



CREAMER & NOBLE ENGINEERS

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July 25, 2006

Dear Dixie Springs Lot Owner:

In an ongoing effort to serve the property owners of Dixie Springs, we would like to update you as to the status of our construction project and to advise you of occurrences and opportunities that have been made available to us.

Several weeks ago, we met with the Washington County Commission to discuss the option of the County sponsoring the next Dixie Springs Special Improvement District (SID) which would be needed to construct the roadway and utility improvements for Plats C, D, E and F. The Commission voiced some hesitancy about doing so. Their main objection was that a subdivision the size of Dixie Springs should be in a city where other needs such as police protection, fire protection, ambulance service, etc., can be met. They recommended that we meet with Hurricane City officials on this subject. We have done so and report to you the following: 1) Hurricane City is in favor of annexing Dixie Springs. The subdivision would be included in an annexation that is already in process; and, 2) upon completion of the annexation, the City would move immediately ahead on a Hurricane City sponsored SID for completion of the needed improvements in Plats C, D, E and F.

It is our recommendation that we move ahead with the annexation of Dixie Springs into Hurricane City. For those of you who own property in Plats C, D, E and F, this is the very best and perhaps the only opportunity we will have in the near future to access the means for construction of improvements to your property. You definitely need to support the annexation. For those of you who own property in Plats A, B and G, you, too, will require the services and facilities only a city can provide. Hurricane City officials have agreed that any recreation facilities or roadways outside of the subdivision that you've been assessed for will be credited to you, lessening the impact fees that are normally assessed. It is important that you also support of the annexation.

Please find enclosed a letter from Hurricane City and a petition for annexation. If you are in support of the annexation, please sign, give the description of your property by plat and lot, and forward to the following address:

City of Hurricane
147 North 870 West
Hurricane, UT 84737

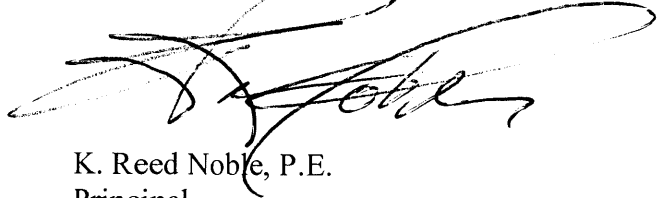
With respect to the construction of improvements in Plats A, B and G, as most of you know, the contractor, Gulf Services, Inc., was unable to complete the vast majority of the work that was bid. Their bonding agent stepped forward and hired another contractor to complete the work.

This was a fairly expensive process for the bonding agent but added no extra cost for the property owners. The new contractor, Interstate Rock Products, comes from Hurricane. In the past, they have done excellent work. We expect the project to be successfully completed during September of this year.

If you have any questions, feel free to contact me at (435) 673-4677.

Best regards,

CREAMER & NOBLE, INC.

A handwritten signature in black ink, appearing to read 'K. Reed Noble', is written over the company name.

K. Reed Noble, P.E.
Principal

KRN/bam

Enclosure