

**RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT  
MEETING AGENDA  
APRIL 28, 2014**

*Pursuant to A.R.S. § 38-431.02 notice is hereby given to the public that the District Board of the Rancho Sahuarita Community Facilities District will hold a meeting at the date and time specified below at the Sahuarita Town Hall Council Chambers, 375 West Sahuarita Center Way, Sahuarita, Arizona. Members of the Rancho Sahuarita Community Facilities District will attend either in person or by telephone conference call.*

*To better serve our community, the Council Chambers is wheelchair accessible. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Town Clerk's Office at 520-822-8801. Requests should be made no later than three working days prior to the meeting to arrange the accommodation.*

**RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT AGENDA  
APRIL 28, 2014  
AT OR AFTER 6:30 P.M.**

- 1. Call to Order**
- 2. Roll Call**
- 3. Discussion of CFD process, procedures, priorities, and how to most effectively move forward with the District.**
- 4. Adoption of Resolution 2014-0001 taking certain actions with regard to organization of the District; approving the General Plan for the District; approving and authorizing the execution and delivery of a District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District); approving the preparation of, and authorizing the giving of Notice of Hearing with respect to approving, a feasibility report which includes identifying the public infrastructure of the projects, the areas to be benefited, the expected method of financing and the system of providing revenues to operate and maintain the projects, all as provided in such report and ordering and calling an election with respect to issuance of bonds by the District and the levy of an ad valorem property tax therefor and to the levy of a separate ad valorem property tax attributable to the operation and maintenance expenses of the District.**
- 5. Adjournment**

*Action may be taken by the District Board on any item listed on this agenda. The Board may vote to go into executive session pursuant to A.R.S. § 38-431.03 (A) (3) for discussion or consultation for legal advice with the District Counsel concerning any matter listed on this agenda.*

**CFD  
BOARD  
MEETING  
INFORMATION**

**RANCHO SAHUARITA  
COMMUNITY FACILITIES  
DISTRICT**



**MEETING DATE:** April 28, 2014

**DATE PREPARED:** April 17, 2014

**AGENDA ITEM 4**

**TO:** District Board

**FROM:** Daniel J. Hochuli, District Counsel

**SUBJECT:** Adoption of Resolution 2014-0001 Taking Certain Actions With Regard to Organization of the District; Approving the General Plan for the District; Approving and Authorizing the Execution and Delivery of a District Development, Financing Participation and Intergovernmental Agreement; Approving the Preparation of, and Authorizing the Giving of Notice of Hearing with Respect to Approving a Feasibility Report and Ordering and Calling an Election with Respect to Issuance of Bonds and the Levy of an Ad Valorem Property Tax Therefor and to the Levy of a Separate Ad Valorem Property Tax Attributable to the Operation and Maintenance Expenses.

**DISCUSSION:** Last month the Town Council ordered the formation of the Rancho Sahuarita Community Facilities District. The purpose of this Board Meeting is to adopt the proposed Resolution, which will accomplish the following:

- ✓ Approve the CFD General Plan;
- ✓ Approve the Development Agreement;
- ✓ Approve the preparation of feasibility report for the first series of bonds
- ✓ Calling an election for District voter approval of the future issuances of bonds up to a maximum of \$60 million, for specified purposes, and also approving the levy of the 30 cent O&M tax;
- ✓ Appointment of District officers;
- ✓ Various other miscellaneous matters.

**STAFF RECOMMENDATION:** Board's Pleasure

**SUGGESTED MOTION:** I move the adoption of Resolution 2014-0001.

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT  
RESOLUTION NO. 2014-0001

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**A RESOLUTION OF THE DISTRICT BOARD OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT TAKING CERTAIN ACTIONS WITH REGARD TO ORGANIZATION OF THE DISTRICT; APPROVING THE GENERAL PLAN FOR THE DISTRICT; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT); APPROVING THE PREPARATION OF, AND AUTHORIZING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING, A FEASIBILITY REPORT WHICH INCLUDES IDENTIFYING THE PUBLIC INFRASTRUCTURE OF THE PROJECTS, THE AREAS TO BE BENEFITTED, THE EXPECTED METHOD OF FINANCING AND THE SYSTEM OF PROVIDING REVENUES TO OPERATE AND MAINTAIN THE PROJECTS, ALL AS PROVIDED IN SUCH REPORT AND ORDERING AND CALLING AN ELECTION WITH RESPECT TO ISSUANCE OF BONDS BY THE DISTRICT AND THE LEVY OF AN *AD VALOREM* PROPERTY TAX THEREFOR AND TO THE LEVY OF A SEPARATE *AD VALOREM* PROPERTY TAX ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT**

BE IT RESOLVED BY THE DISTRICT BOARD OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

a. On March 24, 2014, the Mayor and Common Council of the Town of Sahuarita, Arizona (hereinafter called the "Municipality"), adopted Resolution No. 2014-0383 which, among other things, ordered and declared formation of Rancho Sahuarita Community Facilities District (hereinafter called the "District").

b. The District is a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes and, except as otherwise provided in Section 48-708(B), Arizona Revised Statutes, is considered to be a

municipal corporation and political subdivision of the State of Arizona, separate and apart from the Municipality.

c. Certain matters relating to the organization of the District must be determined by the district board of the District (hereinafter referred to as the "District Board").

d. There was filed with the City Clerk of the Municipality the "general plan" for the District, which sets out a general description of the public infrastructure improvements for which the District was formed and the general areas to be improved (hereinafter referred to as the "General Plan").

e. Pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, the Municipality, the District, Interchange Opportunity Fund L.L.L.P. (hereinafter called the "LLLP") and Rancho Sahuarita Management Company, L.L.C. (hereinafter called the "LLC") are entering into a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for public infrastructure (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time.

f. With regard to the property which makes up the real property included within the District, the District, the LLLP and the LLC determined to specify some of such matters in such an agreement, particularly matters relating to the acquisition or construction of certain public infrastructure by the District, the acceptance by the Municipality or other appropriate political subdivisions and the reimbursement or repayment of the LLLP and the LLC with respect thereto, all pursuant to the Act.

g. Pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, the District and the Municipality may enter into an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure.

h. Pursuant to the Act, the District may also enter into an agreement with the LLLP and the LLC with respect to the advance of moneys for public infrastructure purposes and the repayment of such advances and to obtain credit enhancement for, and process disbursement and investment of proceeds of, the hereinafter-described Bonds.

i. There has been placed on file with the District Clerk of the District and presented to the district board of the District (hereinafter called the "District Board") in connection with the purposes described in paragraphs 1.e. through h. a District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), to be dated as of April 1, 2014 (hereinafter referred to as the "Development Agreement"), by and among the LLLP, the LLC, the Municipality and the District relating to, among other things, the Bonds.

j. The District is authorized by Section 48-719, Arizona Revised Statutes to issue and sell general obligation bonds of the District to provide moneys for public infrastructure purposes consistent with the General Plan and by Section 48-709(G), Arizona Revised Statutes to repay all or part of fees and charges collected from landowners for public infrastructure purposes, the advance of moneys by landowners for public infrastructure purposes or the granting of real property by the landowner for public infrastructure purposes from the proceeds of such bonds pursuant to agreements entered into with landowners and the Municipality pursuant to Section 48-709(A)(10), Arizona Revised Statutes.

k. Pursuant to Section 48-723, Arizona Revised Statutes, the District is authorized to levy an *ad valorem* tax on the assessed value of all real and personal property in the District at a rate which does not exceed the maximum rate specified in the ballot with respect thereto as hereinafter described, including taxes attributable to the operation and maintenance expenses of the District, but not in excess of thirty cents (30¢) per one hundred dollars (\$100) of such assessed valuation for such operation and maintenance.

1. Such bonds may not be issued and such tax may not be levied unless approved at an election ordered and called to submit to the qualified electors of the District or to those persons who are qualified to vote pursuant to Section 48-707(G), Arizona Revised Statutes (being, if no person has registered to vote within the District within fifty (50) days immediately preceding any scheduled election date, the owners of land within the District who are qualified electors of the State of Arizona and other landowners according to Section 48-3043, Arizona Revised Statutes) the question of authorizing the District Board to issue such bonds for such purposes (hereinafter referred to as the "Bonds") and to levy such tax (hereinafter referred to as the "Operation and Maintenance Expenses Tax").

m. Pursuant to Section 48-715, Arizona Revised Statutes, the District Board shall cause a report of the feasibility and benefits of the projects relating to certain public infrastructure provided for in the General Plan and to be financed with proceeds of the sale of the first series of the Bonds to be prepared, such report having included a description of certain public infrastructure to be acquired and all other information useful to understand the projects, a map showing, in general, the location of the projects, an estimate of the cost to construct, acquire, operate and maintain the projects, an estimated schedule for completion of the projects, a map or description of the area to be benefitted by the projects and a plan for financing the projects (hereinafter referred to as the "Report"). A public hearing on the Report will hereafter be held (hereinafter referred to as the "Report Hearing"), after provision for publication of notice thereof as provided by law (hereinafter referred to as the "Report Notice").

2. District Officers and Consultants. The Mayor and the Vice Mayor of the Municipality are hereby appointed "Chairperson" and "Vice Chairperson," respectively, of the District Board; the Town Clerk of the Municipality is hereby appointed "District Clerk"; the Town Treasurer of the Municipality is hereby appointed "District Treasurer"; the Town Manager of the Municipality is hereby appointed "District Manager" and the Town Attorney of the Municipality is hereby appointed "District Counsel."

3. Approval of General Plan. The General Plan as previously submitted to the City Clerk of the Municipality is hereby approved in all respects.

4. a. Approval of Development Agreement. The Development Agreement is hereby approved in substantially the form submitted herewith, with such changes, additions, deletions, insertions and omissions, if any, as the Chairperson of the District Board, with the advice of the District Manager and the District Counsel, shall authorize, the execution and delivery of the Development Agreement to be conclusive evidence of the propriety of such document and the authority of the person or persons executing the same.

b. Completion of Development Agreement. The District Manager or his or her designee is hereby authorized to complete the Development Agreement by including the appropriate materials as necessary therein.

c. Execution of Development Agreement. The Chairperson of the District Board, with the advice of the District Manager and the District Counsel, is hereby authorized and directed to execute, and the District Clerk to attest, the Development Agreement on behalf of the District.

5. a. Preparation of Report. The preparation of the Report is hereby approved. (Upon completion of a draft of the Report, the Report, marked in a conspicuous fashion "DRAFT," shall be submitted to the District Board for review and comment.)

b. Approval of Notice of Hearing on Report. The Report Hearing is hereby ordered as required by law, and the District Manager is hereby instructed to establish the date and time of such hearing and to cause the Report Hearing Notice to be provided by law. The form of the Report Hearing Notice attached hereto and marked as Exhibit "A" is hereby approved in all respects as well as the publication of the Report Hearing Notice in the *Green Valley News*, the official newspaper of the Municipality and the mailing of the Report to the governing body of the Municipality. (The District Manager is hereby authorized to complete the Report Hearing Notice prior to its publication.)

6. a. Order and Call of Election. A special election be and the same is hereby ordered and called to be held on August 12, 2014, (hereinafter referred to as the "Election"), at which time there shall be submitted to those who will be qualified electors of the District the question with respect to the Bonds and the Operation and Maintenance Expenses Tax set forth in the official ballot described in Section 6c. of this Resolution.

b. Posting and Publishing of Matters Relating to Election. The Election shall be called by posting notices in three (3) public places within the proposed boundaries of the District not less than twenty (20) days before the date of the Election in substantially the form hereto attached and marked Exhibit "D." Notice shall also be published in the *Green Valley News*, a newspaper of general circulation in the Municipality, once a week for two consecutive weeks before the Election in substantially the form hereto attached and marked Exhibit "B."

c. Form of Ballot. The official ballot for the Election shall be in substantially the form hereto attached and marked Exhibit "C."

d. Polling Place. The polling place and the time the polls shall be opened and closed shall be as provided in Exhibit "B." While outside the boundaries of the District, the District Board hereby finds that such polling place is appropriate as it is the polling place for the precinct in which the area of the District is included for County-wide elections.

e. Affidavit of Landowners. Prospective electors voting in the Election shall execute an affidavit substantially in the form hereto attached and marked Exhibit "D."

f. Preparation of Ballots and Affidavits. The District Clerk is hereby authorized and directed to have printed and delivered to the election officers at such polling places such ballots and, if necessary, such affidavits, to be by them furnished to the qualified electors of the District offering to vote at the Election, in substantially the forms as hereto attached and marked Exhibits "E" and "D."

g. Compliance with Voting Rights Act of 1965. In order to comply with the Voting Rights Act of 1965, as amended, the following shall be translated into Spanish and posted, published and recorded in each instance where posting, publication and recording of such proceedings are required, to wit: Exhibits "B," "C" and "D," all absentee/early voting materials and all instructions at the polls.

h. Applicable Law. The Election shall be held, conducted and canvassed in conformity with the provisions of the general election laws of the State of Arizona, except as otherwise provided by law, and only such persons shall be permitted to vote at the Election who are the qualified electors. Absentee/early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes.

i. Canvassing. Within fourteen (14) days after the date of the Election, the District Board shall meet and canvass the returns, and if a majority of the votes cast at the Election are in favor of issuing the Bonds and levying the Operation and Maintenance Expenses Tax, the District Board shall enter the fact on its minutes.

7. No Liability of or for the Municipality. Neither the Municipality nor the State of Arizona or any political subdivision of either (other than the District) shall be directly, indirectly or morally liable or obligated for the payment or repayment of any indebtedness, liability, cost, expense or obligation of the District, and neither the credit nor the taxing power of the Municipality, the State of Arizona or any political subdivision of either (other than the District) shall be pledged therefor.

8. Severability; Amendment.

a. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

b. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

9. Effective Date.

This Resolution shall be effective immediately.

PASSED by the District Board of Rancho Sahuarita Community Facilities

District this 28th day of April, 2014.

.....  
Chairperson, District Board, Rancho Sahuarita  
Community Facilities District

ATTEST:

.....  
District Clerk, Rancho Sahuarita  
Community Facilities District

APPROVED AS TO FORM:

.....  
District Counsel, Rancho Sahuarita  
Community Facilities District

ATTACHMENT:

- EXHIBIT "A" -- Form of Report Hearing Notice
- EXHIBIT "B" -- Form of Notice of Election
- EXHIBIT "C" -- Form of Official Ballot
- EXHIBIT "D" -- Form of Affidavit of Elector

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EXHIBIT "A"

**FORM OF REPORT HEARING NOTICE**

**NOTICE FOR HEARING REQUIRED BY A.R.S. § 48-715 ON  
REPORT OF THE FEASIBILITY AND BENEFITS OF  
CERTAIN PROJECTS TO BE FINANCED WITH THE  
PROCEEDS OF THE SALE OF GENERAL OBLIGATION  
BONDS OF RANCHO SAHUARITA COMMUNITY  
FACILITIES DISTRICT**

Pursuant to Section 48-715, Arizona Revised Statutes, notice is hereby given that a public hearing on the report of the feasibility and benefits of projects to be financed with the proceeds of the sale of general obligation bonds of Rancho Sahuarita Community Facilities District shall be held by the District Board on ....., 2014, at approximately 6:30 p.m. (Arizona time), or immediately preceding the meeting of the Mayor and Council of the Town of Sahuarita, Arizona, on the same date in the Council Chambers located at 375 West Sahuarita Center Way, Sahuarita, Arizona. Such feasibility report and further information relating thereto are on file with the City Clerk of the Town of Sahuarita, Arizona/District Clerk of Rancho Sahuarita Community Facilities District, 375 West Sahuarita Center Way, Sahuarita, Arizona 85629, telephone number: (520) 822-8801.

Dated this ..... day of ....., 2014.

/s/ L. Kelly Udall  
.....  
District Manager, Rancho Sahuarita  
Community Facilities District

EXHIBIT "B"

FORM OF NOTICE OF ELECTION

TO THE QUALIFIED RESIDENT AND LANDOWNER ELECTORS OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT (THE "DISTRICT"):

A special election to establish certain matters will be held on \_\_\_\_\_, 2014, at the following precinct's polling place, such precinct being the precinct in which the area within the District is located:

<u>Precinct</u>	<u>Polling Place</u>
Sahuarita	375 West Sahuarita Center Way Sahuarita, Arizona

The polling place will open at 8:00 a.m. and close at 2:00 p.m.

The purpose of the election is to permit those who would be the qualified resident and landowner electors of the District to vote on the following questions:

SHALL THE DISTRICT BOARD (THE "BOARD") OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY-FIVE (25) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF SIXTY MILLION DOLLARS (\$60,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"): (a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT,

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DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL, INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE TOWN OF SAHUARITA, ARIZONA, PURSUANT TO SECTION 48-709 (A)(10), ARIZONA REVISED STATUTES

AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN *AD VALOREM* TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES?

SHALL THE DISTRICT BOARD OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL *AD VALOREM* TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS (\$100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723 ARIZONA REVISED STATUTES?

Absentee/early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes. Absentee/early voting information may be obtained by contacting the office of the District Clerk, 375 West Sahuarita Center Way, Sahuarita, Arizona 85629, telephone number (520) 822-8801

The "general plan" for the District required by Section 48-702(A)(8), Arizona Revised Statutes, as amended, is on file with the District Clerk at the same location described in the preceding paragraph.

EXHIBIT "C"

**FORM OF OFFICIAL BALLOT**

OFFICIAL BALLOT  
SPECIAL BOND ELECTION  
RANCHO SAHUARITA  
COMMUNITY FACILITIES DISTRICT  
\_\_\_\_\_, 2014

SHALL THE DISTRICT BOARD (THE "BOARD") OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO ISSUE GENERAL OBLIGATION BONDS OF THE DISTRICT, IN THE DENOMINATION OF THE BONDS, THE SIZE OF EACH ISSUE AND THE FORM OF THE BONDS PRESCRIBED, AND HAVING THE MATURITIES (NOT EXCEEDING TWENTY-FIVE (25) YEARS), INTEREST PAYMENT DATES AND INTEREST RATES, WHETHER FIXED OR VARIABLE, NOT EXCEEDING TWELVE PERCENT (12%) PER ANNUM, ESTABLISHED, BY THE BOARD AND CONTAINING SUCH TERMS, CONDITIONS, COVENANTS AND AGREEMENTS AS THE BOARD DEEMS PROPER, IN THE MAXIMUM AMOUNT OF SIXTY MILLION DOLLARS (60,000,000) TO PROVIDE MONEYS (A)(1) FOR PLANNING, DESIGN, ENGINEERING, CONSTRUCTION, ACQUISITION OR INSTALLATION OF ANY OR ALL OF THE FOLLOWING IMPROVEMENTS, INCLUDING NECESSARY OR INCIDENTAL WORK, WHETHER NEWLY CONSTRUCTED, RENOVATED OR EXISTING, AND ALL NECESSARY OR DESIRABLE APPURTENANCES ("PUBLIC INFRASTRUCTURE"): (a) SANITARY SEWAGE SYSTEMS, INCLUDING COLLECTION, TRANSPORT, STORAGE, TREATMENT, DISPERSAL, EFFLUENT USE AND DISCHARGE, (b) DRAINAGE AND FLOOD CONTROL SYSTEMS, INCLUDING COLLECTION, TRANSPORT, DIVERSION, STORAGE, DETENTION, RETENTION, DISPERSAL, USE AND DISCHARGE, (c) WATER SYSTEMS FOR DOMESTIC, INDUSTRIAL, IRRIGATION, MUNICIPAL OR FIRE PROTECTION PURPOSES INCLUDING PRODUCTION, COLLECTION, STORAGE, TREATMENT, TRANSPORT, DELIVERY, CONNECTION AND DISPERSAL, BUT NOT INCLUDING FACILITIES FOR AGRICULTURAL IRRIGATION PURPOSES UNLESS FOR THE REPAIR OR REPLACEMENT OF EXISTING FACILITIES WHEN REQUIRED BY OTHER IMPROVEMENTS DESCRIBED HEREIN, (d) HIGHWAYS, STREETS, ROADWAYS AND PARKING FACILITIES INCLUDING ALL AREAS FOR VEHICULAR USE FOR TRAVEL, INGRESS AND EGRESS, (e) AREAS FOR PEDESTRIAN, EQUESTRIAN, BICYCLE OR OTHER NON-MOTOR VEHICLE USE FOR TRAVEL,

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INGRESS, EGRESS AND PARKING, (f) PEDESTRIAN MALLS, PARKS, RECREATIONAL FACILITIES, AND OPEN SPACE AREAS FOR THE USE OF MEMBERS OF THE PUBLIC FOR ENTERTAINMENT, ASSEMBLY AND RECREATION, (g) LANDSCAPING INCLUDING EARTHWORKS, STRUCTURES, LAKES AND OTHER WATER FEATURES, PLANTS, TREES AND RELATED WATER DELIVERY SYSTEMS, (h) PUBLIC BUILDINGS, PUBLIC SAFETY FACILITIES AND FIRE PROTECTION FACILITIES, (i) LIGHTING SYSTEMS, (j) TRAFFIC CONTROL SYSTEMS AND DEVICES INCLUDING SIGNALS, CONTROLS, MARKINGS AND SIGNAGE, (k) SCHOOL SITES AND FACILITIES AND (1) EQUIPMENT, VEHICLES, FURNISHINGS AND OTHER PERSONALTY RELATED TO ANY OF THE FOREGOING; (2) ACQUIRING, CONVERTING, RENOVATING OR IMPROVING EXISTING FACILITIES FOR PUBLIC INFRASTRUCTURE; (3) ACQUIRING INTERESTS IN REAL PROPERTY FOR PUBLIC INFRASTRUCTURE; (4) ESTABLISHING, MAINTAINING AND REPLENISHING RESERVES FROM ANY SOURCE IN ORDER TO SECURE PAYMENT OF DEBT SERVICE ON BONDS; (5) FUNDING AND PAYING FROM BOND PROCEEDS INTEREST ACCRUING ON BONDS FOR A PERIOD OF NOT TO EXCEED THREE (3) YEARS FROM THEIR DATE OF ISSUANCE; (6) PROVIDING FOR THE TIMELY PAYMENT OF DEBT SERVICE ON BONDS OR OTHER INDEBTEDNESS OF THE DISTRICT; (7) REFINANCING ANY MATURED OR UNMATURED BONDS, WITH NEW BONDS; AND (8) EXPENSES OF THE DISTRICT INCIDENT TO AND REASONABLY NECESSARY TO CARRY OUT THE PURPOSES SPECIFIED IN THIS PARAGRAPH (CLAUSES (1) THROUGH (8), BOTH INCLUSIVE, BEING "PUBLIC INFRASTRUCTURE PURPOSES") AND (B) FOR REPAYING ALL OR PART OF FEES OR CHARGES COLLECTED FROM LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES, THE ADVANCE OF MONEYS BY LANDOWNERS FOR PUBLIC INFRASTRUCTURE PURPOSES OR THE GRANTING OF REAL PROPERTY BY THE LANDOWNER FOR PUBLIC INFRASTRUCTURE PURPOSES PURSUANT TO AGREEMENTS ENTERED INTO WITH LANDOWNERS AND THE TOWN OF SAHUARITA, ARIZONA, PURSUANT TO SECTION 48-709 (A)(10), ARIZONA REVISED STATUTES AND IN AN AMOUNT NOT IN EXCESS OF ONE AND ONE-HALF (1½) TIMES THE AMOUNT OF BONDS PREVIOUSLY ISSUED BY THE DISTRICT FOR THE PURPOSE OF REFUNDING ANY BONDS ISSUED BY THE DISTRICT FOR EITHER OF THE FOREGOING PURPOSES, PAYABLE FROM AN *AD VALOREM* TAX LEVIED AND COLLECTED ANNUALLY ON ALL TAXABLE PROPERTY IN THE DISTRICT, SUFFICIENT TO PAY DEBT SERVICE ON SUCH BONDS WHEN DUE, AS AUTHORIZED BY THE CONSTITUTION AND LAWS OF

THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES?

Place an "X" in the box beside the way you wish to vote.

BONDS, YES

BONDS, NO

SHALL THE DISTRICT BOARD OF RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT (THE "DISTRICT") BE AUTHORIZED TO LEVY AND COLLECT AN ANNUAL *AD VALOREM* TAX ON THE ASSESSED VALUE OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT AT A RATE NOT TO EXCEED THIRTY CENTS (30¢) PER ONE HUNDRED DOLLARS (\$100) OF ASSESSED VALUATION OF ALL REAL AND PERSONAL PROPERTY IN THE DISTRICT, ALL ATTRIBUTABLE TO THE OPERATION AND MAINTENANCE EXPENSES OF THE DISTRICT, IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARIZONA, INCLUDING PARTICULARLY (BUT NOT BY WAY OF LIMITATION) SECTION 48-723, ARIZONA REVISED STATUTES?

Place an "X" in the box beside the way you wish to vote.

TAX, YES

TAX, NO

EXHIBIT "D"

FORM OF AFFIDAVIT OF ELECTOR

AFFIDAVIT OF PROSPECTIVE ELECTOR
AS TO OWNERSHIP OF LAND OR
OTHER QUALIFICATION TO VOTE
PURSUANT TO SECTIONS 16-121 AND 48-3043,
ARIZONA REVISED STATUTES

STATE OF ARIZONA
COUNTY OF PIMA
TOWN OF SAHUARITA, ARIZONA
RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT )
)
) ss.
)

COMES NOW the undersigned and deposes and says "I am (place a mark next to 1, 2 or 3 to indicate your eligibility)

- 1. .... a qualified elector in ..... precinct and resident at ..... where I resided at the date of my registration, OR
2. .... a qualified elector in ..... precinct and resident at ..... where I resided at the date of my registration, AND a qualified voter pursuant to § 48-3043 (complete section 4) OR
3. .... a qualified voter pursuant to § 48-3043 (complete section 4)

4. I am an owner of land in the community facilities district to which this affidavit applies who is a qualified elector of such district; or otherwise qualified to vote pursuant to Section 48-3043, Arizona Revised Statutes (being a bona fide owner of land within the district holding title or evidence of title of record, including: an entrymen upon public lands under the public land laws of the United States or a certificate of purchase from the State of Arizona, who has held such title for ninety (90) days and who is a resident of the State of Arizona; when the holder of record title is a married person, the spouse in whose name the title stands; if record title is held in more than one name, an owner otherwise possessing the qualifications of an elector voting the number of fractions of acres represented by my legal interest or proportionate share of and in the lands; the administrator or executor of a deceased person or the guardian of a minor or an incompetent person, appointed and qualified under the laws of the State of Arizona, representing such person or estate; an officer of a corporation designated and authorized by a resolution of the Board of Directors of the corporation representing the corporation; the general partner of a partnership in whose name title to property within the district is vested as a holder of title or evidence of title, who is designated and authorized in writing by all of the general partners; or the trustee of a trust or the trustee who is designated and authorized in writing by all of the trustees of a trust in which there is more than one trustee, in whose name title to property within such district is vested as a holder of title or evidence of title)."

My vote represents ..... acres OR ..... square feet.

Signature of Affiant

.....  
Printed Name of Affiant

.....  
Printed Name of Entity Represented by  
Affiant, if any

SUBSCRIBED AND SWORN to before me this ..... day of ....., 2014.

.....  
Election Board Member

**TO BE COMPLETED BY AN ELECTION BOARD MEMBER ONLY:**

Ballot Stub No. ...

[AREA RESERVED FOR RECORDING INFORMATION]

DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND  
INTERGOVERNMENTAL AGREEMENT  
(RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT)

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THIS DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT), dated as of April 1, 2014 (hereinafter referred to as this "Agreement"), by and among the Town of Sahuarita, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "Municipality"); Rancho Sahuarita Community Facilities District, a community facilities district formed by the Municipality, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "District"); Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership, which has an interest in certain property in the District and is an investor, guarantor and indemnitor but is not a developer (hereinafter referred to as the "LLLP") and Rancho Sahuarita Management Company, L.L.C., an Arizona limited liability company which has an interest in certain property in the District and is a developer, guarantor and indemnitor (hereinafter referred to as the "LLC");

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, this Agreement has been entered into as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time; and

WHEREAS, with regard to the real property described in Exhibit "A" hereto (hereinafter referred to as the "*Property*") which makes up the real property included within the District, some of such matters are specified in this Agreement, particularly matters relating to the construction or acquisition of certain public infrastructure by a party other than the LLLP, the acceptance thereof and the reimbursement or repayment with respect thereto, all pursuant to the Act, such public infrastructure being necessary to develop the Property prior to the time at which the District can itself pay for the construction or acquisition thereof; and

WHEREAS, this Agreement as a "development agreement" is consistent with the "general plan" of the Municipality (as defined in Section 9-461, Arizona Revised Statutes) applicable to the Property on the date this Agreement is executed; and

WHEREAS, pursuant to an election to hereafter be held in and for the District, questions authorizing the district board of the District (i) to sell and issue the portion of the general obligation bonds of the District authorized to, as applicable, be sold and issued by the District as described in this Agreement to provide moneys for certain "public infrastructure purposes" (as such term is defined in the Act) described in the General Plan of the District heretofore approved by the Municipality and the District (hereinafter referred to as the "*Bonds*") including the levy, assessment and collection of a debt service tax against all real and personal property in the District, unlimited as to rate or amount therefor, and (ii) to levy, assess and collect an operation and maintenance tax in an amount up to

\$0.30 per \$100.00 of net secondary assessed valuation for all real and personal property in the District (hereinafter referred to as the "O/M Tax") to provide for amounts which become attributable to the operation and maintenance expenses of the District and in the future are expected to be approved pursuant to the Act; and

WHEREAS, the use of the proceeds of the sale of the Bonds and, in the case of the first series of the Bonds, possibly the use of the Bonds themselves and amounts which will be collected with respect to the O/M Tax in the future is a subject of this Agreement; and

WHEREAS, pursuant to the Act, the District entered into this Agreement with respect to the advance of moneys for public infrastructure purposes and the repayment of such advances and to obtain credit enhancement for, and process disbursement and investment of proceeds of, the Bonds; and

WHEREAS, pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, the District and the Municipality entered into the specified Sections of this Agreement as an "inter-governmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of "public infrastructure," including particularly to provide for the acceptance by the Municipality of certain public infrastructure constructed or acquired by the District;

NOW, THEREFORE, in the joint and mutual exercise of their powers, in consideration of the above premises and of the mutual cove-

nants herein contained and for other valuable consideration, and subject to the conditions set forth herein, the parties hereto agree that:

ARTICLE I

DEFINED TERMS; MISCELLANEOUS  
MATTERS RELATING TO USE THEREOF

Section 1.1. (a) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined hereinabove and in this Section have the meanings assigned to them hereinabove and in this Section and include, as appropriate, the plural as well as the singular:

"*Acquisition Infrastructure*" means that portion of the Infrastructure other than that which is the subject of a request of the LLC and approval of the District Manager described in Section 2.1.

"*Acquisition Project*" means each project which is a part of the Acquisition Infrastructure on a project-by-project basis.

"*Acquisition Project Construction Contract*" means a construction contract for an Acquisition Project.

"*Agreement Buildout*" means the date the Pima County Assessor's parcel count for properties in legislative classes 03.00R (Primary Residence), 04.01R (Non-Primary/Bank Owned Residential not in other classes) and 04.02R (Rental/Leased Residential) within the boundaries of the District exceeds 1,634.

"*Certificate of the Engineers*" means a certificate of the LLC/Seller Engineer and the District Engineer in substantially the form of Exhibit "C" hereto.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations applicable thereto.

"Conveyance" means a conveyance for a Segment in substantially the form of Exhibit "D" hereto.

"Court" means Pima County Superior Court.

"Cure Period" has the meaning provided in Section 10.21(b).

"Depository Agreement" means a Depository Agreement by and between the indenture trustee appointed with respect to a series of the Bonds, in its separate capacity as depository, and the District required to be executed and delivered with respect to a series of the Bonds unless a Standby Contribution Agreement is determined not to be necessary for a series of the Bonds as provided herein.

"Disclosure Statement" means the disclosure statement substantially in the form of Exhibit "E" hereto.

"Discounted Tax Revenues" means the amount of secondary *ad valorem* property tax revenues of the District that would be collected for the then current Fiscal Year of the District using the total net secondary assessed valuation of property within the boundaries of the District in legislative classes 01.08R and 01.08P (Shopping Centers), 01.10R and 01.10P (Commercial/Manufacturers; Assemblers; Fabricators), 01.12R, 01.12P, 01.13R and 01.13P (Commercial/Real/Improvements not in other classes), 03.00R (Primary Residence), 04.01R (Non-Primary/Bank Owned Residential not in other classes), 04.02R (Rental/Leased Residential) and 04.03R (Child Care Facilities) (commercial) for purposes of the tax roll used to levy taxes during the preceding August and applying a tax rate of \$4.69 per \$100 of net secondary assessed valua-

tion and assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual percentage delinquency factor for the District as of such Fiscal Year and no credit for any fund balances or investment income accruing during such Fiscal Year.

"*District Board*" means the district board of the District.

"*District Budget*" means the budget of the District required for each Fiscal Year by the Act.

"*District Engineer*" means the Town Engineer of the Municipality or his designee.

"*District Indemnified Party*" means the Municipality and each legislator, director, trustee, member, officer, official or employee thereof or of the District.

"*District O/A Expenses*" means the reasonable expenses and costs of the operation and administration of the District including the reasonable expenses and costs incurred by the Municipality in connection with the formation of the District; its operations; its relationship with the Municipality; its issuance of the Bonds or any similar matters and reasonable fees and related costs and expenses of staff of the Municipality, financial advisors, engineers, appraisers, attorneys and other consultants and including any overhead incurred by the Municipality with respect thereto.

"*District O/M Expenses*" means the reasonable expenses and costs of the operation and maintenance of the Projects (including after acceptance by the Municipality pursuant to Section 7.1). Expenses associated with the maintenance of landscaping related to any Project that is a residential street within the District, on which

single family homes front or will, at any time in the future, front, will not be included in District O/M Expenses except pursuant to Section 9.2(d). District O/M Expenses expressly excludes amounts for accumulating a replacement reserve amount with respect to the Projects, including any allocable overhead incurred by the Municipality with respect thereto.

"Engineers" means, collectively, the LLC/Seller Engineer and the District Engineer; provided, however, that neither may be changed upon less than thirty (30) days written notice and, in the case of the LLC/Seller Engineer, without compliance with the other provisions hereof with respect to such change.

"Fiscal Year" means the twelve (12) month period beginning on July 1 of any year and ending on June 30 of the following year.

"Force Majeure" means any condition or event not reasonably within the control of a party obligated to perform hereunder, including, without limitation, "acts of God"; strikes, lock-outs, or other disturbances of employer/employee relations; acts of public enemies; orders or restraints of any kind of the government of the United States or any state thereof or any of their departments, agencies, or officials, or of any civil or military authority; insurrection; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; subsidence; fires; hurricanes; storms; droughts; floods; arrests; restraints of government and of people; explosion; and partial or entire failure of utilities. Failure to settle strikes, lock-outs and other disturbances of employer/employee relations or to settle legal or administrative proceedings by acceding to the demands of the opposing

party or parties, in either case when such course is in the judgment of the party hereto unfavorable to such party, shall not constitute failure to use commercially reasonable efforts to remedy such a condition or event.

"*Indemnified Party*" means the Municipality and the District and each legislator, director, trustee, partner, member, officer, official, independent contractor or employee thereof and each person, if any, who controls the Municipality and/or the District within the meaning of the Securities Act.

"*Infrastructure*" means the public infrastructure described in Exhibit "B" hereto.

"*Infrastructure Seller*" has the meaning provided in Section 3.1.

"*Initial Expenses*" means, prior to receipt of collections of the first levy of the O/M Tax, the reasonable expenses and costs of the operation and administration of the District including the reasonable expenses and costs incurred by the Municipality in connection with the formation of the District, its operations, its relationship with the Municipality, its issuance of the Bonds or any similar matters and reasonable fees and related costs and expenses of staff of the Municipality, financial advisors, engineers, appraisers, attorneys and other consultants and including any overhead incurred by the Municipality with respect thereto.

"*Initiation Notice*" has the meaning provided in Section 10.21(d)(1).

"Intergovernmental Agreement Act" means Title 11, Chapter 7, Article 3, Arizona Revised Statutes.

"Land Development Agreement" means that certain Development Agreement as recorded in the Official Records of Pima County, Arizona, on January 28, 1997, in Docket 10470, Page 670, Instrument No. 97012637, as amended by that certain First Amendment to Development Agreement dated as of January 26, 2004, and as recorded in the Official Records of Pima County, Arizona, on January 29, 2004, in Docket 12227, Page 4128, Instrument No. 20040190853, by that certain Second Amendment to Development Agreement dated as of March 3, 2004, and as recorded in the Official Records of Pima County, Arizona, on March 18, 2004, in Docket 12261, Page 12, Instrument No. 20040530005, and as re-recorded in the Official Records of Pima County, Arizona, on July 20, 2004, in Docket 12347, Page 2266, Instrument No. 20041390657, by that certain Cancellation of Second Amendment to Development Agreement dated as of February 23, 2006, and as recorded in the Official Records of Pima County, Arizona, on February 27, 2006, in Docket 12749, Page 4360, Instrument No. 20060380965, by that certain Third Amendment to Development Agreement dated as of December 8, 2005, and as recorded in the Official Records of Pima County, Arizona, on December 8, 2005, in Docket 12696, Page 2433, Instrument No. 20052370954, by that certain Fourth Amendment to Development Agreement dated as of July 14, 2008, and as recorded in the Official Records of Pima County, Arizona, on July 24, 2008, in Docket 13355, Page 3117, Instrument No. 20081430989, and by that certain Fifth Amendment to Development Agreement dated as of December 13, 2010, and as recorded in the Official Records of Pima

County, Arizona, on December 15, 2010, in Docket 13956, Page 2061, Instrument No. 20102400470, as may be further amended from time to time.

"*Letter of Credit*" means, with respect to the first series of the Bonds, a standby letter of credit or substitute therefor issued under the terms provided herein in favor of the District by either Alliance Bank of Arizona or National Bank of Arizona, which is presentable for payment in Phoenix or Tucson, Arizona, and drawable as provided herein, which include provisions requiring (i) immediate notice to the District for any quarter of a year of a reduction below the Minimum Tier 1 Leverage Ratio and (ii) sixty (60) days' notice to the District of any cancellation, termination or non-renewal thereof and which otherwise shall be acceptable to the District Manager in the exercise of commercially reasonable standards. As indicated in Section 6.2, the first series of the Bonds issued by the District shall be in a principal amount estimated to be approximately \$2,760,000, and the face amount of the Letter of Credit provided in connection therewith shall be equal to five times Maximum Annual Debt Service.

"*LLC/LLLP O/M Expenses*" means expenses of maintenance of landscaping adjacent to any Project that is a residential street on which single family homes front or will, at any time in the future, front at a level required by standards established by the Municipality.

"*LLC/Seller Engineer*" means any firm of professional engineers hired by the LLC or the Infrastructure Seller, as applica-

ble, after approval thereof by the District Manager to perform the services required therefrom for the purposes hereof.

"*Maximum Annual Debt Service*" means, collectively, the maximum annual debt service for the next succeeding Fiscal Year plus the historical, annual, average of amounts necessary for payments of amounts described in Section 9.1 as of the Fiscal Year of calculation.

"*Minimum Tier 1 Leverage Ratio*" means, for the bank supplying the Letter of Credit for the first series of the Bonds, a Tier 1 Leverage Ratio of eight percent (8%).

"*O/M Tax*" means an operation and maintenance tax in the amount up to \$0.30 per \$100.00 of net secondary assessed valuation for all real and personal property in the District.

"*Panel*" has the meaning provided in Section 10.21(d)(2).

"*Plans and Specifications*" means the plans and specifications for a Project including an Acquisition Project which shall be prepared and reviewed in accordance with the requirements for plans and specifications for construction projects of the Municipality similar to the Project or the Acquisition Project, as applicable.

"*Process*" has the meaning provided in Section 10.21(d)(1).

"*Project*" means each project which is a part of the Infrastructure on a project-by-project basis.

"*Report*" means the study of the feasibility and benefits required by the Act for the applicable Project or Acquisition Project.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Segment*" means a completed, discrete portion of an Acquisition Project as determined by the District Engineer and the District Manager.

"*Segment Price*" means an amount equal to the sum of the amounts paid by the Infrastructure Seller for (1) design of the Segment (including the costs of the review of such design by the District Engineer), (2) construction of the Segment pursuant to the Acquisition Project Construction Contract for such Segment (such amount to be equal to the contract amount plus any increases to such contract amount approved as described in Section 3.5 less any change orders decreasing the contract amount), (3) inspection and supervision of performance under such Acquisition Project Construction Contract and (4) other miscellaneous costs for such Segment attributable to construction of the Segment approved by the Engineers as certified in the Certificate of the Engineers for that Segment.

"*Standby Contribution Agreement*" means a Standby Contribution Agreement by and among the indenture trustee appointed with respect to a series of the Bonds, the District, the LLLP and the LLC to be executed and delivered with respect to a series of the Bonds unless determined not to be necessary at the time of issuance of such series of the Bonds as provided herein.

"*State*" means the State of Arizona.

"*Tier 1 Leverage Ratio*" means the ratio of that name established by the Federal Reserve Board in 12 C.F.R. Part 225, Appendix D, and any replacement thereof acceptable to the District Board.

"Total Debt Service" means, collectively, amounts for debt service for the next succeeding Fiscal Year with respect to the Bonds and for payment of the amounts described in Section 9.1 for such year.

(b) All references in this Agreement to designated "Exhibits," "Articles," "Sections" and other subdivisions are to the designated Exhibits, Articles, Sections and other subdivisions of this Agreement as originally executed. References to "subsections" are to subsections of the Section in which the subsections are included.

(c) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Exhibit, Article, Section or other subdivision.

## ARTICLE II

### CONSTRUCTION OF PROJECTS BY THE DISTRICT; ACQUISITION OF PLANS AND SPECIFICATIONS

Section 2.1. At any time after the sale and delivery of the Bonds (and while there are remaining available, unrestricted proceeds of the sale of the Bonds in amounts sufficient in the judgment of the District Manager therefore) pursuant to Section 5.1(b), the District, upon written request of the LLC and after approval by the District Manager prior to the construction bidding therefor, shall cause Plan of Specifications for the Infrastructure indicated in such request (which otherwise would have been Acquisition Projects) to be prepared and then constructed pursuant to the Plans and Specifications in a fashion which allows for development of the Property to proceed in accordance with the terms of, and the timing provided by, Sections 2.1 and 8.17 of the Land Development Agreement.

Section 2.2. (a) The construction of the Infrastructure shall be bid, and the Infrastructure shall be constructed, in accordance with the requirements for bidding and constructing projects of the Municipality similar to the Projects.

(b) Such Infrastructure (or any Project which is a part thereof) shall be bid in one or more parts by and in the name of the District, and construction contracts shall be entered into with the bidders selected in accordance with the requirements for awarding contracts for projects of the Municipality similar to such construction contracts as specified in the Sahuarita Code and any procurement guidelines promulgated in connection therewith.

Section 2.3. Plans and Specifications for the Projects which are not Acquisition Projects may, instead of as otherwise provided in Section 2.1, upon written request of the LLC and after approval by the District Manager, be prepared by the LLC/Seller Engineer and then acquired by the District pursuant to Section 5.2(b) simultaneously with the financing of the construction of the related Project pursuant to Section 5.1(b). The District shall not be liable for any payment or repayment with respect to the Plans and Specifications except as provided by this Agreement.

### ARTICLE III

#### CONSTRUCTION OF ACQUISITION PROJECTS; CERTAIN MATTERS RELATED TO PLANS AND SPECIFICATIONS

Section 3.1. Subject specifically to the obligation under the circumstances described herein to pay the Segment Price for a Segment as hereinafter provided, the Infrastructure Seller, at its

sole cost and expense, for which the Infrastructure Seller shall be liable shall cause each Acquisition Project to be constructed pursuant to the Plans and Specifications, in a fashion which allows for development of the Property to proceed in accordance with the terms of, and the timing provided by, Sections 2.1 and 8.17 of the Land Development Agreement on real property in which the Infrastructure Seller has an interest. (Underlying ownership of real property on which the Acquisition Infrastructure is to be built shall be determined in the final plat or final development plan process of the Municipality or as otherwise determined to the satisfaction of the District Manager and documented to the satisfaction of District Counsel (the entity determined to have such ownership being the "Infrastructure Seller").)

Section 3.2. (a) The construction of the Acquisition Infrastructure and the preparation of the Plans and Specifications shall be bid pursuant to the provisions of Title 34, Chapter 2, Article 1, Arizona Revised Statutes and in accordance with the requirements for construction projects and plans and specifications, respectively, of the Municipality similar to the Acquisition Projects and the Plans and Specifications as specified in the Sahuarita Code and any procurement guidelines promulgated in connection therewith. Acquisition Project Construction Contracts shall be entered into with the bidders selected in accordance with the requirements for awarding contracts for projects of the Municipality similar to the Acquisition Project Construction Contracts as specified by such Code and guidelines, and contracts for preparation of the Plans and Specifications shall be entered into with the bidder selected in accordance with the

requirements for awarding contracts for preparing plans and specifications of the Municipality similar to the Plans and Specifications as specified by such Code and guidelines. (Compliance with such requirements with respect to the Acquisition Projects shall be evidenced by a Certificate of the Engineers.)

(b) Neither the Municipality nor the District shall bear any risks, liabilities, obligations or responsibilities under any Acquisition Project Construction Contract or risk of loss of or damage to any Acquisition Project (or any part thereof) occurring prior to the time of acquisition of such Acquisition Project (or part thereof) pursuant to Article IV.

(c) The Municipality and the District shall be named as an insured on any insurance policies required under a bid for an Acquisition Project and as a third party beneficiary with respect to all warranties, guarantees and bonds with respect thereto.

(d) An indication of final payment and contract closeout shall be provided to the District Manager before any acquisition pursuant to Article IV. If any liens are placed on any portion of an Acquisition Project which is the subject of an Acquisition Project Construction Contract or if litigation ensues between the Infrastructure Seller and any contractor with respect to an Acquisition Project Construction Contract, the District shall not acquire the Acquisition Project or any portion thereof until such liens are removed or such litigation is resolved.

Section 3.3. (a) Any advertisement for bids for construction of any Acquisition Project or provision of any Plans and Specifici-

cations to be acquired shall clearly indicate that the Infrastructure Seller will be the "owner" for purposes of the Acquisition Project Construction Contract or contract for such Plans and Specifications and shall include the following language: **"THE WORK WHICH IS THE SUBJECT OF THE BID IS THE SUBJECT OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT AMONG RANCHO SAHUARITA MANAGEMENT COMPANY, L.L.C., INTERCHANGE OPPORTUNITY FUND L.L.L.P., THE TOWN OF SAHUARITA, ARIZONA, AND RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT PURSUANT TO WHICH SUCH WORK MAY BE ACQUIRED FROM OWNER BY SUCH COMMUNITY FACILITIES DISTRICT. THE SUCCESSFUL CONTRACTOR WILL NOT HAVE RECOURSE, DIRECTLY OR INDIRECTLY, TO SUCH TOWN OR COMMUNITY FACILITIES DISTRICT FOR ANY COSTS UNDER ANY CONTRACT OR ANY LIABILITY, CLAIM OR EXPENSE ARISING THEREFROM."** (The Infrastructure Seller is "OWNER" for purposes of the foregoing.)

(b) Each Acquisition Project Construction Contract or contract for such Plans and Specifications shall provide that the respective contractors shall not have recourse, directly or indirectly, to the Municipality or the District for the payment of any costs pursuant to such Acquisition Project Construction Contract or contract for such Plans and Specifications or any liability, claim or expense arising therefrom and that the Infrastructure Seller shall have sole liability therefor.

Section 3.4. The LLC shall provide for inspection by the Engineers of work performed under any Acquisition Project Construction.

Section 3.5. Any change order to any Acquisition Project Construction Contract shall be subject to approval by the Engineers (which approval shall not be unreasonably withheld or delayed) and shall be certified to in the applicable Certificate of the Engineers; provided, however, that any change order expected to increase the amount of an Acquisition Project Construction Contract shall be the subject of the same approval requirements that a change order to increase the cost of a construction contract of the Municipality would be subject unless modified by action of the District Board and, specifically, the approval of the District Manager.

#### ARTICLE IV

##### ACQUISITION OF ACQUISITION PROJECTS FROM THE INFRASTRUCTURE SELLER

Section 4.1. (a) The Infrastructure Seller shall sell to the District, and the District shall acquire from the Infrastructure Seller, the Segments for the Segment Prices upon dates established by the District Manager in his sole and absolute discretion at the request of the LLC.

(b) Acquisition of a Segment shall be financed (i) at any time before the sale and delivery of the Bonds (or after there are no remaining, available, unrestricted proceeds of the sale of the Bonds) only pursuant to Section 5.2(a) hereof and (ii) at any time after the sale and delivery of the Bonds (and while there are remaining, available, unrestricted proceeds of the sale of the Bonds) only pursuant to Section 5.2(b) hereof.

(c) Notwithstanding the foregoing, the acquisition of the Segments which are the subject of the first series of the Bonds as

indicated in Section 6.2 may be financed by exchanging a principal amount of the first series of the Bonds for such Segments equal to the sum of the applicable Segment Prices therefor as opposed to being financed as provided in Section 4.1(b)(ii).

(d) The District shall not be liable for any payment or repayment with respect to the Acquisition Infrastructure except as provided by this Agreement.

Section 4.2. The District shall pay the Segment Price for (or, for purposes of Section 4.1(c), exchange bonds in a principal amount equal to the Segment Price) and acquire from the Infrastructure Seller, and the Infrastructure Seller shall accept the Segment Price for and sell to the District, each Segment as provided in Section 4.1 after the approval of the Report and within thirty (30) days after receipt by the District Manager of the following with respect to such Segment, in form and substance reasonably satisfactory to the District Manager:

- (a) the Certificate of the Engineers;
- (b) the Conveyance;
- (c) evidence that public access to the Segment or the Acquisition Project, as applicable, has been or will be provided to the Municipality;
- (d) the assignment of all contractors' and material-men's warranties and guarantees as well as payment and performance bonds;

(e) an acceptance letter issued by the Municipality and by its terms subject specifically to recordation of the Conveyance which is the subject of such letter and

(f) such other documents, instruments, approvals or opinions as may reasonably be requested by the District Manager including, with respect to any real property related to the Acquisition Project, title reports, insurance and opinions and evidence satisfactory to the District Manager that such real property does not contain environmental contaminants which make such real property unsuitable for its intended use or, to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such real property will be made suitable for its intended use and the sources of funds necessary to accomplish such purpose.

#### ARTICLE V

##### FINANCING OF COSTS OF PROJECTS AND, FOR FIRST SERIES OF BONDS, COSTS OF ISSUANCE

Section 5.1 (a) Any amounts due pursuant to any construction contract provided for by Section 2.2(b) (including incidental costs relating thereto) after the sale and delivery of any of the Bonds (and while there are remaining, available, unrestricted proceeds of the sale of the Bonds) shall be provided for by the payment of such amounts from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof.

(b) Until the sale and delivery of the Bonds, the District shall not have any obligation to pay such amounts. Neither the District nor the Municipality shall be liable (including to any contractor or assigns under such construction contract) for payment of any such amount except to the extent available, unrestricted proceeds of the sale of the Bonds are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient, available, unrestricted proceeds from the sale of the Bonds shall be available to pay such amounts.

Section 5.2. (a) (1) Except in the case in which the first series of the Bonds is exchanged for Segments as provided in Section 4.1(c), to provide for any acquisition of a Segment occurring before the sale and delivery of the Bonds and after there are no remaining, available, unrestricted proceeds of the sale of the Bonds, the Segment Price of that Segment shall be advanced by the Infrastructure Seller pursuant to the terms of this Agreement and the Conveyance for that Segment.

(2) As soon as possible after the sale and delivery of the Bonds, the amount advanced by the Infrastructure Seller for the Segment Price of a Segment prior to the sale and delivery of the Bonds shall, subject to the requirements of Section 4.2, be paid to the Infrastructure Seller (without interest for the period during which it was unpaid) from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof. Neither the District nor the Municipality shall be liable (including to any contractor or assigns under any

Acquisition Project Construction Contract) for payment of any Segment Price except to the extent available, unrestricted proceeds of the sale of the Bonds are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient available, unrestricted proceeds from the sale of the Bonds shall be available to pay any Segment Price.

(3) Until the sale and delivery of the Bonds and after there are no remaining, available, unrestricted proceeds of the sale of the Bonds, the District shall not have any obligation to repay any advance made to pay a Segment Price.

(b) (1) Except in the case in which the first series of the Bonds is exchanged for Segments as provided in Section 4.1(c), any acquisition of a Segment occurring after the sale and delivery of the Bonds or of Plans and Specifications for a Project to be acquired which may occur only after sale and delivery of the Bonds (and while there are remaining, available, unrestricted proceeds of the sale of the Bonds) shall, subject to the requirements of Section 4.2, be provided for by the payment of the Segment Price for such Segment or of the costs of such Plans and Specifications as determined by the District Engineer and the District Manager based on actual amounts paid by the LLC to the LLC/Seller Engineer therefor from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof. (The District shall pay the costs of such Plans and Specifications to the LLC as provided in Section 2.3 after approval of the Report and within thirty (30) days after receipt by the District Manager of evidence of exclusive

ownership of the architectural materials (including memorandums, notes and preliminary and final drawings) and the related intellectual property rights (including copyright, if any) related to such Plans and Specifications, in all media, including electronic, and the District shall be held harmless and be free to use such Plans and Specifications in any way it determines, including particularly, but not by way of limitation, giving them to another firm for the design of a similar structure in form and substance reasonably satisfactory to the District Manager.)

(2) Until the sale and delivery of the Bonds, the District shall not have any obligation to pay such Segment Price or such costs of such Plans and Specifications. Neither the District nor the Municipality shall be liable (including to any contractor or assigns under any Acquisition Project Construction Contract) for payment of any Segment Price or for the costs of such Plans and Specifications except to the extent available, unrestricted proceeds of the sale of the Bonds are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient, available, unrestricted proceeds from the sale of the Bonds shall be available to pay such Segment Price.

Section 5.3. To provide for costs of issuance of the first series of the Bonds if exchanged for Segments as provided in Section 4.1(c), moneys for such costs shall be advanced by the Infrastructure Seller on the date prior to delivery of the first series of the Bonds and returned immediately if such delivery does not occur.

ARTICLE VI

MATTERS RELATING TO THE BONDS  
AND OTHER OBLIGATIONS OF THE DISTRICT

Section 6.1. (a) Upon dates established by the District Manager in his sole and absolute discretion at the request of the LLC, the District Board shall, from time to time, take all such reasonable action necessary for the District to issue and, if not otherwise provided herein, sell, pursuant to the provisions of the Act, an applicable amount of the Bonds in an amount sufficient to pay (or have the effect of paying) directly from the available, unrestricted proceeds thereof the total of all amounts due for the purposes of any construction contract pursuant to Section 2.2(b) for the Infrastructure and the Segment Prices for the Acquisition Infrastructure and costs of the Plans and Specifications for the Infrastructure to be acquired, established or reasonably expected to be established pursuant hereto plus all relevant issuance costs related thereto or the repayment of advances therefor.

(b) If the Bonds are not issued or if the available, unrestricted proceeds of the sale of the Bonds are insufficient to pay any or all of the amounts due described in Section 5.1(b) or all of the Segment Prices for the Acquisition Infrastructure and costs of the Plans and Specifications for the Infrastructure to be acquired, there shall be no recourse against the District or the Municipality for, and neither the District nor the Municipality shall have liability with respect to, such amounts so due or the Segment Prices for the Acquisition Infrastructure, except from the available, unrestricted proceeds of the sale of the Bonds, if any.

Section 6.2. (a) The District shall issue the Bonds in principal amounts to be determined by the District Board at the sole discretion of the District Board, the first series to provide for the acquisition or construction of the infrastructure described under the heading "First Series of the Bonds" in Exhibit "B" hereto and to repay the advance required by Section 5.3 and any subsequent series to provide for the acquisition of the infrastructure described under the heading "Subsequent Series of the Bonds" in Exhibit "B" hereto and related costs of issuance and Plans and Specifications therefor. The District shall not issue any series of the Bonds unless the corresponding series of the Bonds shall receive one of the four highest investment grade ratings by a nationally recognized bond rating agency or shall be sold in other than a "public sale" (as such term is used in the Act) and with restrictions on subsequent transfer thereof under such terms as the District Board shall, in their sole discretion, approve.

(b) The total aggregate principal amount of all of the series of the Bonds shall not exceed \$60,000,000.

(c) Except in the case in which the first series of the Bonds is exchanged for Segments as provided in Section 4.1(c), if necessary in the sole discretion of the District Board, the "sale proceeds" of the sale of each series of the Bonds shall include an amount sufficient to fund a reserve fund, which shall be a reserve to secure payment of debt service on that series of the Bonds, in an amount equal to the maximum amount permitted by the Code.

(d) For the first series of the Bonds and, if necessary, in the sole discretion of the District Board to regulate the tax rate to be levied to pay debt service on any subsequent series of the Bonds, for such subsequent series of the Bonds, in consideration of the obligations of the District as of the date of delivery of the Bonds and as a condition to the issuance of the corresponding series of the Bonds, a Standby Contribution Agreement shall be executed and delivered which provides, among the other matters provided for in this Section, that on the date of initial issuance and delivery of the corresponding series of the Bonds and in each Fiscal Year of the District thereafter, the LLLP and the LLC shall be liable and obligated to pay, jointly and severally, to the District an amount necessary to maintain the tax rate with respect to the Bonds at no more than \$4.69 per \$100.00 of net secondary assessed valuation for Total Debt Service, given the tax base of the District for such tax year and the debt service requirements of the Bonds for such tax year assuming a delinquency factor of five percent (5%) and after giving credit with respect to any such payment for any balance in the debt service fund for the Bonds. For the first series of the Bonds, to provide adequate assurances for payment of the amount due pursuant to the Standby Contribution Agreement, the Letter of Credit shall be deposited with a depository pursuant to a Depository Agreement. For the subsequent series of the Bonds, if necessary in the sole discretion of the District Board, to provide adequate assurances for payment of the amounts due pursuant to a Standby Contribution Agreement, if there is one, cash or a letter of credit shall be deposited in an

amount determined by the District Board with a depository pursuant to a Depository Agreement. Each Standby Contribution Agreement and each Depository Agreement shall have general terms acceptable to the District Board and shall be in a final form acceptable in the sole and absolute discretion of the District Manager. Such agreements shall specifically provide that amounts shall be payable by the LLLP and the LLC, or provided by such assurances, pursuant to a Standby Contribution Agreement or the Letter of Credit, or, for other than the first series of the Bonds, cash or a letter of credit, only if the District has for that tax year adopted a resolution authorizing the levy of a tax rate for Total Debt Service of at least \$4.69 per \$100.00 of net secondary assessed valuation. Notwithstanding the foregoing sentence, a tax rate of less than \$4.69 may be levied for such purpose without affecting the obligation that such amounts be so payable if there are tax collections which must be applied by applicable law to reduce such rate that cannot otherwise be applied legally before such rate must be set.

(e) Each of the Standby Contribution Agreements shall have specific terms which provide that the obligation of the LLLP and the LLC with respect to each of the Standby Contribution Agreements shall terminate upon the earlier of (A) payment in full of all of the outstanding Bonds or provision for such payment or (B) the first Fiscal Year in which principal of each series of the Bonds has started to be amortized for which the District Manager has received evidence satisfactory to the District Manager that, for at least three (3) consecutive Fiscal Years, a tax rate of \$4.69 per \$100 of net second-

ary assessed valuation of property within the boundaries of the District would have been sufficient to pay the Maximum Annual Debt Service. Such evidence shall consist of a written projection, prepared by the financial advisor of the District, that is based upon the application of such secondary tax rate in light of the actual net secondary assessed valuation of the property within the boundaries of the District for such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such Fiscal Year. (After receipt of proof of satisfaction of such condition, the District Board shall approve in writing by affirmative action such termination, such approval not to be withheld unreasonably).

(f) Each of the Depository Agreements shall specifically provide in addition to the matters provided hereinabove that amounts held by the depository pursuant to a Depository Agreement shall be applied to supplement *ad valorem* property tax revenues of the District for the payment of Total Debt Service if amounts are not available for such purpose pursuant to the Standby Contribution Agreements and that the Letter of Credit or, for other than the first series of the Bonds, cash or a letter of credit shall be drawn to their full amount, payable to the District, upon, in the case of a letter of credit (including the Letter of Credit) the written demand of the Trustee to the institution supplying the letter of credit if any of the following occurs: (i) the nonpayment by the LLLP or the

LLC of any amount due pursuant to the Standby Contribution Agreements by the LLLP or the LLC (after expiration of any applicable notice and cure periods thereunder); (ii) the cancellation, termination or non-renewal of the letter of credit and a failure by the LLLP to substitute the letter of credit not less than thirty (30) days before its cancellation, termination or expiration date; (iii) in the case of the Letter of Credit, a reduction below the Minimum Tier 1 Leverage Ratio without the District having received within sixty (60) days after the date of such reduction a substitute for the Letter of Credit (which is in all respects the same as the Letter of Credit but has a Minimum Tier 1 Leverage Ratio or (iv) for other than the first series of the Bonds, such other events as determined by the District Board. Each of the Depository Agreements shall specifically provide that any remaining cash amounts or security instrument *in lieu* thereof held pursuant thereto shall be paid or released, respectively, to the LLC, upon the earlier of (1) payment in full of all of the outstanding Bonds or provision for such payment or (2) the first fiscal year of the District in which principal of that series of the Bonds has started to be amortized for which the District Manager has received evidence satisfactory to the District Manager that, for such Fiscal Year, a tax rate of \$4.69 per \$100 of net secondary assessed valuation of property within the boundaries of the District would have been sufficient to pay the Maximum Annual Debt Service. Such evidence shall consist of a written projection, prepared by the financial advisor of the District, that is based upon the application of such secondary tax rate in light of the actual secondary assessed valuation of the property within the

boundaries of the District for such Fiscal Year, assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such Fiscal Year and without credit for any fund balances or investment income accruing during such Fiscal Year. (After receipt of proof of satisfaction of such condition, the District Board shall approve in writing by affirmative action such termination and payment or release, as applicable, such approval not to be withheld unreasonably.) Prior to such payment or release, in the case of the first series of the Bonds, the face amount of the Letter of Credit shall not be subject to reduction until the Discounted Tax Revenues exceed \$75,000. Thereafter, on February 15 of each year, if the net secondary assessed valuation of property within the boundaries of the District used to levy taxes during the preceding August exceeded that used in the prior August, the difference between the Maximum Annual Debt Service and the Discounted Tax Revenues shall be calculated and the face amount of the Letter of Credit shall be subject to automatic reduction such that the face amount of the Letter of Credit is equal to five (5) times such difference.

(g) The first of the Reports shall cover the Projects to be financed with the first two series of the Bonds, and, to the extent possible, the first resolution for issuance of the Bonds shall provide for the issuance of both such series of the Bonds.

Section 6.3. Other than (1) this Agreement, (2) the Bonds and (3) any obligations necessary in connection with either of the

foregoing, the District shall not incur, or otherwise become obligated with respect to, any other obligations.

## ARTICLE VII

### ACCEPTANCE BY THE MUNICIPALITY

Section 7.1. Simultaneously with the payment of the related Segment Price or completion of construction of a Project, the Segment of Acquisition Infrastructure, to the extent of the interest retained by or for the benefit of the Infrastructure Seller therein, or the Project constructed is hereby accepted (including for purposes of maintenance and operation thereof if not theretofore provided) by the Municipality, subject to the conditions pursuant to which facilities such as the Acquisition Projects and the Projects so constructed are typically accepted by the Municipality and thereafter shall be made available for use by the general public.

## ARTICLE VIII

### INDEMNIFICATION AND INSURANCE

Section 8.1. (a) The LLLP and the LLC (1) shall, jointly and severally, indemnify and hold harmless each Indemnified Party for, from and against any and all losses, claims, damages or liabilities, joint or several, arising from any challenge or matter relating to the formation, activities or administration of the District in a manner not contrary to the terms hereof, or the proper carrying out of the provisions of this Agreement (but not for any matters which are related to the infrastructure which is not part of the Infrastructure), including particularly but not by way of limitation for any

losses, claims or damages or liabilities (A) related to any Project including claims of any contractor, vendor, subcontractor or supplier (noting that the LLLP is not a developer but is an indemnitor under this Article), (B) to which any such Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact set forth in any offering document relating to the Bonds, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect and (C) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the LLC (which consent shall not be unreasonably withheld) and (2) shall reimburse any legal or other expenses reasonably incurred by any such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the foregoing shall not apply to any loss, claim, damage or liability relating to or arising from the activities or administration of the District with respect to any portion of the Infrastructure that has been accepted by the Municipality pursuant to Section 7.1.

(b) Section 8.1(a) shall, however, not be applicable to any of the following:

(1) matters involving any gross negligence or willful misconduct of any Indemnified Party,

(2) any loss, claim, damage or liability for which insurance coverage is actually procured which names the District as an insured, in order to provide insurance against the errors and omissions of the District Board or the other representatives, agents or employees of the District and any loss, claim, damage or liability that is covered by any commercial general liability insurance policy actually procured which names the District as an insured (provided, however, that if either the LLLP or the LLC also has insurance coverage for any such loss, claim, damage or liability, claims shall be made first against such coverage),

(3) any loss, claim, damage or liability arising from or relating to defects in any Infrastructure that are not known to the LLC and are discovered two (2) years or more following acceptance thereof by the Municipality pursuant to Section 7.1 or

(4) matters arising from or involving any breach of this Agreement by the District or any other Indemnified Party.

(c) An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the LLLP and the LLC, notify the LLC in writing of the commencement thereof and provide a copy of the written

threat received by such Indemnified Party. Failure of the Indemnified Party to give such notice shall reduce the liability of the LLLP and the LLC by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the LLC, but the omission to notify the LLC of any such action shall not relieve the LLLP and the LLC from any liability that any of them may have to such Indemnified Party otherwise than under this Section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the LLC of the commencement thereof, the LLLP and the LLC may, or if so requested by such Indemnified Party shall, participate therein or defend the Indemnified Party therein, with counsel satisfactory to such Indemnified Party and the LLC (it being understood that, except as hereinafter provided, the LLLP and the LLC shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the LLC to such Indemnified Party of an election so to assume the defense thereof, the LLLP and the LLC shall not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof; provided, however, that unless and until the LLLP and the LLC defend any such action at the request of such Indemnified Party, the LLLP and the LLC shall have the right to participate at its own expense in the defense of any such action. If the LLLP and the LLC shall not have employed counsel to defend any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are

different from or additional to those available to the LLLP and the LLC (in which case the LLLP and the LLC shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, the legal and other expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the LLLP and the LLC.

(d) Subject to Section 8.1(b)(2), the LLLP and the LLC shall not have any obligation to indemnify or hold harmless any Indemnified Party until such time that the Indemnified Party has exhausted all other insurance, risk retention or other indemnification options or remedies available to it. In the event that the insurance, risk retention or other indemnification options or remedies of the Indemnified Party are insufficient to reimburse the Indemnified Party for its actual losses, claims, damages or liabilities, then, and only then, shall the Indemnified Party have a right to indemnification from the LLLP and the LLC, and only to the extent that indemnification by the LLLP and the LLC will be secondary to, and in excess of, the primary insurance, risk retention or other indemnification options or remedies of the Indemnified Party.

Section 8.2. To the extent permitted by applicable law, the District shall indemnify, defend and hold harmless each Indemnified Party for, from and against any and all liabilities, claims or demands for injury or death to persons or damage to property arising from, in connection with, or relating to the performance of this Agreement. The District shall not, however, be obligated to indemnify the District Indemnified Parties with respect to damages caused by the

negligence or willful misconduct of the District Indemnified Parties. The District shall not indemnify, defend and hold harmless the Municipality with respect to matters relating to public infrastructure owned by the Municipality.

## ARTICLE IX

### PAYMENT OF CERTAIN EXPENSES AND COSTS

Section 9.1. To provide for expenses and costs for agents or third parties required to administer the Bonds, levy and collect *ad valorem* taxes for payment of the Bonds, prepare annual audits and budgets and any purposes otherwise related to such activities of the District, amounts shall be budgeted by the District Board each Fiscal Year in the District Budget for such purposes and shall be paid from amounts available from the tax levy described in Section 6.2(d).

Section 9.2. (a) To provide for the payment of the District O/A Expenses and the District O/M Expenses, the District Board shall levy all or a portion of the O/M Tax and shall apply the collections of the O/M Tax *first* to pay the District O/A Expenses and *second* to pay the District O/M Expenses. The District shall only levy the O/M Tax in an amount necessary for the District O/A Expenses and the District O/M Expenses reflected in the District Budget for the Fiscal Year of the District and only in reasonable amounts therefor.

(b) To the extent the collections of the O/M Tax are not sufficient to pay the District O/A Expenses and the District O/M Expenses, the LLLP and the LLC shall, to the extent of reasonable amounts necessary therefor, and in an amount not to exceed \$30,000 applicable to each Fiscal Year, be liable and obligated, jointly and

severally, to pay or, on a reasonable basis acceptable to the District Manager in his sole discretion, obligate a homeowner's or similar association to pay, to the District within 30 days of receipt of an invoice for any budgeted shortfall with respect to the O/A Expenses and the O/M Expenses reflected in the District Budget for the Fiscal Year of the District then applicable.

(c) Upon receipt of the annual independent audit of the financial statements of the Municipality, which includes an audit of the financial statements of the District, the District shall determine whether the amount paid by the LLLP and the LLC as provided above was insufficient, or in excess of the amount actually expended, and shall provide notice of these findings to the LLLP and the LLC. Within 30 days of the date of such notice, if the amount paid by the LLLP and LLC was determined to be insufficient, the LLLP and the LLC will pay the shortfall to the District, provided that the total amount paid by the LLLP and the LLC for such previous year shall not exceed an aggregate amount of \$30,000. Within 30 days of the date of such notice, if the amount paid by the LLLP and the LLC was determined to be in excess of the amount actually expended, the District shall pay the LLLP and the LLC the amount of such excess payment. The obligations in subsection (b) and (c) shall only be effective until the Fiscal Year after the Agreement Buildout.

(d) Until the Agreement Buildout, the LLLP and the LLC shall, to the extent of reasonable amounts necessary therefor, be liable and obligated, jointly and severally, to pay or, on a reasonable basis acceptable to the District Manager, obligate a homeowner's

or similar association to pay, the LLC/LLLP O/M Expenses. The parties intend that this obligation will be satisfied by the LLLP and the LLC, or a homeowner's or similar association, directly providing the landscaping maintenance and paying the related costs thereof. At any time, the District may, but is not obligated, to include the LLC O/M Expenses in the District O/M Expenses.

Section 9.3. \$30,000 has been deposited on account to be applied by the Municipality in its sole and absolute discretion to pay Initial Expenses upon written demand by the District Manager. When \$20,000 of the \$30,000 deposit is expended, an accounting will be made to the LLC of all amounts incurred by the Municipality for the Initial Expenses to date, and the LLLP and the LLC shall be liable and obligated, jointly and severally, to provide additional funds as necessary for the Initial Expenses in an amount requested by the Municipality which must be paid forthwith and which shall thereafter be the subject of a similar accounting. Amounts paid pursuant to this Section by the LLLP and the LLC which may be reimbursed under applicable law to the LLLP and the LLC from the proceeds of the sale of the Bonds shall, at the request of the LLC and to the extent of available amounts therefor, be included as part of the purpose of the Bonds. The obligations of the LLLP and the LLC pursuant to this Section shall only be effective until the July 1 after the date that the first collections of the O/M Tax are received by the District.

ARTICLE X

MISCELLANEOUS

Section 10.1. None of the Municipality, the District, the LLLP or the LLC shall knowingly take, or cause to be taken, any action which would cause interest on any Bond to be includable in gross income for federal income tax purposes pursuant to Section 61 of the Code.

Section 10.2. (a) To provide evidence satisfactory to the District Manager that any prospective purchaser of land within the boundaries of the District has been notified that such land is within the boundaries of the District and that the Bonds may be then or in the future be outstanding, the Disclosure Statement shall be produced by the LLC; provided, however, that the Disclosure Statement may be modified as necessary in the future to adequately describe the District and the Bonds and source of payment for debt service therefor as agreed by the District Manager and the LLC.

(b) The LLC shall or shall require that the LLC or each homebuilder to whom the LLC has sold land:

(1) cause any purchaser of land to sign the Disclosure Statement upon entering into a contract for purchasing such land;

(2) provide a copy of each fully executed Disclosure Statement to be filed with the District Manager and

(3) provide such information and documents, including audited financial statements to any necessary repository or depository, but only to the extent necessary

for the underwriters of the Bonds to comply with Rule 15c2-12 of the Securities Exchange Act of 1934.

Section 10.3. This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective legal representatives, successors and assigns and the rights and obligations under the Agreement are attached to and run with the Property; provided, however, that none of the parties hereto shall be entitled to assign its rights and obligations hereunder or under any document contemplated hereby without the prior written consent of the other parties to this Agreement, which consent shall not be unreasonably withheld. Except for the "hold harmless" provisions of Section 8.1 and Section 10.21, this Agreement shall not create conditions or exceptions to title or covenants running with any individual lots or tracts into which the Property is subdivided. Any title insurer can rely on this Section when issuing any commitment to insure title to any individual lot or tract or when issuing a title insurance policy for any individual lot or tract. So long as not prohibited by law, this Agreement shall automatically terminate as to any individual lot or tract (and not in bulk), without the necessity of any notice, agreement or recording by or between the parties, upon conveyance of the lot to a homebuyer or commercial purchaser by a recorded deed (or conveyance of a tract to a homeowner association or governmental authority). For this Section, "lot" shall be any lot upon which a home or commercial building has been completely constructed and approved to be occupied that is contained in a recorded subdivision plat that has been approved by the Municipality.

Section 10.4. Each party hereto shall, promptly upon the request of any other, have acknowledged and delivered to the other any and all further instruments and assurances reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement.

Section 10.5. This Agreement sets forth the entire understanding of the parties as to the matters set forth herein as of the date this Agreement is executed and cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto; provided, however, that such an amendment shall be effective against the LLLP, the LLC and the District only if such amendment does not amend Sections 7.1, 8.3 or 9.3 and shall be effective against the LLLP, the LLC, the District and the Municipality, as applicable, only if such amendment only amends Sections 7.1, 8.3 or 9.3 as it relates to the Municipality. This Agreement is intended to reflect the mutual intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.

Section 10.6. Compliance by the District with the provisions hereof shall be considered satisfaction on behalf of the Municipality of the corresponding requirements thereof of the Land Development Agreement.

Section 10.7. This Agreement shall be governed by and interpreted in accordance with the laws of the State.

Section 10.8. The waiver by any party hereto of any right granted to it under this Agreement shall not be deemed to be a waiver

of any other right granted in this Agreement nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived under or by this Agreement.

Section 10.9. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, but all of which taken together shall constitute one and the same instrument.

Section 10.10. (a) The Municipality and the District may, within three years after its execution, cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Municipality or the District, respectively, is, at any time while this Agreement is in effect, an employee or agent of the LLLP or the LLC in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Municipality or the District, respectively, from the LLLP or the LLC arising as the result of this Agreement. Neither the LLLP nor the LLC has taken and shall not take any action which would cause any person described in the preceding sentence to be or become an employee or agent of the LLLP or the LLC in any capacity or a consultant to any party to this Agreement with respect to the subject matter of this Agreement.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the LLLP and the LLC each shall comply with all federal immigration laws and regulations that relate to their employees and their compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by either of them of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the District. The District retains the legal right to randomly inspect the papers and records of the LLLP and the LLC to ensure that they are complying with the foregoing. The LLLP and the LLC shall keep such papers and records open for random inspections during normal business hours by the District. The LLLP and the LLC shall cooperate with the random inspections by the District including granting the District entry rights onto their property to perform such random inspections and waiving their respective rights to keep such papers and records confidential.

Section 10.11. The term of this Agreement shall be as of the date of the execution and delivery hereof by each of the parties hereto and shall expire upon the earlier of the agreement of the District, the Municipality, the LLLP and the LLC to the termination hereof, April 1, 2065, and the date on which all of the Bonds are paid in full or defeased to the fullest extent possible pursuant to the Act.

Section 10.12. All notices, certificates or other communications hereunder (including in the Exhibits hereto) shall be sufficiently given and shall be deemed to have been received 48 hours after

deposit in the United States mail in registered or certified form with postage fully prepaid addressed as follows:

If to the Municipality:

375 West Sahuarita Center Way  
Sahuarita, Arizona 85629  
Attention: Manager

With a copy to:

375 West Sahuarita Center Way  
Sahuarita, Arizona 85629  
Attention: Town Attorney

If to the District:

375 West Sahuarita Center Way  
Sahuarita, Arizona 85629  
Attention: District Manager

With a copy to:

375 West Sahuarita Center Way  
Sahuarita, Arizona 85629  
Attention: District Counsel

If to the LLLP or the LLC:

4549 East Fort Lowell Road  
Tucson, Arizona 85712  
Attention, in the case of the LLLP,  
Bob Sharpe and, in the case of the LLC,  
Fred Lewis

Any of the foregoing, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.13. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

Section 10.14. The headings or titles of the several Articles and Sections hereof and in the Exhibits hereto, and any table of contents appended to copies hereof and thereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement.

Section 10.15. This Agreement does not relieve any party hereto of any obligation or responsibility imposed upon it by law; provided, however, that if the provisions of this Agreement conflict in any particular with those of the Land Development Agreement relating to the District, the provisions of this Agreement shall supersede and control those of the Land Development Agreement in all respects.

Section 10.16. No later than ten (10) days after this Agreement is executed and delivered by each of the parties hereto, the LLC shall on behalf of the Municipality and the District record a copy of this Agreement with the County Recorder of Pima County, Arizona.

Section 10.17. Unless otherwise expressly provided, the representations, covenants, indemnities and other agreements contained herein shall be deemed to be material and continuing, shall not be merged and shall survive any conveyance or transfer provided herein.

Section 10.18. If any party hereto shall be unable to observe or perform any covenant or condition herein by reason of *Force Majeure*, then the failure to observe or perform such covenant or condition shall not constitute a default hereunder so long as such party shall use commercially reasonable efforts to remedy with all reasonable dispatch the event or condition causing such inability and

such event or condition can be cured within a reasonable amount of time.

Section 10.19. Whenever the consent or approval of any party hereto, or of any agency therefor, shall be required under the provisions hereof, such consent or approval shall not be unreasonably withheld, conditioned or delayed unless specifically otherwise limited as provided herein.

Section 10.20. Notwithstanding any other provision of this Agreement to the contrary, the provisions of Sections 7.1, 8.1, 8.2, 8.3, 9.3, 10.1, 10.3, 10.4, 10.5, 10.6, 10.7, 10.8, 10.9, 10.10, 10.11, 10.12, 10.13, 10.14, 10.15, 10.17, 10.18, 10.19, 10.20 and 10.21 are the only provisions that are effective against the Municipality for purposes of the Intergovernmental Agreement Act and as the Intergovernmental Agreement Act is intended to be applied for purposes of this Agreement.

Section 10.21. (a) Notwithstanding any provision of this Agreement to the contrary, no act, requirement, payment, or other agreed upon action to be done or performed by the Municipality or the District which would, under any federal, state, or municipal constitution, statute, charter provision, ordinance or regulation, require formal action, approval or concurrence by the Town Council or the District Board, respectively, shall be required to be done or performed by the Municipality or the District, respectively, unless and until said formal action of the Town Council or the District Board, respectively, has been taken and completed. This Agreement in no way

acquiesces to or obligates the Municipality or the District to perform a legislative act.

(b) Failure or unreasonable delay by any party to perform or otherwise act in accordance with any term or provision of this Agreement for a period of thirty (30) days (hereinafter referred to as the "Cure Period") after written notice thereof from any other party, shall constitute a default under this Agreement; provided, however, that if the failure or delay is such that more than thirty (30) days would reasonably be required to perform such action or comply with any term or provision hereof, then such party shall have such additional time as may be necessary to perform or comply so long as such party commences performance or compliance within said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation. Said notice shall specify the nature of the alleged default and the manner in which said default may be satisfactorily cured, if possible. In the event such default is not cured within the Cure Period, any non-defaulting party shall have all rights and remedies that are set forth in the next subsection.

(c) Except as provided in subsection (b), the parties shall be limited to the remedies and the dispute resolution procedure set forth in this subsection and subsection (d). Any decision rendered by the Panel pursuant to the provisions of subsection (d) shall be binding on the parties unless and until a court of competent jurisdiction renders its final decision on the disputed issue, and if any party does not abide by the decision rendered by the Panel during the pendency of an action before the court of competent jurisdiction

or otherwise (if no court action), any other party may institute an action for money damages on the issues that were the subject of the Panel's decision and/or any other relief as may be permitted by law.

(d) (1) If an event of default is not cured within the Cure Period, any non-defaulting party may institute the dispute resolution process set forth in this subsection (hereinafter referred to as the "Process") by providing written notice initiating the Process (hereinafter referred to as the "Initiation Notice") to the defaulting party.

(2) Within fifteen (15) days after delivery of the Initiation Notice, each involved party shall appoint one person to serve on an arbitration panel (herein referred to as the "Panel"). Within twenty-five (25) days after delivery of the Initiation Notice, the persons appointed to serve on the Panel shall themselves appoint one person to serve as a member of the Panel. Such person shall function as the chairman of the Panel.

(3) The remedies available for award by the Panel shall be limited to specific performance, declaratory relief and injunctive relief.

(4) Any party can petition the Panel for an expedited hearing if circumstances justify it. Such circumstances shall be similar to what a court would view as appropriate for injunctive relief or temporary restraining orders. In any event, the hearing of any dispute not expedited shall commence as soon as practicable, but in no event later than forty-five (45) days after selection of the chairman of the Panel. This deadline can be extended only with

the consent of all parties to the dispute or by decision of the Panel upon a showing of emergency circumstances.

(5) The chairman of the Panel shall conduct the hearing pursuant to the Center For Public Resources' Rules for Non-Administered Arbitration of Business Disputes then in effect. The chairman of the Panel shall determine the nature and scope of discovery, if any, and the manner of presentation of relevant evidence, consistent with the deadlines provided herein, and the parties' objective that disputes be resolved in a prompt and efficient manner. No discovery may be had of privileged materials or information. The chairman of the Panel upon proper application shall issue such orders as may be necessary and permissible under law to protect confidential, proprietary or sensitive materials or information from public disclosure or other misuse. Any party may make application to the Court to have a protective order entered as may be appropriate to confirm such orders of the chairman of the Panel.

(6) The hearing, once commenced, shall proceed from business day to business day until concluded, absent a showing of emergency circumstances. Except as otherwise provided herein, the Process shall be governed by the Revised Uniform Arbitration Act as enacted in the State.

(7) The Panel shall, within fifteen (15) days from the conclusion of any hearing, issue its decision. The decision shall be rendered in accordance with this Agreement and the laws of the State.

(8) Any involved party may appeal the decision of the Panel to the Court for a *de novo* review of the issues decided by the Panel, if such appeal is made within thirty (30) days after the Panel issues its decision. The remedies available for award by the Court shall be limited to specific performance, declaratory relief and injunctive relief. The decision of the Panel shall be binding on both parties until the Court renders a binding decision. If a non-prevailing party in the Process fails to appeal to the Court within the time frame set forth herein, the decision of the Panel shall be final and binding. If one party does not comply with the decision of the Panel during the pendency of the action before the Court or otherwise, then another party shall be entitled to exercise all rights and remedies that may be available under law or equity, including without limitation the right to institute an action for money damages related to the default that was the subject of the Panel's decision and the provisions of this subsection shall not apply to such an exercise of rights and remedies.

(9) All fees and costs associated with the Process before the Panel, including without limitation the fees of the Panel, other fees, and the prevailing party's attorneys' fees, expert witness fees and costs, shall be paid by the non-prevailing party or parties. The determination of prevailing and non-prevailing parties, and the appropriate allocation of fees and costs, shall be included in the decision by the Panel. Similarly, all fees and costs associated with an appeal to the Court or any appellate court thereafter, including without limitation, the prevailing party's attorneys' fees,

expert witness fees and costs, shall be paid by the non-prevailing party. The determination of prevailing and non-prevailing parties, and the appropriate allocation of fees and costs, shall be included in the decision by the Court.

\* \* \*

IN WITNESS WHEREOF, the officers of the Municipality and of the District have duly affixed their signatures and attestations, and the officers of the LLLP and the LLC their signatures, all as of the day and year first written above.

TOWN OF SAHUARITA, ARIZONA

By.....  
Duane Blumberg, Mayor

ATTEST:

.....  
Lisa Cole, CMC, Town Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the Municipality who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the Municipality.

.....  
Daniel Hochuli, Town Attorney

RANCHO SAHUARITA COMMUNITY FACILITIES  
DISTRICT

By.....  
Duane Blumberg, Chairman, District  
Board

ATTEST:

.....  
Lisa Cole, CMC, District Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the District, who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the District.

.....  
Daniel Hochuli, District Counsel

AGREED TO AND ACCEPTED BY:

INTERCHANGE OPPORTUNITY FUND, LLLP, an  
Arizona limited liability limited  
partnership

By: Sharpe & Associates, Inc., an  
Arizona corporation, its General  
Partner

By.....  
Robert M. Sharpe, President

RANCHO SAHUARITA MANAGEMENT COMPANY,  
LLC, an Arizona limited liability  
company

By: MKS Equitas Investment Group  
Ltd., an Arizona corporation, as  
member

By.....  
Fred Lewis, President

FIDELITY NATIONAL TITLE AGENCY, INC.,  
an Arizona corporation as Trustee  
under Trust No. 30007 and not in its  
corporate capacity

By.....  
Trust Officer

Approved by Interchange Opportunity Fund, LLLP, Sharpe & Associates, Inc., General Partner, Beneficiary Under Trust 30007

By.....  
Robert M. Sharpe, President

TITLE SECURITY AGENCY OF ARIZONA, an Arizona corporation, as Trustee under Trust No. 2069 and not in its corporate capacity

By.....  
Trust Officer

Approved by RSMC VI, L.L.C., an Arizona limited liability company, Beneficiary under Trust 2069

By: MKS Equitas Investment Group, Ltd., an Arizona corporation, as member

By.....  
Fred Lewis, President

INTERCHANGE OPPORTUNITY FUND, LLLP, an Arizona limited liability limited partnership

By: Sharpe & Associates, Inc., an Arizona corporation, its General Partner

By.....  
Robert M. Sharpe, President

RANCHO SAHUARITA XX, LLC, an Arizona limited liability company

By: Sharpe & Associates., Inc., an Arizona corporation, its member

By.....  
Robert M. Sharpe, President

LANDMARK TITLE ASSURANCE AGENCY OF ARIZONA, LLC, an Arizona limited liability company, as Trustee under Trust No. 18336-T and not in its corporate capacity

Approved by RSMC VI, L.L.C., an Arizona limited liability company, Beneficiary under Trust 18336-T

By: MKS Equitas Investment Group, Ltd., an Arizona corporation as member

By.....  
Fred Lewis, President

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this  
..... day of ....., 2014, by Duane Blumberg, as Mayor of the  
Town of Sahuarita, Arizona, a municipal corporation under the laws of  
the State of Arizona.

.....  
Notary Public

My commission expires:  
.....

STATE OF ARIZONA            )  
                                  ) ss  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this  
..... day of ....., 2014, by Duane Blumberg, as Chairman of  
the District Board of Rancho Sahuarita Community Facilities District,  
an Arizona community facilities district.

.....  
Notary Public

My commission expires:  
.....

Notice required by A.R.S. Section 41-313: The foregoing  
notarial certificate(s) relate(s) to the District Development, Financi-  
ing Participation and Intergovernmental Agreement (Rancho Sahuarita  
Community Facilities District), dated as of April 1, 2014, executed by  
the Town of Sahuarita, Arizona, a municipal corporation, Rancho  
Sahuarita Community Facilities District, an Arizona community  
facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona  
limited liability limited partnership and Rancho Sahuarita Management  
Company, L.L.C., and Arizona limited liability company (the "Notarized  
Document"). The Notarized Document contains a total of ..... pages.

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this  
..... day of ....., 2014, by Robert Sharpe, as President of  
Sharp & Associates, Inc., an Arizona corporation under the laws of the  
State of Arizona.

.....  
Notary Public

My commission expires:

.....

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this  
..... day of ....., 2014, by Fred Lewis, as President of MKS  
Equitas Investment Group Ltd., an Arizona corporation under the laws  
of the State of Arizona.

.....  
Notary Public

My commission expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing  
notarial certificate(s) relate(s) to the District Development, Financi-  
ng Participation and Intergovernmental Agreement (Rancho Sahuarita  
Community Facilities District), dated as of April 1, 2014, executed by  
the Town of Sahuarita, Arizona, a municipal corporation, Rancho  
Sahuarita Community Facilities District, an Arizona community  
facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona  
limited liability limited partnership and Rancho Sahuarita Management  
Company, L.L.C., and Arizona limited liability company (the "Notarized  
Document"). The Notarized Document contains a total of ..... pages.

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this ..... day of ....., 2014, by ....., as Trust Officer of Fidelity National Title Agency, Inc., an Arizona corporation in its capacity only as trustee under Trust No. 30007 under the laws of the State of Arizona.

.....  
Notary Public

My commission expires:  
.....

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this ..... day of ....., 2014, by ....., as Trust Officer of Title Security Agency of Arizona, an Arizona corporation in its capacity only as trustee under Trust No. 2069 under the laws of the State of Arizona.

.....  
Notary Public

My commission expires:  
.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014, executed by the Town of Sahuarita, Arizona, a municipal corporation, Rancho Sahuarita Community Facilities District, an Arizona community facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona limited liability limited partnership and Rancho Sahuarita Management Company, L.L.C., and Arizona limited liability company (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

The foregoing instrument was acknowledged before me this  
..... day of ....., 2014, by ....., as  
Trust Officer of Landmark Title Assurance Agency of Arizona, LLC, an  
Arizona limited liability company in its capacity only as trustee  
under Trust No. 18336-T under the laws of the State of Arizona.

.....  
Notary Public

My commission expires:  
.....

Notice required by A.R.S. Section 41-313: The foregoing  
notarial certificate(s) relate(s) to the District Development, Financi-  
ng Participation and Intergovernmental Agreement (Rancho Sahuarita  
Community Facilities District), dated as of April 1, 2014, executed by  
the Town of Sahuarita, Arizona, a municipal corporation, Rancho  
Sahuarita Community Facilities District, an Arizona community  
facilities district, Interchange Opportunity Fund L.L.L.P., an Arizona  
limited liability limited partnership and Rancho Sahuarita Management  
Company, L.L.C., and Arizona limited liability company (the "Notarized  
Document"). The Notarized Document contains a total of ..... pages.

ATTACHMENTS:

- EXHIBIT A -- Legal Description Of The Property
- EXHIBIT B -- Description of Infrastructure
- EXHIBIT C -- Form Of Certificate Of Engineers For Conveyance Of  
Segment Of Acquisition Project
- EXHIBIT D -- Form Of Conveyance Of Segment Of Acquisition Project
- EXHIBIT E -- Form Of Disclosure Statement

EXHIBIT A

**LEGAL DESCRIPTION OF THE PROPERTY**

**Parcel 1:**

Lots 1-564 and Common Areas "A" (Private Streets), "B" (Signage, Landscaping, Parks, Recreation and Public Utilities) and "C" (Drainage, Public Sewer and Public Utilities) of Entrada Del Rio recorded in Book 61 at Page 36 of Maps and Plats in the office of the Recorder, Pima County, Arizona.

**Parcel 2:**

Lots 1-74 and Common Areas "A" (Private Streets), "B" (Signage, Landscaping, Parks, Recreation and Public Utilities) and "C" (Drainage, Public Sewer and Public Utilities) of Entrada La Villita recorded in Book 62 at Page 14 of Maps and Plats in the office of the Recorder, Pima County, Arizona.

**Parcel 3:**

Block 36B recorded in Book 48 at Page 30 of Record of Surveys in the office of the Recorder, a County, Arizona as more particularly described as follows:

DESCRIPTION of a parcel of land, being a portion of Block 36, per the plat of Rancho Sahuarita, as recorded in Book 52 of Maps & Plats, Page 77 in the office of the Pima County Recorder, Pima County, Arizona, said parcel being located in Section 13, Township 17 South, Range 13 East, Gila and Salt River Meridian.

Said parcel being more fully described as follows:

COMMENCING at the North Quarter Corner of said Section 13, being a found brass stern, from which the Northwest corner of said section bears North 89°38'30" West a distance of 2600.43 feet;

Thence, along the north line of said section, North 89°38'30" West a distance of 1274.83 feet;

Thence, departing said line South 00°0'00" East a distance of 75.00 feet to a point on the south right-of-way line of Sahuarita Road said point being the **TRUE POINT OF BEGINNING**.

Thence, along said right-of-way, South 89°38'30" East a distance of 1232.75 feet to a point on the west right-of-way line of La Villita Road;

Thence, along said right-of-way, South 00°55'39" East a distance of 551.45 feet;

Thence, departing said right-of-way, North 89°38'30" West a distance of 1251.68 feet;

Thence, North 00°00'00" West a distance of 161.32 feet;

Thence, South 89°38'30" East a distance of 10.00 feet;

Thence, North 00°00'00" West a distance of 390.00 feet to the **TRUE POINT OF BEGINNING**.

**Parcel 4:**

Block 37C as recorded in Book 78 at Page 01 of Record of Surveys in the office of the Recorder, Pima County, Arizona.

**Parcel 5:**

Blocks 38, 39 and 40 as recorded in Book 78 at Page 1 of Record of Surveys in the office of the Recorder, Pima County, Arizona together with Blocks 41, 42, 43, 44, 46, 47, 48, 49, 50, 51 and 53, together with Common Area 'B' and Common Area 'C' adjacent to these Blocks, excluding any and all well, booster sites and any property condemned by Pima County on Block 48 described below, as recorded in Book 52 at Page 77 of Maps and Plats, in the office of the Pima County Recorder, Pima County, Arizona.

EXCLUDING THAT PORTION OF BLOCK 48 DESCRIBED AS FOLLOWS:

A portion of Section 14, Township 17 South, Range 13 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

The south 150.00 feet of the southwest quarter of the northwest quarter, except the west 75.00 feet;

The south 150.00 feet of the west 150.00 feet of the southeast quarter of the northwest quarter;

The west 150.00 feet of the northwest quarter of the northeast quarter of southwest quarter, except the south 200.00 feet;

The west 150.00 feet of the south 200.00 feet of the northwest quarter of the northeast quarter of the southwest quarter;

The west 500.00 feet of the southwest quarter of the northeast quarter of the southwest quarter;

The west 500.00 feet of the north 300.00 feet of the northwest quarter of the southeast quarter of southwest quarter;

The north 300.00 feet of the southwest quarter of the southwest quarter except the west 75.00 feet;

ALSO EXCLUDING A PORTION OF BLOCK 48 including that portion of La Cañada Road Public Right of Way conveyed to the Town of Sahuarita in Docket 13534 at Page 1804, as contemplated in the Fourth Amendment to the Development Agreement recorded in Docket 13355 at Page 3117 (Sequence 20081430989 dated 07/24/2008) in the office of the Recorder, Pima County, Arizona more particularly described as follows:

A portion of Rancho Sahuarita Blocks 47a and 47b as recorded in Book 24 of Surveys at Page 100 and a portion of Rancho Sahuarita Block 48 as recorded in Book 52 of Maps and Plats at Page 77, records of Pima County, Arizona. Reference herein noted to the La Cañada Drive Phase III Monument Study as recorded in Book 67 of Surveys at Page 76, and lying within Section 14, Township 17 South, Range 13 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the one-quarter corner between Section 14 and Section 15 of said Township, from which the section corner common to Sections 10, 11, 14 and 15 bears North 00 degrees 46 minutes 55 seconds West a distance of 2636.49 feet as shown in said La Cañada Drive Phase III Monument Study;

THENCE upon the section line common to said Sections 14 and 15, North 00 degrees 46 minutes 55 seconds West a distance of 160.44 feet;

THENCE leaving said section line, North 89 degrees 13 minutes 05 seconds East a distance of 74.96 feet to the east right-of-way line of said La Cañada Drive and the **POINT OF BEGINNING**;

THENCE upon said east right-of-way line, North 00 degrees 46 minutes 37 seconds West a distance of 756.97 feet to a point on the arc of a non-tangent curve, from which the radius point of said curve bears South 68 degrees 21 minutes 36 seconds East;

THENCE northeasterly along said curve, to the right, having a radius of 1985.00 feet and a central angle of 03 degrees 34 minutes 28 seconds for an arc distance of 123.83 feet;

THENCE North 25 degrees 12 minutes 52 seconds East a distance of 250.42 feet to a point of curvature;

THENCE northeasterly along said curve, to the left, having a radius of 1835.00 feet and a central angle of 26 degrees 01 minutes 09 seconds for an arc distance of 833.31 feet;

THENCE North 00 degrees 48 minutes 17 seconds West a distance of 476.68 feet to a point of curvature;

THENCE northwesterly along said curve, to the left, having a radius of 25.00 feet and a central angle of 90 degrees 04 minutes 19 seconds for

an arc distance of 39.30 feet to the south right-of-way line of Helmet Peak - Sahuarita Road as shown in Book 8 of Road Maps at Page 97, from which the northwest corner of said property described in Docket 11139 at Page 306 bears South 89 degrees 07 minutes 24 seconds West, a distance of 321.00 feet;

THENCE upon said south right-of-way line, North 89 degrees 07 minutes 24 seconds East, a distance of 200.00 feet to a point on the arc of a non-tangent curve, from which the radius point of said curve bears South 00 degrees 52 minutes 36 seconds East;

THENCE southwesterly along said curve, to the left, having a radius of 25.00 feet and a central angle of 89 degrees 55 minutes 41 seconds for an arc distance of 39.24 feet;

THENCE South 00 degrees 48 minutes 17 seconds East, a distance of 476.93 feet to a point of curvature;

THENCE southwesterly along said curve, to the right, having a radius of 1985.00 feet and a central angle of 26 degrees 01 minutes 09 seconds for an arc distance of 901.43 feet;

THENCE South 25 degrees 12 minutes 52 seconds West, a distance of 250.42 feet to a point of curvature;

THENCE southwesterly along said curve, to the left, having a radius of 1835.00 feet and a central angle of 25 degrees 59 minutes 29 seconds for an arc distance of 832.42 feet to the **POINT OF BEGINNING**.

TOGETHER WITH A PORTION OF PUBLIC RIGHT OF WAY including that portion of the former La Cañada Road Public Right of Way to be abandoned, as contemplated in the Fourth Amendment to the Development Agreement recorded in Docket 13355 at Page 3117 (Sequence 20081430989 dated 07/24/2008) in the office of the Recorder, Pima County, Arizona more particularly described as follows:

A portion of La Cañada Drive as shown in Book 9 of Road Maps at Page 75 and lying in Sections 14 and 15, Township 17 South, Range 13 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

COMMENCING at the one-quarter corner between said Sections 14 and 15, from which the section corner common to Sections 10, 11, 14 and 15 bears North 00 degrees 46 minutes 55 seconds West a distance of 2636.49 feet;

THENCE upon the section line common to said Sections 14 and 15, North 00 degrees 46 minutes 55 seconds West a distance of 171.83 feet;

THENCE leaving said section line, South 89 degrees 13 minutes 05 seconds West a distance of 75.00 feet to the west right-of-way line of said La Cañada Drive and the **POINT OF BEGINNING**;

THENCE upon said west right-of-way line, North 00 degrees 46 minutes 58 seconds West a distance of 2389.50 feet to its intersection with the south right-of-way line of Helmet Peak Road as shown in Book 8 of Road Maps at Page 97;

THENCE North 89 degrees 07 minutes 05 seconds East a distance of 150.03 feet to the intersection of said south right-of-way line of Helmet Peak Road with the east right-of-way line of said La Cañada Drive;

THENCE upon said east right-of-way line, South 00 degrees 46 minutes 57 seconds East a distance of 652.82 feet;

THENCE continuing upon said east right-of-way line, South 00 degrees 47 minutes 09 seconds East a distance of 780.71 feet;

THENCE continuing upon said east right-of-way line, South 00 degrees 46 minutes 37 seconds East a distance of 210.65 feet to a point of curvature of a non-tangent curve, from which the radius point bears South 68 degrees 21 minutes 36 seconds East;

THENCE southerly along said curve, to the left, having a radius of 1985.00 feet and a central angle of 22 degrees 05 minutes 19 seconds for an arc distance of 765.25 feet to the **POINT OF BEGINNING**.

**Parcel 6:**

That portion of the Northeast quarter of Section 23, Township 17 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona; more particularly described as follows:

**BEGINNING** at a point on the East line of said Section 23, from which the Northeast corner of said Section 23 bears North 00°46'20" East, a distance of 200.00 feet;

THENCE South 00°46'20" West along the East line of said Section 23, a distance of 2222.93 feet (2222.00 feet, recorded);

THENCE North 89°09'28" West (N. 86°50'00" W., recorded), a distance of 202.00 feet;

THENCE North 00°35'20" East (N. 01°21'33" E., recorded) along a line parallel with and 30.00 feet Easterly of the West line of the parcel of land recorded in Docket 2966, at Page 20 of Pima County, Arizona records, a distance of 2217.50 feet (2211.13 feet, recorded), to a point on a line which is 200.00 feet South of the North line of said Section 23;

THENCE North 89°05'24" East (N. 89°52'08" E., recorded) along the aforesaid line parallel with and 200 feet south of said North line a distance of 149.25 feet to the **POINT OF BEGINNING**

EXHIBIT B

**DESCRIPTION OF THE INFRASTRUCTURE**

First Series of the Bonds

**Construction of Avenida Mitla from Station 00+00 to Station 27+73  
(Public Arterial)**

Drainage Improvements (Along Avenida Mitla)  
Landscaping and Lineal Parks Along Public Streets  
Sewer Lines (Under Avenida Mitla)

**Construction of Placita Fara - 300 Lineal Feet of 28.10 Wide Road  
(Public Street)**

Drainage Improvements (Along Placita Fara)  
Landscaping and Lineal Parks Along Public Streets  
Sewer Lines (Under Placita Fara)

Subsequent Series of the Bonds

**Rancho Sahuarita ("RS Blvd") (2 lanes of) from Sahuarita Road to South  
End Pods 6C & 6H (Public Arterial)**

Drainage Improvements (Along Rancho Sahuarita Boulevard)  
Landscaping and Lineal Parks Along Public Streets  
Sewer Lines (Under Rancho Sahuarita Boulevard)

**RS Blvd (2 lanes of) from South End Pods 6C & 6H to South End Pods 6E  
and 6F (Public Arterial)**

Drainage Improvements (Along Rancho Sahuarita Boulevard)  
Landscaping and Lineal Parks Along Public Streets  
Sewer Lines (Under Rancho Sahuarita Boulevard and from Pod 6P to 7E)

**Construct 15 Inch Sewer Line from Existing Line in Desert Gem Lane to  
Pod 7A**

**Sahuarita Center Way from Desert Gem (810' East)**

Drainage Improvements (Along Sahuarita Center Way)

Landscaping and Lineal Parks Along Public Streets

Sewer Lines (Under Sahuarita Center Way)

**RS Blvd (2 lanes of) from South End Pods 6E & 6F to South End Pod 7A & 7E (Public Arterial)**

Drainage Improvements (Along RS Blvd)

Landscaping and Lineal Parks Along Public Streets

Sewer Lines (Under RS Blvd)

**Basin and Linear Park Improvements along Rancho Sahuarita Blvd in Region 6**

**Basin and Linear Park Improvements along Rancho Sahuarita Blvd in Region 7**

**RS Blvd (2 lanes of) from South End Pod 7A & 7E to SOUTH END OF PODS 7B & 7F (Public Arterial)**

Drainage Improvements (Along RS Blvd)

Landscaping and Lineal Parks Along Public Streets

Sewer Lines (Under RS Blvd)

**Extend 15" sewer line from Pod 7e to El Toro Road**

**RS Blvd (2 lanes of) from South End Pod 7B & 7F to El Toro Road (Public Arterial)**

Drainage Improvements (Along RS Blvd)

Landscaping and Lineal Parks Along Public Streets

Sewer Lines (Under RS Blvd)

**RS Blvd additional 2 lanes (if required) from Sahuarita Rd south to Pods 6c and 6h (2 lanes)**

**RS Blvd additional 2 lanes (if required) from Pods 6c & 6h south to Pod 7a (2 lanes)**

**RS Blvd additional 2 lanes (if required) from Pods 6e & 6f to south end of Pod 7a & 7e (2 lanes)**

**RS Blvd additional 2 lanes (if required) from south end of Pod 7a & 7e to south end of Pods 7b & 7f (2 lanes)**

**RS Blvd additional 2 lanes (if required) from south end of Pods 7b & 7f to El Toro Rd (2 lanes)**

**Street "A" from La Canada Road to South End Pods 8D & 8E (Public Arterial)**

Drainage Improvements (Along Street A)

Landscaping and Lineal Parks Along Public Streets

Sewer Lines (Under Street A)

**Basin and Linear Park Improvements along Street "A". to Pods 8d and 8e**

**Street "A" from Pods 8D & 8E to La Canada (Public Arterial)**  
Drainage Improvements (Along Street A)  
Landscaping and Lineal Parks Along Public Streets  
**Basin and Linear Park Improvements along Street "A". From Pods 8d and 8e to La Canada**

**RS Blvd and El Toro Road Intersection Improvements**  
**RS Blvd from El Toro Road to South End Pod 9C (Public Arterial)**  
Drainage Improvements (Along RS Blvd)  
Landscaping and Lineal Parks Along Public Streets  
Sewer Lines (Under RS Blvd)  
**Basin and Linear Park Improvements along Rancho Sahuarita Blvd Phase 1 to Pod 9C and 9J**  
**EXTEND 12" SEWER MAIN FROM EL TORO ROAD TO SOUTH END OF POD 9J APPROXIMATELY 1700 LF.**

**RS Blvd from South End Pod 9C&J to Pod 9D&K (Public Arterial)**  
Drainage Improvements (Along RS Blvd)  
Landscaping and Lineal Parks Along Public Streets  
Sewer Lines (Under RS Blvd)  
**Basin and Linear Park Improvements along Rancho Sahuarita Blvd Phase 2 from Pod 9C&J to Pods 9D&K**  
**EXTEND 12" SEWER MAIN FROM SOUTH END OF POD 9J TO SOUTH END OF POD 9K APPROXIMATELY 930 LF.**

**RS Blvd from South End Pod 9D to Pod 9G (Public Arterial)**  
Drainage Improvements (Along RS Blvd)  
Landscaping and Lineal Parks Along Public Streets  
Sewer Lines (Under RS Blvd)  
**Basin and Linear Park Improvements along Rancho Sahuarita Blvd Phase 3 from Pod 9D&K to Pods 9E&L**  
**EXTEND 12" SEWER MAIN FROM SOUTH END OF POD 9K TO SOUTH END OF POD 9G APPROXIMATELY 2400 LF.**

EXHIBIT C

**FORM OF CERTIFICATE OF ENGINEERS FOR  
CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT**

CERTIFICATE OF ENGINEER FOR  
CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

*(insert description of Acquisition Project/Segment)*

STATE OF ARIZONA )  
COUNTY OF PIMA )  
TOWN OF SAHUARITA ) ss.  
RANCHO SAHUARITA COMMUNITY )  
FACILITIES DISTRICT )

We the undersigned, being Professional Engineers in the State of Arizona and, respectively, the duly appointed District Engineer for Rancho Sahuarita Community Facilities District (hereinafter referred to as the "District"), and the engineer employed by [Insert name of Infrastructure Seller] (hereinafter referred to as the "Seller"), each hereby certify for purposes of the District Development, Financing Participation and Intergovernmental Agreement (Rancho Sahuarita Community Facilities District), dated as of April 1, 2014 (hereinafter referred to as the "Agreement"), by and among the District, the Town of Sahuarita, Arizona, Interchange Opportunity Fund L.L.L.P. and Rancho Sahuarita Management Company, LLC that:

1. The Segment indicated above has been performed in every detail pursuant to the Plans and Specifications (as such term and all of the other initially capitalized terms in this Certificate are defined in the Agreement) and the Acquisition Project Construction Contract (as modified by any change orders permitted by the Agreement) for such Segment.

2. The Segment Price as publicly bid and including the cost of approved change orders for such Segment is \$.....

3. The Infrastructure Seller provided for compliance with the requirements for public bidding for such Segment as required by the Agreement (including, particularly but not by way of limitation, Title 34, Chapter 2, Article 1, Arizona Revised Statutes, as amended) in connection with award of the Acquisition Project Construction Contract for such Segment.

4. The Infrastructure Seller filed all construction plans, specifications, contract documents, and supporting engineering data for the construction or installation of such Segment with the Municipality.

5. The Infrastructure Seller obtained good and sufficient performance and payment bonds in connection with such Contract.

DATED AND SEALED THIS ..... DAY OF ....., 20...

By.....  
District Engineer

[P.E. SEAL]

By.....  
LLC/Seller Engineer

[P.E. SEAL]

[Confirmed for purposes of Section 3.5  
of the Development Agreement by

.....  
Manager for the District\*]

**[THIS WILL BE REQUIRED  
FOR EVERY SEGMENT ACQUIRED  
WITH PROCEEDS OF THE  
SALE OF THE BONDS!!!]**

---

\* To be inserted if the provisions of Section 3.5 hereof are applicable to the respective Segment of the Project.

EXHIBIT D

FORM OF CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

(Insert description of Acquisition Project/Segment)

STATE OF ARIZONA )
COUNTY OF PIMA )
TOWN OF SAHUARITA ) ss.
RANCHO SAHUARITA COMMUNITY )
FACILITIES DISTRICT )

KNOW ALL MEN BY THESE PRESENTS THAT:

.....("....."),
for good and valuable consideration received by ..... from
Rancho Sahuarita Community Facilities District, a community facilities
district formed by the Town of Sahuarita, Arizona (the
"Municipality"), and duly organized and validly existing pursuant to
the laws of the State of Arizona (the "District"), receipt of which is
hereby acknowledged [, and the promise of the District to hereafter
pay the amounts described in the hereinafter described Development
Agreement\*], does by these presents grant, bargain, sell and convey to
the District, its successors and assigns, all right, title and
interest in and to the following described property, being the subject
of a District Development, Financing Participation and Intergovern-
mental Agreement (Rancho Sahuarita Community Facilities District),
dated as of April 1, 1, 2014, by and among the Municipality, the
District, Interchange Opportunity Fund L.L.L.P. and Rancho Sahuarita
Management Company, L.L.C. and more completely described in such
Development Agreement:

[Insert description of Acquisition Project/Segment]

together with any and all benefits, including warranties
and performance and payment bonds, under the Acquisition Project
Construction Contract (as such term is defined in such Development
Agreement) or relating thereto, all of which are or shall be located
within utility or other public easements dedicated or to be dedicated
by plat or otherwise free and clear of any and all liens, easements,
restrictions, conditions, or encumbrances affecting the same [, such
subsequent dedications not affecting the promise of the District to

\* Insert with respect to any acquisition financed pursuant to Section
5.1(b) hereof.

hereafter pay the amounts described in such Development Agreement\*], but subject to all taxes and other assessments, reservations in patents, and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations, leases, and liabilities or other matters as set forth on Exhibit I hereto.

TO HAVE AND TO HOLD the above-described property, together with all and singular the rights and appurtenances thereunto in anywise belonging, including all necessary rights of ingress, egress, and regress, subject, however, to the above-described exception(s) and reservation(s), unto the District, its successors and assigns, forever; and ..... does hereby bind itself, its successors and assigns to warrant and forever defend, all and singular, the above-described property, subject to such exception(s) and reservation(s), unto the District, its successors and assigns, against the acts of ..... and no other.

..... binds and obligates itself, its successors and assigns, to execute and deliver at the request of the District any other or additional instruments of transfer, bills of sale, conveyances, or other instruments or documents which may be necessary or desirable to evidence more completely or to perfect the transfer to the District of the above-described property, subject to the exception(s) and reservation(s) hereinabove provided.

This conveyance is made pursuant to such Development Agreement, and ..... hereby agrees that the amounts specified above and paid [or promised to be paid\*] to ..... hereunder satisfy in full the obligations of the District under such Development Agreement and hereby releases the District from any further responsibility to make payment to ..... under such Development Agreement except as above provided.

....., in addition to the other representations and warranties herein, specifically makes the following representations and warranties:

1. .... has the full legal right and authority to make the sale, transfer, and assignment herein provided.
2. .... is not a party to any written or oral contract which adversely affects this Conveyance.
3. .... is not subject to any bylaw, agreement, mortgage, lien, lease, instrument, order, judgment, decree, or other restriction of any kind or character which would prevent the execution of this Conveyance.

---

\* Insert with respect to any acquisition financed pursuant to Section 5.1(b) hereof.

4. .... is not engaged in or threatened with any legal action or proceeding, nor is it under any investigation, which prevents the execution of this Conveyance.

5. The person executing this Conveyance on behalf of ..... has full authority to do so, and no further official action need be taken by ..... to validate this Conveyance.

6. The facilities conveyed hereunder are all located within property owned by ..... or utility or other public easements dedicated or to be dedicated by plat or otherwise.

IN WITNESS WHEREOF, ..... has caused this Conveyance to be executed and delivered this ..... day of ....., 20...

.....

By.....

By.....

Title:.....

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

          This instrument was acknowledged before me on .....  
....., 20... by ....., of  
....., an Arizona corporation, on behalf of said  
corporation.

.....  
Notary Public

.....  
Typed/Printed Name of Notary

[NOTARY SEAL]

My Commission Expires:.....

EXHIBIT I  
TO  
CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

*(Insert description of Project/Segment)*

EXHIBIT E

**FORM OF DISCLOSURE STATEMENT**

**RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT**

DISCLOSURE STATEMENT

Rancho Sahuarita Management Company, L.L.C., an Arizona limited liability company (the "Developer"), in conjunction with the Town of Sahuarita, Arizona (the "Town"), have established a community facilities district ("CFD") in part of the development known as "Rancho Sahuarita." The CFD has financed and, in the future, will finance certain public infrastructure improvements, which will result in a property tax liability for each property owner as a result of their property being within the boundaries of the CFD.

**BACKGROUND**

On September 30, 1988, the Arizona Community Facilities District Act became effective. This provision in State law was created to allow Arizona municipalities to form community facilities districts for the primary purpose of financing the acquisition, construction, installation, operation and/or maintenance of public infrastructure improvements, including water and sewer improvements.

**HOW THE CFD WORKS**

On March 24, 2014, the Mayor and Council of the Town formed the CFD which includes your property. An election was held on ....., 2014, at which time the then owners of the property within the CFD voted to authorize up to \$60,000,000 of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of certain public infrastructure improvements. The improvements have been or will be dedicated to the Town after acquisition or construction of such improvements by the District. The Town will operate and maintain such improvements.

**WHAT WILL BE FINANCED?**

The CFD has been established to finance up to \$60,000,000 in public infrastructure improvements within the CFD including financing costs related to such improvements. The initial bond issue is expected to be approximately \$.....,000. The proceeds of this bond issue are currently expected to be utilized to finance the engineering, design and construction of roads, drainage, improvements, landscaping and sewer lines. In addition, it is anticipated that approximately \$.....,000 in bonds will be issued over the next ..... years for future phases of public infrastructure improvements in the CFD.

## BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all property owners and other residents within the CFD by providing such improvements. This benefit was taken into account by the Developer in connection with establishing the price of the lot on which your home is to be located. Each property owner in the CFD will participate in the repayment of the bonds in the form of a property tax in addition to the current property taxes assessed by other governmental entities. This added tax is currently deductible for purpose of calculating federal and state income taxes.

## PROPERTY OWNERS' TAX LIABILITY

The obligation to retire the bonds will become the responsibility of any property owner in the CFD through the payment of property taxes collected by the Pima County Treasurer in addition to all other property tax payments. **(PLEASE NOTE THAT NO OTHER AREA WITHIN THE BOUNDARIES OF THE TOWN (OTHER THAN QUAIL CREEK COMMUNITY FACILITIES DISTRICT) IS SUBJECT TO A PROPERTY TAX LEVIED BY ANY OTHER COMMUNITY FACILITIES DISTRICT.)** Beginning in fiscal year 20\_\_-\_\_, the CFD levied a not to exceed \$[total tax rate] per \$100.00 of net secondary assessed valuation tax rate to provide for repayment of the bonds and the payment of certain administrative expenses associated therewith and for the expenses of the CFD and of operation and maintaining the infrastructure it finances.

Although the level of the tax rate is not limited by law, the tax rate of the CFD is not expected to exceed \$4.99 per \$100.00 of secondary assessed valuation for as long as the bonds are outstanding. The tax rate will be maintained initially at the \$4.99 level by means of agreements with the Developer which require the Developer to provide for the difference above such \$4.99 rate. **(There can be no guarantee that the Developer will be able to make such payments in the future and, if it cannot, tax rates will be increased to provide for such repayment.)** As growth of the tax base occurs within the CFD, it is anticipated that such payments from the Developer will no longer be necessary if debt service is covered by the debt service portion of such \$4.99 tax rate at which time the District may release the developers from such obligations.

## IMPACT OF ADDITIONAL CFD PROPERTY TAX

The following illustrates the additional annual tax liability imposed by the CFD, based on varying residential values within the CFD and a \$4.99 tax rate:

**Market Value  
of Residence**

**Estimated Annual  
Additional Tax Liability\***

\$150,000	\$
200,000	
250,000	
300,000	
350,000	
400,000	

---

**\*Assumptions:**

1. Market value is not the same as full cash value as reported by the County Assessor, which is typically 85% of market value.
2. Assumes residential property assessment ratio will remain at 10%.
3. Tax amount is computed by multiplying the tax rate per \$100 of assessed value by full cash value times the assessment ratio.

Additional information regarding the description of infrastructure improvements to be financed by the CFD, bond issue public disclosure documents and other documents and agreements (including a copy of this Disclosure Statement) are available for review in the Town Clerk's office.

Your signature below acknowledges that you have read this disclosure document at the time you made your decision to purchase property in the CFD and you signed your purchase contract and that you understand the property you are purchasing will be taxed to pay the CFD bonds described above.

.....  
Home Buyer(s) Signature/Date

.....  
Home Buyer(s) Printed Name(s)

.....  
Home Buyer(s) Signature/Date

.....  
..... Parcel  
No. .... Lot No. ....

**Rancho Sahuarita CFD Board Meeting**

1. Introduction to CFD Board
  - a. Typical functions and duties of the Board
  - b. Board serves a different function and different constituents than the Council
  - c. Town staff serves as District staff, and District pays Town for their time
    - i. Paid by Developer's deposit until District has O&M funds
  - d. How the CFD budget works
2. Notice to Landowners
  - a. Important that process for this be established by Developer-Ultimately Developer's responsibility (Board Members have been provided with a copy)
3. Final formation steps
  - a. Developer will pay \$30,000 O&M deposit
    - i. Has already paid \$20,000, so any remaining will go toward this deposit, and rest will be paid this week
  - b. Staff will publish & Developer will post notice of upcoming election
  - c. Hold election on August 12
    - i. Who is voting and what they are voting on
  - d. Canvass of election August 25
  - e. Hire Underwriter/Placement Agent
4. Process for each series of bonds
  - a. Receipt of Feasibility Report from Developer
    - i. File with Clerk, distribute for review, provide notice of public hearing
  - b. Staff works with Developer with details of bond issue
    - i. Discuss the details that we have to work out
  - c. Board holds Public Hearing on Feasibility Report & may approve Bond Documents
    - i. Difference between issuing bonds before construction and after construction.
    - ii. Delegation to District Manager to set final terms
  - d. Bond pricing is set
    - i. How this works & the underwriter's role
    - ii. If/how this changes if developer buys the bonds
  - e. Preparation of closing documents
  - f. Closing

CONTINUED ON NEXT PAGE

5. Process of acquisition of infrastructure
  - a. Discuss difference between "project" and "segment"
  - b. Delivery of Certificate of Engineers and conveyance ultimate goal (Board Members have been provided with a copy)
  - c. Must be publically bid
    - i. Who is responsible for the bidding process
    - ii. The Town is not involved in this process. The Developer's Engineer is responsible for this , and must involve the District Engineer (not Town Engineer, but outside consultant engineer)
  - d. Role of Developer's Engineer
  - e. Role of District Engineer
    - i. We will contract with outside engineer for these services
    - ii. Paid by District (not Town) from advances by Developer
  - f. What happens when project is completed
    - i. Both Engineers approve completion and conveyance
    - ii. The notebook that is filed with the Town
    - iii. Town accepts if not already done
    - iv. Bonds issued
    - v. Conveyance delivered; warranties assigned.
6. CFD Board's role in determining what should be funded through CFD funds
  - a. What does statute permit to be financed by CFD
  - b. Board should refine this based upon Board's goals
  - c. Don't need a formal policy, but staff (and developer) should have an understanding so we can process feasibility reports
  - d. How do other CFDs handle this? What has staff seen?
    - i. Developers usually don't want parks & amenities, they want spine infrastructure that they would otherwise have to privately finance
  - e. Who should infrastructure benefit (CFD property owners?)
  - f. Items listed on Exhibit B to the Development Agreement are sort of threshold, since that's the deal that the parties anticipated
  - g. Infrastructure v. subdivision amenities
  - h. MOST IMPORTANT
    - i. Funds are limited, will not go on forever
    - ii. What MUST be built first, then if more bonding capacity exists, extras
    - iii. If you are focused on economic development, CFD infrastructure should complement this goal
    - iv. Remember, CFD taxpayers will need to be okay with what they are paying for
    - v. Keep your eye on the ball

**FORM OF DISCLOSURE STATEMENT**

**RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT**

**DISCLOSURE STATEMENT**

Rancho Sahuarita Management Company, L.L.C., an Arizona limited liability company (the "Developer"), in conjunction with the Town of Sahuarita, Arizona (the "Town"), have established a community facilities district ("CFD") in part of the development known as "Rancho Sahuarita." The CFD has financed and, in the future, will finance certain public infrastructure improvements, which will result in a property tax liability for each property owner as a result of their property being within the boundaries of the CFD.

**BACKGROUND**

On September 30, 1988, the Arizona Community Facilities District Act became effective. This provision in State law was created to allow Arizona municipalities to form community facilities districts for the primary purpose of financing the acquisition, construction, installation, operation and/or maintenance of public infrastructure improvements, including water and sewer improvements.

**HOW THE CFD WORKS**

On March 24, 2014, the Mayor and Council of the Town formed the CFD which includes your property. An election was held on ....., 2014, at which time the then owners of the property within the CFD voted to authorize up to \$60,000,000 of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of certain public infrastructure improvements. The improvements have been or will be dedicated to the Town after acquisition or construction of such improvements by the District. The Town will operate and maintain such improvements.

**WHAT WILL BE FINANCED?**

The CFD has been established to finance up to \$60,000,000 in public infrastructure improvements within the CFD including financing costs related to such improvements. The initial bond issue is expected to be approximately \$.....,000. The proceeds of this bond issue are currently expected to be utilized to finance the engineering, design and construction of roads, drainage, improvements, landscaping and sewer lines. In addition, it is anticipated that approximately \$.....,000 in bonds will be issued over the next ..... years for future phases of public infrastructure improvements in the CFD.

### BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all property owners and other residents within the CFD by providing such improvements. This benefit was taken into account by the Developer in connection with establishing the price of the lot on which your home is to be located. Each property owner in the CFD will participate in the repayment of the bonds in the form of a property tax in addition to the current property taxes assessed by other governmental entities. This added tax is currently deductible for purpose of calculating federal and state income taxes.

### PROPERTY OWNERS' TAX LIABILITY

The obligation to retire the bonds will become the responsibility of any property owner in the CFD through the payment of property taxes collected by the Pima County Treasurer in addition to all other property tax payments. **(PLEASE NOTE THAT NO OTHER AREA WITHIN THE BOUNDARIES OF THE TOWN (OTHER THAN QUAIL CREEK COMMUNITY FACILITIES DISTRICT) IS SUBJECT TO A PROPERTY TAX LEVIED BY ANY OTHER COMMUNITY FACILITIES DISTRICT.)** Beginning in fiscal year 20\_\_-\_\_, the CFD levied a not to exceed \$[total tax rate] per \$100.00 of net secondary assessed valuation tax rate to provide for repayment of the bonds and the payment of certain administrative expenses associated therewith and for the expenses of the CFD and of operation and maintaining the infrastructure it finances.

Although the level of the tax rate is not limited by law, the tax rate of the CFD is not expected to exceed \$4.99 per \$100.00 of secondary assessed valuation for as long as the bonds are outstanding. The tax rate will be maintained initially at the \$4.99 level by means of agreements with the Developer which require the Developer to provide for the difference above such \$4.99 rate. **(There can be no guarantee that the Developer will be able to make such payments in the future and, if it cannot, tax rates will be increased to provide for such repayment.)** As growth of the tax base occurs within the CFD, it is anticipated that such payments from the Developer will no longer be necessary if debt service is covered by the debt service portion of such \$4.99 tax rate at which time the District may release the developers from such obligations.

### IMPACT OF ADDITIONAL CFD PROPERTY TAX

The following illustrates the additional annual tax liability imposed by the CFD, based on varying residential values within the CFD and a \$4.99 tax rate:

**Market Value  
of Residence**

**Estimated Annual  
Additional Tax Liability\***

\$150,000	\$
200,000	
250,000	
300,000	
350,000	
400,000	

**\*Assumptions:**

1. Market value is not the same as full cash value as reported by the County Assessor, which is typically 85% of market value.
2. Assumes residential property assessment ratio will remain at 10%.
3. Tax amount is computed by multiplying the tax rate per \$100 of assessed value by full cash value times the assessment ratio.

Additional information regarding the description of infrastructure improvements to be financed by the CFD, bond issue public disclosure documents and other documents and agreements (including a copy of this Disclosure Statement) are available for review in the Town Clerk's office.

Your signature below acknowledges that you have read this disclosure document at the time you made your decision to purchase property in the CFD and you signed your purchase contract and that you understand the property you are purchasing will be taxed to pay the CFD bonds described above.

.....  
Home Buyer(s) Signature/Date

.....  
Home Buyer(s) Printed Name(s)

.....  
Home Buyer(s) Signature/Date

.....  
..... Parcel  
No. .... Lot No. ....



5. The Infrastructure Seller obtained good and sufficient performance and payment bonds in connection with such Contract.

DATED AND SEALED THIS ..... DAY OF ....., 20...

By .....  
District Engineer

[P.E. SEAL]

By .....  
LLC/Seller Engineer

[P.E. SEAL]

[Confirmed for purposes of Section 3.5  
of the Development Agreement by

.....  
Manager for the District\*]

**[THIS WILL BE REQUIRED  
FOR EVERY SEGMENT ACQUIRED  
WITH PROCEEDS OF THE  
SALE OF THE BONDS!!!]**

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\* To be inserted if the provisions of Section 3.5 hereof are applicable to the respective Segment of the Project

**FORM OF CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT**

**CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT**

*(Insert description of Acquisition Project/Segment)*

STATE OF ARIZONA )  
COUNTY OF PIMA )  
TOWN OF SAHUARITA ) ss.  
RANCHO SAHUARITA COMMUNITY )  
FACILITIES DISTRICT )

KNOW ALL MEN BY THESE PRESENTS THAT:

.....("....."),  
for good and valuable consideration received by ..... from  
Rancho Sahuarita Community Facilities District, a community facilities  
district formed by the Town of Sahuarita, Arizona (the  
"Municipality"), and duly organized and validly existing pursuant to  
the laws of the State of Arizona (the "District"), receipt of which is  
hereby acknowledged [, and the promise of the District to hereafter  
pay the amounts described in the hereinafter described Development  
Agreement\*], does by these presents grant, bargain, sell and convey to  
the District, its successors and assigns, all right, title and  
interest in and to the following described property, being the subject  
of a District Development, Financing Participation and Intergovern-  
mental Agreement (Rancho Sahuarita Community Facilities District),  
dated as of April 1, 1, 2014, by and among the Municipality, the  
District, Interchange Opportunity Fund L.L.P. and Rancho Sahuarita  
Management Company, L.L.C. and more completely described in such  
Development Agreement:

[Insert description of Acquisition Project/Segment]

together with any and all benefits, including warranties  
and performance and payment bonds, under the Acquisition Project  
Construction Contract (as such term is defined in such Development  
Agreement) or relating thereto, all of which are or shall be located  
within utility or other public easements dedicated or to be dedicated  
by plat or otherwise free and clear of any and all liens, easements,  
restrictions, conditions, or encumbrances affecting the same [, such  
subsequent dedications not affecting the promise of the District to

---

\* Insert with respect to any acquisition financed pursuant to Section  
5.1(b) hereof.

hereafter pay the amounts described in such Development Agreement\*], but subject to all taxes and other assessments, reservations in patents, and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations, leases, and liabilities or other matters as set forth on Exhibit I hereto.

TO HAVE AND TO HOLD the above-described property, together with all and singular the rights and appurtenances thereunto in anywise belonging, including all necessary rights of ingress, egress, and regress, subject, however, to the above-described exception(s) and reservation(s), unto the District, its successors and assigns, forever; and ..... does hereby bind itself, its successors and assigns to warrant and forever defend, all and singular, the above-described property, subject to such exception(s) and reservation(s), unto the District, its successors and assigns, against the acts of ..... and no other.

..... binds and obligates itself, its successors and assigns, to execute and deliver at the request of the District any other or additional instruments of transfer, bills of sale, conveyances, or other instruments or documents which may be necessary or desirable to evidence more completely or to perfect the transfer to the District of the above-described property, subject to the exception(s) and reservation(s) hereinabove provided.

This conveyance is made pursuant to such Development Agreement, and ..... hereby agrees that the amounts specified above and paid [or promised to be paid\*] to ..... hereunder satisfy in full the obligations of the District under such Development Agreement and hereby releases the District from any further responsibility to make payment to ..... under such Development Agreement except as above provided.

....., in addition to the other representations and warranties herein, specifically makes the following representations and warranties:

1. .... has the full legal right and authority to make the sale, transfer, and assignment herein provided.
2. .... is not a party to any written or oral contract which adversely affects this Conveyance.
3. .... is not subject to any bylaw, agreement, mortgage, lien, lease, instrument, order, judgment, decree, or other restriction of any kind or character which would prevent the execution of this Conveyance.

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\* Insert with respect to any acquisition financed pursuant to Section 5.1(b) hereof.

4. .... is not engaged in or threatened with any legal action or proceeding, nor is it under any investigation, which prevents the execution of this Conveyance.

5. The person executing this Conveyance on behalf of ..... has full authority to do so, and no further official action need be taken by ..... to validate this Conveyance.

6. The facilities conveyed hereunder are all located within property owned by ..... or utility or other public easements dedicated or to be dedicated by plat or otherwise.

IN WITNESS WHEREOF, ..... has caused this Conveyance to be executed and delivered this ..... day of ....., 20...

.....

By.....

By.....

Title:.....

STATE OF ARIZONA            )  
                                  ) ss.  
COUNTY OF PIMA            )

          This instrument was acknowledged before me on .....  
....., 20... by ....., of  
....., an Arizona corporation, on behalf of said  
corporation.

.....  
Notary Public

.....  
Typed/Printed Name of Notary

[NOTARY SEAL]

My Commission Expires:.....

EXHIBIT I  
TO  
CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

*(Insert description of Project/Segment)*