

DEER SPRINGS RANCH

NOTES - JUNE 19, 1976

An organizational meeting was held in Kanab, Utah, on June 19, 1976. Those attending were Dale E. Clarkson, Philip R. Snelgrove, Clare A. Millett, and David S. Larimer. The following business was transacted. The notes from the May 1, 1976, meeting will be incorporated into these minutes.

1. FORMAT. The sales unit will be a 20 acre parcel selling for \$8,000 terms or \$7,200 cash. Each buyer will get a membership in the Deer Springs Ranchowners Association, which association owns 1100 acres of land along with the improvements presently existing on the land (ranch headquarters, barns, corrals, bunkhouses, wells, fences, etc). The association also has grazing rights on 8,200 acres in the forest. The maximum number of members in the association is 200. The 20 acre parcels initially will be located in a total of 1,280 acres contained within sections 16, 14, 23, and 24. This will provide for 64 parcels. These areas will be identified on a map. Each parcel also will be surveyed and the corners marked. It was concluded that we should be careful about making representations regarding the construction of future improvements.

## DEER SPRINGS RANCH

Minutes of Meeting held September 25, 1976

Minutes of a meeting on Deer Springs Ranch, held September 25, 1976 at the office of Dale E. Clarkson in Kanab, Utah. Those in attendance were: Dale E. Clarkson, Philip R. Snelgrove, Clair A. Millett, and David S. Larimer.

1. The December 1978 cancellation provision was discussed. It was recognized that it was a \$55,000.00 exposure. Any cancellation provision in a contract over the aggregate total of \$55,000.00, must be approved by Dale Clarkson in writing.
2. A target was set for December 31, 1976 for all uncertainties in the program and the contracts to be settled. A definite firm program should be in force by then.
3. The contract with Golden Circle Company should be completed as soon as possible, Mr. Larimer is to be responsible for doing that.
4. The income tax aspect of this whole program should be studied carefully. Mr. Art Tisdall is the logical person to do that.
5. It was suggested that a trade be explored with Dean Clarkson whereby he would get one membership in trade for use of his cat. Mr. Dale Clarkson will determine if this should be done.
6. The Parry Lodge will trade one membership for room and food services.
7. A possible mix is 30 twenty acre parcels, and 170 ten acre parcels. This would use up 2300 acres for the deeded to individuals portion and it would leave approximately 2800 acres for the Deer Springs Ranch membership common area portion.
8. It was concluded that only one family could own one membership rather than two or more families owning one membership. In certain special cases, with the approval of Dale Clarkson, special terms

could be arranged for a family where they may pay less than the normal amount down

9. Any exceptions to any of the established policies in selling memberships, must be approved in writing by Dale Clarkson.
10. The following items will be completed as soon as possible and accounted for and are maintained by Utah Properties in its office:
  - A. 20 sets of snap shots.
  - B. 20 sets of slides (for owners).
  - C. 10 sets of slides (for salesmen).
  - D. Set of sales.
  - E. Various descriptive material.
11. The fall sales campaign will obtain as many sales as possible by December 1. Presently there are 15 owners.
12. A horse and saddle will be given to any owner who refers someone who buys a membership.
13. It is probable that the common area will be increased from 1100 acres to approximately 3000 acres (or more specifically, 2800 acres) while reducing the deeded parcels down to 10 acres.
14. The current state of finances is indicated on the attached sheet.

There being no further business to be considered, the meeting was adjourned.

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David S. Larimer, Secretary

GOLDEN CIRCLE COMPANY  
1808 COMMODORE ROAD  
NEWPORT BEACH, CALIFORNIA 92660

October 20, 1976

Dear Member:

On behalf of the General Partner of Deer Springs Ranch Limited Partnership, I have tentatively approved a draft of an Agreement between the Deer Springs Ranch Limited Partnership and Utah Properties, Inc. for the sale of a portion of the Ranch to Utah Properties, Inc. You will be provided a copy of the Agreement as soon as it has been finalized.

Utah Properties, Inc. under the Agreement which is to be effective on July 1, 1976, will sell 200 twenty-acre parcels of land. Improvements to the property will be made from sales revenues by Utah Properties, Inc.

Each 20 acre parcel will have a restriction tied to it that the owner or owners must belong to the Deer Springs Ranch Owner's Association, an organization organized under the laws of the State of Utah on a not-for-profit basis, with 200 memberships.

The land to be included in the 200 twenty-acre parcels is primarily in the Crawford Canyon, Meadow Canyon, and areas north of the Ranch headquarters. The total amount is 4000 acres.

The newly formed Association will have 1100 acres which will belong to the Association. The land will be held by Deer Springs Ranch Limited Partnership until all 200 memberships are filled, at which time the land will be deeded to the Association. All forest, state, and BLM leases and Ranch equipment belonging to the Partnership as well as facilities and improvements located on the 1100 acres will be included in the deed. The 1100 acres are in the Meadow Canyon and Ranch headquarters areas.

The acreage not included in the agreement is that area of about 2500 acres in the western part of the Ranch known as Slide Canyon and the eastern part of the Ranch comprising 640 acres known as the Brown Ranch. Most of the Brown Ranch has already been sold or belongs to the Limited Partners individually as provided for in the Partnership business agreement. The Slide Canyon acreage will be sold separately.

The 200 parcels will be sold on a cash basis or time payment plan. The initial price is \$8000 each with the price expected to be increased later this fall to \$9500. The cash income to Deer Springs Ranch Limited Partnership is to be at least \$791,000, plus 75% of any interest from the time payment plan. The Partnership is responsible for any indebtedness against the Ranch or the Partnership as of July 1, 1976. The debt amount is approximately \$250,000.

Property improvements are to be guaranteed by Utah Properties, Inc. from their portion of income from contract revenues. Improvements will be made as cash is accrued in a bonded account established for that purpose to cover their costs. A total of \$160,000 is planned. A schedule of these improvements is attached.

In the event of default of the Agreement, all improvements are the property of Deer Springs Ranch Limited Partnership and Utah Properties, Inc. has no claim to them except as one of the Limited Partners.

Utah took active management of the Ranch effective with the date of the Agreement. All expenses and income prior to that date belong to Deer Springs Ranch Limited Partnership. All income from Ranch operations and expenses after that date belong to Utah Properties, Inc.

A membership in the Association is available to each Limited Partner. A 20 acre parcel of land on the Brown Ranch belonging to each Limited Partner can be designated as one to have the Association restriction. To cover expenses of improvements and other costs, a \$3,000 payment is required in addition to the land designation. This offer is available now with \$1,000 cash and a \$2,000 non-interest bearing note payable 5 years from note date.

We are asking that you purchase a membership in the Association this year in lieu of any assessment. With your cash purchase into the Association, we believe all indebtedness payments and Deer Springs Ranch Limited Partnership expenses can be covered. Please send your \$1,000 payable to Utah Properties, Inc. directly to Mr. Dale Clarkson, Box C, Kanab, Utah 84741, not later than November 20, 1976.

I have instructed Mr. Clarkson to issue two deeds, one for the property tied to the Association and one for the other 20 acres of the Brown Ranch which has been identified previously as belonging to you. Please inform him exactly how you wish to reflect the property title of each deed.

Very truly yours,

GOLDEN CIRCLE COMPANY

*A. J. Dickson*

UTAH PROPERTIES, INC.  
DEER SPRINGS RANCH DIVISION  
MEETING HELD NOVEMBER 6, 1976

A policy meeting was held in Kanab, Utah on November 6, 1976. In attendance were Dale E. Clarkson, Philip R. Snelgrove, Clair Millett, and David S. Larimer. The following business was transacted:

1. The price for a membership and a 20 acre parcel will be increased from \$8,000 to \$9,000 effective January 1, 1977.
2. The 20 acre parcels will continue to be offered. It is anticipated that the 20 acre sized parcel may be reduced to 10 acres about April 1, 1977.
3. The purchase agreement between Deer Springs Ranch and Utah Properties was finalized with Art Tisdail, and it will be typed in signature form and signed on Monday, November 8, 1976.
4. The By-Laws for the Ranch Owners Association will be prepared by Dale Clarkson. The Utah Department of Real Estate public report will also be submitted as soon as possible.
5. A strong effort will be made to finalize all details of the program and operation by December 31, 1976.
6. On December 10, 1976, Messrs. Larimer and Clarkson will spend several hours together to finalize the cash flow projections and budgets for the program. Mr. Larimer will have drafts prepared prior to the meeting.
7. The best prospects will be worked right away in an effort to close them by the end of December.
8. Lawrence Turley and his wife have been hired to be the on-site host couple at the Ranch. They will start April 1, 1977. Mr. Clarkson will request from them a detailed outline of their program, to be submitted not later than January 15, 1977. This will include agricultural plans, orchard and garden to be planted, animals needed, etc.
9. The annual payment of \$30,000 to the Finley Estate will be made prior to the November 30, 1976 due date.

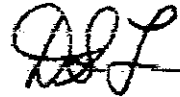
UTAH PROPERTIES, INC.  
DEER SPRINGS RANCH DIVISION  
MEETING HELD ON NOVEMBER 6, 1976

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10. The December 1978 contingent liability question was discussed. It was recognized that we want to minimize the potential problem all we can. The policy will be the same - namely that when \$55,000 in cash has been received, the 1978 guarantee provision will be dropped. Exceptions to this policy may be approved in writing by Mr. Clarkson.

There being no further business to transact, the meeting was adjourned.

Respectfully submitted,



David S. Larimer

DSL:js

NOTE: The acreage included on Exhibit A of the contract totals 2320 acres with 200 acres being previously committed to the original partners of Deer Springs Ranch, leaving a net acreage going to Utah Properties, Inc., for resale, of 2120 acres.

The total acreage on Schedule B is 1880 acres. The total acreage on Schedule C is 1100 acres. 100 acres have been sold and deeded and the balance of 2800 acres in slide canyon remains in the ownership of Deer Springs Ranch, a Limited Partnership. This would give a total of 8200 acres.