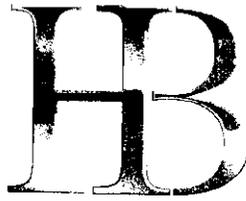


QUAIL CREEK COMMUNITY FACILITIES DISTRICT

MATERIALS FOR CONSIDERATION BY THE SAHUARITA MAYOR & COUNCIL

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**PROPOSED
QUAIL CREEK COMMUNITY FACILITIES DISTRICT**

EXECUTIVE SUMMARY

PREPARED FOR THE SAHUARITA MAYOR & COUNCIL

1. **PLANNED MEETINGS.** This Executive Summary is intended to provide you with a broad overview of the proposed CFD, the materials you have been provided, and the actions which are before you. Much of what we have provided you is very technical and complicated, so we have arranged two separate meetings to provide you with further clarification. If you wish, you may review the enclosed materials before the meetings, or you can bring it with you to use as a reference at the meetings while we explain how all of this works.
 - a. At the Council Retreat to be held on Saturday, September 10, we have planned an executive session to discuss this matter. This executive session will be attended by Dan Hochuli and Michael Cafiso by telephone (legal issues), Mark Reader and A.C. Marriotti (financial issues), and Jim Stahle. Our goal for that meeting is to bring you up to speed on the details of the agreement which is the foundation of the CFD.
 - b. The September 12 Council Meeting agenda has been drafted to allow you to form the CFD and begin the process, if you so desire. This meeting will also include a presentation by the applicant, another executive session, and council discussion. This meeting will be attended by all the above mentioned professionals as well.
2. **OVERVIEW.** Quail Creek has asked to form a Community Facilities District over approximately half of their subdivision. A CFD is a special taxing district, like a school district or a fire district, formed for the purpose of taxing its residents in order to provide funding for (i) construction of infrastructure, and (ii) the operation and maintenance of the CFD and its infrastructure. Here are the highlights of the plan:
3. **FORMATION OF THE CFD.**
 - a. If the CFD is formed, the Town Council will act as the Board of this new government that has been formed. Your staff, supplemented with other professionals, will act as the staff of the CFD, and will be paid by the CFD. For example, the time Mr. Marriotti spends on the CFD will be paid by that entity. Outside consultants, such as your attorney, will bill the CFD separately.

- b. The CFD Board will meet as necessary to transact CFD business. Even after the CFD is formed, no bonds will be sold until the Board meets and approves the sale of the bonds, and you will have assistance on that task from staff, your bond attorney, and your financial consultant.

4. **SALE AND PAYMENT OF BONDS.**

- a. Shortly after the CFD is formed, it will sell bonds valued at around \$2,200,000.00, which is the initial bond offering (there might be more bonds sold in the future). The responsibility for payments on the bonds falls upon the owners of property in the CFD, which at this point is Quail Creek. As they sell homes the owners of the homes will be responsible for their proportionate share of the tax.
- b. The agreement provides that the tax rate for an individual home shall not exceed \$3.00 per \$100.00 of assessed value. As you can imagine, early in the process there won't be enough money, because most of the land subject to the tax is vacant, and thus the tax is very low, and there are only a few houses, so there is not much income there. Therefore, the plan calls for all the property to be taxed at no more than \$3.00, and any shortfall from there is paid by Quail Creek. We will discuss the security for this obligation in more detail at the meeting.
- c. The Town is not responsible for the payment of these bonds, because they are the responsibility of a different governmental entity, the CFD.

5. **USE OF BOND PROCEEDS.** The bond proceeds from the initial offering will be used to construct various improvements in and near Quail Creek. The section of this presentation titled "CFD Infrastructure" provides more detail about the use of the bond proceeds, and we will discuss this much more at the meetings. At this point, the overall uses are:

- a. Construction of the road that goes around Quail Creek to serve the Stonehouse Development
- b. Dedication and construction of a public park valued at over \$1.3 million
- c. Various sewer and drainage improvements.

6. OPERATION AND MAINTENANCE.

- a. The documents provide that the CFD will charge an ongoing tax to the residents in the CFD, at the rate of \$0.30 per \$100.00 of assessed value, for the purpose of maintenance and operation of the CFD and infrastructure. This money is used to pay the following:
 - i. CFD overhead, including staff, materials, and operating expenses
 - ii. the operation of infrastructure, such as the costs associated with the operation of the park
 - iii. The cost of maintenance of the infrastructure, and
 - iv. reserve funds for replacement of CFD infrastructure.
- b. Of course in the beginning the O&M tax will not be enough to cover the actual costs of operation and maintenance, and that has been addressed. The agreement provides that until they have build 1,000 houses, Quail Creek will be responsible for any shortfall in the O&M account, with the exception of the operation and maintenance of the park (the reason for this exception will be explained when we present the entire package in more detail).
- c. The O&M tax is one of the advantages of a CFD. Without a CFD, the developer would build the infrastructure and give it to the Town, and the Town would maintain it from its general fund. If the CFD builds the infrastructure, then the CFD O&M tax can be used for the operation and maintenance, thus saving money from the Town's general fund.

TOWN COUNCIL MEETING INFORMATION	TOWN OF SAHUARITA
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DATE: **September 12, 2005**

AGENDA ITEM: 11 - 13

TO: Mayor and Council

FROM: Daniel J. Hochuli, Town Attorney

SUBJECT : Discussion Regarding the Possible Formation of the Quail Creek Community Facilities District -- Resolution No. 2005-86, Ordering and Declaring Formation of the Quail Creek Community Facilities District; Approving and Authorizing the Execution and Delivery of a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District) and Declaring an Emergency.

DISCUSSION:

This Resolution is the document which actually forms the CFD. The technical things that it accomplishes are:

- Granting of Petition for formation of the District
- Establishment of District Board and of Chairperson and Vice Chairperson
- Establishment of District Clerk, Treasurer, Manager, CFO and Legal Counsel
- Establishment of boundaries of the District
- Authorization of filing of the Resolution
- Approval of District Development Agreement
- Declaration of No Liability of Municipality
- Declaration of Emergency

As we have discussed in various other documents and meetings, this issues comes before you to permit you to form the Quail Creek Community Facilities District. This is presented to you for discussion and consideration, and if you desire to adopt it, the adoption documents have all been prepared.

Appended to this Green Sheet are various documents for your review, starting with an Executive Summary that provides a short overview of the plan. Thereafter are various sections that provide details about the infrastructure to be build with CFD funds, financial information on the ability of the CFD to pay the bond debt, and the development agreement.

This is a very complicated issue, and staff asks that you understand that is nearly impossible to present it all in writing. Therefore, we have provided you with these materials, and planned for two comprehensive discussions of the overall plan. If you have any questions as you prepare for the meeting, please feel free to contact us.

RECOMMENDATIONS

Staff recommends adoption of the proposed Resolution and formation of the Quail Creek Community Facilities District.

SUGGESTED MOTION:

I move the adoption of Resolution No. 2005-86



PROPOSED QUAIL CREEK COMMUNITY FACILITIES DISTRICT

CFD INFRASTRUCTURE

The following documents provide you with an overview of the infrastructure proposed to be built by the CFD. A summary of the provided documents follows:

- ◆ First is a general description of the infrastructure to be constructed by the CFD. Note that the town park was not something they planned to build, rather it is something that we required from them in return for our approval. In other words, that is what the Town “gets” to serve its needs, in return for giving the developer what it wants.
- ◆ Next is a financial breakdown, which shows the amount that they plan to spend on each of the infrastructure items.
- ◆ Next is a map which shows two things. First, it shows the areas of Quail Creek that are not in the CFD (the area shown in white) and the area to be included in the CFD (the three areas shown in green). This map also shows the areas where they plan to build each of the infrastructure improvements.
- ◆ Finally, there is another map which shows the location of the park, as well as the right-of-way that we have required them to give the Town, which we plan to use for the future extension of Quail Crossing Blvd.

EXHIBIT B

DESCRIPTION OF THE INFRASTRUCTURE

PHASE ONE

- Campbell Avenue. A public roadway extending from the northern edge of the Quail Creek Planned Community to the southern edge of the Quail Creek Planned Community.
- Campbell Avenue Bridge. A clear-span drainage crossing at the southern end of the newly constructed Campbell Avenue.
- South Boundary Roadway. A public roadway to extend from the south termination of Campbell Avenue, traveling along the southern edge of the Quail Creek Planned Community, and terminating at the entrance of the development known as the Stonehouse development.
- Roadway Landscaping. Landscaping along both sides of Campbell Avenue and the South Boundary Roadway.
- Drainage Improvements. Necessary drainage improvements adjacent to Campbell Avenue, necessary to protect Campbell Avenue.
- Public Sewer System (partial). First phase of portions of the public sewer system within the District.
- Bridges at Wash Crossings (partial). Various necessary public clear-span drainage crossings throughout the District and along Campbell Avenue and the South Boundary Roadway.

PHASE TWO

- Traffic Signalization. Two traffic signals (and related equipment), one to be located at the intersection of Quail Crossing Blvd. and Campbell Avenue, and one to be located at the intersection of Quail Crossing Blvd. and the Tucson Old Nogales Highway.
- Public Sewer System (partial). Second phase of portions of the public sewer system within the District.
- Bridges at Wash Crossings (partial). Various additional, necessary public clear-span drainage crossings throughout the District and along Campbell Avenue and the South Boundary Roadway.
- Santa Cruz River Bank Protection. Bank protection along the banks of the Santa Cruz River.
- Fire Station, Park Improvements, and/or Other Regional Public Facilities. A fire station and additional improvements to the Park and other public facilities in the area of the District.

Quail Creek Communities Facilities District

Phase I	Project	Cost
	Campbell Avenue	\$1,800,000
	Campbell Avenue Bridge	\$600,000
	South Boundary Roadway	\$1,750,000
	Landscaping along public streets	\$400,000
	Drainage Imp. (between RR & Campbell)	\$1,200,000
	Public Sewer System (partial)	\$1,685,000
	Bridges at wash crossings (partial)	\$1,800,000
	Land Acquisition	\$600,000
	Ballfield/Park	\$1,385,250
	Phase I Total	\$11,220,250

Phase II	Project	Cost
	Traffic Signalization	\$350,000
	Public Sewer (partial)	\$1,685,000
	Bridges at wash crossings (partial)	\$800,000
	Santa Cruz River bank protection	\$2,400,000
	Fire Station, Park Improvements, and/or Other Regional Public Facilities	\$785,250
	Phase II Total	\$6,020,250

Total CFD Financing:	\$17,240,500
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Pinna County
Sewage Treatment Facility



Estimated Costs of Project Improvements

1	Decks and Structures	600,000
2	Campbell Avenue Bridge	1,200,000
3	Damaging Imp. (Brockton RR & Campbell)	2,400,000
4	South Cur River Bank Protection	2,800,000
5	Replaces at water crossings	6,000,000
Total		6,000,000

6	Parks and Park Land	600,000
7	Levee Acquisition (Park Rev. Station)	1,385,250
8	Recreation Park	785,250
9	Fire Station Park Improvements	785,250
10	Fire Station Park Improvements and/or Other Regional Public Facilities	785,250
Total		2,955,750

11	Road Improvements	1,800,000
12	South Boundary Road (Public-Admin)	1,750,000
13	Carriage Way (Public-Admin)	400,000
14	Public-Admin	350,000
Total		4,300,000

15	Sewer System Improvements	3,270,000
16	Public Sewer System	3,370,000
Total		3,370,000

Total CFD Financing: \$17,240,500

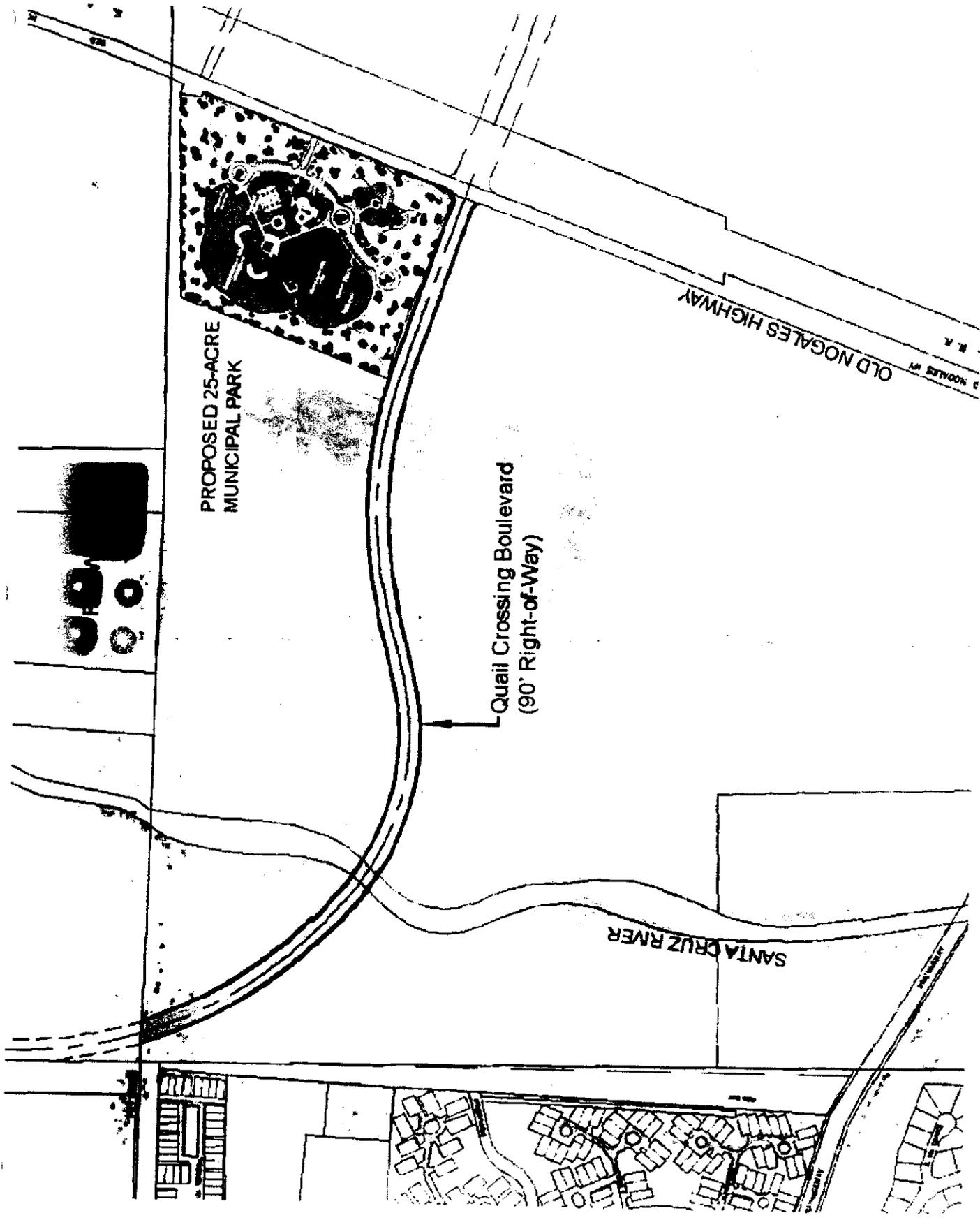
Schedule of Public Infrastructure

ID	Description	1800,000
1	Campbell Avenue	1,800,000
2	Campbell Avenue Bridge	600,000
3	South Boundary Roadway	1,750,000
4	Carriage Way	400,000
5	Public Sewer System (Phase 1)	1,800,000
6	Public Sewer System (Phase 2)	1,800,000
7	Levee Acquisition	1,385,250
8	Recreation Park	785,250
9	Fire Station Park	785,250
Phase I Total		\$11,230,250

10	Traffic Signalization	350,000
11	Public Sewer (Phase 1)	1,800,000
12	Public Sewer (Phase 2)	1,800,000
13	South Cur River Bank Protection	2,800,000
14	Other Regional Public Facilities	785,250
Phase II Total		\$6,020,250

LEGEND

- CLEAR SPAN DRAINAGE CROSSING
- PUBLIC ROADWAY
- BANK PROTECTION
- PUBLIC UTILITY
- LEVEE ACQUISITION
- TRAFFIC SIGNALIZATION
- BRIDGE
- COMMUNITY FACILITIES DISTRICT (CFD) BOUNDARY
- PROJECT ID NUMBER



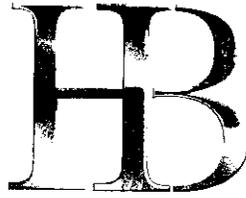
PROPOSED 25-ACRE
MUNICIPAL PARK

Quail Crossing Boulevard
(90' Right-of-Way)

SANTA CRUZ RIVER

OLD NOGALES HIGHWAY

Quail Crossing Boulevard
Proposed Alignment



**PROPOSED
QUAIL CREEK COMMUNITY FACILITIES DISTRICT**

CFD GENERAL PLAN

This is a document required by statute, which simply sets forth the general plan of the CFD. The material contained in this document is not as useful for you, as much more detail is provided in the development agreement.

GENERAL PLAN
FOR
THE PROPOSED
QUAIL CREEK
COMMUNITY FACILITIES DISTRICT

TO: CLERK, TOWN OF SAHUARITA, ARIZONA

For the purposes of Section 48-702(B), Arizona Revised Statutes, as amended, the following is the general plan for the proposed, captioned district:

GENERAL AREA TO BE IMPROVED WITHIN THE PROPOSED CAPTIONED
DISTRICT (THE "DISTRICT"):

All that area in the three parcels described in Exhibit "A" attached hereto and made a part hereof for all purposes.

GENERAL DESCRIPTION OF THE PUBLIC INFRASTRUCTURE IMPROVE-
MENTS FOR WHICH THE DISTRICT IS PROPOSED TO BE FORMED:

All that "public infrastructure" (as such term is defined in Section 48-701, Arizona Revised Statutes, as amended) described in Exhibit "B" attached hereto and made a part hereof for all purposes.

DATED: September 9, 2004

ATTACHMENTS:

EXHIBIT "A" -- Legal Description Of Property To Be Included In The District

EXHIBIT "B" -- Description Of Public Infrastructure

EXHIBIT A

GENERAL AREA TO BE IMPROVED WITHIN THE DISTRICT

PARCEL 1

A parcel of land located in Sections 6, 7, and 8, T.18S., R.14E., and Sections 1 and 12, T.18S., R.13E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, T.18S., R.14E., said point being a found aluminum cap marked "NORTHWEST CORNER SECTION 6";

THENCE along the North line of the Northwest quarter of said Section 6, S89°25'48"E, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, S89°25'48"E, a distance of 1,858.47 feet;

THENCE S89°25'26"E, a distance of 1620.62 feet;

THENCE S17°57'47"W a distance of 689.75 feet;

THENCE S12°46'24"W a distance of 115.96 feet,

THENCE S05°53'16"W a distance of 476.75 feet;

THENCE S79°12'27"W a distance of 496.86 feet;

THENCE N34°33'43"W, a distance of 297.82 feet;

THENCE S55°26'17"W a distance of 728.89 feet;

THENCE S17°46'29"E, a distance of 548.81 feet to the Northwesterly corner of lot 150 of Quail Creek Block 1, Lots 1-306 and Common Areas "B", "C", and "D" recorded in Book 43, Page 39, Pima County Recorder;

THENCE S17°46'29"E along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet, to an angle point in said Westerly line;

THENCE continuing along said Westerly line S12°52'00"E, a distance of 1037.57 feet, to the Southwesterly corner of lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306 S85°16'22"E, a distance of 296.51 to the Southeasterly corner of lot 175M;

THENCE leaving said Southerly line S36°46'53"E, a distance of 1,354.26 feet;

THENCE S04°23'03"E, a distance of 866.39 feet;

THENCE S78°30'18"E, a distance of 1,177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek 2, Blocks 1-64 recorded in Book 51, Page 58, Pima County Recorder;

THENCE along the centerline of Quail Range Loop S52°10'00"E, a distance of 476.65 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 42°50'00";

THENCE Easterly along the arc of said centerline, a distance of 448.55 feet;

THENCE continuing along said centerline N85°00'00"E, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of 34°00'00";

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline S61°00'00"E, a distance of 522.00 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 75°30'00";

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline N43°30'00"E, a distance of 227.70 feet to point hereinafter referred to as POINT "B";

THENCE S46°30'00"E, a distance of 45.00 feet, to the beginning of a non-tangent curve, concave to the South, having a radius of 25.00 feet, the center of which bears S46°30'00"E;

THENCE Easterly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet;

THENCE S46°30'00"E, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

THENCE Southeasterly along said curve, through a central angle of 01°49'57", an arc distance of 31.02 feet; to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears S45°19'57"W;

THENCE Northwesterly along said curve through a central angle of 38°42'09", an arc distance of 16.89 feet;

THENCE S43°30'00"W a distance of 109.65 feet;
THENCE S41°00'38"E a distance of 133.26 feet;
THENCE S32°03'46"E a distance of 133.52 feet;
THENCE S23°06'22"E a distance of 133.52 feet;
THENCE S08°02'24"W a distance of 90.35 feet;
THENCE S51°25'37"E. a distance of 65.18 feet;
THENCE N78°29'36"E, a distance of 110.00 feet;
THENCE S11°30'24"E. a distance of 193.54 feet to the beginning of a
tangent curve, concave to the Northeast, having a radius of 1,030.00
feet;
THENCE Southeasterly along said curve, through a central angle of
26°19'27", an arc distance of 473.23 feet;
THENCE N52°10'09"E, a distance of 60.00 feet, to the beginning of a
non-tangent curve, concave to the Northeast, having a radius of 970.00
feet, the center of which bears N52°10'09"E;
THENCE Southeasterly along said curve through a central angle of
06°06'27", an arc distance of 103.40 feet;
THENCE N46°03'43"E, a distance of 122.43 feet;
THENCE S43°56'17"E, a distance of 66.81 feet;
THENCE S47°11'51"E, a distance of 100.91 feet;
THENCE N52°28'40"E, a distance of 131.50 feet;
THENCE N63°52'30"E, a distance of 198.74 feet;
THENCE N45°58'06"E a distance of 186.86 feet;
THENCE N20°39'25"E a distance of 80.53 feet;
THENCE N03°23'52"W a distance of 82.36 feet;
THENCE N36°01'32"E a distance of 93.31 feet;
THENCE N19°30'26"W a distance of 43.06 feet;
THENCE N40°58'24"W a distance of 101.90 feet;
THENCE N50°51'33"W a distance of 59.43 feet;

THENCE N25°35'36"W a distance of 36.36 feet;
THENCE N03°28'22"E a distance of 60.07 feet;
THENCE N27°20'33"E a distance of 60.58 feet;
THENCE N41°10'36"E a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears S48°54'23"W;
THENCE Northwesterly along said curve through a central angle of 04°10'24", an arc distance of 103.98 feet;
THENCE N44°43'59"E, a distance of 45.00 feet;
THENCE N45°26'32"W, a distance of 9.00 feet;
THENCE N44°22'58"E, a distance of 120.00 feet;
THENCE N37°57'52"E, a distance of 75.65 feet;
THENCE S36°52'18"E, a distance of 721.37 feet to a point on the East line of said Section 8;
THENCE S00°19'00"E, a distance of 811.56 feet;
THENCE S00°19'51"E, a distance of 651.86 feet;
THENCE S89°15'28"W, a distance of 2,642.16 feet;
THENCE S89°16'11"W, a distance of 1,319.79 feet;
THENCE N00°28'48"W, a distance of 655.34 feet;
THENCE S89°18'44"W, a distance of 1,197.28 feet;
THENCE N00°42'14"W, a distance of 72.65 feet;
THENCE N42°10'27"W, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears N46°55'34"W;
THENCE Southwesterly along said curve through a central angle of 46°57'01", an arc distance of 692.43 feet;
THENCE S00°01'30"W, a distance of 60.00 feet;
THENCE N89°58'30"W, a distance of 594.68 feet;
THENCE S00°31'37"E, a distance of 1,311.64 feet;
THENCE N89°55'51"W, a distance of 692.48 feet;

THENCE N22°54'16"E a distance of 810.76 feet;
THENCE N59°28'16"W a distance of 1,385.45 feet;
THENCE N59°30'41"W a distance of 2,662.66 feet;
THENCE N59°30'29"W a distance of 1,385.47 feet;
THENCE N30°29'31"E. a distance of 407.54 feet;
THENCE N59°30'29"W a distance of 75.00 feet;
THENCE N80°03'48"W a distance of 150.96 feet;
THENCE N66°28'33"W a distance of 188.76 feet;
THENCE N42°42'29"W a distance of 137.40 feet;
THENCE N02°09'13"N, a distance of 56.55 feet;
THENCE N14°57'58"E a distance of 85.47 feet;
THENCE N21°49'39"W a distance of 258.88 feet;
THENCE N28°55'06"E a distance of 254.73 feet;
THENCE N61°31'39"E a distance of 136.53 feet;
THENCE N72°52'39"E a distance of 422.49 feet;
THENCE N34°44'43"E a distance of 153.07 feet;
THENCE N71°28'23"E a distance of 111.45 feet;
THENCE N41°01'44"E a distance of 137.87 feet;
THENCE N58°21'09"E a distance of 292.98 feet;
THENCE S80°09'49"E a distance of 75.00 feet to the point of curve of a
non tangent curve to the left, of which the radius point lies
N80°09'49"W, a radial distance of 2,000.00 feet;
THENCE Northerly along the arc, through a central angle of 05°14'33",
a distance of 183.00 feet
THENCE N04°35'38"E, a distance of 1,046.83 feet;
THENCE S87°03'00"E, a distance of 1,101.85 feet;
THENCE N02°57'00"E, a distance of 99.08 feet;
THENCE N09°58'23"W, a distance of 1,861.54 feet;

THENCE N16°56'59"E, a distance of 280.91 feet;

THENCE N03°22'05"W, a distance of 633.45 feet to the POINT OF BEGINNING.

The above described parcel contains 929.49 acres, more or less.

PARCEL 2

A parcel of land located in Section 5, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5, T18S., R.14E.;

THENCE along the North line of the Northwest quarter of said Section 5, S89°24'40"E, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing S89°24'40"E, a distance of 1711.16 feet;

THENCE S89°26'12"E, a distance of 2,628.94 feet;

THENCE S00°33'46"E, a distance of 2,600.25 feet;

THENCE S00°29'09"E, a distance of 1,177.63 feet;

THENCE N63°51'17"W, a distance of 914.96 feet;

THENCE N31°25'45"W, a distance of 955.64 feet;

THENCE S69°24'01"W, a distance of 274.89 feet to a point on curve of a non tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek 2 Unit 16 recorded in Book 55, Page 62, Pima County Recorder, of which the radius point lies S69°24'01"W, a radial distance of 1,300.00 feet;

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110°10'10", a distance of 2,499.67 feet;

THENCE S49°13'51"W, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop N34°50'20"W, a distance of 908.75 feet; THENCE N55°03'30"W, a distance of 470.74 feet;

THENCE N62°43'56"W, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears N87°18'49"W;

THENCE Northerly along said curve through a central angle of 12°45'07", an arc distance of 71.78 feet;

THENCE N10°03'57"W, a distance of 68.46 feet;

THENCE N58°08'56"E, a distance of 165.49 feet;
THENCE N20°16'58"E, a distance of 196.06 feet;
THENCE N59°42'02"E, a distance of 233.09 feet;
THENCE S61°26'23"E, a distance of 178.00 feet;
THENCE N85°54'34"E, a distance of 287.29 feet;
THENCE N28°33'37"E, a distance of 45.00 feet;
THENCE N08°33'37"E, a distance of 174.61 feet;
THENCE N43°44'51"W, a distance of 480.23 feet to the POINT OF BEGINNING.

The above described parcel contains 244.58 acres, more or less.

PARCEL 3

A parcel of land located in Sections 5 and 8, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the aforementioned POINT "B", described in the legal description of PARCEL 1;

THENCE N43°30'00"E, a distance of 222.29 feet to the beginning of a tangent curve, concave Northwesterly, having a radius of 2600.00 feet;

THENCE Northerly along said curve, through a central angle of 19°23'44", an arc distance of 880.14 feet to the POINT OF BEGINNING;

THENCE N65°53'43"W, a distance of 45.00 feet;

THENCE N17°19'29"W, a distance of 365.55 feet;

THENCE N28°38'24"W, a distance of 319.69 feet;

THENCE N34°52'48"W, a distance of 269.69 feet;

THENCE N41°04'54"W, a distance of 58.17 feet;

THENCE N72°59'01"W a distance of 888.47 feet;

THENCE S88°08'09"W a distance of 65.69 feet;

THENCE S22°49'31"W a distance of 84.90 feet;

THENCE S65°06'02"E a distance of 40.00 feet;

THENCE S58°18'20"E a distance of 93.52 feet;
THENCE S53°17'39"E a distance of 95.03 feet;
THENCE S52°09'00"E a distance of 127.17 feet;
THENCE S55°16'49"E a distance of 97.42 feet;
THENCE S31°51'34"W a distance of 60.44 feet;
THENCE N75°07'27"W a distance of 30.48 feet;
THENCE N67°08'11"W, a distance of 61.67 feet;
THENCE N41°41'08"W, a distance of 131.83 feet;
THENCE N58°19'02"W a distance of 73.33 feet;
THENCE N80°40'31"W a distance of 50.02 feet;
THENCE S75°58'19"W. a distance of 58.64 feet;
THENCE N88°06'15"W, a distance of 52.06 feet;
THENCE N69°07'01"W a distance of 48.36 feet;
THENCE N48°01'26"W a distance of 52.87 feet;
THENCE N18°06'05"W a distance of 74.56 feet;
THENCE N08°25'37"W a distance of 106.61 feet;
THENCE N09°49'57"W a distance of 74.86 feet;
THENCE N09°56'55"W, a distance of 186.01 feet;
THENCE N80°03'05"E, a distance of 46.69 feet;
THENCE S68°04'15"E, a distance of 196.72 feet;
THENCE N67°24'03"E, a distance of 64.98 feet;
THENCE N19°01'53"E, a distance of 178.30 feet;
THENCE S70°16'15"E, a distance of 206.75 feet;
THENCE N65°15'48"E, a distance of 101.24 feet;
THENCE S57°59'26"E a distance of 122.37 feet;
THENCE S52°51'17"E, a distance of 232,85 feet;

THENCE S52°34'38"E a distance of 213.67 feet;

THENCE S64°12'16"E, a distance of 191.58 feet;

THENCE S64°19'02"E a distance of 190.06 feet;

THENCE S36°16'11"E, a distance of 297.39 feet;

THENCE S61°27'59"E a distance of 161.28 feet;

THENCE S65°06'09"E a distance of 120.17 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 2,600.00 feet, the center of which bears N81°16'35"W;

THENCE Southerly along said curve through a central angle of 15°22'51", an arc distance of 697.96 feet to the POINT OF BEGINNING.

The above described parcel contains 17.94 acres, more or less.

EXHIBIT B

**GENERAL DESCRIPTION OF PUBLIC INFRASTRUCTURE IMPROVEMENTS
FOR WHICH THE DISTRICT IS PROPOSED TO BE FORMED**

(a) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge.

(b) Drainage and flow 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 permitted by this article.

(d) Highways, streets, roadways and parking facilities including all areas for vehicular use for travel, ingress, egress and parking.

(e) Areas for pedestrian, equestrian, bicycle or other nonmotor vehicle use for travel, ingress, egress and parking.

(f) Pedestrian malls, parks, recreational facilities other than stadiums, 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 with the consent of the governing board of the school district for which the site or facility is to be acquired, constructed or renovated.

(l) Equipment, vehicles, furnishings and other personality related to the items listed hereinabove.



PROPOSED QUAIL CREEK COMMUNITY FACILITIES DISTRICT

CFD DEVELOPMENT AGREEMENT

This is a very complicated document, but it essentially sets forth the rules by which the CFD will be formed and operate. This document limits the bonds, protects the Town, obligates Quail Creek to cover shortfalls in the bond payments and the operation and maintenance of the CFD, requires that the CFD will build the town park, and all the other rules.

Mr. Hochuli & Mr. Cafiso will be prepared to discuss this agreement with you and provide the highlights of what is contained in the document. The general issues covered, by Article Number, are as follows:

- Article 1. The first Article sets out the definitions, which is a very important part of the document, because these terms appear throughout the document, so they always carry the same definition.
- Article 2. Article 2 discusses the construction of the various projects, and the purchase of the park property and the construction of the Town park. This section goes into detail about the manner to be used to construct the infrastructure in order to comply with the laws relating to CFD and use of public funds.
- Article 3. This Article covers the construction of acquisition projects, which are projects that are not actually built by the CFD, rather they are built by the developer, and then the developer is reimbursed by the CFD (I believe this applies to all the construction except the park).
- Article 4. This Article sets out the rules regarding the purchase of the acquisition projects from the developer, meaning that after the developer has built a project, this covers how the CFD purchases the improvements back, so the developer gets paid back from bond proceeds, and the CFD owns the infrastructure.
- Article 5. This covers financing issues related to the infrastructure projects.
- Article 6. This Article covers the rules relating to the bonds and other financial issues.
- Article 7. This covers the ultimate acceptance of the infrastructure by the Town
- Article 8. This Article covers indemnification, insurance, and other liability issues.
- Article 9. This covers payment of costs and expenses.
- Article 10. Miscellaneous provisions.

DRAFT
11/15/04
06/15/05
08/22/05
08/31/05

[AREA RESERVED FOR RECORDING INFORMATION]

DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND
INTERGOVERNMENTAL AGREEMENT
(QUAIL CREEK COMMUNITY FACILITIES DISTRICT)

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THIS DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (QUAIL CREEK COMMUNITY FACILITIES DISTRICT), dated as of September 1, 2005 (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"); Quail Creek 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"), and Robson Ranch Quail Creek, LLC, a limited liability company duly organized and validly existing pursuant to the laws of the State of Delaware and having an interest in certain property in the District (hereinafter referred to as "Quail Creek");

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District and Quail Creek entered into this Agreement 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, the Municipality

pality, the District and Quail Creek determined to specify some of such matters in this Agreement, particularly matters relating to the construction or acquisition of certain public infrastructure by the District, the acceptance thereof by the Municipality and the reimbursement or repayment of Quail Creek with respect thereto, all pursuant to the Act, such public infrastructure being necessary for Quail Creek 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, as amended, applicable to the Property on the date this Agreement is executed; and

WHEREAS, pursuant to an election to hereinafter be held in and for the District, questions authorizing the district board of the District (i) to issue certain general obligation bonds of the District 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 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 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 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 Quail Creek with respect to the advance of moneys for public infrastructure purposes by Quail Creek 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, as amended, the District and the Municipality entered into the specified sections of this Agreement as 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," 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 covenants 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 in this Section have the meanings assigned to them in this Section and include, as appropriate, the plural as well as the singular:

"*Acquisition Infrastructure*" means that portion of the Infrastructure other than the Park or that which is the subject of a request of Quail Creek 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.

"*Act*" means Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended.

"*Agreement*" means this District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005, by and among the Municipality, the District and Quail Creek, as amended from time to time.

"*Bonds*" means the portion of the general obligation bonds of the District authorized to be sold and issued by the District as described in this Agreement.

"Certificate of the Engineers" means a certificate of the Quail Creek Engineer and the District Engineer in substantially the form of Exhibit "C" hereto.

"Construction Contract" means a construction contract for a Project.

"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 by the District Manager as described in the definition thereof.

"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 secondary assessed valuation of property within the boundaries of the District for purposes of the tax roll used to levy taxes during the preceding August and applying a tax rate of \$3.00 per \$100 of secondary assessed valuation and assuming a delinquency factor equal to the greater of five percent (5%) and the historic, average, annual per-

centage 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*" means Quail Creek Community Facilities District, a community facilities district formed by the Municipality, and organized and existing, pursuant to the laws of the State.

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

"*Engineers*" means, collectively, the Quail Creek 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 Quail Creek 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, collectively, the Park and the public infrastructure described in Exhibit "B" hereto.

"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, as amended.

"Land Development Agreement" means the Pre-Annexation and Development Agreement for the Quail Creek Resort Community dated August 31, 2000, by and between the Municipality and Quail Creek, and recorded September 13, 2000, in Instrument No. 2000-1780234, official records of Pima County, Arizona, as amended from time to time.

"Letter of Credit" means a standby letter of credit or substitute therefor issued under the terms provided herein in favor of the District issued by an institution, the deposits of which are federally insured and the uninsured, unsecured and unguaranteed obligations of which are rated "AA" or better by Standard & Poor's Rating

Service, a division of the McGraw-Hill Companies, presentable for payment in Phoenix, Arizona, and drawable as provided herein, which includes a provision requiring sixty (60) days' notice to the District of any cancellation, terminations or non-renewal thereof and immediate notice to the District of a downgrading of the rating described hereinabove and, without limiting the foregoing, otherwise shall be acceptable to the District Manager in the exercise of commercially reasonable standards. As indicated in Section 6.1, the first series of the Bonds issued by the District shall be in a principal amount between \$11,000,000 and \$12,500,000, and the face amount of the Letter of Credit provided in connection therewith shall be \$5,500,000. The face amount of the Letter of Credit, if any, for any subsequent series of the Bonds shall be determined at the time of approval thereof by the District Board.

"*Maximum Annual Debt Service*" means, collectively, the maximum annual debt service for the subsequent 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.

"*Municipality*" means the Town of Sahuarita, Arizona, a municipality incorporated and existing pursuant to the laws of the State.

"*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) and for accumulating a Replacement Reserve Amount with respect to the Projects including any overhead incurred by the Municipality with respect thereto.

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

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

"Park" means the Project, the design and construction of which is provided for in Section 2.7.

"Park Related Site" means the approximately twenty five acre site and length of ninety foot wide right of way shown generally on Exhibit "B-1" hereto.

"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; provided, however, that the Plans and Specifications for the Park shall be prepared at the sole discretion of the Municipality and reviewed by the Municipality in accordance with requirements for similar municipal construction projects of the Municipality.

"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.

"Property" means the real property described in Exhibit "A" to this Agreement.

"Quail Creek" means Robson Ranch Quail Creek, LLC, a limited liability company organized and existing pursuant to the laws of the State of Delaware.

"Quail Creek Engineer" means any firm of professional engineers hired by Quail Creek after approval thereof by the District Manager to perform the services required therefrom for the purposes hereof.

"Replacement Reserve Amount" means an amount calculated using reasonable accounting practices based on the useful life of the various assets composing the Projects established by the Internal Revenue Code of 1986, as amended, to be used to replace such assets; provided, however, that, prior to the July 1 after 1,000 building permits have been issued within the boundaries of the District and the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof, such amount shall not take into account amounts for the Park.

"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 Quail Creek 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 and Quail Creek to be executed and delivered with respect to a series of the Bonds unless determined by the District Manager not to be necessary at the time of issuance of such series of the Bonds, such determination to be deemed to have been made by the District Board with respect to any such series of the Bonds that is thereafter issued without the simultaneous execution and delivery of a Standby Contribution Agreement.

"State" means the State of Arizona.

"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.

(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;

ACQUISITION OF PARK RELATED SITE;

SPECIFICS REGARDING THE PARK

Section 2.1. Subject to the other terms of this Agreement, the District, upon written request of Quail Creek and after approval by the District Manager prior to the construction bidding therefor, shall cause the Infrastructure indicated in such request (which otherwise would have been Acquisition Projects) to be constructed pursuant to the Plans and Specifications in a fashion which, in the sole discretion of the District Board, allows for development of the Property to proceed in accordance with the terms 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 the Construction Contracts as specified in the Sahuarita Code and any procurement guidelines promulgated in connection therewith.

Section 2.3. None of Quail Creek or any entity related to it has been nor shall be compensated by the Municipality or the District for any costs of any Project except as provided herein.

Section 2.4. Construction of a Project shall be financed (i) at any time before the sale and delivery of the Bonds (or after there are no available, unrestricted proceeds of the sale of the Bonds remaining) only pursuant to Section 5.1(a) 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 5.1(b).

Section 2.5. (a) Unless the financial assurances described in the next subsection are provided, any advertisement for bids for construction of any Project pursuant to Section 2.1 shall include the following language: **"THE INFRASTRUCTURE WHICH IS THE SUBJECT OF THIS BID IS THE SUBJECT OF A DISTRICT DEVELOPMENT, FINANCIAL PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT AMONG OWNER, THE TOWN OF SAHUARITA, ARIZONA AND ROBSON RANCH QUAIL CREEK, LLC. THE SUCCESSFUL CONTRACTOR WILL NOT HAVE RECOURSE, DIRECTLY OR INDIRECTLY, TO SUCH CITY OR OWNER FOR ANY COSTS UNDER ANY CONSTRUCTION CONTRACT OR ANY LIABILITY, CLAIM OR EXPENSE ARISING THEREFROM."** (The District is "OWNER" for purposes of the foregoing.)

(b) Each Construction Contract 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 Construction Contract or any liability, claim or expense arising therefrom and that Quail Creek shall have sole li-

ability therefor. In lieu of the foregoing, the District may require, or Quail Creek may request, that Quail Creek post financial assurances in a form and an amount determined acceptable in the sole and absolute discretion of the District Manager to provide for amounts due with respect to any of such Construction Contracts.

Section 2.6. Plans and Specifications for the Projects which are not Acquisition Projects shall be prepared by the Quail Creek Engineer and shall be 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 to Quail Creek with respect to the Plans and Specifications except as provided by this Agreement.

Section 2.7. Subject to other commercially reasonable terms for similar transactions, the Park Related Site shall be acquired by the District from Quail Creek for \$600,000 immediately after the sale and delivery of the first series of the Bonds by the District from, and only from, available, unrestricted proceeds of such sale. The District shall cause an additional amount of such available, unrestricted proceeds equal to \$1,385,250 plus the amounts to be paid for design of the Park to be applied for costs to design and construct the Park. Quail Creek shall not be obligated in any respect to cause the Park to be designed or constructed, except that Quail Creek shall be responsible for inspection and supervision of performance of the related Construction Contract (including bidding thereof) in accordance with the Plans and Specifications therefor. All of the foregoing

shall be effective, notwithstanding any other provision herein to the contrary.

ARTICLE III

CONSTRUCTION OF ACQUISITION PROJECTS BY THE OWNER; CERTAIN MATTERS RELATED TO PLANS AND SPECIFICATIONS

Section 3.1. Subject to the terms of this Agreement including the obligation under the circumstances described herein to pay the Segment Price for a Segment as hereinafter provided, Quail Creek, at the sole cost and expense of Quail Creek, for which Quail Creek shall be liable, shall cause each Acquisition Project to be constructed pursuant to the Plans and Specifications on real property in which Quail Creek 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.)

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, as amended, 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) As between Quail Creek and the District, Quail Creek shall bear all risks, liabilities, obligations and responsibilities under each Acquisition Project Construction Contract and all 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 Quail Creek 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) Subsequent to the execution and delivery of this Agreement, any advertisement for bids for construction of any Acquisition Project or provision of any Plans and Specifications to be acquired shall clearly indicate that Quail Creek 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 OWNER, THE TOWN OF SAHUARITA, ARIZONA, AND QUAIL CREEK COMMUNITY FACILITIES DISTRICT PURSUANT TO WHICH SUCH WORK MAY BE ACQUIRED BY SUCH COMMUNITY FACILITIES DISTRICT. THE SUCCESSFUL CONTRACTOR WILL NOT HAVE RECOURSE, DIRECTLY OR INDIRECTLY, TO SUCH CITY OR COMMUNITY FACILITIES DISTRICT FOR ANY COSTS UNDER ANY CONTRACT OR ANY LIABILITY, CLAIM OR EXPENSE ARISING THEREFROM."** (Quail Creek 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 Quail Creek shall have sole liability therefor.

Section 3.4. Quail Creek shall provide for inspection of work performed under any Acquisition Project Construction Contract by the Engineers.

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 OWNER

Section 4.1. (a) Subject to the other terms of this Agreement, Quail Creek shall sell to the District, and the District shall acquire from Quail Creek, the Segments for the Segment Prices.

(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 available, unrestricted proceeds of the sale of the Bonds remaining) 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 available, unrestricted remaining proceeds of the sale of the Bonds) only pursuant to Section 5.2(b) hereof.

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

Section 4.2. The District shall pay the Segment Price for and acquire from Quail Creek, and Quail Creek 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 materialmen'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 Man-

ager 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 PLANS AND SPECIFICATIONS

Section 5.1 (a) (1) To provide for amounts due pursuant to any Construction Contract (including incidental costs relating thereto) before the sale and delivery of any of the Bonds and after there are no remaining, available, unrestricted proceeds of the sale of the Bonds, such amounts shall be advanced by Quail Creek and the obligation to advance such amounts shall be the obligation of Quail Creek pursuant to the terms of this Agreement. Each such advance shall be evidenced by a written acknowledgement of the District Manager included as part of the written approval of the Engineers of each pay request of the contractor for such Construction Contract.

(2) Subject to Section 2.7, as soon as possible after the sale and delivery of any of the Bonds, the total amounts so advanced by Quail Creek for such purpose prior to the sale and delivery of the Bonds shall be paid to Quail Creek 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 to Quail Creek (or any contractor or assigns under any 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 proceeds from the sale of the Bonds shall be available to pay such amounts.

(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 Quail Creek for any advance made by Quail Creek to pay such amounts.

(b) (1) Subject to Section 2.7, any amounts due pursuant to any Construction Contract (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.

(2) 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 to Quail Creek (or any contractor or assigns under any 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 pur-

pose, 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) 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 Quail Creek pursuant to the terms of this Agreement and the Conveyance for that Segment.

(2) Subject to Section 2.7, as soon as possible after the sale and delivery of the Bonds, the amount advanced by Quail Creek 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 Quail Creek (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 to Quail Creek (or 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 available, unrestricted remaining proceeds of

the sale of the Bonds, the District shall not have any obligation to repay Quail Creek for any advance made by Quail Creek to pay a Segment Price.

(b) (1) Subject to Section 2.7, 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 Quail Creek to the Quail Creek 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 Quail Creek as provided in Section 2.6 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 that 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 struc-

ture 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 to Quail Creek (or 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 or such costs of such Plans and Specifications.

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 Quail Creek, the District Board shall, from time to time, take all such reasonable action necessary for the District to issue and sell, pursuant to the provisions of the Act, an applicable amount of the Bonds in an amount sufficient to repay advances for or to pay directly from the available, unrestricted proceeds thereof the total of all amounts due for the purposes of any Construction Contract 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. (To the extent the District is not otherwise prohibited from agreeing pursuant to applicable law, the first series of the Bonds shall be in a principal amount between \$11,000,000 and \$12,500,000, and, until the latter of such time as Quail Creek and its affiliates hold fee title to less than fifteen percent (15%) of the total acreage of the Property or any Standby Contribution has been released according to its terms, the District shall not undertake the issuance of any of the Bonds to finance costs of any public infrastructure other than the Infrastructure (for which the District may at any time in its sole and absolute discretion undertake such financing) without written approval of Quail Creek.)

(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, subject to the other conditions of this Agreement, issue the Bonds in at least two series

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 Park and the other Infrastructure designated "Phase One" in Exhibit "B" hereto and any subsequent series to provide for the Infrastructure designated "Phase Two" in Exhibit "B" hereto. 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 \$20,000,000.

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

(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, Quail Creek shall be liable and obligated to pay to the District an amount necessary to maintain the tax rate with respect to the Bonds at no more than \$3.00 per \$100.00 of 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. If a Standby Contribution Agreement is so executed and delivered, to provide adequate assurances for payment of the amount due pursuant to the Standby Contribution Agreement, Quail Creek shall deposit in the name of the District with a depository pursuant to a Depository Agreement a Letter of Credit or, for the subsequent series of the Bonds, in the sole discretion of the District Board, cash in an amount determined by the District Board instead. 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 Quail Creek, or provided by such assurances, pursuant to a Standby Contribution Agreement or the Letter of Credit only if the District has for that tax year adopted a resolu-

tion authorizing the levy of a tax rate for Total Debt Service of at least \$3.00.

(e) Each of the Standby Contribution Agreements shall have specific terms which provide that the obligation of Quail Creek 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 \$3.00 per \$100 of 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, 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* 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 shall be drawn to its full amount, payable to the District, upon the written demand of the District Manager or the District Treasurer to the institution supplying the Letter of Credit if any of the following occurs: (a) the nonpayment by Quail Creek of any amount due pursuant to the Standby Contribution Agreements by Quail Creek (after expiration of any applicable notice and cure periods thereunder); (b) the cancellation, termination or non-renewal of the Letter of Credit and a failure by Quail Creek to substitute the Letter of Credit not less than thirty (30) days before its cancellation, termination or expiration date or (c) a reduction of the rating for the uninsured, unsecured and unguaranteed obligations of the issuer of the Letter of Credit as promulgated by S&P below "A" without the District having received within sixty (60) days after the date of such reduction a substitute for the Letter of Credit. 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 Quail Creek, 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 \$3.00 per

\$100 of 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, the face amount of the Letter of Credit shall not be subject to reduction until 400 building permits have been issued within the boundaries of the District and the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof. Thereafter, on February 15 of each year, if the 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 to an amount equal to three (3) times such difference.

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 Quail Creek 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) Quail Creek (1) shall 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 Park or 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 Acquisition Project Construction Contract or Project constructed pursuant to a Construction Contract including claims of any contractor, vendor, subcontractor or supplier, (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 Quail Creek (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 Quail Creek 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 Quail Creek 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 Quail Creek, notify Quail Creek 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 Quail Creek by the amount of damages attributable to the failure of the Indemnified Party to give such notice to Quail Creek, but the omission to notify Quail Creek of any such action shall not relieve Quail Creek 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 Quail Creek of the commencement thereof, Quail Creek 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 Quail Creek (it being understood that, except as hereinafter provided, Quail Creek shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from Quail Creek to such Indemnified Party of an election so to assume the defense thereof, Quail Creek 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 Quail Creek defends any such action at the request of such Indemnified Party, Quail Creek shall have the right to participate at its own expense in the defense of any such action. If Quail Creek 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 Quail Creek (in which

case Quail Creek 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 Quail Creek.

(d) Quail Creek 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 Quail Creek, and only to the extent that indemnification by Quail Creek 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. (a) 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 Municipi-

pality 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. To provide for the payment of the District Expenses and the 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 Expenses and *second* to pay the O/M Expenses. To the extent the collections of the O/M Tax are not sufficient to pay the District Expenses and, except for any with regard to the Park, the O/M Expenses, Quail Creek shall, to the extent of reasonable amounts necessary therefor, be liable and obligated 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 on July 1 of each Fiscal Year of the District the amount of any shortfall indicated in the District Budget with respect to the District Expenses and the O/M Expenses, after adding back the amounts of the O/M Expenses incurred with regard to the Park in such Fiscal Year, including any amount required because of any shortfall in the prior Fiscal Year

as provided in such District Budget and no matter how such shortfall was otherwise funded; provided, however, the foregoing shall only be effective until the July 1 after 1,000 building permits have been issued within the boundaries of the District and the lots upon which the dwellings subject to such building permits are to be constructed have been conveyed to the retail purchasers thereof. The District shall only levy the O/M Tax in an amount necessary for the District Expenses and the O/M Expenses reflected in the District Budget for the Fiscal Year of the District and only in reasonable amounts therefor.

Section 9.3. Quail Creek has deposited \$50,000 as a deposit 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 \$5,000 of the \$45,000 deposit is expended, an accounting will be made to Quail Creek of all amounts incurred by the Municipality for the Initial Expenses to date, and Quail Creek shall be liable and obligated 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 Quail Creek which may be reimbursed under applicable law to Quail Creek from the proceeds of the sale of the Bonds shall, at the request of Quail Creek and to the extent of available amounts therefor, be included as part of the purpose of the Bonds. The obligations of Quail Creek 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 nor Quail Creek 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 Internal Revenue Code of 1986, as amended.

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 Quail Creek; 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 Quail Creek.

(b) Quail Creek shall or shall require that Quail Creek or each homebuilder to whom Quail Creek 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. 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 Quail Creek and the District only if such amendment does not amend Section 7.1, 8.3 or 9.3 and shall be effective against Quail Creek, the District and the Municipality, as applicable, only if such amendment only amends Section 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 created by Section 23 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 of the same instrument.

Section 10.10. 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 Quail Creek 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 Quail Creek arising as the result of this Agreement. Quail Creek has not 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 Quail Creek in any capacity or a consultant to any party to this Agreement with respect to the subject matter of this Agreement.

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 Dis-

trict, the Municipality and Quail Creek to the termination hereof, September 1, 2055, 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:

Box 879
Sahuarita, Arizona 85629
Attention: Manager

If to the District:

Box 879
Sahuarita, Arizona 85629
Attention: District Manager

If to Quail Creek:

Robson Quail Creek, LLC
c/o Robson Communities
9532 E. Riggs Road
Sun Lakes, Arizona 85248
Attention: Peter M. Gerstman

with a copy to:

Robson Quail Creek, LLC
c/o Robson Communities
9532 E. Riggs Road
Sun Lakes, Arizona 85248
Attention: Steven M. Soriano

and with an additional copy to:

Storey & Burnham PLC
3030 E. Camelback Road, Suite 265
Phoenix, Arizona 85016
Attention: Lesa J. Storey

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, as amended, 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, Quail Creek 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 city constitution, statute, charter provision, ordinance or regulation, require formal action, approval or concurrence by the City 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 City 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 Proc-

ess (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 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 Quail Creek their signatures, all as of the day and year first written above.

TOWN OF SAHUARITA, ARIZONA

By.....
Charles Oldham, Mayor

ATTEST:

.....
Sandra Olivas, City 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

QUAIL CREEK COMMUNITY FACILITIES
DISTRICT

By.....
Charles Oldham, Chairman, District
Board

ATTEST:

.....
Sandra Olivas, 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

ROBSON RANCH QUAIL CREEK, LLC, a
Delaware limited liability company

By: Arlington Property Management Company,
an Arizona corporation, its Manager

By.....
Printed Name:.....
Title:.....

WITH THE CONSENT AND AGREEMENT OF LAWYERS
TITLE OF ARIZONA INC., an Arizona corpora-
tion as Trustee under Trust No. 7916-T

By.....
Printed Name:.....
Title:.....

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this
..... day of, 2005, by Charles Oldham, 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, 2005, by Charles Oldham, as Chairman of
the District Board of Quail Creek Community Facilities District, an
Arizona community facilities district.

.....
Notary Public

My commission expires:
.....

STATE OF ARIZONA)
) ss
COUNTY OF)

On this day, personally appeared before me
....., as of Arlington Prop-
erty Management Company, an Arizona corporation, the Manager in Robson
Ranch Quail Creek, LLC, an Arizona limited liability company, who is
known to me to be the person whose name is above subscribed, and after
being first duly sworn, acknowledged upon her/his oath that she/he
executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official
seal on, 2005.

.....
Notary Public

My commission expires:
.....

STATE OF ARIZONA)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this
..... day of, 2005, by
....., an authorized representative of LAWYERS TITLE OF
ARIZONA, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official
seal.

.....
Notary Public

My commission expires:
.....

ATTACHMENTS:

- EXHIBIT A -- Legal Description Of Property To Be Included In The District
- EXHIBIT B -- Description of Infrastructure
- EXHIBIT C -- Form Of Certificate Of Engineers For Conveyance Of Segment Of Project
- EXHIBIT D -- Form Of Conveyance Of Segment Of Project
- EXHIBIT E -- Form Of Disclosure Statement

1471525.4-9/2/05

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL 1

A parcel of land located in Sections 6, 7, and 8, T.18S., R.14E., and Sections 1 and 12, T.18S., R.13E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, T.18S., R.14E., said point being a found aluminum cap marked "NORTHWEST CORNER SECTION 6";

THENCE along the North line of the Northwest quarter of said Section 6, S89°25'48"E, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, S89°25'48"E, a distance of 1,858.47 feet;

THENCE S89°25'26"E, a distance of 1620.62 feet;

THENCE S17°57'47"W a distance of 689.75 feet;

THENCE S12°46'24"W a distance of 115.96 feet,

THENCE S05°53'16"W a distance of 476.75 feet;

THENCE S79°12'27"W a distance of 496.86 feet;

THENCE N34°33'43"W, a distance of 297.82 feet;

THENCE S55°26'17"W a distance of 728.89 feet;

THENCE S17°46'29"E, a distance of 548.81 feet to the Northwesterly corner of lot 150 of Quail Creek Block 1, Lots 1-306 and Common Areas "B", "C", and "D" recorded in Book 43, Page 39, Pima County Recorder;

THENCE S17°46'29"E along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet, to an angle point in said Westerly line;

THENCE continuing along said Westerly line S12°52'00"E, a distance of 1037.57 feet, to the Southwesterly corner of lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306 S85°16'22"E, a distance of 296.51 to the Southeasterly corner of lot 175M;

THENCE leaving said Southerly line $S36^{\circ}46'53''E$, a distance of 1,354.26 feet;

THENCE $S04^{\circ}23'03''E$, a distance of 866.39 feet;

THENCE $S78^{\circ}30'18''E$, a distance of 1,177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek 2, Blocks 1-64 recorded in Book 51, Page 58, Pima County Recorder;

THENCE along the centerline of Quail Range Loop $S52^{\circ}10'00''E$, a distance of 476.65 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of $42^{\circ}50'00''$;

THENCE Easterly along the arc of said centerline, a distance of 448.55 feet;

THENCE continuing along said centerline $N85^{\circ}00'00''E$, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of $34^{\circ}00'00''$;

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline $S61^{\circ}00'00''E$, a distance of 522.00 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of $75^{\circ}30'00''$;

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline $N43^{\circ}30'00''E$, a distance of 227.70 feet to point hereinafter referred to as POINT "B";

THENCE $S46^{\circ}30'00''E$, a distance of 45.00 feet, to the beginning of a non-tangent curve, concave to the South, having a radius of 25.00 feet, the center of which bears $S46^{\circ}30'00''E$;

THENCE Easterly along said curve through a central angle of $90^{\circ}00'00''$, an arc distance of 39.27 feet;

THENCE $S46^{\circ}30'00''E$, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

THENCE Southeasterly along said curve, through a central angle of $01^{\circ}49'57''$, an arc distance of 31.02 feet; to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears $S45^{\circ}19'57''W$;

THENCE Northwesterly along said curve through a central angle of $38^{\circ}42'09''$, an arc distance of 16.89 feet;

THENCE S43°30'00"W a distance of 109.65 feet;
THENCE S41°00'38"E a distance of 133.26 feet;
THENCE S32°03'46"E a distance of 133.52 feet;
THENCE S23°06'22"E a distance of 133.52 feet;
THENCE S08°02'24"W a distance of 90.35 feet;
THENCE S51°25'37"E. a distance of 65.18 feet;
THENCE N78°29'36"E, a distance of 110.00 feet;
THENCE S11°30'24"E. a distance of 193.54 feet to the beginning of a
tangent curve, concave to the Northeast, having a radius of 1,030.00
feet;
THENCE Southeasterly along said curve, through a central angle of
26°19'27", an arc distance of 473.23 feet;
THENCE N52°10'09"E, a distance of 60.00 feet, to the beginning of a
non-tangent curve, concave to the Northeast, having a radius of 970.00
feet, the center of which bears N52°10'09"E;
THENCE Southeasterly along said curve through a central angle of
06°06'27", an arc distance of 103.40 feet;
THENCE N46°03'43"E, a distance of 122.43 feet;
THENCE S43°56'17"E, a distance of 66.81 feet;
THENCE S47°11'51"E, a distance of 100.91 feet;
THENCE N52°28'40"E, a distance of 131.50 feet;
THENCE N63°52'30"E, a distance of 198.74 feet;
THENCE N45°58'06"E a distance of 186.86 feet;
THENCE N20°39'25"E a distance of 80.53 feet;
THENCE N03°23'52"W a distance of 82.36 feet;
THENCE N36°01'32"E a distance of 93.31 feet;
THENCE N19°30'26"W a distance of 43.06 feet;
THENCE N40°58'24"W a distance of 101.90 feet;
THENCE N50°51'33"W a distance of 59.43 feet;

THENCE N25°35'36"W a distance of 36.36 feet;
THENCE N03°28'22"E a distance of 60.07 feet;
THENCE N27°20'33"E a distance of 60.53 feet;
THENCE N41°10'36"E a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears S48°54'23"W;
THENCE Northwesterly along said curve through a central angle of 04°10'24", an arc distance of 103.98 feet;
THENCE N44°43'59"E, a distance of 45.00 feet;
THENCE N45°26'32"W, a distance of 9.00 feet;
THENCE N44°22'58"E, a distance of 120.00 feet;
THENCE N37°57'52"E, a distance of 75.65 feet;
THENCE S36°52'18"E, a distance of 721.37 feet to a point on the East line of said Section 8;
THENCE S00°19'00"E, a distance of 811.56 feet;
THENCE S00°19'51"E, a distance of 651.86 feet;
THENCE S89°15'28"W, a distance of 2,642.16 feet;
THENCE S89°16'11"W, a distance of 1,319.79 feet;
THENCE N00°28'48"W, a distance of 655.34 feet;
THENCE S89°18'44"W, a distance of 1,197.28 feet;
THENCE N00°42'14"W, a distance of 72.65 feet;
THENCE N42°10'27"W, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears N46°55'34"W;
THENCE Southwesterly along said curve through a central angle of 46°57'01", an arc distance of 692.43 feet;
THENCE S00°01'30"W, a distance of 60.00 feet;
THENCE N89°58'30"W, a distance of 594.68 feet;
THENCE S00°31'37"E, a distance of 1,311.64 feet;
THENCE N89°55'51"W, a distance of 692.48 feet;

THENCE N22°54'16"E a distance of 810.76 feet;
THENCE N59°28'16"W a distance of 1,385.45 feet;
THENCE N59°30'41"W a distance of 2,662.66 feet;
THENCE N59°30'29"W a distance of 1,385.47 feet;
THENCE N30°29'31"E a distance of 407.54 feet;
THENCE N59°30'29"W a distance of 75.00 feet;
THENCE N80°03'48"W a distance of 150.96 feet;
THENCE N66°28'33"W a distance of 188.76 feet;
THENCE N42°42'29"W a distance of 137.40 feet;
THENCE N02°09'13"N a distance of 56.55 feet;
THENCE N14°57'58"E a distance of 85.47 feet;
THENCE N21°49'39"W a distance of 258.88 feet;
THENCE N28°55'06"E a distance of 254.73 feet;
THENCE N61°31'39"E a distance of 136.53 feet;
THENCE N72°52'39"E a distance of 422.49 feet;
THENCE N34°44'43"E a distance of 153.07 feet;
THENCE N71°28'23"E a distance of 111.45 feet;
THENCE N41°01'44"E a distance of 137.87 feet;
THENCE N58°21'09"E a distance of 292.98 feet;
THENCE S80°09'49"E a distance of 75.00 feet to the point of curve of a
non tangent curve to the left, of which the radius point lies
N80°09'49"W, a radial distance of 2,000.00 feet;
THENCE Northerly along the arc, through a central angle of 05°14'33",
a distance of 183.00 feet
THENCE N04°35'38"E, a distance of 1,046.83 feet;
THENCE S87°03'00"E, a distance of 1,101.85 feet;
THENCE N02°57'00"E, a distance of 99.08 feet;
THENCE N09°58'23"W, a distance of 1,861.54 feet;

THENCE N16°56'59"E, a distance of 280.91 feet;

THENCE N03°22'05"W, a distance of 633.45 feet to the POINT OF BEGINNING.

The above described parcel contains 929.49 acres, more or less.

PARCEL 2

A parcel of land located in Section 5, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5, T18S., R.14E.;

THENCE along the North line of the Northwest quarter of said Section 5, S89°24'40"E, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing S89°24'40"E, a distance of 1711.16 feet;

THENCE S89°26'12"E, a distance of 2,628.94 feet;

THENCE S00°33'46"E, a distance of 2,600.25 feet;

THENCE S00°29'09"E, a distance of 1,177.63 feet;

THENCE N63°51'17"W, a distance of 914.96 feet;

THENCE N31°25'45"W, a distance of 955.64 feet;

THENCE S69°24'01"W, a distance of 274.89 feet to a point on curve of a non tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek 2 Unit 16 recorded in Book 55, Page 62, Pima County Recorder, of which the radius point lies S69°24'01"W, a radial distance of 1,300.00 feet;

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110°10'10", a distance of 2,499.67 feet;

THENCE S49°13'51"W, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop N34°50'20"W, a distance of 908.75 feet; THENCE N55°03'30"W, a distance of 470.74 feet;

THENCE N62°43'56"W, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears N87°18'49"W;

THENCE Northerly along said curve through a central angle of 12°45'07", an arc distance of 71.78 feet;

THENCE N10°03'57"W, a distance of 68.46 feet;

THENCE N58°08'56"E, a distance of 165.49 feet;
THENCE N20°16'58"E, a distance of 196.06 feet;
THENCE N59°42'02"E, a distance of 233.09 feet;
THENCE S61°26'23"E, a distance of 178.00 feet;
THENCE N85°54'34"E, a distance of 287.29 feet;
THENCE N28°33'37"E, a distance of 45.00 feet;
THENCE N08°33'37"E, a distance of 174.61 feet;
THENCE N43°44'51"W, a distance of 480.23 feet to the POINT OF BEGINNING.

The above described parcel contains 244.58 acres, more or less.

PARCEL 3

A parcel of land located in Sections 5 and 8, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the aforementioned POINT "B", described in the legal description of PARCEL 1;

THENCE N43°30'00"E, a distance of 222.29 feet to the beginning of a tangent curve, concave Northwesterly, having a radius of 2600.00 feet;

THENCE Northerly along said curve, through a central angle of 19°23'44", an arc distance of 880.14 feet to the POINT OF BEGINNING;

THENCE N65°53'43"W, a distance of 45.00 feet;

THENCE N17°19'29"W, a distance of 365.55 feet;

THENCE N28°38'24"W, a distance of 319.69 feet;

THENCE N34°52'48"W, a distance of 269.69 feet;

THENCE N41°04'54"W, a distance of 58.17 feet;

THENCE N72°59'01"W a distance of 888.47 feet;

THENCE S88°08'09"W a distance of 65.69 feet;

THENCE S22°49'31"W a distance of 84.90 feet;

THENCE S65°06'02"E a distance of 40.00 feet;

THENCE S58°18'20"E a distance of 93.52 feet;
THENCE S53°17'39"E a distance of 95.03 feet;
THENCE S52°09'00"E a distance of 127.17 feet;
THENCE S55°16'49"E a distance of 97.42 feet;
THENCE S31°51'34"W a distance of 60.44 feet;
THENCE N75°07'27"W a distance of 30.48 feet;
THENCE N67°08'11"W, a distance of 61.67 feet;
THENCE N41°41'08"W, a distance of 131.83 feet;
THENCE N58°19'02"W a distance of 73.33 feet;
THENCE N80°40'31"W a distance of 50.02 feet;
THENCE S75°58'19"W. a distance of 58.64 feet;
THENCE N88°06'15"W, a distance of 52.06 feet;
THENCE N69°07'01"W a distance of 48.36 feet;
THENCE N48°01'26"W a distance of 52.87 feet;
THENCE N18°06'05"W a distance of 74.56 feet;
THENCE N08°25'37"W a distance of 106.61 feet;
THENCE N09°49'57"W a distance of 74.86 feet;
THENCE N09°56'55"W, a distance of 186.01 feet;
THENCE N80°03'05"E, a distance of 46.69 feet;
THENCE S68°04'15"E, a distance of 196.72 feet;
THENCE N67°24'03"E, a distance of 64.98 feet;
THENCE N19°01'53"E, a distance of 178.30 feet;
THENCE S70°16'15"E, a distance of 206.75 feet;
THENCE N65°15'48"E, a distance of 101.24 feet;
THENCE S57°59'26"E a distance of 122.37 feet;
THENCE S52°51'17"E, a distance of 232,85 feet;

THENCE S52°34'38"E a distance of 213.67 feet;

THENCE S64°12'16"E, a distance of 191.58 feet;

THENCE S64°19'02"E a distance of 190.06 feet;

THENCE S36°16'11"E, a distance of 297.39 feet;

THENCE S61°27'59"E a distance of 161.28 feet;

THENCE S65°06'09"E a distance of 120.17 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 2,600.00 feet, the center of which bears N81°16'35"W;

THENCE Southerly along said curve through a central angle of 15°22'51", an arc distance of 697.96 feet to the POINT OF BEGINNING.

The above described parcel contains 17.94 acres, more or less.

EXHIBIT B

DESCRIPTION OF THE INFRASTRUCTURE

PHASE ONE

- Campbell Avenue. A public roadway extending from the northern edge of the Quail Creek Planned Community to the southern edge of the Quail Creek Planned Community.
- Campbell Avenue Bridge. A clear-span drainage crossing at the southern end of the newly constructed Campbell Avenue.
- South Boundary Roadway. A public roadway to extend from the south termination of Campbell Avenue, traveling along the southern edge of the Quail Creek Planned Community, and terminating at the entrance of the development known as the Stonehouse development.
- Roadway Landscaping. Landscaping along both sides of Campbell Avenue and the South Boundary Roadway.
- Drainage Improvements. Necessary drainage improvements adjacent to Campbell Avenue, necessary to protect Campbell Avenue.
- Public Sewer System (partial). First phase of portions of the public sewer system within the District.
- Bridges at Wash Crossings (partial). Various necessary public clear-span drainage crossings throughout the District and along Campbell Avenue and the South Boundary Roadway.

PHASE TWO

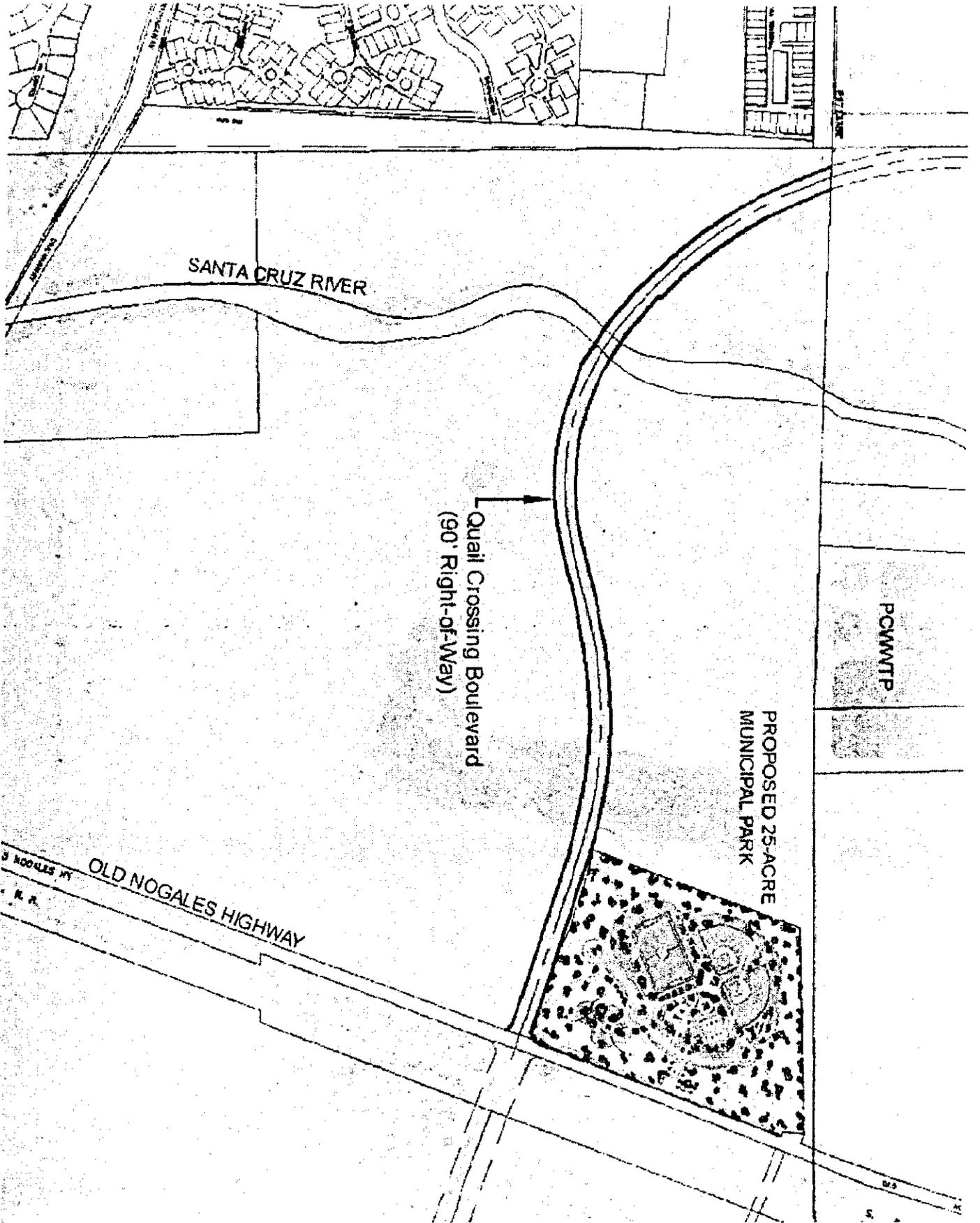
- Traffic Signalization. Two traffic signals (and related equipment), one to be located at the intersection of Quail Crossing Blvd. and Campbell Avenue, and one to be located at the intersection of Quail Crossing Blvd. and the Tucson Old Nogales Highway.
- Public Sewer System (partial). Second phase of portions of the public sewer system within the District.
- Bridges at Wash Crossings (partial). Various additional, necessary public clear-span drainage crossings throughout the District and along Campbell Avenue and the South Boundary Roadway.
- Santa Cruz River Bank Protection. Bank protection along the banks of the Santa Cruz River.

- Fire Station, Park Improvements, and/or Other Regional Public Facilities. A fire station and additional improvements to the Park and other public facilities in the area of the District.

EXHIBIT B-1

DESCRIPTION OF THE PARK RELATED SITE

[See following page]



Quail Crossing Boulevard
Proposed Alignment

EXHIBIT C

FORM OF CERTIFICATE OF ENGINEERS FOR

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

(insert description of Acquisition Project/Segment)

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

We the undersigned, being Professional Engineers in the State of Arizona and, respectively, the duly appointed District Engineer for Quail Creek Community Facilities District (hereinafter referred to as the "District"), and the engineer employed by Robson Ranch Quail Creek, LLC (hereinafter referred to as "Quail Creek"), each hereby certify for purposes of the District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), dated as of September 1, 2005 (hereinafter referred to as the "Agreement"), by and among the District, the Town of Sahuarita, Arizona and Quail Creek 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. Quail Creek 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. Quail Creek filed all construction plans, specifications, contract documents, and supporting engineering data for the construction or installation of such Segment with the Municipality.

5. Quail Creek obtained good and sufficient performance and payment bonds in connection with such Contract.

DATED AND SEALED THIS DAY OF, 200..

[P.E. SEAL]

By.....
District Engineer

[P.E. SEAL]

By.....
Engineer for Quail Creek

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

.....
Manager for Quail Creek
Community Facilities 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.
QUAIL CREEK COMMUNITY)
FACILITIES DISTRICT)

KNOW ALL MEN BY THESE PRESENTS THAT:

.....("....."),
for good and valuable consideration received by from
Quail Creek Community Facilities District, a community facilities dis-
trict 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 acknowl-
edged [, 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 Develop-
ment, Financing Participation and Intergovernmental Agreement (Quail
Creek Community Facilities District), dated as of September 1, 2005,
by and among Robson Ranch Quail Creek LLC, the Municipality and the
District and more completely described in such Development Agreement:

[Insert description of Acquisition Project/Segment]

together with any and all benefits, including warranties and perform-
ance 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 oth-
erwise 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 hereafter pay
the amounts described in such Development Agreement], but subject to
all taxes and other assessments, reservations in patents, and all

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

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 any-wise 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.

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, 200..

.....

By.....

By.....

Title:.....

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

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

.....
Notary Public

.....
Typed/Printed Name of Notary

My Commission Expires:.....

[NOTARY SEAL]

EXHIBIT I

TO

CONVEYANCE OF SEGMENT OF PROJECT

(Insert description of Project/Segment)

EXHIBIT E

FORM OF DISCLOSURE STATEMENT

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

DISCLOSURE STATEMENT

Robson Ranch Quail Creek, LLC, an Arizona limited liability company (the "Developer"), in conjunction with the Town of Sahuarita, Arizona (the "City"), have established a community facilities district ("CFD") at the development known as "Quail Creek." 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 of Quail Creek resulting from being in 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 CFDs 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 September 12, 2005, the Mayor and Council of the City formed the CFD which includes all of the residential and commercial property in Quail Creek. An election was held on November 8, 2005, at which time the owners of the property within the CFD voted to authorize up to \$30,000,000 of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of water and sewer improvements. The improvements have been or will be dedicated to the City after acquisition or construction of such public infrastructure by the District. The City will operate and maintain such improvements.

WHAT WILL BE FINANCED?

The CFD has been established to finance up to \$30,000,000 in public infrastructure improvements within Quail Creek including financing costs related to such improvements. The initial bond issue is expected to be approximately \$.....,000. The proceeds of this bond issue is currently expected to be utilized to finance the engineering, design and construction of In addition, it is anticipated that approximately \$.....,000 in bonds will be issued over the next years for future phases of infrastructure at Quail Creek.

BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all residents within Quail Creek by providing roadway, park and sewer 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 resident of the CFD will participate in the repayment of the bonds in the form of an additional property tax 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 CITY IS SUBJECT TO A PROPERTY TAX LEVIED BY ANY OTHER COMMUNITY FACILITIES DISTRICT.)** Beginning in fiscal year 2003-04, the CFD levied a not to exceed \$[total tax rate] per \$100.00 of secondary assessed valuation tax rate to provide for repayment of the bonds and the payment of certain administrative expenses associated therewith a portion of the valuation to provide 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 \$3.00 per \$100.00 of secondary assessed valuation for as long as the bonds are outstanding. The tax rate will be maintained initially at the \$3.00 level by means of agreements with the Developer which require the Developer to provide for the difference above such \$3.00 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 \$3.00 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 Quail Creek and a \$3.00 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 of Sahuarita City Clerk's office.

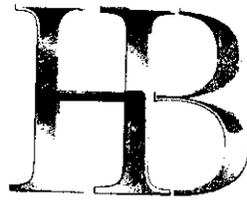
Your signature below acknowledges that you have read this disclosure document at the time you made your decision to purchase property at Quail Creek and you signed your purchase contract and that you understand the property you are purchasing will be taxed to pay the CFD bonds described above.

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

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

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

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



**PROPOSED
QUAIL CREEK COMMUNITY FACILITIES DISTRICT**

CFD PETITION FOR ADOPTION

This is a document required by statute, which is the applicant's request that we form the CFD. The material contained in this document is not as useful for you, as much more detail is provided in the development agreement.

PETITION FOR ADOPTION OF A RESOLUTION
ORDERING AND DECLARING
FORMATION OF
QUAIL CREEK COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA)
COUNTY OF PIMA) ss.
TOWN OF SAHUARITA)

THE UNDERSIGNED OWNER (hereinafter referred to as "Petitioner") OF ALL OF THE REAL PROPERTY hereinafter described by metes and bounds, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), respectfully petitions The Honorable Common Council of the Town of Sahuarita, Arizona (hereinafter referred to as the "Municipality"), to adopt a resolution (hereinafter referred to as the "Resolution") declaring and ordering formation of a community facilities district (hereinafter referred to as the "District") and would respectfully request the following with respect thereto:

I.

The name of the District to be "Quail Creek Community Facilities District,"

II.

The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the Municipality and the District,

III.

The District to contain an area of approximately 1192 acres of land, more or less, wholly within the corporate boundaries of the Municipality and to be composed of the land included in the three parcels described by metes and bounds as provided in Exhibit "A" hereto, which is made a part hereof for all purposes,

IV.

The District to be 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, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Municipality; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

V.

The formation of the District to result in the levy of ad valorem taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

VI.

Before the Resolution is adopted, the Clerk of the Municipality to accept the filing of a "general plan" (as such term is

defined in the Act and hereinafter referred to as the "General Plan") for the District setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved, and

VII.

The Municipality to determine that public convenience and necessity require the adoption of the Resolution;

WHEREFORE, Petitioner attests and declares that on the date hereof, as shown on the assessment roll for State and county taxes in Pima County, Arizona, all of the land to be in the District is owned by Petitioner or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be Petitioner; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioner, the Municipality and the District; that public convenience and necessity require the adoption of the Resolution; and that the Municipality shall in no way be liable for the payment of any of the costs of the public infra-

structure described in the General Plan, nor liable for any liability, debt or obligation of the District;

WHEREFORE, as this Petition is signed by the owners of all the land to be in the District and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the land in the District, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with adoption of the Resolution are waived, and the Municipality may, on receipt of this Petition, adopt the Resolution to declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election; and

WHEREFORE, Petitioner respectfully prays that this Petition be properly filed as provided by law; that the Municipality adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Common Council of the Municipality shall deem proper and necessary.

[BALANCE OF PAGE LEFT BLANK INTENTIONALLY]

RESPECTFULLY SUBMITTED this 9th day of September, 2004.

LAWYERS TITLE OF ARIZONA INC., an Arizona corporation as Trustee under Trust No. 7916-T

By.....
Printed Name:.....
Title:.....

CONSENTED TO THE SAME DATE BY SOLE BENEFICIARY OF SUCH TRUST AND TRUSTOR OF DEED OF TRUST, DATED FEBRUARY 24, 2005, AND RECORDED AT DOCKET 12497, PAGE 8802 AND DOCKET 12539, PAGE 1311, RECORDS OF COUNTY RECORDER OF PIMA COUNTY, ARIZONA, ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company

By: Arlington Property Management Company, an Arizona corporation, its Manager

By.....
Printed Name:.....
Title:.....

AND TRUSTEE AND BENEFICIARY OF SUCH DEED OF TRUST, J.P. MORGAN CHASE BANK, N.A., a national banking association

By.....
Printed Name:.....
Title:.....

STATE OF ARIZONA)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this
..... day of, 2005, by
....., an authorized representative of LAWYERS TITLE OF
ARIZONA, INC., an Arizona corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official
seal.

.....
Notary Public

My commission expires:

.....

STATE OF ARIZONA)
) ss.
COUNTY OF)

On this day, personally appeared before me
....., as of ARLINGTON PROPERTY
MANAGEMENT COMPANY, an Arizona corporation, the Manager in Robson
Ranch Quail Creek, LLC, an Arizona limited liability company, who is
known to me to be the person whose name is above subscribed, and after
being first duly sworn, acknowledged upon her/his oath that she/he
executed the foregoing for the purposes therein contained.

In witness whereof, I hereunto set my hand and official
seal on, 2005.

.....
Notary Public

My commission expires:

.....

EXHIBIT A

LEGAL DESCRIPTION OF LAND TO
BE INCLUDED IN THE DISTRICT

PARCEL 1

A parcel of land located in Sections 6, 7, and 8, T.18S., R.14E., and Sections 1 and 12, T.18S., R.13E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6, T.18S., R.14E., said point being a found aluminum cap marked "NORTHWEST CORNER SECTION 6";

THENCE along the North line of the Northwest quarter of said Section 6, S89°25'48"E, a distance of 689.37 feet to the POINT OF BEGINNING;

THENCE continuing along said North line, S89°25'48"E, a distance of 1,858.47 feet;

THENCE S89°25'26"E, a distance of 1620.62 feet;

THENCE S17°57'47"W a distance of 689.75 feet;

THENCE S12°46'24"W a distance of 115.96 feet,

THENCE S05°53'16"W a distance of 476.75 feet;

THENCE S79°12'27"W a distance of 496.86 feet;

THENCE N34°33'43"W, a distance of 297.82 feet;

THENCE S55°26'17"W a distance of 728.89 feet;

THENCE S17°46'29"E, a distance of 548.81 feet to the Northwesterly corner of lot 150 of Quail Creek Block 1, Lots 1-306 and Common Areas "B", "C", and "D" recorded in Book 43, Page 39, Pima County Recorder;

THENCE S17°46'29"E along the Westerly line of said Quail Creek Block 1, Lots 1-306, a distance of 744.94 feet, to an angle point in said Westerly line;

THENCE continuing along said Westerly line S12°52'00"E, a distance of 1037.57 feet, to the Southwesterly corner of lot 174M of said Quail Creek Block 1, Lots 1-306;

THENCE Southeasterly along the Southerly line of said Quail Creek Block 1, Lots 1-306 S85°16'22"E, a distance of 296.51 to the Southeasterly corner of lot 175M;

THENCE leaving said Southerly line S36°46'53"E, a distance of 1,354.26 feet;

THENCE S04°23'03"E, a distance of 866.39 feet;

THENCE S78°30'18"E, a distance of 1,177.70 feet to a point on the centerline of Quail View Loop per the Final Plat of Quail Creek 2, Blocks 1-64 recorded in Book 51, Page 58, Pima County Recorder;

THENCE along the centerline of Quail Range Loop S52°10'00"E, a distance of 476.65 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 42°50'00";

THENCE Easterly along the arc of said centerline, a distance of 448.55 feet;

THENCE continuing along said centerline N85°00'00"E, a distance of 376.62 feet to a point of curve to the right, having a radius of 600.00 feet and a central angle of 34°00'00";

THENCE Easterly along the arc of said centerline, a distance of 356.05 feet;

THENCE continuing along said centerline S61°00'00"E, a distance of 522.00 feet to a point of curve to the left, having a radius of 600.00 feet and a central angle of 75°30'00";

THENCE Easterly along the arc of said centerline, a distance of 790.63 feet;

THENCE continuing along said centerline N43°30'00"E, a distance of 227.70 feet to point hereinafter referred to as POINT "B";

THENCE S46°30'00"E, a distance of 45.00 feet, to the beginning of a non-tangent curve, concave to the South, having a radius of 25.00 feet, the center of which bears S46°30'00"E;

THENCE Easterly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet;

THENCE S46°30'00"E, a distance of 151.15 feet to the beginning of a tangent curve, concave to the Southwest, having a radius of 970.00 feet;

THENCE Southeasterly along said curve, through a central angle of 01°49'57", an arc distance of 31.02 feet; to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 25.00 feet, the center of which bears S45°19'57"W;

THENCE Northwesterly along said curve through a central angle of 38°42'09", an arc distance of 16.89 feet;

THENCE S43°30'00"W a distance of 109.65 feet;
THENCE S41°00'38"E a distance of 133.26 feet;
THENCE S32°03'46"E a distance of 133.52 feet;
THENCE S23°06'22"E a distance of 133.52 feet;
THENCE S08°02'24"W a distance of 90.35 feet;
THENCE S51°25'37"E. a distance of 65.18 feet;
THENCE N78°29'36"E, a distance of 110.00 feet;
THENCE S11°30'24"E. a distance of 193.54 feet to the beginning of a
tangent curve, concave to the Northeast, having a radius of 1,030.00
feet;
THENCE Southeasterly along said curve, through a central angle of
26°19'27", an arc distance of 473.23 feet;
THENCE N52°10'09"E, a distance of 60.00 feet, to the beginning of a
non-tangent curve, concave to the Northeast, having a radius of 970.00
feet, the center of which bears N52°10'09"E;
THENCE Southeasterly along said curve through a central angle of
06°06'27", an arc distance of 103.40 feet;
THENCE N46°03'43"E, a distance of 122.43 feet;
THENCE S43°56'17"E, a distance of 66.81 feet;
THENCE S47°11'51"E, a distance of 100.91 feet;
THENCE N52°28'40"E, a distance of 131.50 feet;
THENCE N63°52'30"E, a distance of 198.74 feet;
THENCE N45°58'06"E a distance of 186.86 feet;
THENCE N20°39'25"E a distance of 80.53 feet;
THENCE N03°23'52"W a distance of 82.36 feet;
THENCE N36°01'32"E a distance of 93.31 feet;
THENCE N19°30'26"W a distance of 43.06 feet;
THENCE N40°58'24"W a distance of 101.90 feet;
THENCE N50°51'33"W a distance of 59.43 feet;

THENCE N25°35'36"W a distance of 36.36 feet;
THENCE N03°28'22"E a distance of 60.07 feet;
THENCE N27°20'33"E a distance of 60.58 feet;
THENCE N41°10'36"E a distance of 212.18 feet to the beginning of a non-tangent curve, concave to the Southwest, having a radius of 1,427.50 feet, the center of which bears S48°54'23"W;
THENCE Northwesterly along said curve through a central angle of 04°10'24", an arc distance of 103.98 feet;
THENCE N44°43'59"E, a distance of 45.00 feet;
THENCE N45°26'32"W, a distance of 9.00 feet;
THENCE N44°22'58"E, a distance of 120.00 feet;
THENCE N37°57'52"E, a distance of 75.65 feet;
THENCE S36°52'18"E, a distance of 721.37 feet to a point on the East line of said Section 8;
THENCE S00°19'00"E, a distance of 811.56 feet;
THENCE S00°19'51"E, a distance of 651.86 feet;
THENCE S89°15'28"W, a distance of 2,642.16 feet;
THENCE S89°16'11"W, a distance of 1,319.79 feet;
THENCE N00°28'48"W, a distance of 655.34 feet;
THENCE S89°18'44"W, a distance of 1,197.28 feet;
THENCE N00°42'14"W, a distance of 72.65 feet;
THENCE N42°10'27"W, a distance of 342.88 feet to the beginning of a non-tangent curve, concave to the Northwest, having a radius of 845.00 feet, the center of which bears N46°55'34"W;
THENCE Southwesterly along said curve through a central angle of 46°57'01", an arc distance of 692.43 feet;
THENCE S00°01'30"W, a distance of 60.00 feet;
THENCE N89°58'30"W, a distance of 594.68 feet;
THENCE S00°31'37"E, a distance of 1,311.64 feet;
THENCE N89°55'51"W, a distance of 692.48 feet;

THENCE N22°54'16"E a distance of 810.76 feet;
THENCE N59°28'16"W a distance of 1,385.45 feet;
THENCE N59°30'41"W a distance of 2,662.66 feet;
THENCE N59°30'29"W a distance of 1,385.47 feet;
THENCE N30°29'31"E. a distance of 407.54 feet;
THENCE N59°30'29"W a distance of 75.00 feet;
THENCE N80°03'48"W a distance of 150.96 feet;
THENCE N66°28'33"W a distance of 188.76 feet;
THENCE N42°42'29"W a distance of 137.40 feet;
THENCE N02°09'13"N, a distance of 56.55 feet;
THENCE N14°57'58"E a distance of 85.47 feet;
THENCE N21°49'39"W a distance of 258.88 feet;
THENCE N28°55'06"E a distance of 254.73 feet;
THENCE N61°31'39"E a distance of 136.53 feet;
THENCE N72°52'39"E a distance of 422.49 feet;
THENCE N34°44'43"E a distance of 153.07 feet;
THENCE N71°28'23"E a distance of 111.45 feet;
THENCE N41°01'44"E a distance of 137.87 feet;
THENCE N58°21'09"E a distance of 292.98 feet;
THENCE S80°09'49"E a distance of 75.00 feet to the point of curve of a
non tangent curve to the left, of which the radius point lies
N80°09'49"W, a radial distance of 2,000.00 feet;
THENCE Northerly along the arc, through a central angle of 05°14'33",
a distance of 183.00 feet
THENCE N04°35'38"E, a distance of 1,046.83 feet;
THENCE S87°03'00"E, a distance of 1,101.85 feet;
THENCE N02°57'00"E, a distance of 99.08 feet;
THENCE N09°58'23"W, a distance of 1,861.54 feet;

THENCE N16°56'59"E, a distance of 280.91 feet;

THENCE N03°22'05"W, a distance of 633.45 feet to the POINT OF BEGINNING.

The above described parcel contains 929.49 acres, more or less.

PARCEL 2

A parcel of land located in Section 5, T.18S., R.14E., of the Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 5, T18S., R.14E.;

THENCE along the North line of the Northwest quarter of said Section 5, S89°24'40"E, a distance of 919.94 feet to the POINT OF BEGINNING;

THENCE continuing S89°24'40"E, a distance of 1711.16 feet;

THENCE S89°26'12"E, a distance of 2,628.94 feet;

THENCE S00°33'46"E, a distance of 2,600.25 feet;

THENCE S00°29'09"E, a distance of 1,177.63 feet;

THENCE N63°51'17"W, a distance of 914.96 feet;

THENCE N31°25'45"W, a distance of 955.64 feet;

THENCE S69°24'01"W, a distance of 274.89 feet to a point on curve of a non tangent curve to the left, said curve being on the centerline of Quail Range Loop per the Final Plat of Quail Creek 2 Unit 16 recorded in Book 55, Page 62, Pima County Recorder, of which the radius point lies S69°24'01"W, a radial distance of 1,300.00 feet;

THENCE Westerly along the arc of said centerline of Quail Range Loop, through a central angle of 110°10'10", a distance of 2,499.67 feet;

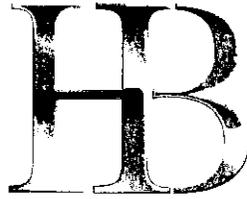
THENCE S49°13'51"W, a distance of 58.50 feet;

THENCE leaving said centerline of Quail Range Loop N34°50'20"W, a distance of 908.75 feet; THENCE N55°03'30"W, a distance of 470.74 feet;

THENCE N62°43'56"W, a distance of 376.71 feet to the beginning of a non-tangent curve, concave to the West, having a radius of 322.50 feet, the center of which bears N87°18'49"W;

THENCE Northerly along said curve through a central angle of 12°45'07", an arc distance of 71.78 feet;

THENCE N10°03'57"W, a distance of 68.46 feet;



**PROPOSED
QUAIL CREEK COMMUNITY FACILITIES DISTRICT**

TOWN RESOLUTION

By statute, a CFD is formed by the adoption of a resolution, and this is that resolution. As discussed in your green sheet, this resolution does the following:

- This grants the Petition for Formation, and effectively forms the CFD, which is an independent government.
- The Mayor is established as the Chairperson of the CFD Board, and the Vice-Mayor is established as the Vice-Chairperson.
- Your current Town staff are designated as CFD staff, such as the District Clerk (Town Clerk), District Treasurer (Town Treasurer), District Manager (Town Manager), District Chief Financial Officer (Town CFO), and District Legal Counsel (Town Attorney).
- The boundaries of the District are established.
- Approves and adopts the Development Agreement between the Town, the CFD, and Quail Creek.
- This document declares that the Municipality will have no liability for the acts of the CFD.
- Declaration of Emergency. We declare an emergency in order to make the resolution effective immediately, which is needed so we can immediately hold our first meeting of the CFD Board, who needs to approve the IGA and take other actions.

SAHUARITA RESOLUTION NO. 2005-86

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF SAHUARITA, ARIZONA, A MUNICIPAL CORPORATION OF ARIZONA, ORDERING AND DECLARING FORMATION OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (QUAIL CREEK COMMUNITY FACILITIES DISTRICT) AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF SAHUARITA, ARIZONA, as follows:

1. Findings.

- a. On a date prior to the date of the adoption hereof, there was presented to us, the governing body of the Town of Sahuarita, Arizona, an incorporated municipality of the State of Arizona (hereinafter called the "Municipality"), a Petition for Adoption of a Resolution Declaring Formation of Quail Creek Community Facilities District, dated as of even date herewith (hereinafter referred to as the "Petition"), signed by the entities which, on the date hereof, are the owners of all real property as shown on the assessment roll for State and county taxes for Pima County, Arizona, or, if such persons shown on such assessment roll are no longer the owners of land in Quail Creek Community Facilities District are the entities which are the successor owners which have become known and have been verified by recorded deed or similar evidence of transfer of ownership to be the owners of such real property (hereinafter referred to as, collectively, the "Petitioner") described in the Petition by metes and bounds to be in the community facilities district, the formation of which is prayed for by the Petitioner in the Petition, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act").
- b. The Petitioner has requested the following:
 - i. The name of the community facilities district of which formation is prayed pursuant to the Petition to be "Quail Creek Community Facilities District" (hereinafter called the "District"),
 - ii. The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among the Petitioner, the Municipality and the District,

- iii. The District to contain an area of approximately 1248 acres of land, more or less, wholly within the corporate boundaries of the Municipality and to be composed of the land included in the parcels described by metes and bounds as provided in Exhibit "A" to the Petition, which is made a part of the Petition for all purposes and is all the land to be included within the boundaries of the District (hereinafter referred to as the "Property"),
 - iv. The District to be 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, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona separate and apart from the Municipality; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,
 - v. The formation of the District to result in the levy of *ad valorem* taxes to pay costs of improvements constructed by the District and for their operation and maintenance,
 - vi. The Clerk of the Municipality to accept the filing of a "General Plan for Community Facilities District" for the District setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved (hereinafter referred to as the "General Plan"), and
 - vii. The Municipality to determine that public convenience and necessity require the adoption of this Resolution.
- c. The Petitioner further attested and declared that on the date hereof, as shown on the assessment roll for State and county taxes in Pima County, Arizona, the Property is owned by the Petitioner and shall be benefitted from the improvements for which the District is proposed to be formed; that there are no residents on the Property and there shall be no residents within fifty (50) days preceding the first anticipated election of the District; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among the Petitioner, the Municipality and the District; that public convenience and necessity require the adoption of this Resolution; and that the Municipality shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District.
- d. After showing the preceding, the Petitioner respectfully prayed that the Petition be properly filed as provided by law and that, as the Petition is signed by all of the owners of the Property and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the Property, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the adoption of this Resolution are waived, the Municipality, on receipt of the Petition, declare the District formed without being

required to comply with such provisions for posting, publication, mailing, notice, hearing or election.

- e. Pursuant to the Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District, Robson Ranch Quail Creek, LLC (hereinafter called "Quail Creek") and Arlington Property Management Company (hereinafter called "Arlington") 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 real property included within the boundaries of the District, the Municipality, Quail Creek and Arlington 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 thereof by the Municipality and the reimbursement or repayment of the Petitioner with respect thereto, all pursuant to the Act.
- g. Pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended, 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 Quail Creek and Arlington 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, general obligation bonds of the District to be hereafter issued.
- i. There has been presented to us in connection with the purposes described in paragraphs 1.e. through h. a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), to be dated as of September 12, 2005, (hereinafter referred to as the "Development Agreement"), by and among the Municipality, the District, Quail Creek and Arlington.

2. Matters Noticed by the Municipality.

- a. The Petitioner seeks formation of the District to exercise the powers and functions set forth in the Act as such powers and functions are modified, waived or restricted pursuant to agreements to be entered into by and among the Petitioner, the Municipality and the District.
- b. The General Plan has been filed with the Clerk of the Municipality.
- c. The Petition and all necessary supporting materials have been filed with us, and the showings in the Petition are each noticed by us and are hereby incorporated at this place as if set forth hereat in whole.

- d. The purposes for which organization of the District is sought are as described in the Petition and are purposes for which a district created pursuant to the Act may be lawfully formed.
 - e. The public convenience and necessity require us to adopt this Resolution.
3. Granting of Petition; Formation of District. The Petition attached hereto as Exhibit "A" and made a part hereof for all purposes is hereby granted, and the District is hereby formed as a district pursuant to the terms and provisions of, and with the powers and authority established by, the Act, subject to the restrictions and modifications set forth in the Petition, with jurisdiction over the Property and that, as the Petition is signed by the owner of the Property and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the Property, requirements of posting, publication, mailing, notices, hearing and election otherwise required by the Act with respect to formation of the District are hereby found to be unnecessary.
 4. District Board and Officers. The District shall be governed by a "District Board" comprised of the members of the governing body of the Municipality, *ex officio*. The Mayor of the Municipality shall be the "Chairperson of the District Board"; the Vice Mayor of the Municipality shall be the "Vice Chairperson of the District Board"; the Town Clerk of the Municipality shall be the "District Clerk"; the Town Treasurer of the Municipality shall be the "District Treasurer"; the Town Manager of the Municipality shall be the "District Manager" and the Town Attorney of the Municipality shall be the "District Counsel."
 5. District Boundaries and Map. The District boundaries are as described in metes and bounds in Exhibit "A" to the Petition. A map showing the District boundaries is hereby ordered to be drawn and provided by the District Manager.
 6. Dissemination of this Resolution. The Petitioner shall cause a copy of this Resolution to be delivered to the County Assessor and the Board of Supervisors of Pima County, Arizona, and to the Department of Revenue of the State of Arizona.
 7. Authorization and 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 Mayor of the Municipality, with the advice of the Town Manager of the Municipality and the Town Attorney of the Municipality, 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 persons or persons executing the same. The Mayor of the Municipality, with the advice of the Town Manager of the Municipality and the Town Attorney of the Municipality, is hereby authorized and directed to execute, and the Town Clerk of the Municipality to attest and deliver, the Development Agreement on behalf of the Municipality.
 8. 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 costs of the public infrastructure contemplated by the General Plan and the Development Agreement nor 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.

9. Effect of Resolution.

- 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 remaining provisions of this Resolution.
- b. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

10. Emergency Clause. The immediate operation of the provisions of this Resolution is necessary to the orderly development of property within the Municipality and the resulting preservation of the public peace, health and safety, an EMERGENCY is hereby declared to exist. This Resolution shall be in full force and effect from and after its passage, adoption and approval by us, as required by law, and is hereby exempted from the referendum provision of the constitution and laws of the State of Arizona pursuant to Section 19-142(B), Arizona Revised Statutes, as amended, and the Code of the Municipality.

PASSED AND ADOPTED by the Mayor and Council of the Town of Sahuarita, Arizona, this 12th day of September, 2005.

Mayor Charles Oldham

ATTEST:

Sandra R. Olivas
Town Clerk

APPROVED AS TO FORM:

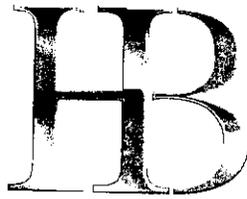
Daniel J. Hochuli
As Town Attorney
and not personally

REVIEWED BY:

James R. Stahle
Town Manager

EXHIBIT A

CONFORMED COPY OF PETITION
FOR ADOPTION OF THIS RESOLUTION



**PROPOSED
QUAIL CREEK COMMUNITY FACILITIES DISTRICT**

DISTRICT RESOLUTION

After the District is formed by the Town Council, the Town Council will adjourn the Council Meeting, and call to order the first meeting of the CFD Board. At that meeting, the CFD Board is expected to adopt the following Resolution. Mr. Cafiso and Mr. Hochuli will brief you on this Resolution and what will occur prior to the Board Meeting, and will be present at the meeting to advise you. The Resolution does the following:

- Appointment of Chairperson and Vice Chairperson of the District Board and District Clerk, District Treasurer, District Manager and District Counsel
- Ratification of notification of where notices of meetings will be posted
- Approval of General Plan
- Approval of District Development Agreement and authorization of execution and delivery thereof
- Approval of District Budget and authorization of publication of Notice of Hearing on such Budget
- Approval of preparation of (First) Feasibility Report and of publication of Notice of Hearing on such Feasibility Report
- Order and call of Bond and Operation and Maintenance Tax Election

**QUAIL CREEK COMMUNITY FACILITIES DISTRICT
RESOLUTION NO. 1**

A RESOLUTION OF THE DISTRICT BOARD OF QUAIL CREEK 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 (QUAIL CREEK COMMUNITY FACILITIES DISTRICT); APPROVING THE PROPOSED BUDGET FOR THE DISTRICT FOR THE REMAINDER OF FISCAL YEAR 2005-06 AND AUTHORIZING THE GIVING OF NOTICE OF HEARING WITH RESPECT THERETO; 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 QUAIL CREEK COMMUNITY FACILITIES DISTRICT as follows:

1. Findings.

- a. On September 12, 2005, the Mayor and Common Council of the Town of Sahuarita, Arizona (hereinafter called the "Municipality"), adopted Resolution No. _____ which, among other things, ordered and declared formation of Quail Creek 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, as amended, and, except as otherwise provided in Section 48-708(B), Arizona Revised Statutes, as amended, 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, as amended (hereinafter referred to as the "Act"), and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District and Robson Ranch Quail Creek, LLC (hereinafter called "Quail Creek") 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 and Quail Creek 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 Quail Creek with respect thereto, all pursuant to the Act.
- g. Pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended, 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 Quail Creek 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.a. through h. a District Development, Financing Participation and Intergovernmental Agreement (Quail Creek Community Facilities District), to be dated as of September 1, 2005 (hereinafter referred to as the "Development Agreement"), by and among the Quail Creek, the Municipality and the District relating to, among other things, the Bonds.
- j. Pursuant to Section 48-716, Arizona Revised Statutes, as amended, the District Manager has caused to be prepared for the District Board a proposed budget (including as part thereof an appropriate capital plan) for the fiscal year 2005-06 (hereinafter referred to as the "Proposed Budget") and has caused the Proposed Budget to be submitted to the District Board for approval. (Pursuant to Section 48-723(C), Arizona Revised Statutes, the Proposed Budget has been filed with the District Clerk.) A public hearing on the Proposed Budget will hereafter be held (hereinafter referred to as the "Budget Hearing"), after provision for publication of

notice thereof as provided by law (hereinafter referred to as the "Budget Hearing Notice").

- k. The District is authorized by Section 48-719, Arizona Revised Statutes, as amended, 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(F), Arizona Revised Statutes, as amended, 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, as amended.
 - l. Pursuant to Section 48-723, Arizona Revised Statutes, as amended, 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.
 - m. 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, as amended (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, as amended) 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").
 - n. Pursuant to Section 48-715, Arizona Revised Statutes, as amended, 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. Posting of Notices. Statements of the District Manager directing where all public notices of the meetings of the District shall be posted in substantially the forms attached hereto and marked as Exhibit "A" have been provided to those indicated therein and are hereby approved and ratified for all purposes thereof.

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

5. Development Agreement.

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.

6. Budget.

a. Approval of Proposed Budget. The Proposed Budget submitted to the District Board and filed with the District Clerk is hereby approved.

b. Approval of Notice of Hearing on Budget. The Budget 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 Budget Hearing Notice to be provided as required by law. The form of the Budget Hearing Notice attached hereto and marked Exhibit "B" is hereby approved in all respects as well as the publication thereof in the *Green Valley News*, the official newspaper of the Municipality. (The District Manager is hereby authorized to complete the Budget Hearing Notice prior to its publication.)

7. Report.

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 "C" 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.)

8. Election.

- a. Order and Call of Election. A special election be and the same is hereby ordered and called to be held on November 8, 2005 (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 Operations and Maintenance Expenses Tax set forth in the official ballot described in Section 8c. 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 "D."
- c. Form of Ballot. The official ballot for the Election shall be in substantially the form hereto attached and marked Exhibit "E."
- d. Polling Place. The polling place and the time the polls shall be opened and closed shall be as provided in Exhibit "D." 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 "F."
- 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 "F."
- 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 "D," "E" and "F," 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, as amended.
 - 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 Operations and Maintenance Expenses Tax, the District Board shall enter the fact on its minutes.
9. 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.
10. 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.
11. Effective Date. This Resolution shall be effective immediately.

PASSED by the District Board of Quail Creek Community Facilities District this 12th day of September, 2005.

Charles Oldham
Chairperson, District Board, Quail
Creek Community Facilities District

ATTEST:

Sandra R. Olivas
District Clerk, Quail Creek
Community Facilities District

APPROVED AS TO FORM:

Daniel J. Hochuli
District Counsel, Quail Creek
Community Facilities District

ATTACHMENTS:

- EXHIBIT "A" -- Statements Regarding Posting Of Public Meetings
- EXHIBIT "B" -- Form of Budget Hearing Notice
- EXHIBIT "C" -- Form Of Report Hearing Notice
- EXHIBIT "D" -- Form of Notice of Election
- EXHIBIT "E" -- Form of Official Ballot
- EXHIBIT "F" -- Form of Affidavit of Elector

* * *

EXHIBIT "A"

STATEMENTS REGARDING POSTING
OF PUBLIC MEETINGS

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
c/o Town of Sahuarita, Arizona
Box 879
725-2 West Via Rancho Sahuarita
Sahuarita, Arizona 85629

....., 2005

Lori Godoshian, Clerk
Board of Supervisors of Pima County
Fifth Floor, 130 West Congress
Tucson, Arizona 85701

TO: Clerk of the Board of Supervisors of Pima County, Arizona, and the
Citizens of Pima County, Arizona

Pursuant to A.R.S. Section 38-431.02, the District Board of Quail Creek
Community Facilities District hereby states that all notices of its
meetings will be posted at the official bulletin boards of the Town of
Sahuarita, Arizona, for posting notices which are located at the
following locations:

- Sahuarita Town Hall: 725-2 W. Via Rancho Sahuarita
Sahuarita, Arizona
- Sahuarita School District Administration Building: 350 W. Sahuarita Road
Sahuarita, Arizona
- Basha's Supermarket: 1875 S. I-19 Frontage Road
Green Valley, Arizona

which notices will be available for viewing by the public 24 hours a
day. Such notices will indicate the date, time and place of the
meeting and will include an agenda or information concerning the
manner in which the public may obtain an agenda for the meeting.

QUAIL CREEK COMMUNITY FACILITIES
DISTRICT

By.....
District Counsel

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
c/o Town of Sahuarita, Arizona
Box 879
725-2 West Via Rancho Sahuarita
Sahuarita, Arizona 85629

....., 2005

Ms. Jan Brewer
Secretary of State
14 North 18th Avenue
Phoenix, Arizona 85007

TO: Secretary of State of the State of Arizona and the Citizens of the
State of Arizona

Pursuant to A.R.S. Section 38-431.02, the District Board of Quail Creek
Community Facilities District hereby states that all notices of its
meetings will be posted at the official bulletin boards of the Town of
Sahuarita, Arizona, for posting notices which are located at the
following locations:

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Sahuarita, Arizona
- Basha's Supermarket: 1875 S. I-19 Frontage Road
Green Valley, Arizona

which notices will be available for viewing by the public 24 hours a
day. Such notices will indicate the date, time and place of the
meeting and will include an agenda or information concerning the
manner in which the public may obtain an agenda for the meeting.

QUAIL CREEK COMMUNITY FACILITIES
DISTRICT

By.....
District Counsel

QUAIL CREEK COMMUNITY FACILITIES DISTRICT
c/o Town of Sahuarita, Arizona
Box 879
725-2 West Via Rancho Sahuarita
Sahuarita, Arizona 85629

....., 2005

Ms. Sandra Olivos
Town Clerk
Town of Sahuarita, Arizona
Box 879
725-2 West Via Rancho Sahuarita
Sahuarita, Arizona 85629

TO: Clerk of the Town of Sahuarita, Arizona, and the Citizens of the
Town of Sahuarita, Arizona

Pursuant to A.R.S. Section 38-431.02, the District Board of Quail Creek
Community Facilities District hereby states that all notices of its
meetings will be posted at the official bulletin boards of the Town of
Sahuarita, Arizona, for posting notices which are located at the
following locations:

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Sahuarita, Arizona
- Sahuarita School District Administration Building: 350 W. Sahuarita Road
Sahuarita, Arizona
- Basha's Supermarket: 1875 S. I-19 Frontage Road
Green Valley, Arizona

which notices will be available for viewing by the public 24 hours
a day. Such notices will indicate the date, time and place of the
meeting and will include an agenda or information concerning the
manner in which the public may obtain an agenda for the meeting.

QUAIL CREEK COMMUNITY FACILITIES
DISTRICT

By.....
District Counsel

EXHIBIT "B"

FORM OF BUDGET HEARING NOTICE

NOTICE FOR HEARING REQUIRED BY A.R.S. § 48-716 AND § 48-723(C) ON THE BUDGET FOR FISCAL YEAR 2005-06 FOR QUAIL CREEK COMMUNITY FACILITIES DISTRICT

Pursuant to Sections 48-716 and 48-723(C), Arizona Revised statutes, as amended, notice is hereby given that a public hearing on the budget for fiscal year 2005-06 for Quail Creek Community Facilities District will be held by the District Board on, 2005, at approximately p.m. (Phoenix, Arizona, time), or immediately preceding the meeting of the Mayor and Council of the Town of Sahuarita, Arizona, on the same date in the located at, Sahuarita, Arizona. Such budget and further information relating thereto are available from the City Clerk of the Town of Sahuarita, Arizona/District Clerk of Quail Creek Community Facilities District, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, telephone number: (520) 648-1972.

Dated this day of, 2005.

/s/ Jim Stahle
.....
District Manager, Quail Creek
Community Facilities District

EXHIBIT "C"

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 QUAIL CREEK COMMUNITY FACILITIES
DISTRICT

Pursuant to Section 48-715, Arizona Revised Statutes, as amended, 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 Quail Creek Community Facilities District shall be held by the District Board on, 200..., at approximately p.m. (Phoenix, Arizona, time), or immediately preceding the meeting of the Mayor and Council of the Town of Sahuarita, Arizona, on the same date in the located at, 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 Quail Creek Community Facilities District, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, telephone number: (520) 648-1972.

Dated this day of, 2005.

/s/ Jim Stahle
.....
District Manager, Quail Creek
Community Facilities District

EXHIBIT "D"

FORM OF NOTICE OF ELECTION

TO THE QUALIFIED RESIDENT AND LANDOWNER ELECTORS OF QUAIL CREEK COMMUNITY FACILITIES DISTRICT (THE "DISTRICT"):

A special election to establish certain matters will be held on November 8, 2005, 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	725-2 West Via Rancho Sahuarita 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 QUAIL CREEK 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 THIRTY MILLION DOLLARS (\$30,000,000) 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, 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, AS AMENDED, 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, TOGETHER WITH ALL AMENDMENTS AND ADDITIONS THERETO?

SHALL THE DISTRICT BOARD OF QUAIL CREEK 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, AS AMENDED?

Absentee/early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes, as amended. Absentee/early voting information may be obtained by contacting the office of the District Clerk, Box 879, 725-2 West Via Rancho Sahuarita, Sahuarita, Arizona 85629, telephone number (520) 648-1972.

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 "E"

FORM OF OFFICIAL BALLOT

OFFICIAL BALLOT
SPECIAL BOND ELECTION
QUAIL CREEK
COMMUNITY FACILITIES DISTRICT
NOVEMBER 8, 2005

SHALL THE DISTRICT BOARD (THE "BOARD") OF QUAIL CREEK 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 THIRTY MILLION DOLLARS (\$30,000,000) 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, 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, AS AMENDED, 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, TOGETHER WITH ALL
AMENDMENTS AND ADDITIONS THERETO?

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

BONDS, YES

BONDS, NO

SHALL THE DISTRICT BOARD OF QUAIL CREEK
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, AS AMENDED?

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

TAX, YES

TAX, NO

EXHIBIT "F"

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, AS AMENDED

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

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, as amended (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
....., 2005.

.....
Election Board Member

TO BE COMPLETED BY AN ELECTION BOARD MEMBER ONLY:

Ballot Stub No. ...



**PROPOSED
QUAIL CREEK COMMUNITY FACILITIES DISTRICT**

FINANCIAL INFORMATION

Attached is financial information provided by Mark Reader, our new financial consultant. This information relates to the revenue from the tax, and whether there will be sufficient funds to pay the bonds, and also addresses the risk of this bond issue under various different scenarios. This information will be fully explained at the two upcoming meetings, as Mr. Reader plans a comprehensive discussion of the financial issues.

**TOWN OF SAHUARITA, ARIZONA
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
GENERAL OBLIGATION BONDS, SERIES 2005**

DEBT SERVICE AND SECONDARY TAX RATE ANALYSES

Prepared by:



**STONE &
YOUNGBERG**

September 1, 2005

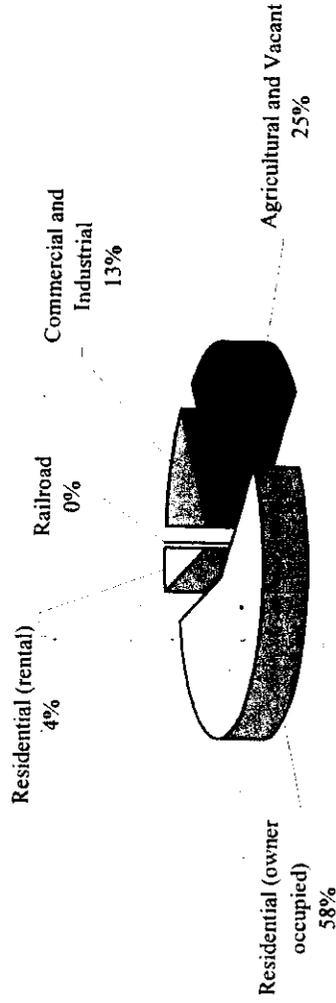
**TOWN OF SAHUARITA, ARIZONA
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
GENERAL OBLIGATION BONDS, SERIES 2005**

General Obligation Bond Definitions

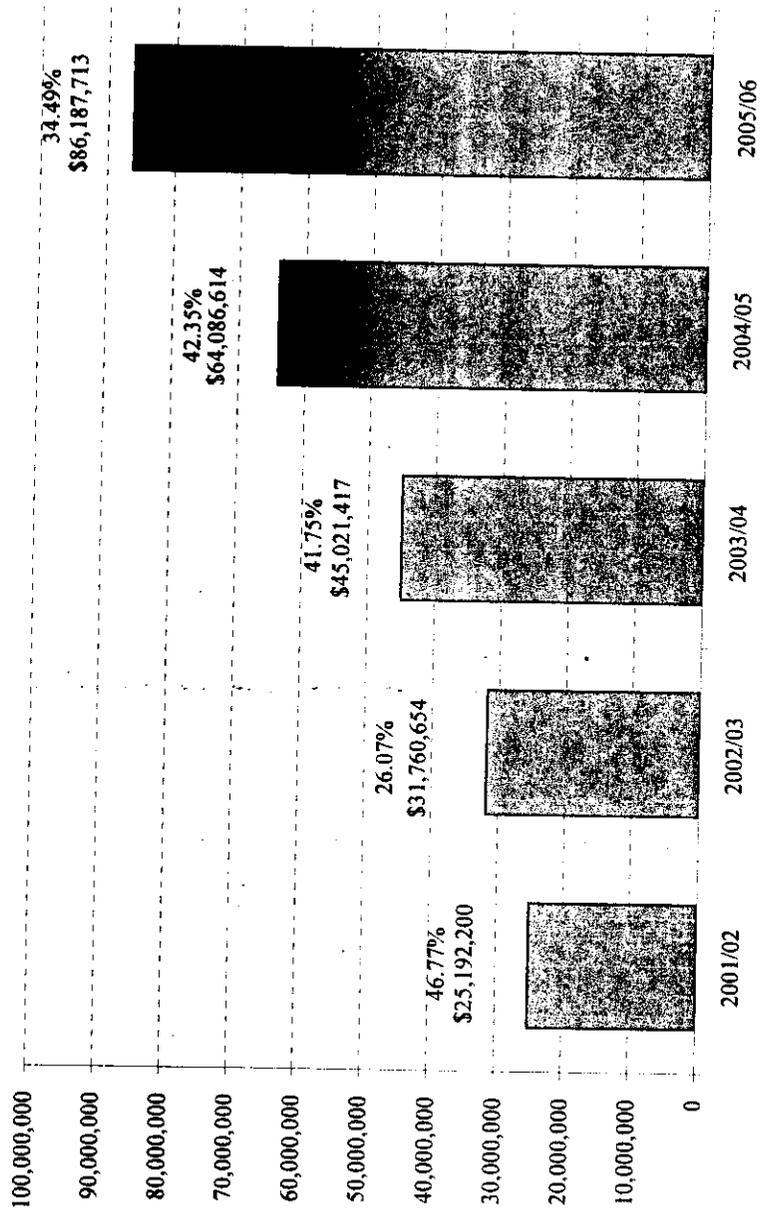
- General Obligation Bonds (G.O. Bonds) are payable from *ad valorem* property taxes levied on all taxable property located with the boundaries of the CFD (full faith and credit of the CFD)
- Secondary property taxes are levied in an amount sufficient to pay principal and interest on the bonds – unlimited as to rate or amount [see discussion below regarding Stand-by Contribution Agreements]
- Amount of secondary property taxes paid by each landowner is based on the annual debt service (see sample scenarios herein) and the secondary assessed value of their specific property(s)
- Property taxes are levied and collected through the Pima County Treasurer and payable twice a year (First Half: October and Second Half: May). Same procedure for school districts, fire districts, cities/towns, community college districts, counties, etc
- G.O. bond debt and general property taxes are in a first lien position – ahead of assessments (if any) and mortgage lenders
- Landowners are not allowed to prepay their debt (due to the *ad valorem* legal structure)
- In the event of default on property taxes, the CFD will exercise its foreclosure remedies under State law
- A maintenance and operation tax levy of \$0.30 per \$100 of secondary assessed valuation is permitted under the Statute. This is in addition to the annual secondary tax rate required to repay the debt service on the bonds
- Voter approval is required by landowners and residents (if any) within the CFD. Common for only one landowner voting at the election

TOWN OF SAHUARITA, ARIZONA

Fiscal Year 2005/06 Secondary Assesed Valuation



Property Legal Classification	Property Description	Assessment Ratio Percentage	Parcel Count	Gross Assessor's Full Cash Value	Net Secondary Assessed Value
1	Commercial and Industrial	25%	74	\$45,644,064	\$11,342,296
2	Agricultural and Vacant	16%	4,681	154,507,008	21,275,317
3	Residential (owner occupied)	10%	3,318	497,952,803	49,712,444
4	Residential (rental)	10%	890	37,697,459	3,769,728
5	Railroad	20%	2	418,702	87,928
				<u>\$736,220,036</u>	<u>\$86,187,713</u>



Source: The Arizona Tax Research Foundation.

TOWN OF SAHUARITA, ARIZONA
QUAIL CREEK COMMUNITY FACILITIES DISTRICT

Overlapping Jurisdictions and Tax Rates (a)
Fiscal Year 2005/06

(1) Taxing Authority	(2) Property Tax Rates (b)		(3) Secondary	(4) Total	(5) Monthly Cost @ \$150,000 Home Value (d)	(6) Monthly Cost @ \$300,000 Home Value (d)
	Primary	←→				
Pima County	\$4.0720		\$0.7150	\$4.7870	\$49.07	\$98.13
Education Assistance	0.4358		0.0000	0.4358	4.47	8.93
Continental School District #39	1.8090		0.3442	2.1532	22.07	44.14
Pima County Community College District	1.0930		0.2184	1.3114	13.44	26.88
Green Valley Fire District	0.0000		1.7500	1.7500	17.94	35.88
Central Arizona Water Conservation District	0.0000		0.1200	0.1200	1.23	2.46
Pima County Flood Control District	0.0000		0.3746	0.3746	3.84	7.68
Pima County Library District	0.0000		0.2575	0.2575	2.64	5.28
Fire District Assistance	0.0000		0.0420	0.0420	0.43	0.86
Quail Creek Community Facilities District (c)	0.0000		3.3000	3.3000	33.83	67.65
Total	\$7.4098		\$7.1217	\$14.5315	\$148.95	\$297.90

Source: The Pima County Assessor's Office.

(a) Tax rates are per \$100 of assessed value.

(b) Does not include a groundwater replenishment fee of \$226/acre-foot of excess water delivered to the area.

(c) Represents \$3.00 for debt service and \$0.30 for Maintenance and Operation.

(d) Home Value is representative of Fair Market Value.

**Legal Document Summaries – Standby Contribution Agreement and Related Letter of Credit Requirement
(Language Presently Included in the Legal Agreements)**

Standby Contribution Agreement

- A Standby Contribution Agreement represents a legal document which requires Robson Ranch Quail Creek, LLC to pay, or standby or regulate, the amount of debt service due on the bonds, which is not covered by the \$3.00 per \$100 of secondary assessed value tax levy, while the project is being completed resulting in the development of the tax base or assessed value. For example:

Estimated Secondary Assessed Valuation (2007/08):	\$3,357,900
Maximum Secondary Tax Rate per \$100 of Assessed Valuation (Per Dvlp. Agreement):	\$ 3.00
Revenues Received from \$3.00 Tax Rate:	100,737
Estimated Fiscal Year 2007/08 Debt Service:	869,684
Shortfall/Difference Contributed by Robson Ranch Quail Creek, LLC:	<u>\$ 768,947</u>

- The Standby Contribution Agreement shall Terminate upon the earlier of:
 - (a) Payment in full of all of the outstanding Bonds
 - (b) Evidence of secondary tax rate of \$3.00 per \$100 of assessed valuation assuming maximum annual debt service - for at least three consecutive fiscal years

Letter of Credit

- To provide for adequate assurance for payment of the amount due, Robson Ranch Quail Creek, LLC shall deposit pursuant to a Depository Agreement a Letter of Credit acceptable to the Town in the amount of \$5,500,000.
- LOC Reduction Features:
 - (a) Shall not be subject to reduction until the 400th residential unit is conveyed to retail purchasers
 - (b) Thereafter, if the Secondary Assessed Valuation used to levy property taxes during the preceding August (Fiscal Year) exceeded that used in the prior August (i.e., an increase), the LOC will be reduced each year based on the following formula:

Example based on Fiscal Year 2007/08:

Maximum (Not Annual) Annual Debt Service on the Bonds:
Less: Revenues Received From \$3.00 Tax Rate Based on Secondary A.V.:
Shortfall Based on Maximum Annual Debt Service
Times Coverage Factor
Annual Adjusted LOC Requirement

\$1,143,368
(100,737)
1,042,631
3
\$3,127,893

Letter of Credit Draw/Call Provisions

- LOC shall be drawn to its full amount, payable to the District, upon the written demand of the District Manager or the District Treasurer to the institution supplying the Letter of Credit, if any of the following occurs:
 - (a) The nonpayment of any amount due pursuant to the Standby Contribution Agreement;
 - (b) The cancellation, termination or non-renewal of the LOC and a failure to substitute the LOC (within 30-days)
 - (c) A reduction of the rating of the LOC bank below "A" without the District having received within 60-days after the date of such reduction a substitute for the LOC
 - (d) All proceeds received by the District from the LOC must be used to defease/payoff bonds which would reduce the annual debt service and related secondary tax rate

**TOWN OF SAHUARITA, ARIZONA
QUAIL CREEK COMMUNITY FACILITIES DISTRICT
GENERAL OBLIGATION BONDS, SERIES 2005 (1)**

Estimated Sourced and Uses of Funds

Sources:

Par Amount of Bonds \$12,240,000

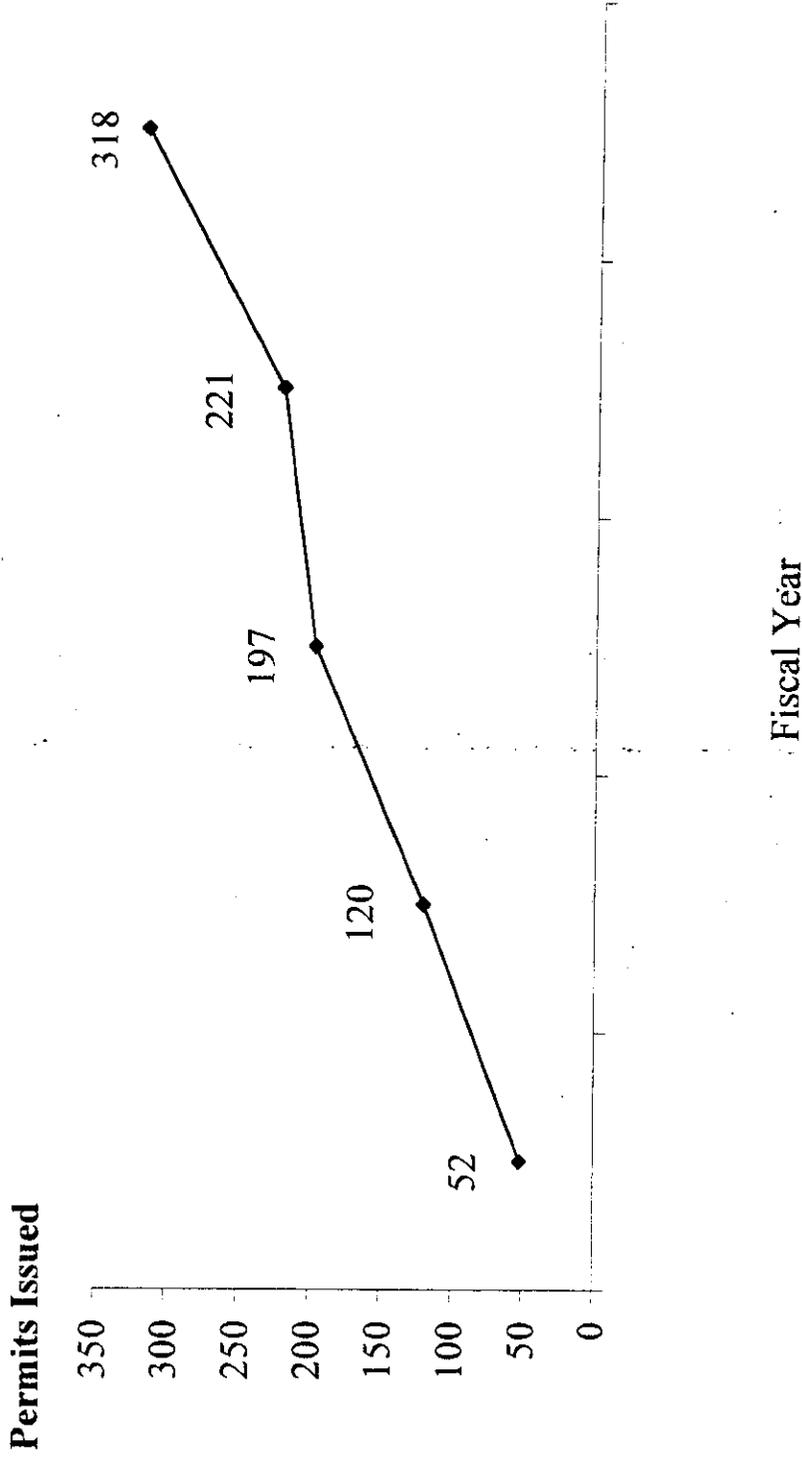
Uses:

Amount Deposited Into the Construction Acquisition Fund	
Campbell Avenue	\$1,800,000
Campbell Avenue Bridge	600,000
South Boundary	1,750,000
Landscaping Along Public Streets	400,000
Drainage Improvement (between RR & Campbell)	1,200,000
Public Sewer System (partial)	1,685,000
Bridges at Wash Crossings (partial)	1,800,000
Land Acquisition from Robson Communities	600,000
Ballfield/ Park (Town)	1,385,250
	<u>\$11,220,250</u>
Capitalized Interest (December 1, 2005 - July 1, 2006)	481,950
Costs of Issuance	170,600
Underwriting Fee	367,200
Total Uses	<u>\$12,240,000</u>

(1) Bond issue expected to close in late December 2005.

**TOWN OF SAHUARITA, ARIZONA
QUAIL CREEK COMMUNITY FACILITIES DISTRICT**

*Building Permit Activity - 1st Phase of Quail Creek Development**



Source: The Town

* 40 permits have been issued through July of Fiscal Year 2005/06.

**TOWN OF SAHUARITA, ARIZONA
QUAIL CREEK COMMUNITY FACILITIES DISTRICT, GENERAL OBLIGATION BONDS, SERIES 2005**

**ABSORPTION SCHEDULE AND RELATED ASSUMPTIONS (a)
SCENARIO 1 : 400 BUILDING PERMITS CONVEYED TO RETAIL PURCHASERS - NO PERMITS THEREAFTER**

Average Home Sales Price (2005)	\$273,000
On the Tax Rolls at (Assessor's Full Cash Value)	82%
Assessment Ratio (Residential)	10%
Secondary Assessed Valuation Growth Per Year (b)	2%
Home Price Inflation Per Year	2%
Maximum Secondary Tax Rate for Debt Service	\$3.00

Fiscal Year	← Conveyance to Retail Purchaser →		Cumulative Homes on AV Roll	Home Sales Price	Secondary Assessed Value
	Single Family Buildout (Per Month)	Single Family Buildout (Per Year)			
2005/06	12.5	150	150	\$273,000	
2006/07	12.5	150	300	278,460	
2007/08	8.3	100	400	284,029	
2008/09			150	289,710	\$3,357,900
2009/10			150	295,504	6,850,116
			100		9,316,158

(a) Provided by Robson Ranch Quail Creek, LLC.

(b) 5-Year Historical Average Secondary Assessed Valuation Growth for the Town is Approximately 38.29%.

TOWN OF SAHUARITA, ARIZONA
QUAIL CREEK COMMUNITY FACILITIES DISTRICT, GENERAL OBLIGATION BONDS, SERIES 2005
SCENARIO 1: 400 BUILDING PERMITS CONVEYED TO RETAIL PURCHASERS - NO PERMITS THEREAFTER (1)
DEBT SERVICE AND SECONDARY TAX RATE SENSITIVITY ANALYSIS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Fiscal Year	Home Sales	Projected Home Sales	Home Sales																
	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2005/06	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2006/07	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2007/08	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2008/09	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2009/10	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2010/11	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2011/12	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2012/13	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2013/14	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2014/15	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2015/16	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2016/17	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2017/18	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2018/19	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2019/20	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2020/21	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2021/22	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2022/23	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2023/24	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2024/25	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2025/26	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2026/27	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2027/28	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2028/29	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
2029/30	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150

(1) Submitted by Robson Robert Ranch Quail Creek LLC
(2) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.
(3) Home Sales used to pay the July 1, 2006 interest payment on the bonds.
(4) Includes a 3% discount rate collection factor.
(5) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.
(6) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.
(7) Home Sales used to pay the July 1, 2006 interest payment on the bonds.
(8) Includes a 3% discount rate collection factor.
(9) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.
(10) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.
(11) Includes a 3% discount rate collection factor.
(12) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.
(13) Includes a 3% discount rate collection factor.
(14) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.
(15) Includes a 3% discount rate collection factor.
(16) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.
(17) Includes a 3% discount rate collection factor.
(18) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.
(19) Includes a 3% discount rate collection factor.
(20) Assumptions are completed during the fiscal year. All homes completed or sold by July 1 will pay taxes under the current occupied residential classification in the second following fiscal year.

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Total (\$)	Secondary Tax Rate (per \$100)	Targeted Secondary Tax Rate	Tax Revenue To Repay Debt Service	Debt Service Shortfall	Contribution Shortfall	Annual Shortfall	Shortfall Years	LOK Reduction Analysis	Monthly Cost to Home Owner at average home sales price of \$100,000
\$909,684	25.80	3.00	\$100,737	(\$609,684)	(\$609,684)	\$1,037,611	1	\$5,300,000	61.50
869,684	16.80	3.00	295,561	(917,865)	(2,376,490)	863,884	1	2,817,595	63.98
1,343,368	12.24	3.00	279,485	(861,199)	(3,437,690)	858,294	1	2,391,651	65.26
1,142,189	11.79	3.00	280,776	(851,514)	(4,294,819)	852,308	1	2,374,778	67.96
1,140,961	11.50	3.00	296,391	(845,669)	(5,996,701)	846,777	1	2,352,131	69.26
1,182,211	11.29	3.00	302,323	(839,339)	(6,826,389)	840,615	1	2,329,844	70.64
1,139,303	11.08	3.00	308,374	(832,929)	(7,657,118)	834,795	1	2,307,644	72.06
1,178,604	10.85	3.00	314,354	(826,575)	(8,488,091)	828,823	1	2,285,520	73.50
1,141,421	10.62	3.00	320,261	(820,284)	(9,319,316)	822,828	1	2,263,475	74.97
1,146,572	10.40	3.00	326,100	(814,034)	(10,150,541)	816,808	1	2,241,508	76.47
1,146,572	10.18	3.00	331,874	(807,824)	(10,981,766)	810,772	1	2,219,621	78.00
1,144,497	9.95	3.00	337,584	(801,654)	(11,813,001)	804,716	1	2,197,804	79.55
1,138,184	9.72	3.00	343,231	(795,524)	(12,644,246)	798,640	1	2,176,058	81.11
1,139,137	9.48	3.00	348,914	(789,434)	(13,475,501)	792,544	1	2,154,382	82.70
1,137,895	9.24	3.00	354,634	(783,384)	(14,306,766)	786,418	1	2,132,775	84.31
1,138,658	8.99	3.00	360,391	(777,374)	(15,138,041)	780,272	1	2,111,238	85.94
1,131,132	8.74	3.00	366,184	(771,404)	(15,969,326)	774,106	1	2,089,771	87.59
1,140,697	8.49	3.00	372,011	(765,474)	(16,800,621)	767,920	1	2,068,374	89.26
1,139,618	8.24	3.00	377,874	(759,584)	(17,631,926)	761,714	1	2,047,047	90.94
1,139,618	8.00	3.00	383,774	(753,734)	(18,463,241)	755,488	1	2,025,780	92.64
1,140,379	7.75	3.00	389,711	(747,924)	(19,294,566)	749,242	1	2,004,583	94.35
1,140,379	7.51	3.00	395,684	(742,154)	(20,125,901)	742,976	1	1,983,456	96.07
1,140,379	7.26	3.00	401,691	(736,424)	(20,957,246)	736,690	1	1,962,399	97.81
1,140,379	7.02	3.00	407,734	(730,734)	(21,788,601)	730,384	1	1,941,412	99.56
1,140,379	6.78	3.00	413,811	(725,084)	(22,619,966)	724,058	1	1,920,495	101.32
1,140,379	6.54	3.00	419,924	(719,474)	(23,451,341)	717,712	1	1,900,648	103.09
1,140,379	6.30	3.00	426,071	(713,904)	(24,282,726)	711,346	1	1,880,871	104.87
1,140,379	6.06	3.00	432,254	(708,374)	(25,114,121)	704,960	1	1,861,164	106.66
1,140,379	5.82	3.00	438,474	(702,884)	(25,945,526)	698,554	1	1,841,527	108.46
1,140,379	5.58	3.00	444,731	(697,434)	(26,776,941)	692,128	1	1,821,960	110.27
1,140,379	5.34	3.00	451,024	(692,024)	(27,608,366)	685,682	1	1,802,463	112.08
1,140,379	5.10	3.00	457,354	(686,654)	(28,439,801)	679,216	1	1,783,036	113.90
1,140,379	4.86	3.00	463,724	(681,324)	(29,271,246)	672,730	1	1,763,679	115.73
1,140,379	4.62	3.00	470,134	(676,034)	(30,102,701)	666,224	1	1,744,392	117.56
1,140,379	4.38	3.00	476,584	(670,784)	(30,934,166)	659,698	1	1,725,175	119.40
1,140,379	4.14	3.00	483,074	(665,574)	(31,765,641)	653,152	1	1,706,028	121.25
1,140,379	3.90	3.00	489,604	(660,404)	(32,597,126)	646,586	1	1,686,951	123.11
1,140,379	3.66	3.00	496,174	(655,274)	(33,428,621)	639,990	1	1,667,944	124.97
1,140,379	3.42	3.00	502,784	(650,184)	(34,260,126)	633,364	1	1,649,007	126.84
1,140,379	3.18	3.00	509,434	(645,134)	(35,091,641)	626,708	1	1,630,140	128.71
1,140,379	2.94	3.00	516,124	(640,124)	(35,923,166)	620,022	1	1,611,343	130.59
1,140,379	2.70	3.00	522,854	(635,154)	(36,754,701)	613,306	1	1,592,616	132.47
1,140,379	2.46	3.00	529,624	(630,224)	(37,586,246)	606,560	1	1,573,959	134.35
1,140,379	2.22	3.00	536,434	(625,334)	(38,417,801)	599,784	1	1,555,372	136.23
1,140,379	1.98	3.00	543,284	(620,484)	(39,249,366)	592,988	1	1,536,855	138.11
1,140,379	1.74	3.00	550,174	(615,674)	(40,080,941)	586,162	1	1,518,408	140.0

TOWN OF SAHUARITA, ARIZONA
QUAIL CREEK COMMUNITY FACILITIES DISTRICT, GENERAL OBLIGATION BONDS, SERIES 2005

ABSORPTION SCHEDULE AND RELATED ASSUMPTIONS (a)
SCENARIO 2 : ROBSON COMMUNITIES BASE CASE

Average Home Sales Price (2005)	\$273,000
On the Tax Rolls at (Assessor's Full Cash Value)	82%
Assessment Ratio (Residential)	10%
Secondary Assessed Valuation Growth Per Year (b)	2%
Home Price Inflation Per Year	2%
Maximum Secondary Tax Rate for Debt Service	\$3.00

Fiscal Year	← Conveyance to Retail Purchaser →		Cumulative	Homes on AV Roll	Cumulative Homes on AV Roll	Home Sales Price	Secondary Assessed Value
	Single Family Buildout (Per Month)	Single Family Buildout (Per Year)					
2005/06	12.5	150	150			\$273,000	
2006/07	25.8	310	460			278,460	
2007/08	25.8	310	770	150	150	284,029	\$3,357,900
2008/09	25.8	310	1,080	310	460	289,710	10,503,511
2009/10	25.8	310	1,390	310	770	295,504	17,933,604
2010/11	25.8	310	1,700	310	1,080	301,414	25,656,698
2011/12	25.8	310	2,010	310	1,390	307,442	33,681,544
2012/13	25.8	310	2,320	310	1,700	313,591	42,017,120
2013/14	23.3	280	2,600	310	2,010	319,863	50,672,647
2014/15				310	2,320	326,260	59,657,587
2015/16				280	2,600	332,785	68,194,794

(a) Provided by Robson Robson Ranch Quail Creek, LLC.

(b) 5-Year Historical Average Secondary Assessed Valuation Growth for the Town is Approximately 38.29%.

**TOWN OF SAHUARITA, ARIZONA
QUAIL CREEK COMMUNITY FACILITIES DISTRICT, GENERAL OBLIGATION BONDS, SERIES 2005**

**ABSORPTION SCHEDULE AND RELATED ASSUMPTIONS (a)
SCENARIO 3: 50% SLOWER BUILDOUT WITH CONSTANT 140 ANNUAL RESIDENTIAL HOMES SOLD AFTER 2014**

Fiscal Year	Single Family Buildout (Per Month)	Single Family Buildout (Per Year)	Cumulative	Homes on AV Roll	Cumulative Homes on AV Roll	Home Sales Price	Secondary Assessed Value
2005/06	6.3	75	75	75	75	\$273,000	\$273,000
2006/07	12.9	155	230	155	230	300,300	82%
2007/08	12.9	155	385	155	385	330,330	10%
2008/09	12.9	155	540	155	540	363,363	10%
2009/10	12.9	155	695	155	695	399,699	10%
2010/11	12.9	155	850	155	850	439,669	10%
2011/12	12.9	155	1,005	155	1,005	483,636	10%
2012/13	12.9	155	1,160	155	1,160	532,000	10%
2013/14	11.7	140	1,300	140	1,300	585,200	\$3.00
2014/15		140	1,440	140	1,440	643,720	
2015/16		140	1,580	140	1,580	708,092	
2016/17		140	1,720	140	1,720	778,901	
2017/18		140	1,860	140	1,860	856,791	
2018/19		140	2,000	140	2,000	942,470	
2019/20		140	2,140	140	2,140	1,036,717	
2020/21		140	2,280	140	2,280	1,140,389	
2021/22		140	2,420	140	2,420	1,254,428	
2022/23		140	2,560	140	2,560	1,379,870	
2023/24		40	2,600	140	2,600	1,517,857	
2024/25				140	2,560	1,669,643	
2025/26				40	2,600	1,836,607	

(a) Provided by Robson Robson Ranch Quail Creek, LLC.
(b) 5-Year Historical Average Secondary Assessed Valuation Growth for the Town is Approximately 38.29%.

