


**Memorandum of Understanding  
Between Harvard Simon I.L.L.C. and Inscription Canyon Ranch  
Sanitation District**


10/16/2006

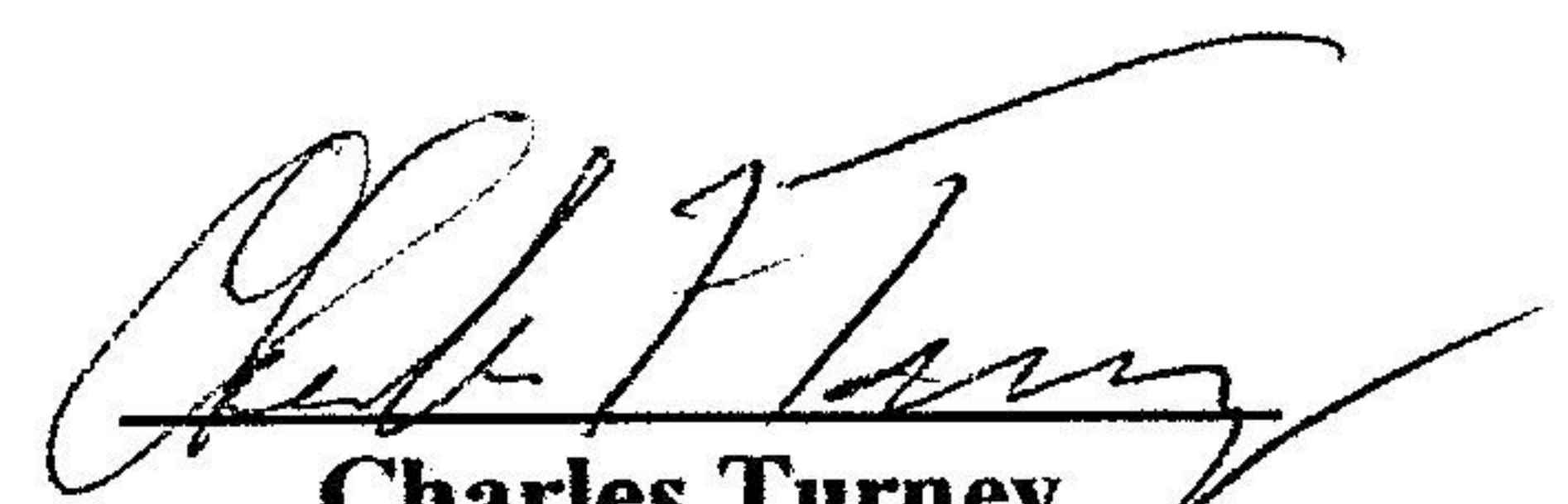
The ICRSD Board of Directors agrees to lift the 2006 Moratorium for sewer service and connections in Talking Rock Ranch.

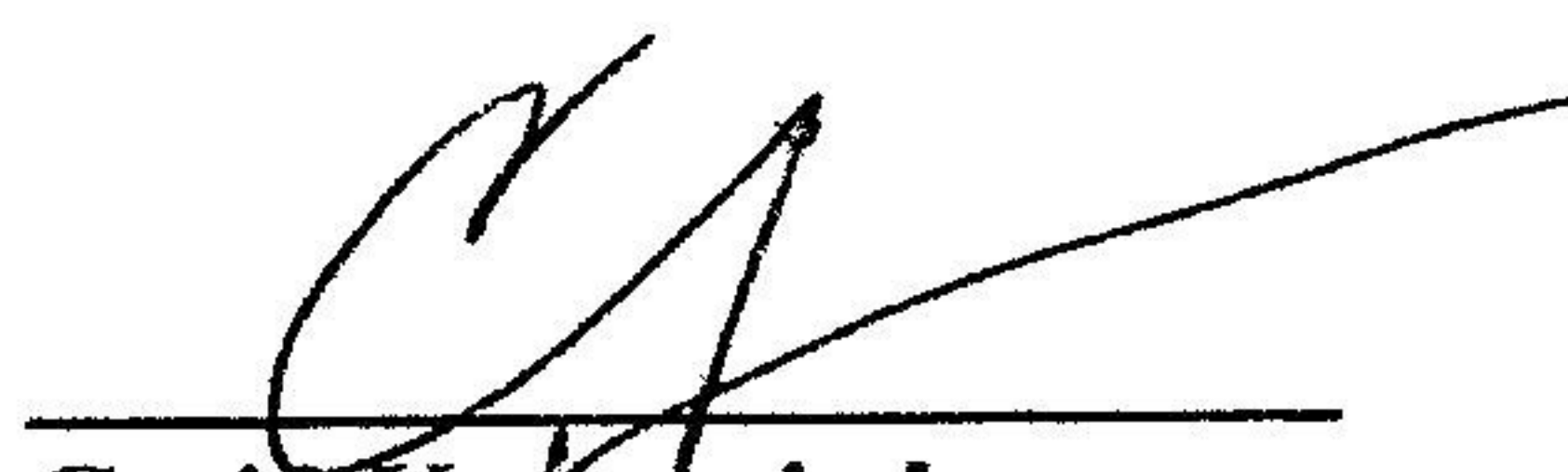
Harvard Simon I.L.L.C. in turn shall:

1. Open an Escrow Account, (Agent: The First American Title), with a deposit of \$500,000 by Harvard Simon I.L.L.C., under the joint control of Harvard Simon I.L.L.C. and ICRSD.
2. Disclosure and accounting of all previous fees collected and dispersed in the name of the District. The remaining unused funds in excess of \$500,000 shall be deposited in the above escrow account. All new lot sales sewer fees shall go to this account when Harvard Simon I.L.L.C. works the Pivotal agreement to this resolve.
3. Disbursement of escrow funds: Funds shall be released for Harvard Simon I.L.L.C. share any and all requirements that are pertinent to the construction, repair, and/or expansion of the New Waste Water Treatment Plant for the Inscription Canyon Ranch Sanitary District.
4. Harvard Simon I.L.L.C. guarantees to completely fund their share the new waste water treatment plant that the ICRSD Board selects. Harvard Simon I.L.L.C. shall fund the waste water treatment plant to what is needed to have sufficient capacity at build out.
5. Pivotal shall not bring any claims against ICRSD. Harvard Simon I.L.L.C. agrees to indemnify and defend the ICRSD against any such claims, liability or lawsuits arising under the contract between Pivotal and Harvard Simon I.L.L.C. (which included either ICRSD as a party by its "consent" or at least ICRSD as the third-party beneficiary under the contract).

  
Dayne Taylor  
Chairman ICRSD

  
Gene Leasure  
Director ICRSD

  
Charles Turney  
Director ICRSD

  
Craig Krumwiede  
President  
Harvard Simon I.L.L.C.