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COPY

VIA FIRST CLASS MAIL

Steven Dougherty  
Anderson & Karrenberg, PC  
50 West Broadway, #700  
Salt Lake City, Utah 84101

Re: *Blacksmith Fork Subdivision*

Dear Steve,

I appreciated speaking with you and Mr. Howell yesterday. As discussed, I will look forward to receiving a brief summary of the distributions made by Celtic Bank pursuant to the periodic reductions in the Letter of Credit authorized by Hyrum City. It would be helpful if this summary itemized the date the City authorized the reduction, the date of the payment, the amount of the payment and to whom the payment was made.

Following our telephone conversation, Brent, Ron and I discussed Mr. Howell's proposal that the City release the existing letter of credit for purposes of completing the public improvements and the bank would issue a new warranty bond. Like your client, the City would like to see the public improvements completed as soon as possible. It was our feeling that this would be acceptable, but that the City Council would be the appropriate body to make this determination. This item will be put on the agenda for the next City Council meeting.

Please feel free to contact me if you have any questions or concerns. Thank you.

Sincerely,

DAINES & JENKINS, LLP

Craig J. Carlston

cc: Mayor Howard  
Brent Jensen