.

1.11 "Royalty" has the meaning set forth in Section 4.1 hereof.

1.12 "Sale" means a lease, license, sale, transfer, conveyance or other disposition of the Land or any of Landlord's rights in the Land, and includes any change in the control of Landlord by way of merger, stock sale, or other disposition. "Sell" means the act of engaging in a Sale.

1.13 "Term" means the period commencing on 12:01 a.m. of the Effective Date and expiring at midnight of the Expiration Date.

2. Agreement of Lease; Options to Renew; Improvements.

2.1 Agreement of Lease. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, on an exclusive basis, the Premises, and all rights, powers, licenses, permits, easements, rights-of-way and privileges now or hereafter situate thereon or pertaining thereto.

2.2 Option to Renew.

(a) Option. Provided that at the time of Tenant's exercise of the option described in this Section 2.2 this Lease is in full force and effect and there is no existing default by Tenant under this Lease, Tenant shall have the option (the "Option") to extend the Expiration Date for two (2) periods of ten (10) years each (each, an "Extension Period").

(b) Exercise of Option(s). The Option to Renew and extend the Expiration Date shall not be automatic but must be agreed upon in writing by the Parties. The Landlord shall not unreasonably withhold its approval to such extension. This Lease shall serve as notice for the exercise of the Option, unless Tenant terminates the lease pursuant to Section 2.5 hereof. All terms of this Lease, except as hereinafter provided, shall apply during the Extension Period; provided that the Royalty during any Extension Period shall continue to be adjusted as provided in Section 4.5 hereof.

(c) Right of First Opportunity for Further Lease Extensions. Landlord hereby grants to Tenant the right of first opportunity to lease the Premises if Landlord desires to lease the Premises to any other person within twelve (12) months after the expiration of the Term, such lease to be on the same terms and conditions that Landlord is willing to lease the Premises to such other person. Landlord shall notify Tenant in writing (a "Notice") of its intention. The Notice shall identify the Premises or portion of the Premises to be leased (the "Subject Parcel") and shall set forth all terms and conditions upon which Landlord is willing to lease the Subject Parcel, including the term, rent and royalty and all other material terms. If Tenant desires to exercise the right of first opportunity herein granted it, shall notify Landlord in writing of its

desire to exercise its right within thirty (30) days after the date on which the Notice was given to Tenant. If Tenant has exercised its right of first opportunity as to a Subject Parcel, Tenant and Landlord shall promptly enter into a new lease on the same terms and conditions set forth in this Lease, adjusted only as necessary to incorporate the terms of the new lease as set forth in the Notice. This Section 2.2(c) shall survive the expiration of this Lease.

2.3 Improvements. Tenant may install and operate on the Land at all times during the Term, such Improvements, equipment and facilities as may be necessary or desirable in connection with the Permitted Use. Tenant may also install all utilities necessary to service such Improvements, including but not limited to water and electrical power service. Landlord has not agreed, and has no obligation in any event or under any circumstance, to undertake any maintenance, repair, modification, alteration or improvement of the Premises at any time. All such Improvements shall be made in compliance with local, state, and federal law and at Tenant's sole expense and shall remain the personal property of Tenant. At the expiration of the Term, all such utility improvements installed by Tenant and not owned by utility providers shall be removed by Tenant, unless the Landlord authorizes them to remain, in which event they shall become the property of Landlord. The utility improvements owned by utility providers at the expiration of the Term shall be handled in the manner agreed to between the utility provider owning such improvement and Landlord.

2.4 Landlord's Representations and Warranties. Landlord represents and warrants to Tenant, with the understanding that Tenant is entering into this Lease in reliance thereon, that as of the Effective Date:

(a) Landlord has good and indefeasible title to the Premises, free and clear of any liens or encumbrances except for such non-monetary liens and encumbrances of record in the Box Elder County recorder's office;

(b) Landlord has exclusive full power and authority to enter into and perform this Lease according to its terms, to receive for its own use and benefit any royalty or other consideration payable, or that may become payable hereunder, and that the individual executing this Lease on behalf of Landlord is authorized to do so;

(c) Landlord has not granted to any third party the right to use or occupy any portion of the Premises, and Landlord is not aware of any claim by any third party of the right to do so;

(d) Landlord has not received notice of and has no knowledge of any existing or threatened action, suit or proceeding affecting the Premises (including, without limitation, proposed or threatened condemnation), in any court or before or by any federal, state, county or municipal or other governmental instrumentality; and

(e) Landlord has no knowledge of any leases, rental or other contracts or agreements affecting the Premises which are not of record in the Box Elder County recorder's office.

2.5 Option to Terminate. So long as Tenant is not in default under Section 14.1, Tenant may terminate this lease for any reason in its sole discretion by giving written notice to the Landlord, and the Lease will thereafter automatically be terminated on the date specified in such notice, which date shall not be sooner than thirty (30) days after the date of the notice. However, Tenant's obligations under the Lease shall

continue until such time as Tenant has completely vacated the Land, including removing any and all Improvements thereto subject to the provisions of Section 2.3 above. Should Tenant choose to terminate this Lease for whatever reason, Tenant shall exercise best efforts to restore Land to same or similar condition as existed prior to Lease when delivered to Tenant, ordinary wear and tear, extracted Materials and casualty damage excepted.

3. Possession; Permits; Access; and Use.

3.1 Possession. Delivery of possession shall be deemed to occur upon the Effective Date. Tenant takes and accepts the Premises in the condition in which the Premises exist as of the Effective Date (that is, “as is” and “where is,” with all faults), without any representation or warranty from Landlord as to the physical condition of the Premises except as otherwise provided herein. During the Term, Tenant shall have the right to occupy the Premises on an exclusive basis and shall have the exclusive right, at its sole expense, to conduct any Permitted Use.

3.2 Conditional Use Permit. Landlord warrants that a Box Elder County Conditional Use Permit for a sand, gravel, and mining operation will be submitted by Landlord upon approval of the pending rezone request of the Land which is now pending with Box Elder County, that Landlord will use best efforts to obtain approval of such conditional use permit, and that such conditional use permit, once issued, shall remain in full force and effect. Tenant shall be responsible to obtain any additional permits required for Tenant’s operations by the Utah Division of Oil, Gas and Mining or the Utah Division of Environmental Quality or any other governmental agency. Tenant and Landlord shall reasonably cooperate in the pursuit of such permits, including but not limited to, providing relevant background information and attendance at meetings and hearings. Landlord may conduct periodic reviews to determine Tenant’s compliance with such permits.

3.3 Enforcement of Conditional Use Permit. The Parties agree the terms and conditions mandated by Box Elder County in the Conditional Use Permit shall be incorporated herein. Tenant further acknowledges and agrees that Landlord shall have the right to enforce the conditions of the Conditional Use Permit under this Agreement and may terminate this Agreement upon repeated uncured violations of the Conditional Use Permit.

3.4 Access.

(a) Tenant shall be solely responsible for obtaining legal access to the Premises and for maintaining private roads on the Premises. Landlord represents and warrants that it will not interfere or deny entrance on, across, or over the Premises.

(b) Landlord and Landlord’s agents, employees and contractors may enter the Premises at reasonable times on reasonable notice to Tenant, except that notice is not required for a verifiable emergency, for the purpose of ascertaining whether the terms and conditions of this Lease are being satisfied, provided that such access shall be subject to Tenant’s safety, access and insurance rules and regulations and Landlord shall not unreasonably interfere with Tenant’s use of the Premises for the operation of its business.

4. Royalty.

4.1. Royalty. Tenant shall pay Landlord, without setoff, deduction, offset, prior notice or demand, the same royalty rate paid under separate agreement for Material removed from the adjacent parcel (Box Elder Parcel No. 02-006-0021), as may be adjusted from time to time, for each ton of Materials mined from the Land; provided, however, that no royalty shall accrue on Materials mined from the Land until such Materials have been removed from the processing site or incorporated into product manufactured or processed on and removed from the processing site (the "Royalty"). For avoidance of doubt, Tenant shall not be required to pay Royalty on any material imported to the Premises and used for fill material as a part of the reclamation or any other purpose on the Premises, and will not pay any Royalty on Materials mined from areas other than the Land. If, at the expiration of the Term, there are Materials mined but not removed from the Premises and for which no Royalty has been paid, such Materials shall be timely removed as provided in Section 15.3 hereof. In the event the separate agreement on the adjacent parcel terminates, then the parties to this Lease will renegotiate a new royalty rate for this Lease. The parties shall work together in good faith in renegotiating the rate in a timely manner.

4.2. Measurement. All Material which is mined at and removed from the Land will be measured by a survey-grade aerial drone performed by or under the direction of Tenant at least annually. Specifically, Tenant will obtain and provide to Landlord a survey grade of the sloped area of the Premises prior to excavation. Tenant shall keep records of all Material mined and removed from the Land, and all material imported to the Land. Material from the Land that is incorporated into other product manufactured or processed on and removed from the Land will be measured and documented by the equipment used in the production under the direction of Tenant. Quantities for payment may be measured by any other method reasonable under the circumstances (such as by the truck load or by estimations when exact measurements are not available). Any of Tenant's scales and manufacturing equipment shall be certified annually at Tenant's expense and Tenant shall provide a copy of such certification to Landlord upon request. Tenant's billing system records shall constitute prima facie evidence of the ton weight or other calculation of the product for which a Royalty is due. Tenant will not pay any Royalty or other fee for recycled materials or on additive and ingredients necessary in the manufacture of any product which Tenant brings onto the Premises.

4.3. Payment of Royalty; Records; Audit. Payments for Royalties shall be paid within thirty (30) days after the end of the month in which such Royalties accrue under Section 4.1. In the event Tenant fails to timely make all payments owing hereunder, interest shall accrue on all late payments from the due date to the date of payment, computed on an annual rate of 10% per annum. Upon request by Landlord, Tenant shall furnish to Landlord monthly statements of the prior month's aerial drone survey data and scales tonnages and materials, if any, used to calculate the Royalties in such reasonable form as may be provided by Tenant. Tenant shall be responsible for maintaining accurate books and records pertaining the Premises which shall reflect the scope, nature and extent of operations on the Land and compliance with this Lease and applicable law. Such books and records shall be available to Landlord for review and audit during regular business hours at the offices of Tenant upon reasonable advance notice. Landlord and Tenant shall conduct a review at least annually to review measurement and payment reports. If the results of an audit show that Tenant has underpaid the royalties due hereunder by greater than 6%, Tenant shall pay the deficiency within fifteen (15) days after written notice from Landlord, together with the cost of the audit and interest on the deficiency at the rate of 10% per annum from the date such payment should have been made until the date actually paid.

4.4. Withholding for State Royalty Taxes. To the extent any tax on the Royalty is imposed by the State of Utah, Tenant may withhold from the Royalty an amount equal to such tax and

remit the same to the State of Utah to be applied against any taxes due to the State of Utah for Materials removed from the Premises by Tenant.

5. Property Taxes.

5.1 Property Taxes. Landlord shall pay all real property taxes applicable to the Premises, if any, during the Term.

6. Use.

6.1 Permitted Use by Tenant. Tenant shall not use or occupy or permit the Premises to be used or occupied for any purpose other than the Permitted Use. Tenant shall comply with all applicable laws, ordinances, rules, or regulations, including the Box Elder County Conditional Use Permit, relating to Tenant's use of the Premises. Tenant shall have the exclusive right to use the Premises for the Permitted Use, and shall have exclusive possession of the Premises during the Term. Tenant may conduct its operations on the Premises up to twenty-four (24) hours per day at Tenant's election, subject to the requirements of any applicable permits and this Agreement Tenant shall have the right to post such signs and erect such fences as are necessary and usual in the conduct of the Permitted Use, subject to applicable law. Prior to erecting any signs or fences on the Land, Tenant shall give advance notice of the proposed signs and/or fences and the purpose for any such signs and/or fences to Landlord. Upon the termination of the Lease and at the request of Landlord, Tenant shall cause to be removed any such signage or fencing on the Land at its sole cost and expense. It is not anticipated that any blasting will be necessary on the Premises, but if necessary to prevent hazardous conditions or to carry out the intent of this Lease, limited blasting may occur if Tenant complies with all applicable laws and regulations. and provides advanced ten (10) day written notice of the same to Landlord.

6.2 Landlord's Conditions for Use. In addition to the requirements of the Box Elder County Conditional Use Permit, which conditions are incorporated herein, Tenant shall also comply with the following:

(a) All equipment and machinery used by Tenant for excavation activity shall be constructed, maintained and operated in such a manner as to minimize dust, noise, vibration, smoke, light and odor.

(b) Access and haulage roads to and on the site shall be maintained by the Tenant in a manner that minimizes dusty surfacing or other treatment.

(c) Material spilled or tracked onto a public street or highway by any haulage vehicle operated by Tenant shall be immediately cleared and cleaned from such street or highway by the Tenant.

(d) Damage To Public Property. Damage or destruction as a result of excavation or haulage which occurs to City streets, City improvements or systems or to City property shall be repaired or replaced to equal or better condition within fourteen (14) days, except the repair or replacement shall be immediate when such damage or destruction creates a hazard or a disruption to essential services.

(e) Annual Meeting. Landlord and Tenant shall meet at least annually by July 1st of each year to review the terms and Tenant's compliance with the terms of the Box Elder Conditional Use Permit, this Agreement, and dust mitigation during the fruit growing season. Landlord may request Tenant use additional efforts to suppress fugitive dust during the crop growing season.

6.3 Environmental Responsibility.

(a) For purposes hereof, "Hazardous Materials" shall mean any and all flammable explosives, radioactive material, hazardous waste, toxic substance or related material, including but not limited to, those materials and substances defined as "hazardous substances," "hazardous materials," "hazardous wastes" or "toxic substances" in the Environmental Laws. For purposes hereof, "Environmental Laws" shall mean all local, state and federal laws, statutes, rules and regulations relating to industrial hygiene, environmental protection, or the use analysis, generation, manufacture, storage, disposal, or transportation of any Hazardous Material, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq.; the Hazardous Materials Transportation Act, 39 U.S.C. Section 1801, et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the Federal Clean Water Act 33 U.S.C. Section 1251 et seq.; the Clean Air Act 41 U.S.C. Section 7401 et seq.; including all amendments thereto, replacements thereof, and regulations adopted and publications promulgated pursuant thereto.

(b) Tenant shall comply in all material respects with all applicable federal, state or local laws, ordinances or regulations relating to industrial hygiene, soil, water or environmental conditions on, under or about the Premises including, but not limited to, Environmental Laws. Tenant further agrees that there shall be no use, presence, disposal, storage, generation, release, or threatened release of Hazardous Materials on, from or under the Premises; provided, however, Tenant may bring upon the Premises limited quantities of chemicals, fuels, lubricants, oil detergents, solvents, and other materials as necessary to operate and maintain Tenant's equipment and asphalt for testing or laboratory purposes in the ordinary course of Tenant's business, provided the handling of such is at all times in compliance with all applicable laws. Tenant further covenants that it will promptly notify Landlord of any environmental concern raised by any governmental agency or independently discovered by Tenant as it relates to the Premises or Tenant's use of the Premises; and promptly notify Landlord of any hazardous waste spill that requires reporting under any of the Environmental Laws. In the event of a violation hereof, Tenant shall immediately proceed, at Tenant's expense, to remedy same. Failure of Tenant to commence and reasonably pursue clean-up activities within ten (10) days after receipt of notice to so do and approval from applicable governmental entities with jurisdiction shall result in a default under this Lease. Landlord shall, thereafter, have the right, but not the obligation, to remedy any environmental violation upon the Premises, and Tenant shall promptly reimburse Landlord for all costs reasonably incurred by Landlord relating thereto. Landlord shall have the right to conduct periodic studies of the soil, the hillside slope, and to determine any instability or environmental risks. Any such studies shall be conducted to not interfere with Tenant's use of the property.

(c) Upon termination of this Lease, Tenant shall remove all Hazardous Materials used, stored, treated, disposed of or released by Tenant or its agents, invitees or contractors on the Premises. Tenant shall indemnify and hold Landlord harmless from any loss, liability, cost, expense, penalty or claim, including all attorney's fees and legal expenses, arising from (i) the use, generation, storage, release or disposal by Tenant, its agents, contractors or invitees, of any Hazardous Materials on the Premises, (ii) breach of any of the provisions of this Section 6.2, or (iii) Tenant's violation of any Environmental Law in connection with the Premises. Tenant's obligations under this Section 6.2 shall survive the termination or earlier cancellation of this Lease.

(d) If requested by Landlord, Tenant shall provide a Phase I environmental report (and if recommended by the Phase I report, a Phase II report) with respect to the Premises at least thirty (30) days but not more than ninety (90) days prior to the expiration of this Lease. To the extent such report indicates the presence of any Hazardous Materials or violation of any Environmental Laws on the Premises caused by or resulting from the acts of Tenant, its employees, contractors, agents or invitees, Tenant shall promptly remove such Hazardous Materials and remedy the violation of any Environmental Laws in compliance with relevant Environmental Laws. Tenant agrees to provide a Phase I environmental report within thirty (30) days of the Effective Date to establish a baseline as to the environmental status of the Premises at the time Tenant took possession.

6.4 Reclamation. Tenant, at Tenant's expense, shall perform reclamation of the Premises and the adjacent Parcel No. 02-006-0021 and for any areas that have been disturbed by Tenant's mining operations (the "Disturbed Portion") pursuant to any applicable governmental authorizations or permits, including the Box Elder County Conditional Use Permit attached hereto as Exhibit B, which has used reclamation bond calculations consistent with those used by the Utah Division of Oil, Gas and Mining, as such authorizations or permits may be adjusted from time to time. The reclamation plan applies to both the Land and also the adjacent parcel (Box Elder Parcel No. 02-006-0021) at the time, and from time to time, that reclamation becomes necessary. Landlord and Tenant agree not to unreasonably withhold consent to adjust the reclamation plan if required by governmental authority. Tenant is only responsible for reclamation for the Disturbed Portion. Tenant, at Tenant's sole cost and expense, shall provide any reclamation bond as required by law, and will include Landlord as an additional loss payee on the bond if possible, and will be adequately insured as described in Section 11 hereof. Tenant's obligation under this Section 6.3 shall survive the termination or expiration of this Lease.

7. Utilities. Tenant shall pay the cost of installing new utility infrastructure, if any, unless otherwise agreed in writing by Landlord. Tenant shall pay for any utility use fees supplied to the Premises in connection with its operations on the Premises. On and after the Effective Date of this Lease, Tenant shall pay all costs, expenses, charges and amounts, of whatever kind or character, for all gas, electricity, telephone, sewer service, protective service, trash disposal and other utilities and services supplied to the Premises, together with any taxes on such utilities and services.

8. Maintenance of Premises. Tenant agrees to keep the Premises in compliance with applicable law and to avoid damage or nuisance to neighboring land owners. Tenant also agrees to conduct the Permitted Use on the Premises in a commercially reasonable manner, in accordance with the Conditions of Use outlined herein, and in accordance with the Box Elder Conditional Use Permit.

9. Assignment. Tenant shall not assign, transfer, or sublease this Lease or Tenant's interest in this Lease to any entity that is not Tenant's Affiliate, without the prior written consent of Landlord,

which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Tenant may subcontract with others to produce Material or products necessary to meet the demands of Tenant and its customers. Landlord's approval of one sublease, assignment or transfer shall not validate a subsequent sublease, assignment or transfer. Any Landlord approved sublease, assignment or transfer of this Lease shall bind the new assignee or tenant to the same terms listed herein. Approval by Landlord shall not relieve Tenant from its obligations hereunder.

10. Indemnity. Tenant shall indemnify, defend and hold harmless Landlord and Landlord's employees, agents, contractors and invitees, from and against all demands, claims, causes of action, judgments, losses, damages, liabilities, fines, penalties, costs and expenses, including, without limitation, reasonable attorneys' fees, arising from or related in any way to the breach by Tenant of any of its obligations, representations or warranties hereunder or arising out of Tenant's use of the property, or any litigation commenced by or against Tenant to which Landlord is made a party without fault on the part of Landlord; provided that nothing herein shall require Tenant to indemnify Landlord on account of any fault or negligence on the part of Landlord or its employees, agents, contractors or invitees. Landlord shall indemnify, defend and hold harmless Tenant and Tenant's employees, agents, contractors and invitees, from and against all demands, claims, causes of action, judgments, losses, damages, liabilities, fines, penalties, costs and expenses, including, without limitation, reasonable attorneys' fees, arising from or related in any way to the breach by Landlord of any of its obligations, representations or warranties hereunder, or any litigation commenced by or against Landlord to which Tenant is made a party without fault on the part of Tenant; provided that nothing herein shall require Landlord to indemnify Tenant on account of any fault or negligence on the part of Tenant or its employees, agents, contractors or invitees.

11. Insurance. During the Term, Tenant shall, at its sole cost, procure and continue in force commercial general liability insurance with a combined single limit for bodily injury and property damage of not less than \$2,000,000 per occurrence, including, without limitation, contractual liability coverage for the performance by such party of the indemnity agreement set forth in Section 10, and hazard insurance with special causes of loss including theft coverage, insuring against fire, extended coverage risks, vandalism and malicious mischief, coverage, in an amount equal to the full replacement cost (without deduction for depreciation) of the Premises. Such liability insurance shall name Landlord as an additional insured and include a complete waiver of subrogation. During the Term, Tenant shall also maintain workers' compensation insurance as required by law, and shall require any and all agents, contractors and subcontractors on the Premises to maintain workers' compensation coverage. Upon Landlord's reasonable request, Tenant shall furnish Landlord with certificates evidencing such coverage. Such shall not be cancelable or subject to reduction of coverage or other material modification except after at least ten (10) days' prior written notice to Landlord by the insurer. Said insurance coverage shall remain in full force and effect until such time as Tenant has completely vacated the Land upon the termination of the Lease.

12. Damage or Destruction. If the Premises are partially damaged or destroyed, Landlord shall be entitled to all property insurance proceeds paid under insurance policies obtained by Tenant. Landlord shall allow Tenant to use the insurance proceeds to promptly repair and restore the Premises and all fixtures, leasehold improvements, equipment and other personal property located in the Premises to substantially the condition in which the Premises were immediately prior to such destruction. If the damage or destruction to the Premises is caused by Tenant's willful misconduct or gross negligence, Tenant shall be responsible to pay for the difference, if any, between the amount paid under insurance policies and the cost to repair and restore the Premises as described in this Section 12.

13. Condemnation. If the whole of the Premises is taken through the exercise of the power of eminent domain or by purchase or other means in lieu of such exercise, this Lease shall automatically terminate as of the date of the taking. If a portion but not all of the Premises is taken by condemnation, and in Tenant's judgment such taking makes it commercially impracticable to continue Tenant's operations on the Premises, Tenant may terminate this Lease upon at least 60 days prior notice, such termination to be effective as of the effective date of such taking. In any threatened or actual condemnation proceeding, all damages or compensation awarded (the "Condemnation Award") shall be apportioned between Landlord and Tenant as follows: Landlord will be entitled to (a) the Royalty Landlord would have received on Materials removed from the Premises for the remaining term of this Lease had extraction activity been allowed to continue, discounted to present value; and (b) the residual value of the Premises taken at their highest and best use after the term of this Lease; and Tenant will be entitled to (x) the fair market value of the Materials that would have been removed from the Premises for the remaining term of this Lease and any extension periods, less the cost of removing and processing the Materials discounted to present value; and (y) any award for the loss of, or damage to, Tenant's fixtures, equipment, or other compensation allowable by law. In the event a court determines that either Landlord's or Tenant's damages as set forth herein are not recoverable for whatever reason, Landlord and Tenant agree the each will be entitled to seek their own compensation as the law may allow.

14. Default.

14.1. Default by Tenant. The occurrence of any of the following events shall constitute a default by Tenant under this Lease: (a) Tenant fails to timely pay any undisputed payment under this Lease when due and such failure continues for more than thirty (30) days after written notice from Landlord; (b) Tenant fails to timely perform any other obligation to be performed by Tenant under this Lease, and such failure is not cured within thirty (30) days after written notice is given to Tenant or, such default is of a nature that cannot be reasonably cured within such thirty (30) day period, Tenant does not commence such cure within such thirty (30) day period and diligently pursue the same to completion; or (c) revocation of the Conditional Use Permit; or (d) Tenant files a petition in bankruptcy, becomes insolvent, has taken against such party in any court, pursuant to state or federal statute, a petition in bankruptcy or insolvency or for reorganization or appointment of a receiver or trustee, which involuntary petition is not dismissed within ninety (90) days, petitions for or enters into an arrangement for the benefit of creditors or suffers this Lease to become subject to a writ of execution. Tenant is not in default under this Lease if Tenant fails to make a payment that Tenant disputes in good faith, provided that Tenant shall pay any undisputed amount.

14.2. Remedies. On any default by Tenant under this Lease and the expiration of any applicable cure and grace periods, Landlord may at any time, without waiving or limiting any other right or remedy available to Landlord: (a) perform in Tenant's stead any obligation that Tenant has failed to perform, and Landlord shall be reimbursed promptly for any reasonable cost incurred by Landlord; (b) terminate Tenant's rights under this Lease by written notice; or (c) pursue any other remedy allowed by law. Tenant shall pay to Landlord the reasonable cost of recovering possession of the Premises, and all other reasonable costs and damages arising out of Tenant's default, including reasonable attorneys' fees and costs.

14.3. Default by Landlord. Landlord shall not be in default under this Lease unless Landlord or the holder of any mortgage or deed of trust covering the Premises whose name and address have been furnished to Tenant in writing fails to perform an obligation required of Landlord under this Lease within thirty (30) days after written notice by Tenant to Landlord and to such holder, specifying the respects in which Landlord has failed to perform such obligation. If the nature of Landlord's obligation is such that

more than thirty (30) days are reasonably required for performance or cure, Landlord shall not be in default if Landlord or such holder commences performance within such thirty (30) day period and after such commencement diligently prosecutes the same to completion. If Landlord fails to cure, Tenant shall have the right to pursue any remedy allowed by law.

15. Expiration or Termination; Removal of Materials.

15.1. Expiration or Termination. On the expiration of the Term or sooner termination of this Lease, Tenant shall, at Tenant's sole cost (a) promptly and peaceably surrender the Premises to Landlord in the same condition as when delivered to Tenant, ordinary wear and tear, extracted Materials and casualty damage excepted; (b) repair any damage caused by or in connection with the removal of any personal property from the Premises: and (c) subject to Section 6.3 commence or continue reclamation of the Premises pursuant to Section 6.3. Unless the parties to this Lease otherwise agree in writing, this Lease shall be null and void and shall have no effect, if, by December 31, 2026, a conditional use permit or other similar governmental authorization has not been issued by Box Elder County or Willard City to allow the Permitted Use on the Premises.

15.2. Removal of Tenant's Equipment and Materials. Within ninety (90) days after the termination or expiration of the Term, Tenant shall, at Tenant's sole cost, remove from the Land all or any portion of Tenant's property except such equipment needed for reclamation as contemplated in Section 6.3. Subject to the foregoing sentence, all alterations, additions, and fixtures, other than Tenant's personal property and trade fixtures, which have been made or installed by Tenant in the Premises shall, upon mutual agreement, be Landlord's property and shall be surrendered with the Premises as a part thereof at the end of the Term. Tenant's obligations under the Lease shall continue during the period of removal of equipment and materials.

15.3. Removal of Stockpiled Materials. Notwithstanding the foregoing, rejected materials shall be moved to a location to be mutually agreed upon by Landlord and Tenant in conjunction with the approved reclamation plan. Materials mined by Tenant that have not been exported from the Premises at the end of the Term shall remain the property of Tenant but shall be timely removed from the Premises by Tenant, unless otherwise approved by Landlord, within ninety (90) days after the end of the Term, subject to the payment by Tenant of the Royalty provided for in Section 4.1 hereof.

16. General Provisions.

16.1. Right of First Opportunity; Right of First Refusal. If Landlord desires to Sell the Land (or any portion thereof) (the "Subject Parcel") at any time during the Term, Landlord shall first offer to Sell the Subject Parcel to Tenant on the same terms and conditions that Landlord is willing to Sell the Land to any other person (the "Offer"). Tenant shall have a period of fifteen (15) business days to determine whether to accept the Offer. If Tenant accepts the offer within such fifteen (15) business day period, Landlord shall Sell the Subject Parcel to Tenant pursuant to the terms and conditions of the Offer. If Tenant does not accept the Offer within such fifteen (15) business day period, Landlord shall be free to Sell the Subject Parcel to any other person on the same terms and conditions set forth in the Offer; provided that if such Sale is not consummated within one hundred eighty (180) days after the end of such fifteen (15) business day period, this Section 16.1 shall once again apply to any proposed Sale.

16.2. Force Majeure. If either Landlord or Tenant is delayed in or prevented from the performance of any act required under this Lease by reason of acts of God, strikes, lockouts, other labor troubles, inability to procure labor or materials, restrictive laws, ordinances, rules or regulations of

general applicability, riots, civil commotion, insurrection, war or other reason not the fault of the party delayed or prevented and beyond the control of such party (financial inability excepted), performance of the action in question shall be excused for the period of delay and the period for the performance of such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section 16.2 shall not, however, operate to excuse Tenant from the prompt payment of Royalties or any other amounts required to be paid under this Lease.

16.3. Notices. All notices, claims, demands, and other communications of similar import to be given by any party to this Lease to any other party hereto shall be in writing, shall be given by personal delivery, receipted delivery services, or by registered or certified mail, first class postage prepaid, return receipt requested, and shall be delivered or addressed as follows:

To Landlord:

Willard City Corporation
80 W 50 S
Willard, Utah 84340

With a required copy to: Farr, Cragun & Berube
433 North 1500 West
Marriott-Slaterville, UT 84404
Attn: Colt Mund

To Tenant:

Granite Construction Company
1075 North Warm Springs Road
Salt Lake City, Utah 84126
Attn: Jason Klaumann

With a required copy to: Granite Construction Company
585 West Beach Street
Watsonville, California 95076
Attention: Corporate Counsel

And

Parr Brown Gee & Loveless
101 S. 200 E. Suite 700
Salt Lake City, Utah 84111
Attn: Cassidy J. Wallin

Either Landlord or Tenant may change the address at which such party desires to receive notice on written notice of such change to the other party. Any such notice shall be deemed to have been given, and shall be effective, on delivery to the notice address then applicable for the party to which the notice is directed; provided, however, that refusal to accept delivery of a notice or the inability to deliver a notice because of an address change which was not properly communicated shall not defeat or delay the giving of a notice.

16.4. Severability. If any provision of this Lease or the application of any provision of this Lease to any person or circumstance shall to any extent be invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which such provision is held invalid shall not be affected by such invalidity. Each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

16.5. Brokerage Commissions. Landlord and Tenant represent and warrant to the other that no claims exist for brokerage commissions or finder's fees in connection with this Lease and each agrees to indemnify, defend and hold harmless the other from and against all claims, liabilities and expenses, including attorneys' fees, arising from any such brokerage commissions or finder's fees.

16.6. Successors. Except as otherwise provided in this Lease, all provisions contained in this Lease shall be binding on and shall inure to the benefit of Landlord and Tenant and their respective successors, assigns and legal representatives.

16.7. Quiet Enjoyment. On Tenant paying the Royalty payable under this Lease and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet enjoyment of the Land for the Term without interference from Landlord, or anyone claiming by, through or under Landlord, subject to all of the provisions of this Lease.

16.8. Attorneys' Fees. If either Landlord or Tenant brings suit to enforce or interpret this Lease, the prevailing party shall be entitled to recover from the other party the prevailing party's reasonable attorneys' fees and costs incurred in any such action or in any appeal from such action, in addition to the other relief to which the prevailing party is entitled.

16.9. Relationship of Parties. Nothing contained in this Lease shall be construed to create the relationship of principal and agent or a partnership or joint venture between the parties. The parties acknowledge that none of the provisions of this Lease, nor any of the acts of the parties, shall be deemed to create a relationship between the parties other than the relationship of Landlord and Tenant.

16.10. Miscellaneous. The captions to the Sections of this Lease are for convenience of reference only and shall not be deemed relevant in resolving questions of construction or interpretation under this Lease. Neither party shall record this Lease but either party may record in the official title records of Box Elder County a memorandum or notice of this Lease substantially in the form of Exhibit C so long as the Royalty amounts do not appear in such memorandum or notice. If Tenant elects to record a memorandum of lease, Tenant agrees that within thirty (30) days of the termination or expiration of the Lease, Tenant shall (at Tenant's expense) cause a notice of termination of the Lease to be recorded in the official title records of Box Elder County. This Lease and the exhibits attached hereto (which exhibits are hereby incorporated herein by reference), constitute the entire agreement between the parties. No amendment to this Lease shall be binding on Landlord or Tenant unless reduced to writing and signed by both parties. This Lease shall be governed by and construed and interpreted in accordance with the laws of the State of Utah. Venue on any action arising out of this Lease shall be proper only in the First District Court in and for Box Elder County, State of Utah.

LIST OF EXHIBITS

- A. Legal Description of Land
- B. Box Elder County Conditional Use Permit
- C. Form of Memorandum of Lease

[Signature pages follow]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the respective dates set forth below, to be effective as of the Effective Date.

LANDLORD:

WILLARD CITY CORPORATION, a Utah municipality

By: _____

Title:

Date:

TENANT:

GRANITE CONSTRUCTION COMPANY,
a California corporation

By: _____

Title:

Date:

EXHIBIT A

to

LEASE AGREEMENT

LEGAL DESCRIPTION OF LAND

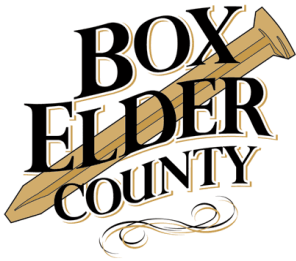
(see attached)

EXHIBIT B

to

LEASE AGREEMENT

BOX ELDER COUNTY CONDITIONAL USE PERMIT
(see attached)



PLANNING & ZONING OFFICE

Scott Lyons
Community Development

COUNTY OFFICIALS
Boyd Bingham, COMMISSIONER
Lee Perry, COMMISSIONER
Tyler Vincent, COMMISSIONER
Kory Wilde, ASSESSOR
Stephen R. Hadfield, ATTORNEY
Shirlene Larsen, AUDITOR
Marla R. Young, CLERK
Chad Montgomery, RECORDER
Kevin Potter, SHERIFF
Shaun Thornley, TREASURER

CONDITIONAL USE PERMIT

The below listed property, is hereby granted an Administrative Conditional Use Permit as authorized by Section 3-9-070 of the Box Elder County Land Use Management and Development Code and pursuant to the conditions set forth by the Box Elder County Zoning Administrator.

TO: Willard City
LOCATION: Parcel #: 02-006-0070 (11.91 acres)
CUP #: ADCUP25-006
USES: 3-9-070.1(i)(1) Gravel and sand excavation – Commercial operation

The Zoning Administrator made the following findings so long as the operation is conducted consistent with the conditions of approval set forth:

1. The Conditions of Approval set forth below are imposed as necessary to prevent or minimize the anticipated detrimental effects of the use on adjacent properties and within the zoning district, or upon public facilities and services. Such conditions shall be expressly set forth in the approval authorizing an administrative conditional use permit; and
2. The Zoning Administrator has determined that the requirements prescribed by the County Land Use Management & Development Code and other applicable Codes, can be met and/or mitigated so long as the operation is conducted consistent with the Conditions of Approval; and
3. The Approval Standards in Section 2-2-110(E) of the County Land Use Code have been reviewed and considered in determining that this administrative conditional use permit application should be approved with the following Conditions of Approval.

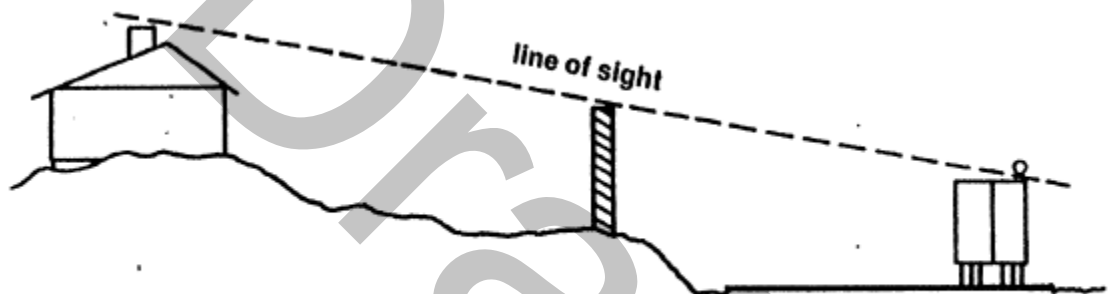
Conditions of Approval:

1. Compliance with Article 5, Regulations of General Applicability, of the Box Elder County Land Use Management & Development Code.
2. Compliance with Section 2-2-110, Administrative Conditional Use Permit, of the Box Elder County Land Use Management & Development Code.
3. Compliance with Chapter 3-9, Mining, Quarry, Sand & Gravel Excavation Zone (MG-EX), of the Box Elder County Land Use Management & Development Code.
4. Compliance with all applicable county, state, and federal laws regulating the proposed use, including all licenses, permits, etc.
5. In conjunction with the Granite Construction & Willard City lease agreement, enforcement responsibilities of this CUP are held by Willard City.
6. Compliance with all conditions spelled out in the Willard City Corporation and Granite Construction Company lease agreement.
7. There is an existing CUP for this operation on parcel 02-006-0021 north of Willard Canyon. It exists in county records as CUP #12 (CUP #15 covers the area south of Willard Canyon). CUP #12

13. Reclamation – Reclamation at the County level must be secured by a minimum \$11,910 bond or escrow. The operator will supply this security prior to final approval. Reclamation must follow the Box Elder County Land Use Management & Development Code and the Reclamation Plan submitted to the County.
14. Liability Insurance – Any operator will supply the county with proof of liability insurance consistent with industry standards prior to legal operation.
15. Commercial Operations – As per Section 3-9-030(A) of the Box Elder County Land Use Management & Development Code – All commercial pit operations shall work under an approved five-year operation plan. Upon expiration of the previous plan, a new five-year plan shall be submitted; otherwise closure and reclamation operations shall begin within six months. The conditional use permit shall remain in effect until such time that full reclamation has been made on the site.
16. Minimum Requirements – As per Section 3-9-050 of the Box Elder County Land Use Management & Development Code – All operations shall comply with the following requirements:
 - a) Warning signs, fences, trees, and berms shall be placed on the perimeter of the property to protect the public and act as barriers to access, fugitive dust, noise, glare, and/or view shall be indicated;
 - b) No adverse drainage which would create soil instability or erosion shall be permitted. All drainage shall be contained on site;
 - c) Maximum slopes shall be in accordance with the applicant's mining permit issued through the State Division of Oil, Gas and Mining as well as MSHA standards. If the operation is exempt from State permits maximum slopes shall not exceed 2:1;
 - d) The applicant shall post a reclamation guarantee for the area of disturbance giving financial assurance in a form approved by Box Elder County, guaranteeing the satisfactory reclamation of all disturbed areas. The amount of reclamation for permanent commercial operations shall not be less than \$1,000.00 per acre, with a \$10,000.00 minimum and shall be adjusted upon the renewal of the operations plan to meet projected costs of reclamation based upon time, material and equipment needed to clean-up and remove structures, backfill, slopes (to include mine dumps) shall be graded to no greater than a 3:1 finished slope or in relation to the contour of adjacent undisturbed land, contour, redistribute and stabilize topsoil, re-vegetate, monitor, and reseed if necessary. The release of the financial assurance and obligations for reclamation shall not be made until the County Engineer, county planner, and County Attorney approves the release in writing.
 - e) All facilities and activities shall comply with applicable land use, health, building, plumbing, mechanical, and electrical codes. All structures erected, placed, built, or installed shall have a building permit;

has conditions listed on pages labeled as 31-33 (pdf pages 28-30). *does Willard City want these conditions to extend to the new parcel/permit being requested?

8. Noise – The applicant/operator must place the crusher in a location with the intent of deflecting noise upwards. Berms and strategically placed stockpiles will be constructed as well in order to absorb horizontal noise created by trucks and other equipment. To be effective a barrier must block the “line of sight” between the highest point of a noise source (the top of the crusher, the top of a truck’s exhaust stack, etc.) and the highest part of the receiver (home, etc.). This is illustrated in Figure 4.16. To be most effective, a barrier must be long and continuous to prevent sounds from passing around the ends. It must also be solid, with few, if any, holes, cracks or openings. *does this apply or not? I assume the existing crusher is, and will continue to be used, on the lower portion of the operation which operates under an existing permit.



4.16 To be effective, a barrier must block the “line of sight” between the highest point of a noise source and the highest part of a receiver.

9. Dust Suppression – Water trucks and/or sprinklers will be used throughout the site to minimize dust to the greatest extent possible. Haul roads will require annual magnesium chloride treatments or a dust free surface as needed. If the city or county has, or receives, substantiated complaints of operations or haul road dust enforcement procedures will take place and this Conditional Use Permit may be revoked.
10. Air Quality – The applicant must provide the county with air quality permits or approval orders prior to legal operation. If an air quality permit is not required some acknowledgement from the Division of Air Quality (letter or email) must be submitted to Box Elder County Community Development stating such.
11. Lighting – Lighting must comply with Chapter 5-9 Outdoor Lighting Standards of the Box Elder County Land Use Management & Development Code.
12. Hours of Operation
 - a) Consistent with CUP #12
 - i) 6:00am - 10:00pm Monday through Saturday (dozing, crushing, and screening).
 - ii) *Is the request to haul 24/7? Is this currently taking place? I don’t see this spelled out in CUP #12.

- f) All fuel tanks and flammable materials shall be located above ground, in such locations, with containment, and under such conditions as to conform to the requirements of the national fire codes (NFPA);
 - g) All crossing of state and county roads shall be done in such a manner as to hold Box Elder County harmless from any and all legal proceedings as a result of the applicant's use of such roads. The applicant shall make provisions to place suitable road signs, restraints and flagging personnel at work-sites and road crossings as approved by the Manual on Uniform Traffic Control Devices and the Department of Engineering;
 - h) All damage to state and county roads shall be repaired at the applicant's expense under the direction of the Department of Engineering;
 - i) The applicant shall maintain on file, proof of liability insurance for the operation in the county planning office;
 - j) Box Elder County reserves the right to limit and restrict the time activities of the operation should the Planning Commission deem those activities are a public nuisance;
 - k) If required, the owner or operator shall install such improvements to access county or state roads, to include acceleration, deceleration and left turn lanes as approved prior to operation;
 - l) All activities shall be maintained and operated in such a way as to minimize fumes, dust, and smoke emissions;
 - m) Sufficient restroom facilities shall be provided at each location for employee use; and
 - n) The applicant shall not begin operations until such time that they enter into a mitigation agreement with Box Elder County addressing the upgrade, construction and maintenance of infrastructure.
17. This Conditional Use Permit is for mining operations within Box Elder County only. These mining operations are permitted on parcel 02-006-0070, county zoning MG-EX (Mining, Quarry, Sand & Gravel Excavation Zone) as per the approved site plan, operations plan, and reclamation plan.

A conditional use permit shall expire and have no further force or effect if the building, activity, construction or occupancy authorized by the permit is not commenced within one hundred eighty (180) days after approval, not substantially completed within two (2) years, or if abandoned.

Date

Scott Lyons, Comm. Dev. Director

Date

Willard City

Draft

EXHIBIT C

to

LEASE AGREEMENT

FORM OF MEMORANDUM OF LEASE

(see attached)

Recording Requested by and to be Returned to:

Granite Construction Company
1075 North Warm Springs Road
Salt Lake City, Utah 84126
Attn: Jason Klaumann

MEMORANDUM OF LEASE

Under the terms of that certain Lease (the "Lease") with an Effective Date of _____ by and between **GRANITE CONSTRUCTION COMPANY**, a California corporation, as Tenant ("Tenant"), and **WILLARD CITY CORPORATION**, a Utah municipality, as landlord ("Landlord"), Landlord has granted, leased and let and does hereby grant, lease and let unto Tenant, its successors and assigns, that certain land located in Box Elder County, Utah, more particularly described on Exhibit A attached hereto (the "Land").

Pursuant to the terms of the Lease, Tenant has the exclusive rights and privileges to use the Land for, among other things, the mining, extracting, stockpiling, crushing, processing, sale, and removing of sand, gravel, aggregate, hard rock, stone, boulders, or other natural materials of sand, gravel, rock aggregate, hard rock, stone, boulders, and similar minerals now known to exist or hereafter discovered upon, within or underlying the surface of the Land; all on the terms and conditions and subject to the payments to be made to Landlord, as fully set forth in the Lease, which Lease is by this reference incorporated herein.

Unless sooner terminated in the manner therein provided, the term of the Lease is for an initial term of thirty years commencing on the Effective Date of the Lease, and an option to extend for two (2) periods of ten (10) years each upon the terms and conditions described in the Lease.

The provisions of the Lease shall inure to the benefit of and be binding upon their respective successors, assigns and legal representatives. This document is meant to give record notice of the Lease. Copies of the Lease are in the possession of Landlord and Tenant, who may be contacted as follows:

If to Landlord: Willard City Corporation
 80 W 50 S
 Willard, Utah 84340

If to Tenant: Granite Construction Company
 1075 North Warm Springs Road
 Salt Lake City, Utah 84126
 Attn: Jason Klaumann

The execution and recording of this document shall not limit, increase or in any manner affect any of the terms of the Lease, or the rights, interests or obligations of the parties thereunder. In the event of any conflict between the terms of the Lease and the terms of this document, the terms of the Lease shall control.

IN WITNESS WHEREOF, Tenant has executed this Memorandum of Mining Lease effective as of the date first above set forth.

[signatures on following pages]

