

**BEFORE THE ENVIRONMENTAL APPEALS BOARD
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C.**

In re:)
)
Florence Copper, Inc.) UIC Appeal No. 17-03
)
UIC Permit No. R9UIC-AZ3-FY11-1)
)
_____)

**PERMITTEE FLORENCE COPPER, INC.’s RESPONSE TO PETITION FOR REVIEW
FILED BY SWVP-GTIS MR, LLC AND THE TOWN OF FLORENCE**

ATTACHMENT 10

Pre-Annexation Development Agreement (“PADA”)

195

When recorded, return to:

Town Clerk
Town of Florence
775 North Main Street
Florence, AZ 85232



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLE

DATE/TIME: 12/11/03 1433
FEE: \$106.00
PAGES: 195
FEE NUMBER: 2003-086513

**Town of Florence
Resolution No. 872-03**

AN RESOLUTION APPROVING THE PRE-ANNEXATION AND DEVELOPMENT AGREEMENT WITH CMR/CASA GRANDE, L.L.C., FLORENCE COPPER, INC., EL EM, L.L.C., AND ROADRUNNER RESORTS, L.L.C. FOR DEVELOPMENT OF APPROXIMATELY 7,537 ACRES OF LAND AND AUTHORIZING EXECUTION OF SUCH PRE-ANNEXATION AND DEVELOPMENT AGREEMENT

WHEREAS, the Town of Florence is authorized pursuant to A.R.S. § 9-500.05 to enter into development agreements and generally is authorized to enter into contracts; and

WHEREAS, CMR/Casa Grande, L.L.C., Florence Copper, Inc., El Em, L.L.C. and Roadrunner Resorts, L.L.C. (the "Owners") are the owners of approximately 7,537 acres of land located as legally described on Exhibit A attached hereto (the "Property"), and desire to annex the Property into the town limits of Florence; and

WHEREAS, the proposed development of the Property and the Pre-Annexation and Development Agreement are consistent with the Town of Florence General Plan applicable to the Property as of the date of this Resolution; and

WHEREAS, the Pre-Annexation and Development Agreement provides for various matters relating to the development of the Property, including the approval of a development plan, duration of the Pre-Annexation and Development Agreement, the conditions, terms and requirements applicable to public services and infrastructure and the financing of same, the permitted uses of the Property and the density and intensity of such uses, the phasing over time of construction and development on the Property, and other matters related to the development of the Property.

THEREFORE, BE IT ORDAINED by the Mayor and Council of the Town of Florence, Arizona, as follows:

1. The Pre-Annexation and Development Agreement between the Town of Florence and the Owners, which sets forth a development plan and the terms and conditions for the annexation and development of approximately 7,537 acres of property is hereby approved, adopted, and made a part hereof as if fully set out in this Resolution. If the Town does not annex the Property immediately following adoption of the Pre-Annexation and Development Agreement, or if the Town rescinds the Resolution annexing the Property, the Town promptly and within thirty days of the adoption of this Resolution shall rescind this Resolution.
2. The Mayor of the Town of Florence is authorized to and shall execute the Pre-Annexation and Development Agreement.

PASSED AND ADOPTED by the Mayor and Council of the Town of Florence, Arizona this 1 day of December, 2003.

Patsy Williams, Mayor

ATTEST:

Lisa Garcia, Town Clerk

APPROVED AS TO FORM:

James E. Mannato, Town Attorney

**MERRILL RANCH
PRE-ANNEXATION AND DEVELOPMENT AGREEMENT
FLORENCE, ARIZONA**

THIS DEVELOPMENT AGREEMENT for Merrill Ranch (this "Agreement") is entered into this 1 day of December, 2003 ("Effective Date") by CMR/CASA GRANDE, L.L.C., an Arizona limited liability company, FLORENCE COPPER, INC., a Delaware corporation, EL EM, L.L.C., an Arizona limited liability company, and ROADRUNNER RESORTS, L.L.C., an Arizona limited liability company (collectively, "Owner") and the TOWN OF FLORENCE, an Arizona municipal corporation (the "Town").

RECITALS

WHEREAS, Owner is the owner of certain property located in Pinal County, Arizona consisting of approximately 7,537 acres, legally described in Exhibit "A" attached hereto and incorporated herein by reference ("Property");

WHEREAS, Owner has submitted to Town for review and approval the documents known as the Planned Unit Development for Merrill Ranch dated November 7, 2003 ("Development Plan") as set forth in Exhibit "B";

WHEREAS, Owner and Town desire to facilitate the development of the Property as a part of the Town's growth and development. In furtherance of this aim, Owner and Town have cooperated in the preparation of this Agreement;

WHEREAS, Owner and the Town desire that the portions of the Property not already within the corporate limits of the Town be annexed into the corporate limits of the Town and be developed as an integral part of the Town. The annexation and development of the property pursuant to this Agreement and the Development Plan provides the Town with an opportunity for high-quality development in the area and to ensure orderly, controlled and quality growth in the Town.

WHEREAS, it is understood and agreed that the Property set forth in Exhibit "A" is included in this Agreement;

WHEREAS, pursuant to the provisions of Arizona Revised Statutes Annotated ("A.R.S.") §§ 9-500.05, et seq., Owner and Town are authorized to enter into this Agreement;

WHEREAS, this Agreement will facilitate the annexation, proper municipal zoning and development of the Property by establishing (i) conditions, terms, restrictions and requirements for the annexation of the unincorporated portions of the Property by the Town; (ii) the permitted uses for the Property; (iii) the density and intensity of such uses; (iv) the phasing over time of construction and development of the Property; (v)

conditions and requirements for the design, construction and installation of the infrastructure; (vi) Town's assurances to Owner in order to develop the Property; and (vii) other matters related to the development of the Property;

WHEREAS, the Town confirms that annexation and development of the Property pursuant to this Agreement is consistent with the Town's General Plan on the date of this Agreement.

WHEREAS, a blank annexation petition has been filed with Pinal County and meetings and hearings have been held in connection with the annexation of the Property into the Town. The Town agrees that the Planned Unit Development ("PUD") zoning designation is an appropriate designation for this Property and that the Development Plan is designed to establish proper and beneficial land use designations, regulations, procedures for administration and implementation of the Development Plan and other matters related to the development of the Property in accordance with the Development Plan and the PUD zoning district. Prior to its execution of this Agreement, the Town has held public hearings, received public comment, and has otherwise duly considered all such matters. Town and Owner acknowledge that the development of the Property pursuant to this Agreement is consistent with the Development Plan and will be of benefit to Town and Owner;

WHEREAS, Owner and Town acknowledge that Owner's development of the Property is a major undertaking for Owner and that the marketing, economic and investment conditions and magnitude of the development require the development to be constructed in phases over a period of years. Therefore, Owner requires certain assurances and protection of rights in order that Owner will be allowed to complete the development of the Property in accordance with the Development Plan over the period of years permitted by this Agreement. Likewise, Town requires assurances from Owner that the development of the Property will comply with the Development Plan, the General Plan, and the terms and conditions of this Agreement; and

WHEREAS, Town believes that the development of the Property pursuant to the Development Plan is in the best interest of the Town and the health, safety and welfare of its residents and will result in significant benefits to Town by, among other things, (i) providing for the acquisition, design, construction and installation of a system of roads and infrastructure as part of the development, (ii) increasing tax and other revenue to Town as a result of the improvements constructed on the Property, and (iii) the possible additional employment through the development of the Property.

WHEREAS, the Town recognizes the extent of the magnitude and cost of the services/infrastructure necessary to properly serve the development and that the Town's facilitation of various forms of Property based infrastructure financing is necessary to finance and construct such services and infrastructure.

WHEREAS, the Town confirms that prior to the execution of this Agreement, the Town has given all required public notice and has held all required public hearings to

receive comment, discuss and otherwise consider and approve the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions, it is agreed as follows:

1. INCORPORATION OF DOCUMENTS AND RECITALS. All documents and exhibits referred to in this Agreement are hereby incorporated by reference into this Agreement, and the Recitals stated above are hereby incorporated by reference into this Agreement.

2. ANNEXATION. The Town, having followed the statutory requirements, has, concurrently with its approval of this Agreement, duly considered and approved the Owner's request for annexation of the portions of the Land not already in the Town to the Town. As soon as reasonably possible after execution of this Agreement by the Town and Owner, Owner shall deliver to the Town an appropriate Petition for Annexation duly executed by all necessary property owners and satisfying the statutory requirements (the "Annexation Petition"). Upon receipt of the Annexation Petition, the Town agrees to comply with the provisions of A.R.S. § 9-471 *et seq.* and, if determined to be in the best interest of the Town, adopt the final ordinance annexing the Land into the corporate limits of the Town, which ordinance shall contain a provision requiring, upon Owner request, the immediate rescission of the annexation ordinance by the Town if: (a) any party files a verified referendum petition with the Town challenging the validity or approval of the annexation; (b) the Town does not approve at the same Town meeting the Planned Unit Development District designation and the Development Plan immediately following the annexation of the Land by the Town; (c) any party files a verified referendum petition with the Town challenging the Planned Unit Development District designation or the Development Plan; (d) any party files a verified referendum petition with the Town challenging the validity or approval of this Agreement; or (e) the Town does not at the same Town meeting approve the form of the community facilities district intergovernmental, financing, participation and development agreement as contained hereinafter in Exhibit C of this Agreement. The Town expressly acknowledges and agrees that the Annexation Petition and this Agreement will have been executed and delivered to the Town contingent on the Town's adoption of the ordinance described in the preceding sentence, including the rescission provisions. The Town also expressly acknowledges and agrees that it shall take all appropriate action to rescind this Agreement immediately if the Town does not adopt at the same Town meeting the final ordinance annexing the Land into the corporate limits of the Town immediately following approval of this Agreement. The Town also expressly acknowledges and agrees that it is the intent of the parties to this Agreement that the annexation of the Property into the Town be effective only after the passage of any referendum periods regarding the Agreement, the Development Plan and the Planned Unit Development District approvals and provided this Agreement and such approvals have been lawfully placed in effect.

3. PLAN APPROVAL AND VESTED RIGHTS. As of the execution date of this Agreement, Town, by and through its Mayor and Town Council (collectively, the "Council"), hereby grants to Owner, its successors and assigns, its approval of the Development Plan. For the term of this Agreement, Owner shall have a vested right to develop and use the Property in accordance with this Agreement and the Development Plan. The determinations of the Town in this Agreement and the assurances provided to Owner in this Agreement are provided pursuant to and as contemplated by A.R.S. § 9-500.05 and other applicable law.

4. TERM AND EFFECTIVE DATE. The Council grants to Owner, its successors and assigns, the right to implement development in accordance with the Development Plan under the terms and conditions of the Development Plan and this Agreement for a period of thirty-five (35) years at which time this Agreement shall automatically terminate as to the Property without the necessity of any notice, agreement, or recording by or between the parties. This Agreement shall become effective and the term shall commence after approval by the Town and full execution by the parties to this Agreement. The Town reserves the right to modify or otherwise change this Agreement if four thousand five hundred (4,500) residential units have not received final plat approval after the passage of fifteen (15) years from the commencement date of this Agreement or if four thousand five hundred (4,500) residential units have not been constructed after the passage of twenty-five (25) years from the commencement date of this Agreement. For good cause shown, Owner may request and Town may approve extensions of such time periods. The Town shall not unreasonably withhold approvals of such extension requests. At the request of the Town Manager, Owner shall meet with the Town Manager and provide the Town with annual status reports.

5. RIGHTS RUN WITH THE LAND. The rights established under this Agreement and the Development Plan are attached to and run with the Property. Upon the effective date of this Agreement, Owner and its successors are entitled to exercise the rights granted pursuant to this Agreement. This Agreement shall be interpreted and construed so as to preserve any vested and/or estoppel rights respecting the Owner and/or the Property existing under this Agreement and applicable law. Upon Owner obtaining in writing from its successor for delivery to Town, successor's acknowledgment and acceptance of this Agreement and agreement to comply with the obligations contained in this Agreement, Owner shall only be liable for performance of Owner's obligations under this Agreement during the period Owner owns the Property.

6. DEVELOPMENT PLAN.

(a) The development of the Property shall be in accordance with the Development Plan and this Agreement unless otherwise amended pursuant to this Agreement. Owner is authorized to implement the types and uses, zoning, variances, densities and intensities, location of uses, minimum size of proposed lots and residences and other standards of design as now set forth in the Development Plan and this Agreement. Town agrees to cooperate by processing, in a timely manner, applications for approval and issuance of plans, specifications or plats which are consistent with the

Development Plan and this Agreement, subject to the Owner having first complied with the ordinances and regulations applicable thereto and all platting, application, permit requirements and the Owner paying the then current applicable fees provided that such current applicable fees paid by Owner shall be no more than the lowest applicable fee payable by any other developer or builder in the Town. The Town and Owner agree that in addition to the types of uses and the densities and intensities of uses, the Town's General Plan and the Development Plan provide for, among other things, the establishment of golf courses, resorts and recreational facilities, sanitation and treatment facilities, residential, office and commercial activity centers, educational, worship and municipal facilities, and other facilities typically found in mixed-use master planned communities. The Town hereby acknowledges and agrees that the Development Plan may hereafter be amended to include alternative plans and land use designations that shall become applicable if Owner elects to include the Additional Property referenced in Paragraph 7.

(b) Owner expects that amendments to the Development Plan will be necessary from time to time since this is a phased project over a significant time period which must be able to adapt to changing markets and other events. The following changes shall be considered major amendments to the Development Plan and shall require Council approval 1) a change in the total number of acres devoted to commercial uses if the acreage devoted to these uses falls below 2% of the total acreage; 2) an upward change in residential classification of greater than one classification; and 3) an increase in the total number of residential units except as such increase may be authorized as part of any Additional Property as hereinafter defined in Paragraph 7. The Town shall not initiate any changes or modifications to the approved zoning except at the request of the owner of the portion of the Property for which such change is sought. The Town acknowledges and agrees that the Development Plan is the Owner's initial development concept for the Property and that the Owner shall be able, in its discretion, to relocate street layouts, the location of commercial, industrial and residential areas and parks and trails on the Property in response to changed market conditions and in conformance with the Town's General Plan. Such modifications shall not necessitate an amendment to this Agreement, but shall be provided to the Town Planning Director and retained in the Town's official file for the Property.

(c) Town, having reviewed and approved the Development Plan, agrees to fully cooperate in processing the approval and issuance of plans, specifications or plats that are consistent with the Development Plan. The issuance and approval of such permits, plans, specifications, or plats is subject to Owner complying with the ordinances applicable thereto and Owner paying the then current applicable fees. Town shall not adopt or change any ordinance, regulation or other control that are not uniform and that discriminate in their application against the Owner or the Property. Owner and Town agree that after this Development Plan has been approved, any and all subsequent zoning ordinances or requirements, zoning restrictions, addenda, and revisions adopted by the Town will not be applied to the Property except as may be required pursuant to Paragraph 6(f). The Town shall not impose or enact additional conditions, overlays, exactions, requirements, dedications, development or other fees,

rules or regulations applicable to or governing the development of the Property, including any requirement for the dedication of land or property, or the payment of fees or money for the planning, design, engineering, construction, acquisition, improvement, maintenance or provision of public services or infrastructure improvements to lessen, offset, mitigate, or compensate for the burdens of the development of the Property on the Town, the Town having acknowledged that all such burdens have been considered and are adequately accounted for by the conditions to development of the Property set forth in the Development Plan and this Agreement. The Town may implement development fees in accordance with state law for police, fire, and libraries in the future after the commencement date of this Agreement. To the extent the capital facility needs to serve development on the Property for these public services are not provided by the Owner or a community facilities district, the Town may assess development fees in accordance with state law for these capital facilities and improvements subject to applicable credits and reimbursements for Owner provided land, improvements, and other contributions provided such development fees are assessed in a uniform and consistent manner upon other development within the Town. The Town shall not take any action or position that would have the effect of subjecting the timing or development of the Property to procedures and limitations that may be part of a moratorium or any type of growth boundary except as may be required pursuant to Paragraph 6(f).

(d) Owner anticipates, at this time, completing development over a 35-year term in ten (10) phases. The time frames and physical boundaries for each of the phases are set forth in the Development Plan and are approximate and contingent upon market conditions, industry factors, business considerations and matters beyond the control of the Owner. Owner may adjust the physical boundaries of the various phases as well as the development schedule for each of the parcels in such a manner as Owner shall deem appropriate for the efficient development of the entire Property. The time frames for each of the Phases identified above are only approximate and one or more of the phases or a portion of those phases may be undertaken contemporaneously. Owner modifications shall not necessitate an amendment to this Agreement, but shall be provided to the Town Planning Director and retained in the Town's official file for the Property.

(e) Except as specifically provided in this Agreement, no surcharge, development or impact fee or imposition of any kind whatsoever for water, sewer, utilities, transportation systems, public services or any other infrastructure cost or expense shall be chargeable to Owner in any phase of the construction of the Development Plan. However, Owner will be required to pay the then applicable filing fees, plan review fees, permit fees and building fees provided that such then applicable fees paid by Owner shall be no more than the lowest applicable fee payable by any other developer or builder in the Town. Regardless of other Town requirements, Owner shall only be charged a \$3,000 fee for any Planned Unit Development Amendment.

(f) The ordinances, rules, regulations, permit requirements, policies or other requirements of the Town applicable to the Property and the development of the Property shall be those that are now existing and in force for the

Town as of the date of the recording of the Agreement. Town shall not apply to the Property any legislative or administrative land use regulation adopted by the Town or pursuant to an initiated measure that would change, alter, impair, prevent, diminish, delay or otherwise impact the development or use of the Property as set forth in the Development Plan except as follows: 1) as specifically agreed to in writing by Owner; 2) future generally applicable ordinances, rules, regulations, and permit requirements (but excluding new development fees or exactions except as provided for in this Agreement) of the Town reasonably necessary to alleviate legitimate severe threats to public health and safety, in which any ordinance, rule, regulation, permit requirement or other requirement or official policy imposed in an effort to contain or alleviate such a legitimate severe threat to public health and safety shall be the most minimal and least intrusive alternative practicable and, except in a bona fide emergency, may be imposed only after public hearing and comment and shall not, in any event, be imposed arbitrarily or in a discriminatory fashion; 3) adoption and enforcement of zoning ordinance provisions governing nonconforming property or uses; 4) future land use ordinances, rules, regulations, permit requirements and other requirements and official policies of the Town enacted as necessary to comply with mandatory requirements imposed on the Town by county, state or federal laws and regulations, court decisions, and other similar superior external authorities beyond the control of the Town, provided that in the event any such mandatory requirement prevents or precludes compliance with this Agreement, if permitted by law, such affected provision of this Agreement shall be modified as may be necessary to achieve the minimum permissible compliance with such mandatory requirements; and 5) future updates of, and amendments to, existing building, plumbing, mechanical, electrical, and similar construction and safety related codes adopted by the Town which updates and amendments are generated by a nationally recognized construction/safety organization or by the county, state or federal governments, provided, such code updates and amendments shall be applied in the most minimal and least intrusive manner which is practicable under the circumstances. Nothing shall be interpreted as relieving Owner of any obligation that it may have with respect to laws and regulations enacted by the Federal government or the State of Arizona. Nothing in this Agreement shall alter or diminish the authority of the Town to exercise its eminent domain powers.

7. ADDITIONAL PROPERTY. The Town agrees to amend this Agreement, from time to time and solely at the request of Owner, to incorporate into this Agreement the whole or any portion of additional properties adjacent to or proximate to the Property (the "Additional Property") if and when Owner acquires such Additional Property up to a maximum of 25% of the acreage of the original Property. The Town and the Owner agree that if Owner elects to incorporate such Additional Property or portions thereof: (1) thereafter, such Additional Property shall be included in the Property and shall be subject to and shall benefit from all provisions of this Agreement applicable thereto and any reference herein to the Property shall include such Additional Property, which may at the time of its development increase the maximum number of units in the Property; however, the Additional Property will be approved for an overall density of three and a half units to the acre; (2) the Town and Owner shall cooperate in order for the Additional Property to receive the necessary land use approvals, including any necessary

amendment to the Development Plan; (3) the plans and land use designations approved for any Additional Property shall thereafter apply to the Property and the applicable Additional Property; and (4) the Town shall provide for the annexation of the Additional property into an existing community facilities district or shall form another community facilities district for the Additional Property governed by the intergovernmental, financing participation, and development agreement in the form as contained in Exhibit C as such may be amended over time.

8. INFRASTRUCTURE PLANS. Owner will submit for review and approval, the infrastructure plans as necessary and required for the Development Plan. The infrastructure plans shall include, but not be limited to, grading, drainage, sewer, water and roadway improvements ("Infrastructure Plans").

9. INFRASTRUCTURE AND DESIGN STANDARDS. The infrastructure and design standards, requirements and specifications identified in the Development Plan shall be applicable to the development of the Property. To the extent there is no identification of a particular standard, the existing Town design standards and specifications shall apply to the development of the Property. Town and Owner acknowledge that amendments to the Infrastructure Plans and/or the infrastructure and design standards and specifications for the Property may be necessary from time to time. If Town and Owner jointly determine that amendments are necessary to the Infrastructure Plans and infrastructure and design standards and specifications for the Property, Owner and the Town (through an authorized administrative official), to the extent permitted by applicable law, shall effectuate such amendment(s). Such Town administrative approval shall not be unreasonably denied and Owner shall have an appeal right to the Town Council.

10. INFRASTRUCTURE CONSTRUCTION. Construction of the infrastructure shall be performed in a workmanlike manner in compliance with applicable federal, state and local laws. To the maximum extent practical, the prior dedication of easements or rights-of-way shall not effect or proscribe Owner's rights to construct infrastructure improvements nor shall it effect the Owner's right to finance, construct and/or acquire such infrastructure improvements and/or real property interests through a to be formed community facilities district. Town shall assist Owner through the abandonment procedures of any and all unnecessary public rights-of-way and the establishment procedures of any and all necessary public rights-of-way. The Owner and its agents shall have the right to enter, remain upon and cross over Town easements or rights-of-way to the extent reasonably necessary to design and/or construct the water and sewer improvements and other improvements for the Property, provided that the Owner's use of such right does not materially impede or materially adversely affect the Town's use and enjoyment of the subject property and provided also that the Owner shall restore such easements and rights-of-way to substantially the same condition as existed prior to Owner's entry.

11. INFRASTRUCTURE AND IMPROVEMENT FINANCING. The parties acknowledge that a primary purpose of this Agreement is to provide for the

coordinated planning, design, engineering, construction and/or provision of the range of public services/infrastructure improvements necessary to serve new development as indicated in the Development Plan. The Town acknowledges and agrees that the services/infrastructure required to serve development on the Property as indicated in the Development Plan or as otherwise allowed by Arizona law shall be constructed, upon Owner request, through the community facilities district ("CFD") mechanism pursuant to ARS § 48-701 et seq. The Town shall adopt a resolution of intention and conduct such procedures as are necessary to form one or more CFDs pursuant to A.R.S. § 48-701 et seq. within 120 days of the execution of this Agreement. Owner shall provide all necessary information and shall pay all reasonable and customary Town costs in connection with CFD formation. Immediately upon formation and as a condition of formation of a CFD, the Town, Owner, and CFD shall enter into an intergovernmental, financing participation, and development agreement in the form as contained in Exhibit "C" and such agreement shall be the governing set of Town policies and procedures through the term of the Merrill Ranch Pre-Annexation Development Agreement. The Town agrees to assume responsibility for the ownership, operation and maintenance of completed public infrastructure financed, acquired and/or constructed by one or more CFDs. Any CFD shall cause to be levied a CFD operation and maintenance tax on properties within the district and Owner shall provide additional funds for CFD operation as provided for in Exhibit "C." With the exception of fifteen (15) acres of land to be dedicated to the Town for public service facility use (which may be in one or multiple acreage parcels totaling 15 acres), other dedications for any other public use as may be required in this Agreement, do not preclude a right of Owner, prior to any such dedication, to sell such land, rights-of-way, easements, etc. to a community facilities district and to have such dedication made by such community facilities district. Owner shall be consulted and approve, which approval shall not be unreasonably denied, of the location of the 15 acres chosen for public facility use referred to in the immediately preceding sentence so that the public facility siting has no undue or unreasonable impact on residential neighborhoods. The Town agrees to cooperate and pursue intergovernmental agreements with other public bodies, as applicable, to secure the ownership, operation and maintenance of completed public infrastructure acquired or constructed with CFD funds that are typically not owned, operated and maintained by the Town. The Owner may request that the Town and any community facilities district establish a means of collecting reimbursements from developers or other real property owners for the community facilities district's and/or developer's costs of financing, designing and installing public facilities that are of the size, length or capacity greater than that needed to serve or mitigate the impacts of development of the Property and which will serve other property in the Town.

12. ASSURANCES. Prior to issuing particular building permit(s) or permits for construction of infrastructure, Town may require Owner to provide assurances to Town where appropriate and necessary to assure the installation of infrastructure and improvements directly related to such building permit(s) or permits for construction that Owner undertakes. The Town agrees that within twenty (20) days from the Town's approval of the particular completed infrastructure or service improvement for which the Town has required such an assurance, the Town shall release (or, in the case of a

letter of credit, accept a substitute letter of credit) such infrastructure assurance, in whole or in part as may be appropriate under the circumstances. Owner may elect one of the following methods of assurance:

- (a) Irrevocable letter of credit from a recognized financial institution acceptable to the Town, authorized and licensed to do business in the State of Arizona; or
- (b) Cash or certified check;
- (c) Corporate surety bond executed by a company acceptable to the Town and licensed to do business in the State of Arizona; or
- (d) After approval of a final plat by the Council and the recording by the Planning Director of the final plat, withholding of the issuance of a certificate of occupancy until such time that all required subdivision improvements have been completed.
- (e) Such other assurance mechanism agreed to by the parties to this Agreement.
- (f) Other free and clear land owned by Owner.

13. STREETS. Except as such standards are identified in the Development Plan and as may be modified under Section 6(f), Owner shall construct the streets and roadways in compliance with Town subdivision and street regulations ("Subdivision Regulations") in existence as of the effective date of this agreement. Determination by Owner of whether interior subdivision streets will be dedicated to the public or remain private shall be made no later than the tentative subdivision plat stage for each platted subdivision. Naming of the streets and addressing of the properties will be pursuant to Florence ordinances except that Owner shall have the right to name private streets and any new public streets not a continuation of an already named public street. Such Owner named streets shall require review and approval of Town emergency service departments which approval shall not be unreasonably withheld. At the tentative plat stage, by mutual agreement of the specific alignment which agreement shall not be withheld unreasonably, Town may require some realignment of internal streets for the purpose of providing access to existing arterial roads. Town shall abandon public rights-of-way and/or reservations of such rights-of-way within the Property, including along section lines, if such rights-of-way are not shown to be dedicated as public rights-of-way in the Development Plan. Approval of a plat containing dedication of streets and roadways to the public shall not constitute or effect acceptance by Town of said streets and roadways into the Town maintenance system. Upon termination of construction truck travel, both in a particular platted subdivision and neighboring subdivisions, over the streets, if any, dedicated to the public in a particular platted

subdivision, the Town Engineer shall reasonably determine whether repairs are needed. Upon the Town Engineer's determination that repairs are needed, Owner shall repair said streets and roads of the subject platted subdivision to standards and specifications of the subdivision regulations. Upon the Town Engineer's acknowledgement that the streets and roadways that are dedicated to the public are fully completed to standards and specifications of the subdivision regulations, the dedicated streets may be accepted into the Town maintenance system in accordance with state and local law.

14. WASTEWATER TREATMENT. Owner shall provide a wastewater collection and treatment facility of such design, capacity and type as shall serve the reasonable needs of the Property and subsequent owners thereof, all in conformity with established federal, state and local laws. Except for the first development component of the Development Plan (which consists of Phase I, Phase II and some adjacent portions of land which shall be later determined through engineering and economic feasibility analyses), if the Town refuses to be the wastewater provider under any first right of refusal it may have, Owner may choose to form its own private company or utilize the services of other providers. Town shall reasonably cooperate by processing, in a timely manner, applications for any necessary Town franchise approvals or permits necessary to construct and operate a wastewater collection and treatment facility to serve the Property. If Owner wishes to form a sewer, wastewater, effluent or sanitary district as may be permitted by Arizona Revised Statutes, Town will cooperate and, at no cost to the Town, provide the necessary approvals. Owner may at its own expense or from other funding sources arrange for the design, engineering, construction, acquisition, installation, and/or permitting of in phases, effluent reuse/disposal facilities and a delivery system as part of the non-potable water system ("Effluent Facilities") that meets all applicable federal, state and local standards. Owner retains the right to use and/or sell all effluent generated by development on the Property, and, at its option, to seek and enter into an agreement for effluent service in the future from other private companies.

15. WATER COMPANY. Owner shall provide potable water for the reasonable needs of the Property and subsequent owners thereof, all in conformity with established federal, state, and local laws. Except for the first development component of the Development Plan (which consists of Phase I, Phase II and some adjacent portions of land which shall be later determined through engineering and economic feasibility analyses), if the Town refuses to be the water provider under any first right of refusal it may have, Owner may choose to form its own private water company or utilize the services of other providers. Town shall reasonably cooperate by processing, in a timely manner, applications for any necessary Town franchise approvals or permits necessary to construct water infrastructure and to operate a water company to serve the Property. If Owner wishes to form a water or irrigation service district as may be permitted by Arizona Revised Statutes, Town will cooperate and, at no cost to the Town, provide the necessary approvals. The Town agrees to cooperate with Owner, at no cost to the Town, to assist the Owner and its respective successors and assigns in obtaining a Certificate of Assured Water Supply from the Arizona Department of Water Resources

for the Property, or portions thereof, as the Property is developed in accordance with this Agreement.

16. SCHOOL SITE DEVELOPMENT. The Property is located in the Florence Unified School District No. 1 ("School District"). Owner shall work with the School District and reserve middle and upper school sites in accordance with state law. Owner shall reserve and dedicate land needed for elementary schools to serve the Property's new residents once the School District has obtained a binding commitment of funding for the construction of an elementary school on the land. Owner will hold such properties in reserve for an initial fifteen (15) year period, which shall automatically be extended for an additional fifteen (15) year period. If the School District does not commence construction before the expiration of such period or extended period, Owner shall be free to use such Property for all purposes including residential, commercial purposes, or sell in fee without any claim, right or privilege on the part of the School District or any other person or party.

17. DISPUTE RESOLUTION. In the event that there is a dispute hereunder which the parties cannot resolve between themselves, the parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the parties agree to attempt to settle the dispute by non-binding mediation before commencement of litigation. The mediation shall be held under the commercial mediation rules of the American Arbitration Association. The matter in dispute shall be submitted to a mediator mutually selected by Owner and the Town. In the event that the parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the Town and the Owner shall request the presiding judge of the Superior Court in and for the County of Pinal, State of Arizona, to appoint an independent mediator. The mediator selected shall have at least five (5) years experience in mediating or arbitrating disputes relating to land and property development. The cost of any such mediation shall be divided equally between the Town and the Owner. The results of the mediation shall be non-binding on the parties, and any party shall be free to initiate litigation subsequent to the reimbursement from the defaulting party of all sums expended in order to cure such default, together with interest on all such sums from the date said sums are expended. This section shall not apply to any legal rights of Owner which must be exercised within a certain number of days which is less than forty-five and shall not apply to the right of Owner to request a rescission of the annexation ordinance as provided for in Section 2.

18. COOPERATION. Town and Owner shall each designate a representative to act as a liaison between Town and its various departments and Owner ("Representatives"). The Representatives shall be available at all reasonable times to assist with the performance of the parties under this Agreement. The applicable party may change the representative by giving notice to the other party of the name, title, address, and telephone number of the replacement. If Owner desires to have the Town retain additional outside professionals and consultants in connection with expediting the development reviews for the Property, if Town is willing to do so, Owner shall reimburse Town for the reasonable fees for such consultant reviews.

19. NOTICES. All notices, filings, consents, approvals and other communications provided for herein or given in connection herewith shall be in writing and delivered personally or sent by United States Mail in a postage prepaid envelope addressed to the other to the address provided herein or as may be changed in writing:

Town: Florence Town Manager
Florence Town Hall
775 North Main Street
Florence, AZ 85232

Owner: Harrison Merrill, President
Adrain Taylor, Senior Vice President
Vanguard Properties, Inc.
975 Johnson Ferry Road
Atlanta, GA 30342

Copy to: John D. DiTullio, Esq.,
Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, AZ 85016

Mason Cave, Controller
Vanguard Properties, Inc.
6263 N. Scottsdale Road
Scottsdale, AZ 85250

20. ESTOPPEL CERTIFICATE. Either party may request of the other party, and the requested party shall, within twenty-one (21) calendar days, respond and certify by written instrument to the requesting party that (a) the Development Plan is unmodified and in full force and effect, or if there have been modifications, that the Development Plan is in full force and effect as modified, stating the nature and date of such modification; (b) the existence of the default under the Development Plan and the scope and nature of the default; (c) the existence of any counterclaims which the requested party has against the other party; and (d) any other matters that may reasonably be requested in connection with the development of land, development of the Property or any material aspect of the Development Plan. In the event the Owner has not received an estoppel certificate within twenty-one (21) days from the date of the request, then in such event, Owner shall be entitled to prepare an estoppel certificate and deliver the certificate to Town and such estoppel certificate shall be binding upon Town.

21. WAIVER. No delay in exercising any right or remedy by either Town or Owner shall constitute a waiver thereof. Waiver of any of the terms of this Agreement of the Development Plan shall not be valid unless in writing and signed by all parties hereto. The failure of any part to enforce the provisions of the Agreement or the Development Plan or require performance of any of the provisions, shall not be construed

as a waiver of such provisions or affect the right of the party to enforce all of the provisions of this Agreement and the Development Plan. Waiver of any breach of this Agreement or the Development Plan shall not be held to be a waiver of any other or subsequent breach thereof.

22. BINDING EFFECT. This Development Plan shall be binding upon Town and Owner and their respective successors and assigns.

23. GOVERNING LAW. The laws of the State of Arizona shall be applied to all provisions of this Development Agreement.

24. CHOICE OF FORUM. Notwithstanding A.R.S. § 12-408, any suit or action brought under this Agreement shall be commenced in Superior Court of the State of Arizona in and for the County of Pinal and may be removed therefrom only upon the mutual agreement of the Town and Owner.

25. EXERCISE OF AUTHORITY. It is understood and agreed that Owner shall not in any way exercise any portion of the authority or sovereign powers of Town and shall not make or contract or commit or in any way represent itself as an agent for Town. Nor shall anything in this Agreement be construed to create any partnership, joint venture or principal agency relationship between the parties.

26. INCORPORATION OF DOCUMENTS. All documents referred to herein and in the Development Plan are incorporated herein by reference.

27. RECORDATION. In order to provide notice to third parties, the Town shall record this Agreement in the official records of the Pinal County Recorder within ten (10) days after the full execution of this Agreement.

28. CONFLICT OF INTEREST. This Agreement is subject to the provisions of A.R.S. § 38-511.

29. SEVERABILITY OF PROVISIONS. Each term and provision of this Development Agreement shall be considered severable and if, for any reason, any term or provision of this Agreement be declared or be determined to be illegal, invalid, the validity of the remaining terms and provisions shall not be affected thereby, and said illegal or invalid term or provision shall not be deemed a part of this Agreement, notwithstanding any other provision of this Agreement to the contrary.

30. TIME OF THE ESSENCE. Time is of the essence to this Agreement and with respect to the performance required by each party hereunder.

31. ADDITIONAL ACTS AND DOCUMENTS. Each party hereto agrees to do all such things and take all such actions, and to make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of this Agreement. If any action or approval is required

of any party in furtherance of the rights under this Agreement, such approval shall not be unreasonably withheld.

32. AMENDMENTS. No amendment shall be made to this Agreement except by written document executed by Town and Owner. Within ten (10) days after the execution of any amendment by both parties, the amendment shall be recorded with the Pinal County Recorder, Pinal County, Arizona.

33. ENTIRE AGREEMENT. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter of the Development Plan, and contains all the covenants and agreements between the parties with respect to said matter.

34. COMPLETION OF CONSTRUCTION. The rights granted to Owner hereunder shall extend for the initial term and any extension thereof. If any permit has been issued before the date of termination of the term, the rights shall remain valid until the permit expires, but in no event longer than one (1) year thereafter. Upon expiration of the term, all principal structures for which footings or foundations have been completed may be finished under the Development Plan. Upon expiration of the Agreement, the development may continue based on valid building permits issued in accordance with the standards in effect at that time. Any unexpired permit issued for the Property as part of the Development Plan shall not expire nor shall it be revoked merely because the Agreement has expired.

35. HEADINGS. The headings for the paragraphs of this Agreement are for convenience and reference purposes only and in no way define, limit or describe the scope or intent of said paragraphs nor in any way affect this Agreement.

36. ATTORNEYS FEES. In the event it becomes necessary for a party to this Agreement to bring an action at law or other proceedings to enforce any of the terms or provisions of this Agreement, the successful party in any such action or proceeding may apply for attorney fees pursuant to A.R.S. § 12-341.01.

37. LOT SALE. It is the intention of the parties that although recorded, this Agreement shall not create conditions or exceptions to title or covenants running with any individual lots 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 when issuing a title insurance policy for any individual lot. So long as not prohibited by law, this Agreement shall automatically terminate as to any individual lot (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 by a recorded deed. For this section, "lot" shall be any lot upon which a home has been completely constructed that is contained in a recorded subdivision plat that has been approved by the Town.

38. ASSIGNMENT. Owner shall have the right to sell, transfer or assign part or all of the Property to any person or entity at any time during the duration of this Agreement.

39. LIEN FINANCING. Owner shall have the right at any time, and as often as it desires, to finance the Property and to secure the financing with a lien or liens against the Property.

40. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

41. TOWN SERVICES. Town shall provide all Town services to the Property to the same extent and upon the same terms and conditions as those services are provided to other real properties in the Town, except as otherwise provided herein.

42. NO APPROVAL. If this Agreement, the annexation, the PUD zoning and the Development Plan are not approved by the Council or lose a referendum challenge, or is approved subject to conditions or stipulations not accepted by Owner, Town shall take immediate action to rescind any and all approvals within the thirty (30) day effectiveness period and Owner shall have no obligation to construct any of the improvements provided for in this Agreement, the PUD zoning or the Development Plan. If market conditions and/or development financing materially change the feasibility of the Development Plan, Owner may interrupt development until market conditions and/or development financing are again favorable, at which time continued development of the Property will be in accordance with the Development Plan and the PUD zoning.

43. TIMELY ACTION. The Town acknowledges and agrees that it is desirable for the Owner to proceed rapidly with the implementation of this Agreement and the development of the Property and that, accordingly, a timely review and construction inspection process is necessary. The parties agree that if any time the Owner believes an impasse has been reached with Town staff on any issue affecting the Property, the Owner shall have the right to immediately appeal to the Town Manager for an expedited decision pursuant to this paragraph. If the issue on which an impasse with Town staff is an issue where a final decision can be reached by Town staff, the Town Manager shall give the Owner a final decision within 15 days after the Owner's request for an expedited decision.

44. DEFAULT. Failure or unreasonable delay by either party to perform or otherwise act in accordance with any term or provision hereof shall constitute a breach of this Agreement and, if the breach is not cured within 30 days after written notice thereof from the other party (the "Cure Period"), shall constitute a default under this Agreement; provided, however, that if the failure is such that more than 30 days would reasonably be required to perform such action or comply with any term or provision thereof, then the party shall have such additional time as may be necessary to perform or comply so long as the party commences performance or compliance within said 30 day period and

diligently proceeds to complete such performance or fulfill such obligation. In the event a breach is not cured within the Cure Period, the non-defaulting party shall have all the rights and remedies that may be available under law or equity, including without limitation the right to specifically enforce any term or provision of this Agreement and/or the right to institute an action for damages.

45. GOOD STANDING; AUTHORITY. Each of the parties represents and warrants to the other a) that it is duly formed and validly existing; b) that it is a limited liability company or corporation qualified to do business in Arizona with respect to the Owner, or a political subdivision of the state with respect to the Town; and c) that the individuals executing this Agreement on behalf of their respective parties are authorized and empowered to bind the party on whose behalf each such individual is signing.

46. FORCE MAJEURE. The performance of either party and the duration of this Agreement shall be extended by any causes that are beyond the control of the party required to perform, such as an act of God, civil or military disturbance, labor or material shortage, or acts of terrorism.

47. NO MORATORIUM. The Parties hereby acknowledge that the Owner shall be protected from any moratorium action taken by the Town in the manner set forth in the Arizona Revised Statutes §9-463.06. Further, the Town shall not take any action or adopt any ordinance, resolution or other land use rule or regulation imposing a limitation on the conditioning, rate, timing or sequencing of the development of the Property or any portion thereof if such action shall have a material adverse impact on the development of the Property.

48. INDEMNIFICATION.

(a) Owner, or Owner's successors and assigns, agrees to defend, indemnify and hold harmless Town, its officers, officials and employees ("Indemnified Group") for liability from and against claims, damages, losses and expenses of any nature whatsoever (including but not limited to reasonable attorney fees, court costs, the costs of appellate proceedings, and all claim adjusting and handling expense), relating to, arising out of, resulting from or alleged to have resulted from Owner's or its successors' and assigns' acts, errors, mistakes or omissions relating to any action or inaction of the Owner, its successors or assigns under this Agreement, including but not limited to work or services in the performance of this Agreement by any subcontractor or anyone directly or indirectly employed by or contracting with the Owner or a subcontractor or anyone for whose acts any of them may be liable.

(b) If any claim, action or proceeding is brought against the Indemnified Group, by reason of any event that is the subject of Section 48(a) above, Owner, or its successors or assigns, (at its sole cost and expense) shall pay, resist or defend such claim or action on behalf of the Indemnified Group by the attorney of the Owner, or if covered by insurance, Owner's insurer, all of which must be approved by

Town, which approval shall not be unreasonably withheld or delayed. The Town shall cooperate with all reasonable efforts in the handling and defense of such claim.

(c) Any settlement of claims must fully release and discharge the Indemnified Group from any liability for such claims. The release and discharge shall be in writing and shall be subject to approval by the Town, which approval shall not be unreasonably withheld or delayed.

(d) The indemnity provisions of this Agreement shall survive the termination of this Agreement.

49. NOTICE OF CONVEYANCE OR ASSIGNMENT. The Owner shall give notice to the Town of any sale of the entire Property at least ten (10) days prior to the effective date of the sale.

50. EMERGENCY SERVICES SUBSIDY. In the early years of the Property's development, the extension of police, fire and emergency medical services (collectively, "Emergency Services") to service the Property may create a cost to the Town that is not covered by service fees, property taxes, transaction privilege (sales) taxes, construction taxes or other applicable fees and taxes generated from the value of land, structures and activity on the Property. Therefore, the Owner agrees to provide the Town with an Emergency Services operating deficit fund of one hundred thousand dollars (\$100,000) per year for five (5) years. The initial funding date shall be the July 1st after the effective date of this Agreement. At the end of each year, Owner may request and shall receive from the Town, in a timely manner, reasonable explanatory and accounting information regarding expenditures from the Emergency Services operating deficit fund. To the extent any of the funds provided by Owner and expended by the Town for any Emergency Services operating deficit are reimbursable from any community facilities district on the Property, Owner shall have the option to seek such reimbursement.

IN WITNESS WHEREOF, the Council of Florence, Arizona, by its Chairman and its Clerk, duly authorized, have affixed hereunto their hand and caused its official seal to be affixed on this 1st day of December, 2003.

1128208v12/16455-0001jdd

CMR/CASA GRANDE, L.L.C., an Arizona limited liability company

By: Vanguard Properties, Inc., a Georgia corporation, Manager

By: [Signature]
W. Harrison Merrill, President

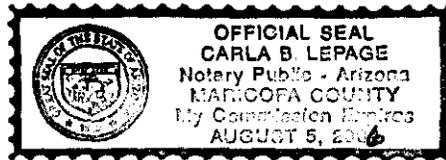
Dated: 12-4-03

STATE OF ARIZONA)
) SS.
COUNTY OF PINAL)

The foregoing Development Agreement for Merrill Ranch was acknowledged before me this 4th day of December, 2003 by _____, a _____ of CMR/CASA GRANDE, L.L.C., an Arizona limited liability company, who being authorized to do so, executed the foregoing instrument on behalf of said entity for the purposes therein stated.

[Signature]
Notary Public

My Commission Expires:
8/5/06



FLORENCE COPPER, INC., a Delaware corporation

By: [Signature]
W. Harrison Merrill, President

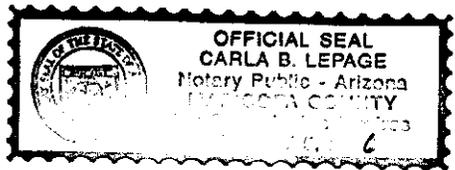
Dated: 12-4-03

STATE OF ARIZONA)
) SS.
COUNTY OF PINAL)

The foregoing Development Agreement for Merrill Ranch was acknowledged before me this 4th day of December, 2003 by _____, a _____ of FLORENCE COPPER, INC., a Delaware corporation, who being authorized to do so, executed the foregoing instrument on behalf of said entity for the purposes therein stated.

[Signature]
Notary Public

My Commission Expires:
8/5/06



ROADRUNNER RESORTS, L.L.C., an Arizona limited liability company

By: HMEEX, L.L.C., an Arizona Limited Liability Company, its Member

By: DMR, L.L.C., an Arizona limited liability company, its Member

By: North Phoenix, L.P. a Georgia limited partnership, its Member

By: Vanguard Properties, Inc., a Georgia corporation, General Partner

By: [Signature]
W. Harrison Merrill, President

Dated: 12-4-03

STATE OF ARIZONA)
) SS.
COUNTY OF PINAL)

The foregoing Development Agreement for Merrill Ranch was acknowledged before me this 4th day of December, 2003 by _____, a _____ of ROADRUNNER RESORTS L.L.C., an Arizona limited liability company, who being authorized to do so, executed the foregoing instrument on behalf of said entity for the purposes therein stated.

[Signature]
Notary Public

My Commission Expires:
8/5/06

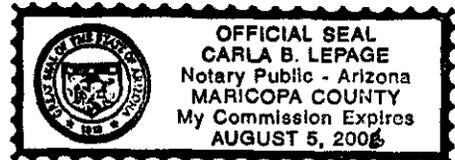


EXHIBIT "A"
LEGAL DESCRIPTION

EXHIBIT A

The general property boundary description for the Merrill Ranch Planned Unit Development is as follows

Tract 1 – (Portion of Merrill Ranch within Annexation Boundary)

Tract-1-A

A portion of land lying within Sections 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35, Township 4 South, Range 9 East of the Gila and Salt River Meridian, County of Pinal, Arizona, more particularly described as follows:

Beginning at the North Quarter Corner of said Section 18 (a 1 ½" aluminum capped rebar) from which the Northwest Corner of said Section 18 (1928 GLO Brass Cap) bears North 89°40'42" West a distance of 2643.00 feet;

Thence South 89°42'22" East a distance of 2628.00 feet to a point;
Thence South 89°42'48" East a distance of 2624.98 feet to a point;
Thence South 89°43'12" East a distance of 2625.97 feet to a point;
Thence South 89°58'12" East a distance of 2625.35 feet to a point;
Thence South 89°54'12" East a distance of 2625.94 feet to a point;
Thence South 89°31'44" East a distance of 212.30 feet to a point;
Thence South 67°30'35" East a distance of 1720.81 feet to a point;
Thence South 59°41'12" East a distance of 4046.60 feet to a point;
Thence South 59°42'54" East a distance of 3058.51 feet to a point;
Thence South 00°08'31" East a distance of 1109.97 feet to a point;
Thence South 00°03'02" East a distance of 5218.61 feet to a point;
Thence South 89°39'33" West a distance of 2616.00 feet to a point;
Thence North 89°41'25" West a distance of 2645.25 feet to a point;
Thence North 89°44'28" West a distance of 2642.19 feet to a point;
Thence South 00°33'41" West a distance of 1321.05 feet to a point;
Thence South 89°44'25" East a distance of 2641.14 feet to a point;
Thence South 00°34'05" West a distance of 1321.07 feet to a point;
Thence South 89°44'23" East a distance of 2640.50 feet to a point;
Thence South 00°35'27" West a distance of 1318.51 feet to a point;
Thence South 89°28'09" East a distance of 1316.20 feet to a point;
Thence South 00°29'31" West a distance of 1319.12 feet to a point;
Thence North 89°26'30" West a distance of 1317.81 feet to a point;
Thence North 89°48'06" West a distance of 2640.13 feet to a point;
Thence North 89°48'06" West a distance of 2640.13 feet to a point;
Thence South 00°06'34" East a distance of 1892.17 feet to a point;
Thence South 69°31'04" West a distance of 10.89 feet to a point;
Thence South 71°49'55" West a distance of 666.30 feet to a point;
Thence South 82°10'55" West a distance of 525.34 feet to a point;
Thence South 58°46'43" West a distance of 379.92 feet to a point;
Thence South 89°18'34" West a distance of 695.69 feet to a point;
Thence North 81°05'51" West a distance of 993.65 feet to a point;
Thence South 89°24'15" West a distance of 456.05 feet to a point;

Thence South 77°45'29" West a distance of 1257.34 feet to a point;
Thence South 66°19'44" West a distance of 434.74 feet to a point;
Thence South 67°29'38" West a distance of 1240.29 feet to a point;
Thence North 00°01'26" West a distance of 1026.64 feet to a point;
Thence South 90°00'00" West a distance of 1462.35 feet to a point;
Thence North 00°11'29" West a distance of 2138.44 feet to a point;
Thence North 00°06'53" East a distance of 1319.48 feet to a point;
Thence South 89°51'41" East a distance of 2617.94 feet to a point;
Thence South 89°53'47" East a distance of 5253.43 feet to a point;
Thence North 00°33'46" East a distance of 1321.36 feet to a point;
Thence North 89°54'40" West a distance of 2631.46 feet to a point;
Thence North 89°54'40" West a distance of 2554.70 feet to a point;
Thence North 00°12'27" West a distance of 2642.02 feet to a point;
Thence North 89°43'12" West a distance of 2749.47 feet to a point;
Thence South 01°21'33" East a distance of 2650.21 feet to a point;
Thence North 89°52'18" West a distance of 2580.60 feet to a point;
Thence South 00°08'42" West a distance of 2638.00 feet to a point;
Thence South 89°51'02" East a distance of 1274.81 feet to a point;
Thence South 00°08'55" East a distance of 1320.24 feet to a point;
Thence North 89°50'22" West a distance of 1308.92 feet to a point;
Thence North 89°46'13" West a distance of 2614.59 feet to a point;
Thence North 00°08'45" West a distance of 1320.32 feet to a point;
Thence North 89°43'02" West a distance of 2652.22 feet to a point;
Thence North 01°12'49" West a distance of 95.99 feet to a point;
Thence North 65°40'16" East a distance of 2942.13 feet to a point;
Thence North 89°42'26" West a distance of 2651.78 feet to a point;
Thence North 00°13'18" West a distance of 1320.09 feet to a point;
Thence North 00°11'51" West a distance of 2644.86 feet to a point;
Thence North 00°11'35" West a distance of 2646.78 feet to a point;
Thence North 00°11'16" West a distance of 2645.58 feet to a point;
Thence South 89°40'42" East a distance of 2599.94 feet to a point;
Thence North 00°19'18" East a distance of 5280.00 feet to the POINT OF
BEGINNING.

Tract-1-B

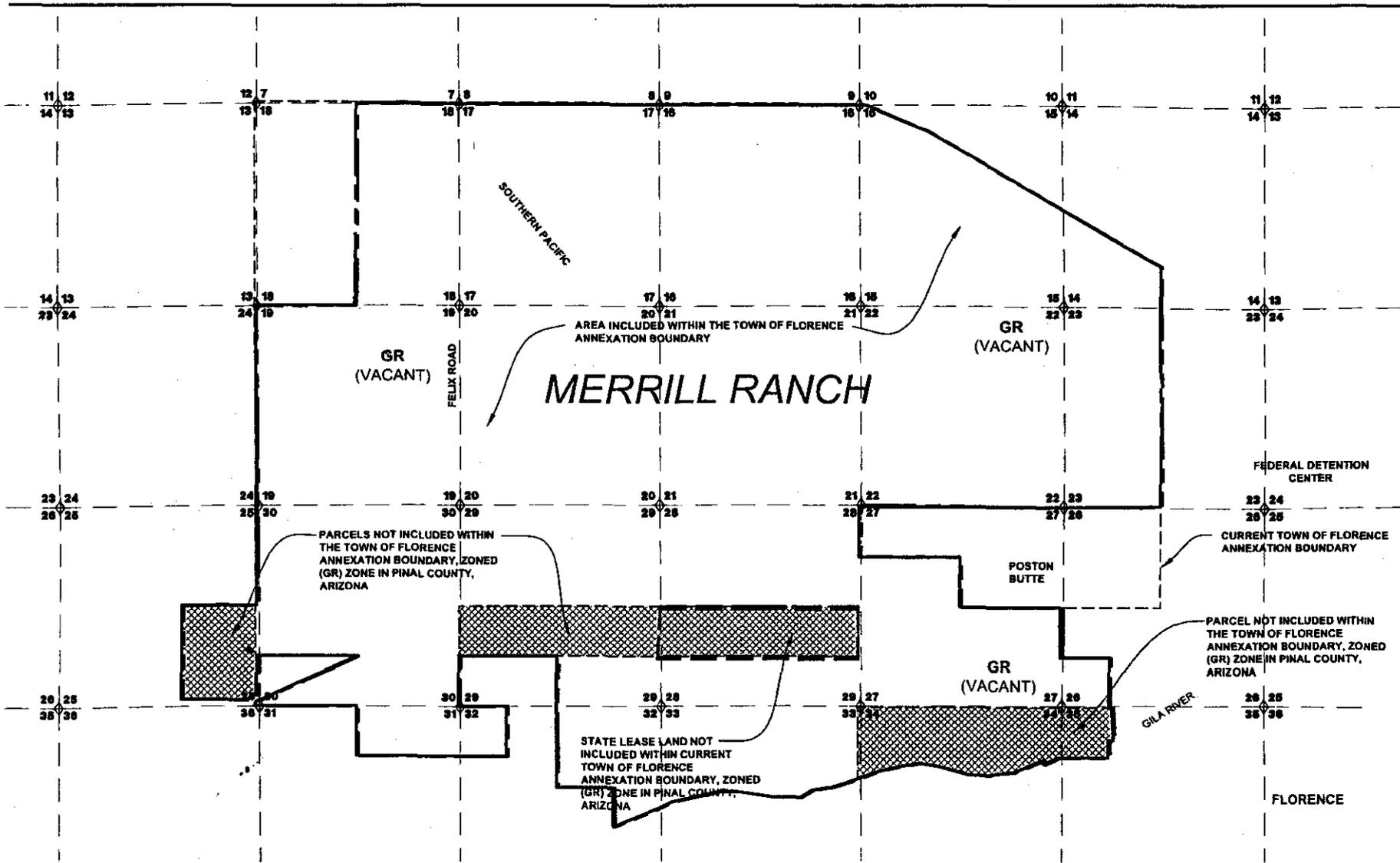
The Northeast Quarter of Section 29, Township 4 South, Range 9 East of the
Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT any portion thereof lying within the right-of-way of Hunt Highway; and

EXCEPT any portion of the Northeast Quarter lying within that certain parcel
currently being assessed to Southern Pacific Transportation Company;

EXCEPT all oil and gas as reserved in the Patent.

Said description contains 7537 acres, more or less.



(GR) GENERAL RURAL ZONING IS A PINAL COUNTY, ARIZONA ZONE CLASSIFICATION

EXHIBIT "B"
DEVELOPMENT PLAN

REVISED

MERRILL RANCH

PLANNED UNIT DEVELOPMENT

Submitted To:
Town of Florence
Florence, Arizona



Prepared For:
Vanguard Properties, Inc.
6263 N. Scottsdale Road, Suite 205
Scottsdale, AZ 85250
(480) 596-0605

November 7, 2003

Prepared By:
Jack Johnson Company
5745 N. Scottsdale Road, Suite 130
Scottsdale, AZ 85250
(480) 214-0370



JACK JOHNSON COMPANY
Designing World Destinations

MERRILL RANCH PLANNED UNIT DEVELOPMENT

Merrill Ranch is a community designed to capture the rural lifestyle and beauty of the northern Sonoran Desert. This primarily residential community will be a conventional neighborhood-based development centered around a network of open space, as well as more traditional park and neighborhood amenities.

Planned Unit Developments (PUD) provide one of the best structures for producing a unified and physically cohesive community. The PUD process results in a general master plan with built-in flexibility. Flexibility is essential for the development to grow and mature according to changing demographic and market trends over the entire life of the project.

Development of this Plan has been based on a thorough examination of various physical and social aspects of the Merrill Ranch planning area, including:

- Natural environment
- Transportation
- Population and Demographics
- Public Facilities and Services
- Land Use and Zoning
- Development Constraints and Opportunities

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MERRILL RANCH PLANNED UNIT DEVELOPMENT

I. INTRODUCTION

A. SUMMARY

In 2000, planning for the areas to the east of Magic Ranch, Rancho Sendero and Johnson Ranch began. The result of this planning effort was the previously approved Road Runner Estates PAD. Since then, the Road Runner PAD has been removed and new ownership with additional contiguous property has been added for the 2003 planning of what is now to be known as Merrill Ranch. Located in the Town of Florence General Plan Study Area, Merrill Ranch is a community designed to capture the rural lifestyle and beauty of the northern Sonoran Desert. This primarily residential community will be a conventional neighborhood-based development centered around a network of open space as well as more traditional park and neighborhood amenities.

Planned Unit Developments provide one of the best structures for producing a unified and physically cohesive community. The PUD produces a general master plan with built-in flexibility. Flexibility is essential for the development to grow and mature according to changing demographic and market trends over the entire life of the project. It also simplifies the Town's administration of the PUD. The Merrill Ranch PUD is modeled after the Johnson Ranch PAD Amendment, approved in 1997, and a minor modification to the Road Runner PAD approved in 2000.

Development of this Plan has been predicated on a thorough examination and understanding of the various physical and social aspects of the Merrill Ranch planning area. Data has been collected and extrapolated for the following:

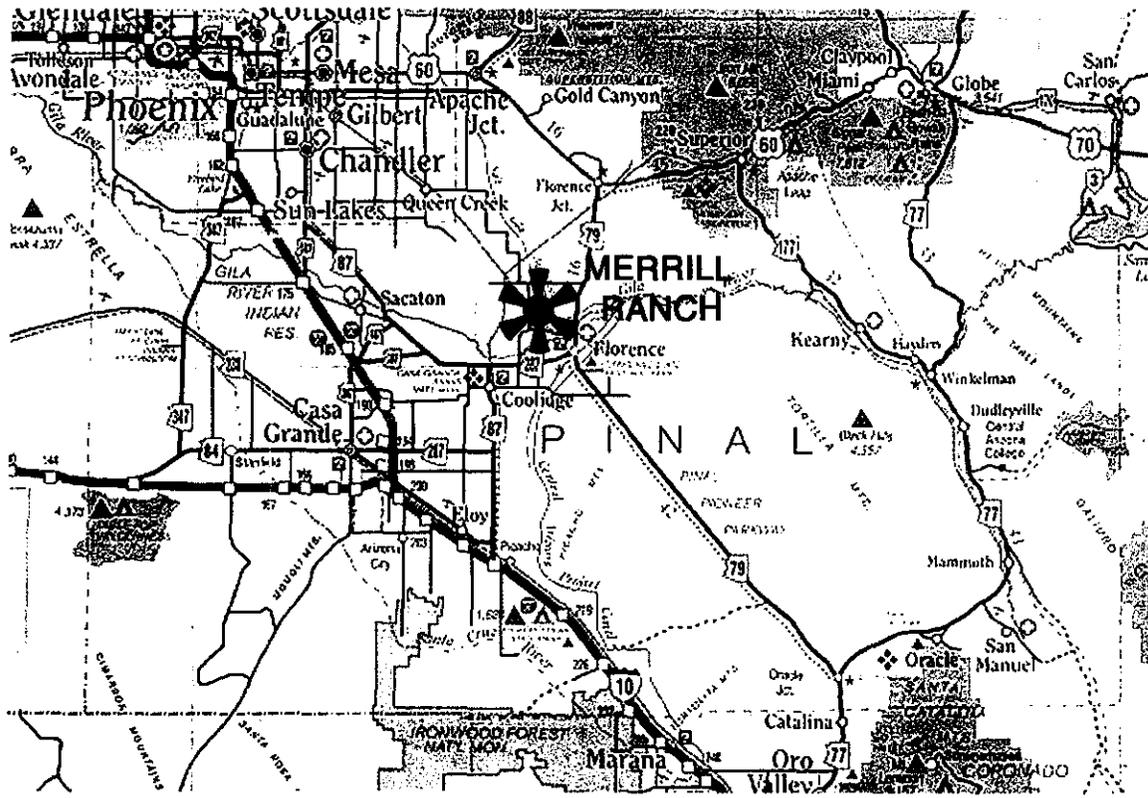
- Natural environment
- Transportation
- Population and Demographics
- Public Facilities and Services
- Land Use and Zoning
- Development Constraints and Opportunities

This comprehensive document will provide detailed provisions for each section of the Merrill Ranch PUD, which includes:

- The Development Plan. This includes the proposed land uses, intensities and phasing at the Merrill Ranch PUD. It includes provisions for hillside,

canyon and desert preservation and information regarding service and infrastructure.

- The Development Requirements. These specifically define the different residential, recreational, commercial and industrial development standards for the Merrill Ranch PUD. Zoning standards are established in this section.
- Implementation. This section outlines the procedures for the administration of the Merrill Ranch PUD including phasing, permit processing and amendments.
- The Design Guidelines. These establish the general desired character of future development within the Merrill Ranch PUD. They include landscape, signage and design guidelines.



APPROXIMATE DISTANCE FROM MERRILL RANCH TO:

- FLORENCE 1/4 Mile
- APACHE JNCT 20 Miles
- COOLIDGE 7 Miles

**MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Regional Location Map**

Exhibit I-1

B. PROJECT LOCATION and DESCRIPTION

The general property boundary description for the Merrill Ranch Planned Unit Development is as follows (see Exhibit 1-2):

Tract 1 – (Portion of Merrill Ranch within Annexation Boundary))

Tract-1-A

A portion of land lying within Sections 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35, Township 4 South, Range 9 East of the Gila and Salt River Meridian, County of Pinal, Arizona, more particularly described as follows:

Beginning at the North Quarter Corner of said Section 18 (a 1 ½" aluminum capped rebar) from which the Northwest Corner of said Section 18 (1928 GLO Brass Cap) bears North 89°40'42" West a distance of 2643.00 feet;

Thence South 89°42'22" East a distance of 2628.00 feet to a point;
Thence South 89°42'48" East a distance of 2624.98 feet to a point;
Thence South 89°43'12" East a distance of 2625.97 feet to a point;
Thence South 89°58'12" East a distance of 2625.35 feet to a point;
Thence South 89°54'12" East a distance of 2625.94 feet to a point;
Thence South 89°31'44" East a distance of 212.30 feet to a point;
Thence South 67°30'35" East a distance of 1720.81 feet to a point;
Thence South 59°41'12" East a distance of 4046.60 feet to a point;
Thence South 59°42'54" East a distance of 3058.51 feet to a point;
Thence South 00°08'31" East a distance of 1109.97 feet to a point;
Thence South 00°03'02" East a distance of 5218.61 feet to a point;
Thence South 89°39'33" West a distance of 2616.00 feet to a point;
Thence North 89°41'25" West a distance of 2645.25 feet to a point;
Thence North 89°44'28" West a distance of 2642.19 feet to a point;
Thence South 00°33'41" West a distance of 1321.05 feet to a point;
Thence South 89°44'25" East a distance of 2641.14 feet to a point;
Thence South 00°34'05" West a distance of 1321.07 feet to a point;
Thence South 89°44'23" East a distance of 2640.50 feet to a point;
Thence South 00°35'27" West a distance of 1318.51 feet to a point;
Thence South 89°28'09" East a distance of 1316.20 feet to a point;
Thence South 00°29'31" West a distance of 1319.12 feet to a point;
Thence North 89°26'30" West a distance of 1317.81 feet to a point;
Thence North 89°48'06" West a distance of 2640.13 feet to a point;
Thence North 89°48'06" West a distance of 2640.13 feet to a point;
Thence South 00°06'34" East a distance of 1892.17 feet to a point;
Thence South 69°31'04" West a distance of 10.89 feet to a point;
Thence South 71°49'55" West a distance of 666.30 feet to a point;
Thence South 82°10'55" West a distance of 525.34 feet to a point;
Thence South 58°46'43" West a distance of 379.92 feet to a point;
Thence South 89°18'34" West a distance of 695.69 feet to a point;
Thence North 81°05'51" West a distance of 993.65 feet to a point;
Thence South 89°24'15" West a distance of 456.05 feet to a point;

Thence South 77°45'29" West a distance of 1257.34 feet to a point;
Thence South 66°19'44" West a distance of 434.74 feet to a point;
Thence South 67°29'38" West a distance of 1240.29 feet to a point;
Thence North 00°01'26" West a distance of 1026.64 feet to a point;
Thence South 90°00'00" West a distance of 1462.35 feet to a point;
Thence North 00°11'29" West a distance of 2138.44 feet to a point;
Thence North 00°06'53" East a distance of 1319.48 feet to a point;
Thence South 89°51'41" East a distance of 2617.94 feet to a point;
Thence South 89°53'47" East a distance of 5253.43 feet to a point;
Thence North 00°33'46" East a distance of 1321.36 feet to a point;
Thence North 89°54'40" West a distance of 2631.46 feet to a point;
Thence North 89°54'40" West a distance of 2554.70 feet to a point;
Thence North 00°12'27" West a distance of 2642.02 feet to a point;
Thence North 89°43'12" West a distance of 2749.47 feet to a point;
Thence South 01°21'33" East a distance of 2650.21 feet to a point;
Thence North 89°52'18" West a distance of 2580.60 feet to a point;
Thence South 00°08'42" West a distance of 2638.00 feet to a point;
Thence South 89°51'02" East a distance of 1274.81 feet to a point;
Thence South 00°08'55" East a distance of 1320.24 feet to a point;
Thence North 89°50'22" West a distance of 1308.92 feet to a point;
Thence North 89°46'13" West a distance of 2614.59 feet to a point;
Thence North 00°08'45" West a distance of 1320.32 feet to a point;
Thence North 89°43'02" West a distance of 2652.22 feet to a point;
Thence North 01°12'49" West a distance of 95.99 feet to a point;
Thence North 65°40'16" East a distance of 2942.13 feet to a point;
Thence North 89°42'26" West a distance of 2651.78 feet to a point;
Thence North 00°13'18" West a distance of 1320.09 feet to a point;
Thence North 00°11'51" West a distance of 2644.86 feet to a point;
Thence North 00°11'35" West a distance of 2646.78 feet to a point;
Thence North 00°11'16" West a distance of 2645.58 feet to a point;
Thence South 89°40'42" East a distance of 2599.94 feet to a point;
Thence North 00°19'18" East a distance of 5280.00 feet to the POINT OF
BEGINNING.

Tract-1-B

The Northeast Quarter of Section 29, Township 4 South, Range 9 East of the
Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT any portion thereof lying within the right-of-way of Hunt Highway; and

EXCEPT any portion of the Northeast Quarter lying within that certain parcel
currently being assessed to Southern Pacific Transportation Company;

EXCEPT all oil and gas as reserved in the Patent.

Said description contains 7537 acres, more or less.

Tract 2 – (Future Annexation)

A parcel of land lying and being a part of the Southeast Quarter of Section 25, Township 4 South, Range 8 East of the Gila and Salt River Meridian, Pinal County, Arizona.

Lying North of the Hunt Highway (Per Fee No. 1998-03645, records of Pinal County Recorder) and lying North of that part of the Arizona Eastern Railroad Co. right-of-way conveyed in Book 43 of Deeds, Page 362, records of the Pinal County Recorder,

And Except, the West Half of the West Half of the Southeast Quarter of said Section 25, more particularly described as follows:

Commencing at the Southeast Corner of said Section 25:

Thence North $00^{\circ}11'33''$ West, along the East line of Section 25, a distance of 283.18 feet to a point on the North Line of Arizona Eastern Railroad right-of-way, the True Point of Beginning; thence South $64^{\circ}47'29''$ West, along the North Line of Arizona Eastern Railroad right-of-way, a distance of 303.73 feet to a point on the North right-of-way line of Hunt Highway; thence South $89^{\circ}34'48''$ West along said right-of-way, a distance of 656.10 feet to a point of curvature to the right thru a central angle of $00^{\circ}28'03''$, an arc distance of 199.60 feet to a point of tangency; thence North $89^{\circ}57'09''$ West, a distance of 832.24 feet; thence North $00^{\circ}07'39''$ West, a distance of 2479.72 feet, to a point on the East/West mid-section line; thence North $89^{\circ}06'12''$ East, along said East/West Mid-Section Line, a distance of 1960.24 feet to the East Quarter Corner of said Section 25; thence South $00^{\circ}11'33''$ East, a distance of 2360.22 feet, to the TRUE POINT OF BEGINNING.

Tract 3 – (Future Annexation)

The North Half of the South Half of Section 29, Township 4 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT any portion thereof lying within the right-of-way of Hunt Highway; and

EXCEPT any portion of the Northeast Quarter lying within that certain parcel currently being assessed to Southern Pacific Transportation Company;

EXCEPT all oil and gas as reserved in the Patent.

Tract 4 – (Future Annexation)

A portion of land lying within Sections 34 and 35, Township 4 South, Range 9 East of the Gila and Salt River Meridian, County of Pinal, Arizona, more particularly described as follows:

Beginning at the North Quarter Corner of said Section 18 (a 1 ½" aluminum capped rebar) from which the Northwest Corner of said Section 18 (1928 GLO Brass Cap) bears North 89°40'42" West a distance of 2643.00 feet;

Thence South 89°42'22" East a distance of 2628.00 feet to a point;
Thence South 89°42'48" East a distance of 2624.98 feet to a point;
Thence South 89°43'12" East a distance of 2625.97 feet to a point;
Thence South 89°58'12" East a distance of 2625.35 feet to a point;
Thence South 89°54'12" East a distance of 2625.94 feet to a point;
Thence South 89°31'44" East a distance of 212.30 feet to a point;
Thence South 67°30'35" East a distance of 1720.81 feet to a point;
Thence South 59°41'12" East a distance of 4046.60 feet to a point;
Thence South 59°42'54" East a distance of 3058.51 feet to a point;
Thence South 00°08'31" East a distance of 1109.97 feet to a point;
Thence South 00°03'02" East a distance of 5218.61 feet to a point;
Thence South 89°39'33" West a distance of 2616.00 feet to a point;
Thence North 89°41'25" West a distance of 2645.25 feet to a point;
Thence North 89°44'28" West a distance of 2642.19 feet to a point;
Thence South 00°33'41" West a distance of 1321.05 feet to a point;
Thence South 89°44'25" East a distance of 2641.14 feet to a point;
Thence South 00°34'05" West a distance of 1321.07 feet to a point;
Thence South 89°44'23" East a distance of 2640.50 feet to a point;
Thence South 00°35'27" West a distance of 1318.51 feet to a point;
Thence South 89°28'09" East a distance of 1316.20 feet to a point;
Thence South 00°29'31" West a distance of 1319.12 feet to the TRUE POINT OF BEGINNING;

Thence South 89°26'30" East a distance of 82.52 feet to a point;
Thence South 02°49'40" East a distance of 860.46 feet to a point;
Thence South 90°00'00" West a distance of 130.00 feet to a point;
Thence South 00°19'59" West a distance of 457.37 feet to a point;
Thence North 89°38'57" West a distance of 1319.42 feet to a point;
Thence South 67°00'30" West a distance of 435.83 feet to a point;
Thence North 00°24'15" East a distance of 108.30 feet to a point;
Thence South 69°44'04" West a distance of 197.09 feet to a point;
Thence South 66°53'43" West a distance of 614.90 feet to a point;
Thence South 83°20'44" West a distance of 755.35 feet to a point;
Thence North 88°33'38" West a distance of 465.82 feet to a point;
Thence North 74°21'30" West a distance of 831.78 feet to a point;
Thence North 80°00'11" West a distance of 472.78 feet to a point;
Thence South 80°17'03" West a distance of 725.42 feet to a point;
Thence South 75°07'18" West a distance of 528.29 feet to a point;
Thence South 69°31'04" West a distance of 435.81 feet to a point;
Thence North 00°06'34" West a distance of 1892.17 feet to a point;
Thence South 89°48'06" East a distance of 2640.13 feet to a point;
Thence South 89°48'06" East a distance of 2640.13 feet to a point;
Thence South 89°26'30" East a distance of 1317.81 feet to a point to the POINT OF BEGINNING.

1. Site History

This site is located on primarily desert scrublands, crossed by various minor drainage courses. There is a designated 100-year Federal Emergency Management Agency (FEMA) flood hazards on the site, which is to be verified by survey prior to development in this area. Hunt Highway runs east and west through the property with approximately 2,400 acres to the south of Hunt Highway. The Central Arizona Canal (CAP) borders the property on the north. The Southern Pacific Railroad runs through the property generally from the northwest to the southeast then along Hunt Highway. In addition, BHP has a proposed underground leaching permit area for a copper mine immediately south of Hunt Highway.

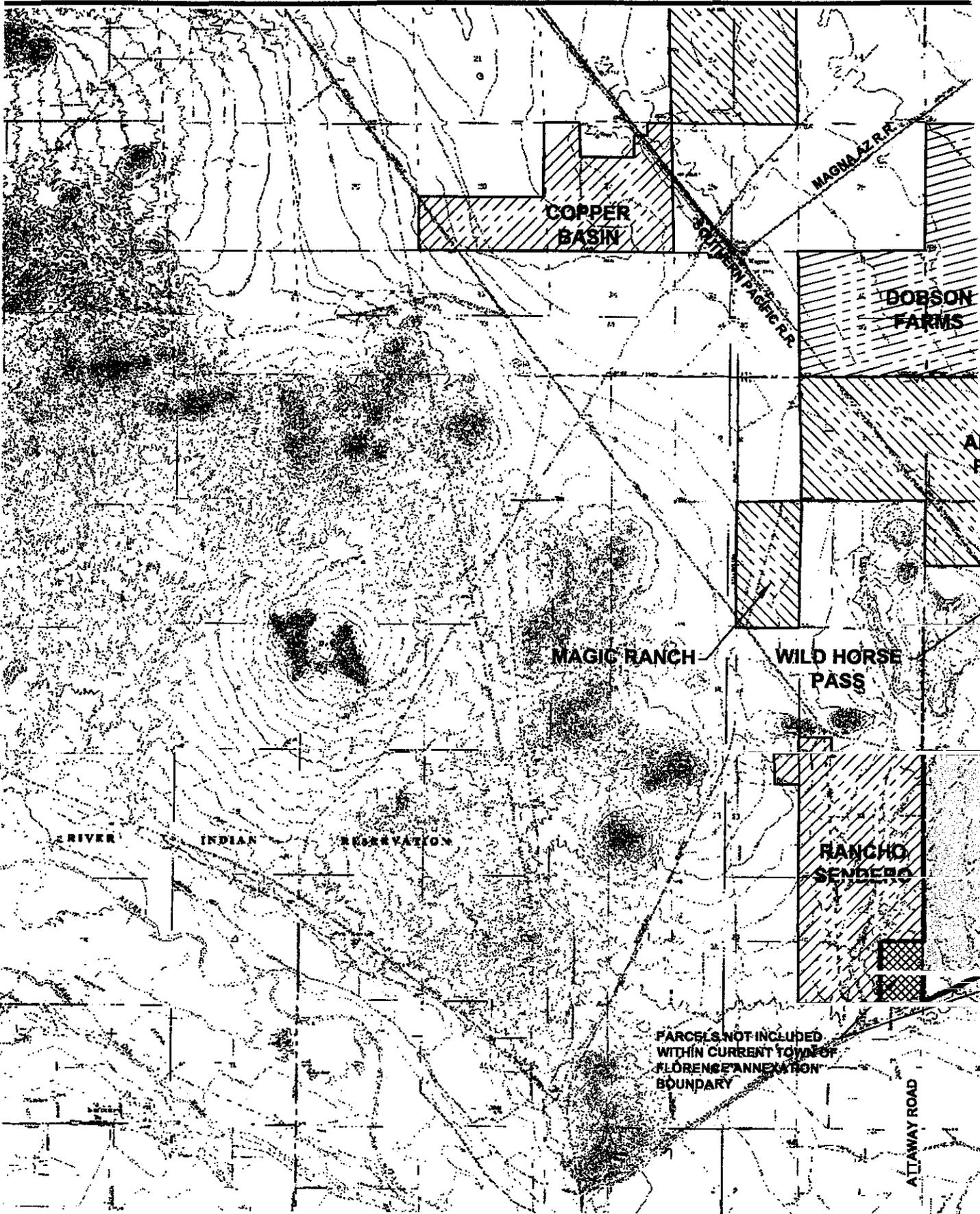
2. Existing Uses/Zoning

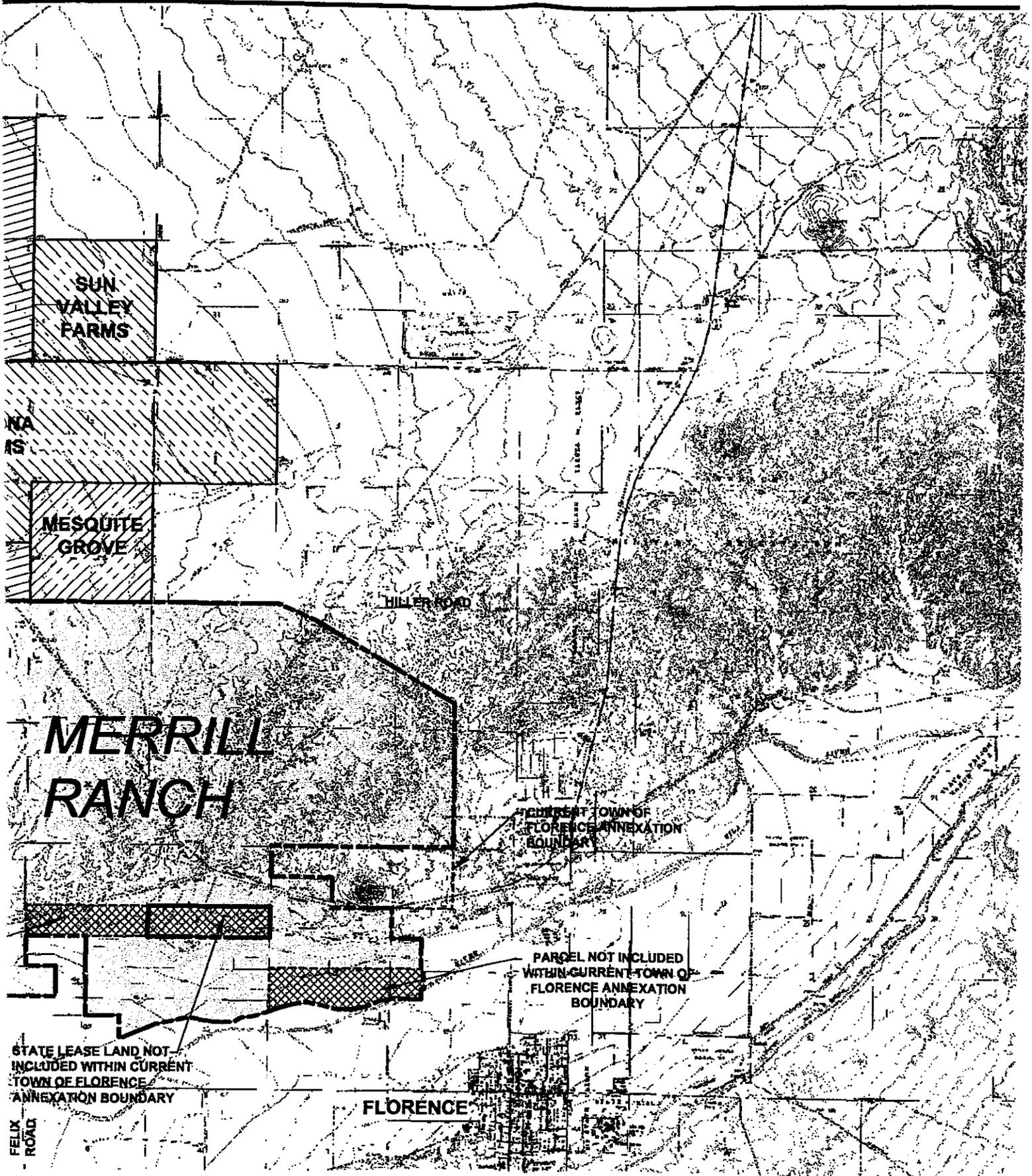
Current zoning is General Rural (GR).

3. Surrounding Uses/Destinations

The Merrill Ranch development site was chosen for its location and accessibility to the major metropolitan areas of Phoenix and Tucson. Other favorable points are its gentle topography, nearness to the San Tan Mountain Regional Park and its proximity to historic destinations in eastern Arizona. The site is located approximately 4 miles northwest of downtown Florence and SR 287/SR 179 on Hunt Highway. Rancho Sendero PAD lies immediately west across the Attaway Road alignment. Felix Road provides north-south access to the site. These routes provide the necessary access to Florence, Apache Junction, Queen Creek and Coolidge.

Exhibit I-4 details the existing land uses and zoning on and around the site. The surrounding land is generally vacant, state-owned land, or has agricultural uses.





STATE LEASE LAND NOT INCLUDED WITHIN CURRENT TOWN OF FLORENCE ANNEXATION BOUNDARY

CURRENT TOWN OF FLORENCE ANNEXATION BOUNDARY

PARCEL NOT INCLUDED WITHIN CURRENT TOWN OF FLORENCE ANNEXATION BOUNDARY

FLORENCE

FELIX ROAD

MERRILL RANCH

TOWN OF FLORENCE, ARIZONA
 PLANNED UNIT DEVELOPMENT
 PROPERTY BOUNDARY DESCRIPTION
 NOVEMBER 7, 2003



1"=5000'

200-31

INDEX

GIS CONVERSION

-  MERRILL RANCH PLANNED UNIT DEVELOPMENT AREA WITHIN CURRENT TOWN OF FLORENCE ANNEXATION BOUNDARY
-  MERRILL RANCH PLANNED UNIT DEVELOPMENT AREA PARCELS NOT INCLUDED WITHIN CURRENT TOWN OF FLORENCE ANNEXATION BOUNDARY

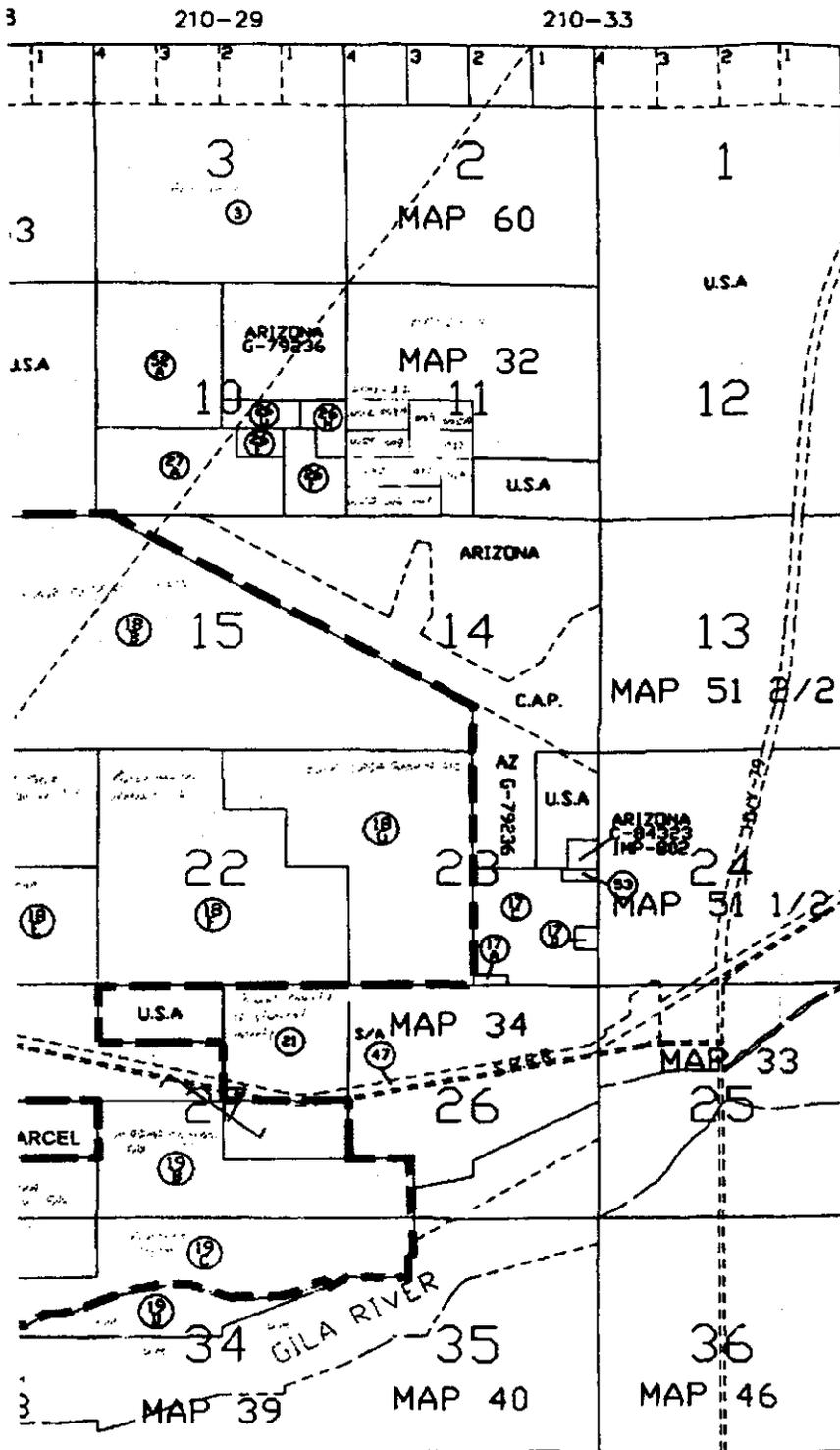
SEE BOOK 201



NORTH

NOT TO SCALE

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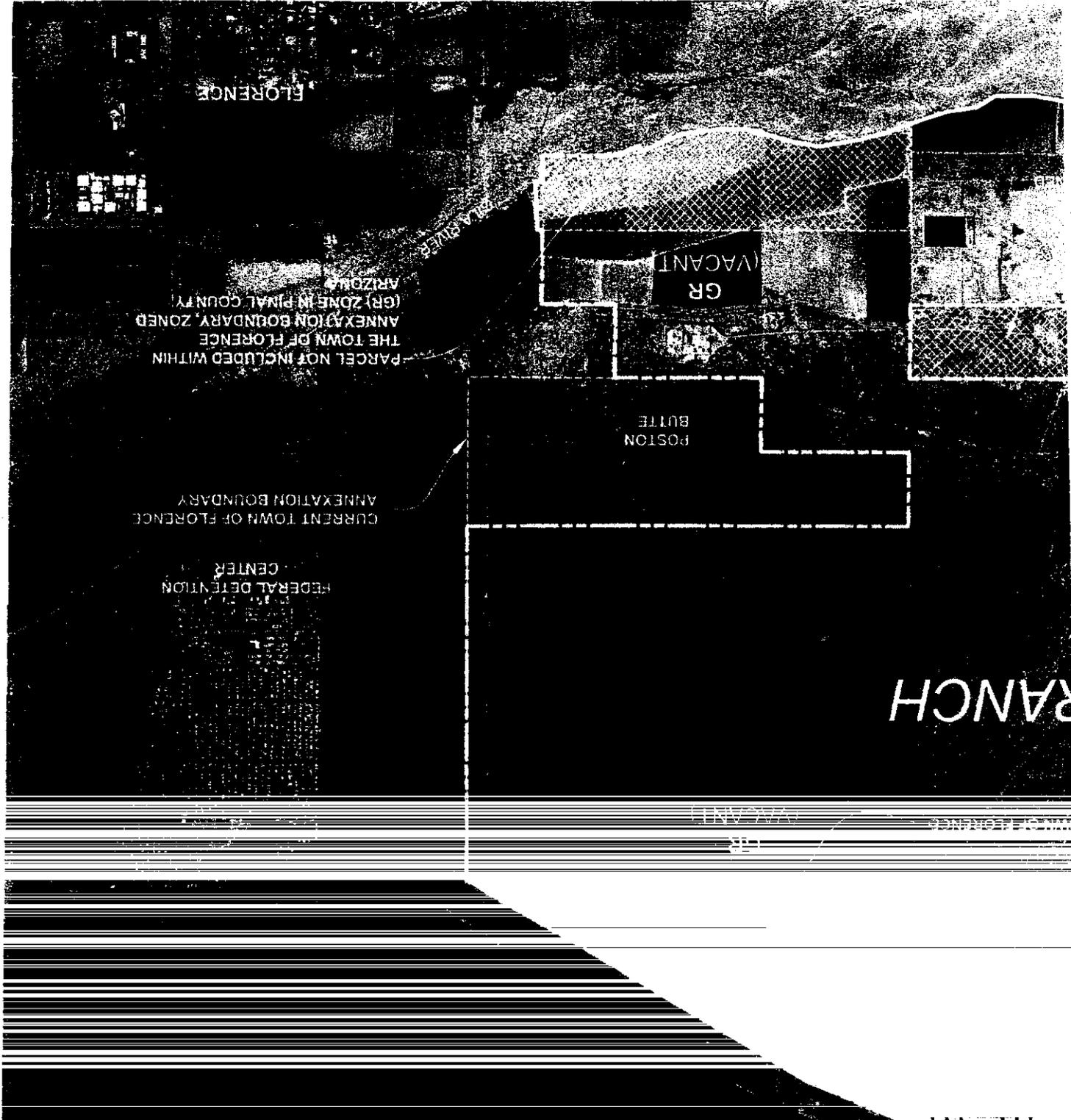
BOOK 202

PINAL COUNTY ASSESSORS MAP

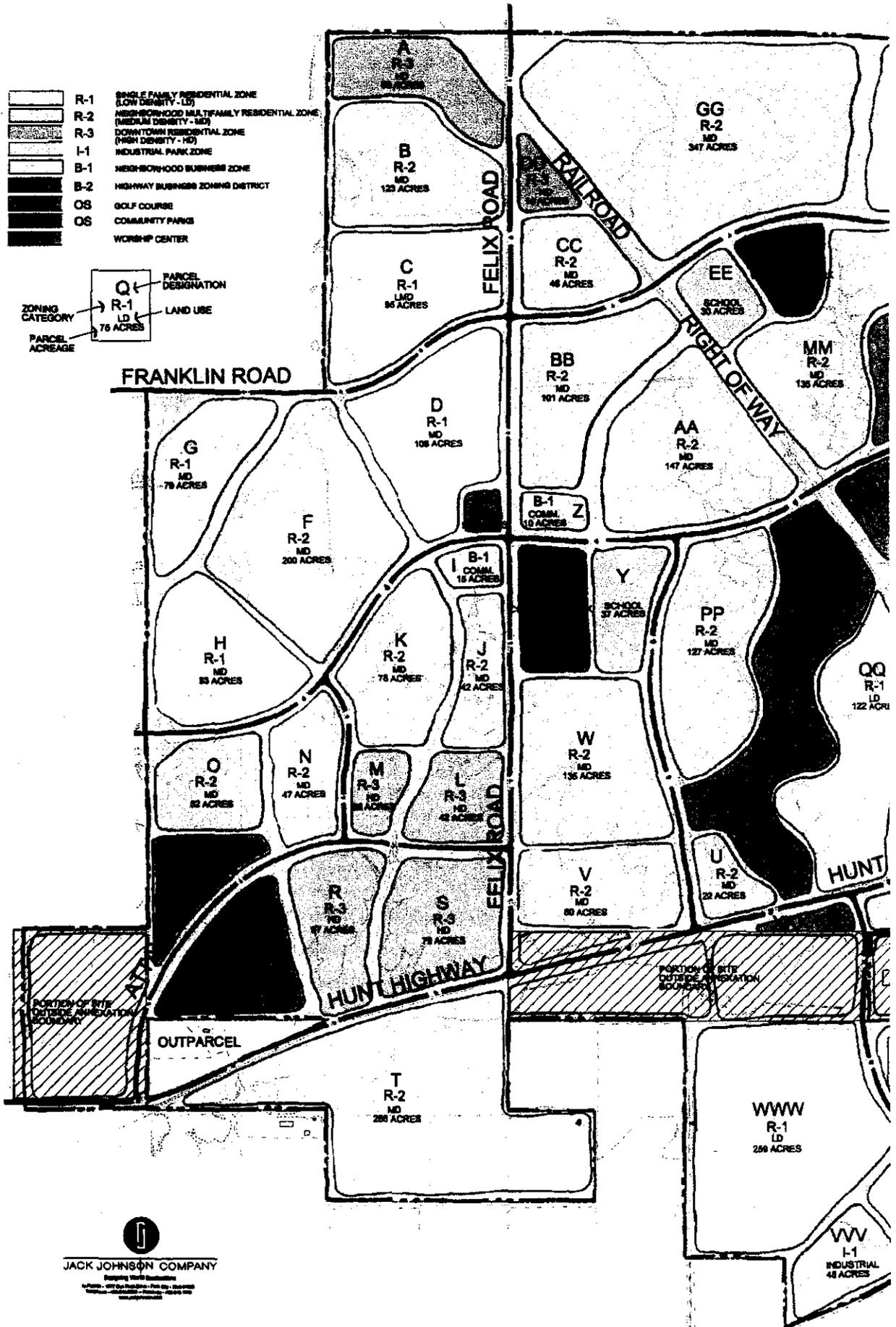
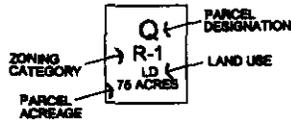


MERRILL RANCH

(GR) GENERAL RURAL ZONING IS A PINAL COUNTY, ARIZONA ZONE CLASSIFICATION



- R-1 SINGLE FAMILY RESIDENTIAL ZONE (LOW DENSITY - LD)
- R-2 NEIGHBORHOOD MULTIFAMILY RESIDENTIAL ZONE (MEDIUM DENSITY - MD)
- R-3 DOWNTOWN RESIDENTIAL ZONE (HIGH DENSITY - HD)
- I-1 INDUSTRIAL PARK ZONE
- B-1 NEIGHBORHOOD BUSINESS ZONE
- B-2 HIGHWAY BUSINESS ZONING DISTRICT
- OS GOLF COURSE
- OS6 COMMUNITY PARKS
- WORSHIP CENTER



JACK JOHNSON COMPANY
 Planning World Headquarters
 10000 - 100th Street, Suite 100
 Richmond, BC V6V 2G9

II. DEVELOPMENT PLAN

A. LAND USE PLAN

1. Proposed Uses and Densities

Merrill Ranch is an 7,537-acre mixed-use development featuring a range of low to medium-high density neighborhood housing, with several areas reserved for neighborhood business and commercial uses. An extensive trail network connecting the lineal park system and natural desert spaces and community parks are part of the Open Space System within Merrill Ranch. A wastewater treatment plant, buffered by open space, provides the necessary sewer services for Merrill Ranch. Land set aside as developed- or undeveloped-open space accounts for about 14% (or approximately 749 acres) of the total residential land area of Merrill Ranch. Future marketing studies shall determine the targeted demographic population for specific neighborhoods within Merrill Ranch. It is anticipated that Merrill Ranch will be a family-based community.

Planning areas have been designated to accommodate the envisioned development of Merrill Ranch Planned Unit Development site. A breakdown of proposed land uses by planning area is provided in Table II-1, along with gross acres and planned number of residential units per planning area.

Table II-2, the Land Use Summary Table, totals the number of dwelling units and gross acreage by proposed zoning and land use categories.

Table II-3, the Quantitative Development Table, summarizes the percentage of open space, acres of single-family housing and the average lot size within the PUD. Maximum overall density of the PUD is 3.5 dwelling units per gross acre.

The land use concept of the Planned Unit Development presents a balanced urban community. All of the land use elements are integrated for circulation, infrastructure, aesthetic and visual setting, development standards and guidelines.

2. Phasing Program

The Merrill Ranch Planned Unit Development will be developed in multiple phases. A summary of the proposed phasing sequence by planning area is provided on Table II-4 and shown on Exhibit II-2, Phasing Plan.

TABLE II-1
LAND USE TABLE – MERRILL RANCH

Parcel Designation	Proposed Zoning	Land Use	Dwelling Units per Acre			Gross Acreage	Anticipated Dwelling Units
			Low	Target	High		
A	R-3	High	8	10	18	63	630
B	R-2	Medium	4	4.4	8	123	539
C	R-1	Low	.5	3.8	4	95	361
D	R-1	Low	.5	3.8	4	106	403
E		Worship	-	-	-	9	-
F	R-2	Medium	4	4.4	8	200	877
G	R-1	Low	.5	3.8	4	79	302
H	R-1	Low	.5	3.8	4	93	353
I	B-1	Business	-	-	-	15	-
J	R-2	Medium	4	4.4	8	42	184
K	R-2	Medium	4	4.4	8	78	342
L	R-3	High	8	10	18	42	420
M	R-3	High	8	10	18	26	260
N	R-2	Medium	4	4.4	8	47	206
O	R-2	Medium	4	4.4	8	52	228
P	B-2	Commercial	-	-	-	51	-
Q	B-2	Commercial	-	-	-	75	-
R	R-3	High	8	10	18	67	670
S	R-3	High	8	10	18	79	790
T	R-2	Medium	4	4.4	8	286	1254
U	R-3	High	8	10	18	22	220
V	R-2	Medium	4	4.4	8	60	263
W	R-2	Medium	4	4.4	8	135	592
X		Open Space	-	-	-	44	-
Y		School	-	-	-	37	-
Z	B-1	Business	-	-	-	10	-
AA	R-2	Medium	4	4.4	8	147	644
BB	R-2	Medium	4	4.4	8	101	443
CC	R-2	Medium	4	4.4	8	46	202
DD	R-3	High	8	10	18	15	150
EE		School Site	-	-	-	30	-
FF		Open Space	-	-	-	36	-
GG	R-2	Medium	4	4.4	8	347	1521
HH	R-2	Medium	4	4.4	8	185	811
II	R-1	Low	.5	3.8	4	271	1030
JJ	R-1	Low	.5	3.8	4	213	809
KK	R-1	Low	.5	3.8	4	90	342
LL		Open Space/Golf	-	-	-	96	-
MM	R-2	Medium	4	4.4	8	135	592

MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Land Use Table

Table II-1

Parcel Designation	Proposed Zoning	Land Use	Dwelling Units per Acre			Gross Acreage	Anticipated Dwelling Units
			Low	Target	High		
NN		Open Space/Golf	-	-	-	30	-
OO		Open Space/Golf	-	-	-	154	-
PP	R-2	Medium	4	4.4	8	127	557
QQ	R-1	Low	.5	3.8	4	122	463
RR	R-3	High	8	10	18	59	590
SS	R-3	High	8	10	18	40	400
TT	R-2	Medium	4	4.4	8	72	316
UU	R-2	Medium	4	4.4	8	80	351
VV	R-1	Low	.5	3.8	4	132	502
WW		Open Space/Golf	-	-	-	230	-
XX	R-1	Low	.5	3.8	4	117	-
YY	R-1	Low	.5	3.8	4	263	445
ZZ	R-1	Low	.5	3.8	4	107	999
AAA	R-1	Low	.5	3.8	4	38	407
BBB	R-1	Low	.5	3.8	4	39	144
CCC	R-1	Low	.5	3.8	4	44	148
DDD	R-1	Low	.5	3.8	4	108	167
EEE		Open Space	-	-	-	35	410
FFF	R-1	Low	.5	3.8	4	229	870
GGG	R-2	Medium	4	4.4	8	41	180
HHH	R-1	Low	.5	3.8	4	114	433
III	R-1	Low	.5	3.8	4	99	376
JJJ		School Site	-	-	-	39	-
KKK	R-3	High	8	10	18	32	320
LLL		Worship Site	-	-	-	13	-
MMM	I-1	Industrial	-	-	-	98	-
NNN	I-1	Industrial	-	-	-	112	-
OOO	I-1	Industrial	-	-	-	103	-
PPP	I-1	Industrial	-	-	-	37	-
QQQ	I-1	Industrial	-	-	-	76	-
RRR	I-1	Industrial	-	-	-	45	-
SSS	I-1	Industrial	-	-	-	56	-
TTT	I-1	Industrial	-	-	-	110	-
UUU	I-1	Industrial	-	-	-	202	-
VVV	I-1	Industrial	-	-	-	45	-
WWW	R-1	Low	.5	3.8	4	259	984
XXX		Open Space	-	-	-	11	-
Misc.		R.O.W./ Open Space	-	-	-	371	-
TOTAL						7,537	24,500

MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Land Use Table

Table II-1, continued

TABLE II-2

LAND USE SUMMARY TABLE – MERRILL RANCH

Proposed Zoning	Land Use	D.U./Acre Low	D.U./Acre Target	D.U./Acre High	Gross Acreage	Anticipated Dwelling Units
R-1	Low	.5	3.8	4.0	2618	9948
R-2	Medium	4.0	4.4	8.0	2304	10102
R-3	High	8.0	10	18.0	445	4450
B-1	Neighborhood Business				25	
B-2	Commercial				126	
I-1	Industrial				884	
	Golf				510	
	Worship Sites				22	
	Parks				126	
	Schools				106	
	Right-of-ways				280	
	Miscellaneous Open Space Areas/Corridors				91	
Total					7,537	24,500

- * Commercial uses shall have up to 750,000 square feet of retail sales floor area.
- Total acreage (7,537 acres) includes Hunt Highway R.O.W. Felix Road R.O.W., railroad R.O.W. and pipeline R.O.W. (± 273 acres)

TABLE II-3

QUANTITATIVE DEVELOPMENT TABLE – MERRILL RANCH

TOTAL GROSS AREA	7,537
AREA OF COMMERCIAL DEVELOPMENT	151
TOTAL GROSS AREA OF RESIDENTIAL DEVELOPMENT	5,345
TOTAL NUMBER OF DWELLING UNITS PROPOSED	24,500
AREA OF PUBLIC OPEN SPACE*	749 Acres 14%

- See Exhibit II-4 for delineation of open space.
- Open space will be fulfilled through the community parks, greenbelt corridors and/or golf courses and open space within each of the residential parcels.

**TABLE II-4
PHASING PLAN – MERRILL RANCH**

Phase	Land Use	Gross Acres	Planned Units	Total Planned Units
1	B-1	15	--	2492
	R-1	172	655	
	R-2	41	1837	
2	MISC	90	--	4225
	B-1	10	--	
	R-1	291	764	
	R-2	611	2681	
	R-3	78	780	
3	R-1	271	1030	3362
	R-2	532	2332	
4	B-2	126	--	2140
	R-3	214	2140	
5	MISC	154	--	1832
	R-1	122	463	
	R-2	128	559	
	R-3	81	810	
6	MISC	192	--	2503
	R-1	222	844	
	R-2	287	1259	
	R-3	40	400	
7	MISC	230	--	2866
	R-1	707	2686	
	R-2	141	180	
8	MISC	87	--	2842
	R-1	664	2522	
	R-3	32	320	
9	MISC	11	--	2238
	I-1	45	--	
	R-1	259	984	
	R-2	286	1254	
10	I-1	839	--	--
TOTALS				

*Acres not included are for R.O.W. for Felix Road, the railroad and the pipeline.

In preparing the phasing plan, certain assumptions have been made: 1) the rate of growth for the project will remain constant and as calculated; 2) the rate of growth of other regional projects which were used in assessing cumulative impacts on phased infrastructures and services will remain constant and as calculated; and 3) the market demand for proposed residential product type and mix will remain constant throughout the phasing intervals. These assumptions are necessary to establish a phasing plan for the Land Use Plan. However, should these assumptions become obsolete or invalid due to area growth dynamics during the build-out of Merrill Ranch, the Phasing Plan provides the flexibility to accommodate such growth dynamics. If, for example, the build-out rate in internal project accelerates, key infrastructure components may be re-phased.



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ASE 3

HH R-2 185 ACRES
II R-1 LD 271 ACRES

SE 6

KK R-1 LD 90 ACRES

JJ R-1 LD 213 ACRES
XX R-1 LD 117 ACRES
HHH R-1 LD 114 ACRES
GGG R-2 LD 111 ACRES
YY R-1 LD 263 ACRES
ZZ R-1 LD 107 ACRES

PHASE 7

WW R-1 LD 132 ACRES
WW OS GOLF 230 ACRES
FFF R-1 LD 229 ACRES
EEE OS COMMUNITY PARK 33 ACRES
AAA R-1 LD 36 ACRES

PHASE 8

DDDD R-1 LD 108 ACRES
JJJ CHURCH 13 ACRES
KKK SCHOOL 36 ACRES
III R-1 LD 69 ACRES
BBB R-1 LD 89 ACRES
CCC R-1 LD 44 ACRES

UU R-2 LD 80 ACRES
TT R-2 LD 72 ACRES
SS R-3 LD 40 ACRES

RR R-3 LD 40 ACRES
QQQ I-1 INDUSTRIAL 78 ACRES
PPP I-1 INDUSTRIAL 37 ACRES
LLL R-3 LD 32 ACRES

POTENTIAL FUTURE CONNECTION TO HUNT HIGHWAY

RAILROAD RIGHT OF WAY
HUNT HIGHWAY

STATE LEASE PARCEL OUTSIDE ANNEXATION BOUNDARY
OOO I-1 INDUSTRIAL 103 ACRES
MMM I-1 INDUSTRIAL 91 ACRES

PHASE 10

TTT I-1 INDUSTRIAL 110 ACRES
SSS I-1 INDUSTRIAL 56 ACRES
RRR I-1 INDUSTRIAL 43 ACRES
NNN I-1 INDUSTRIAL 112 ACRES

BHP COPPER-MINE OVERLAY AREA
COPPER MINE OVERLAY AREA
PORTION OF SITE OUTSIDE ANNEXATION BOUNDARY

UUU I-1 INDUSTRIAL 202 ACRES
LIMITS OF FEMA 100 YR FLOODPLAIN

MERRILL RANCH

TOWN OF FLORENCE, ARIZONA
PLANNED UNIT DEVELOPMENT
PHASING PLAN
NOVEMBER 7, 2003

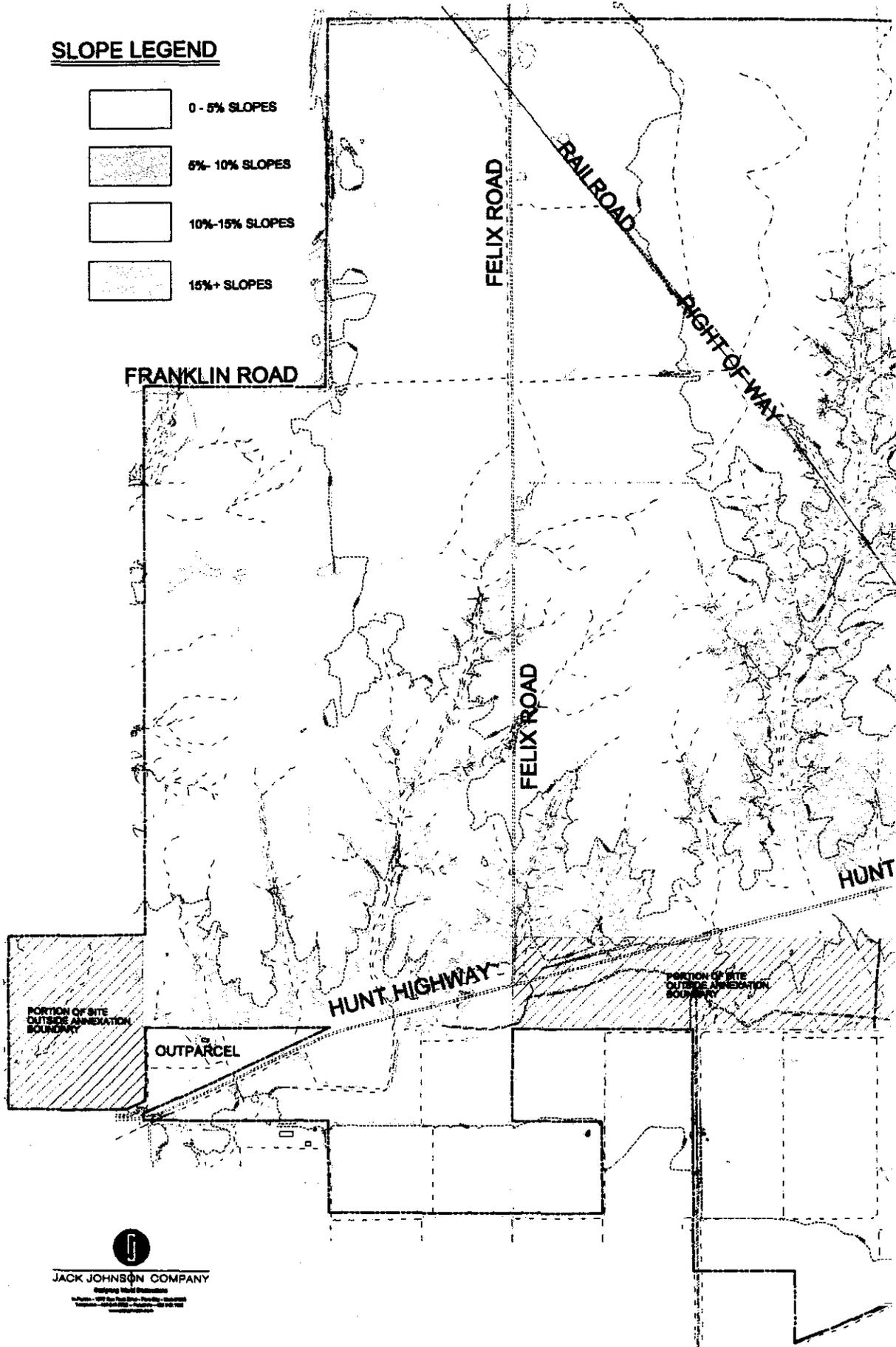
3. Benefits and Advantages for the Town of Florence

The Merrill Ranch Planned Unit Development will help meet the need for new housing within the Town of Florence as Pinal County's population continues to grow. Growth within the Phoenix metropolitan area and Maricopa County has begun to impact these growth patterns in Pinal County. The rapid sales and development of the Johnson Ranch portraint this growth pattern. Growth and development tend to encourage and result in even more development. Shrinking development opportunities in Maricopa County, especially on the eastern side, will continue to impact housing needs in this area.

- a.) Merrill Ranch will provide housing, recreation and employment opportunities for the residents of Pinal County. The development will increase the tax base without incurring large infrastructure costs for the Town.
- b.) Merrill Ranch will provide a master-planned development with a variety of residential opportunities and some local commercial uses. This will allow the Town to continue to grow in a manner compatible with the Town of Florence's General Plan.
- c.) Merrill Ranch is located adjacent to a major transportation corridor. This will allow for the efficient use of the existing transportation infrastructure.

SLOPE LEGEND

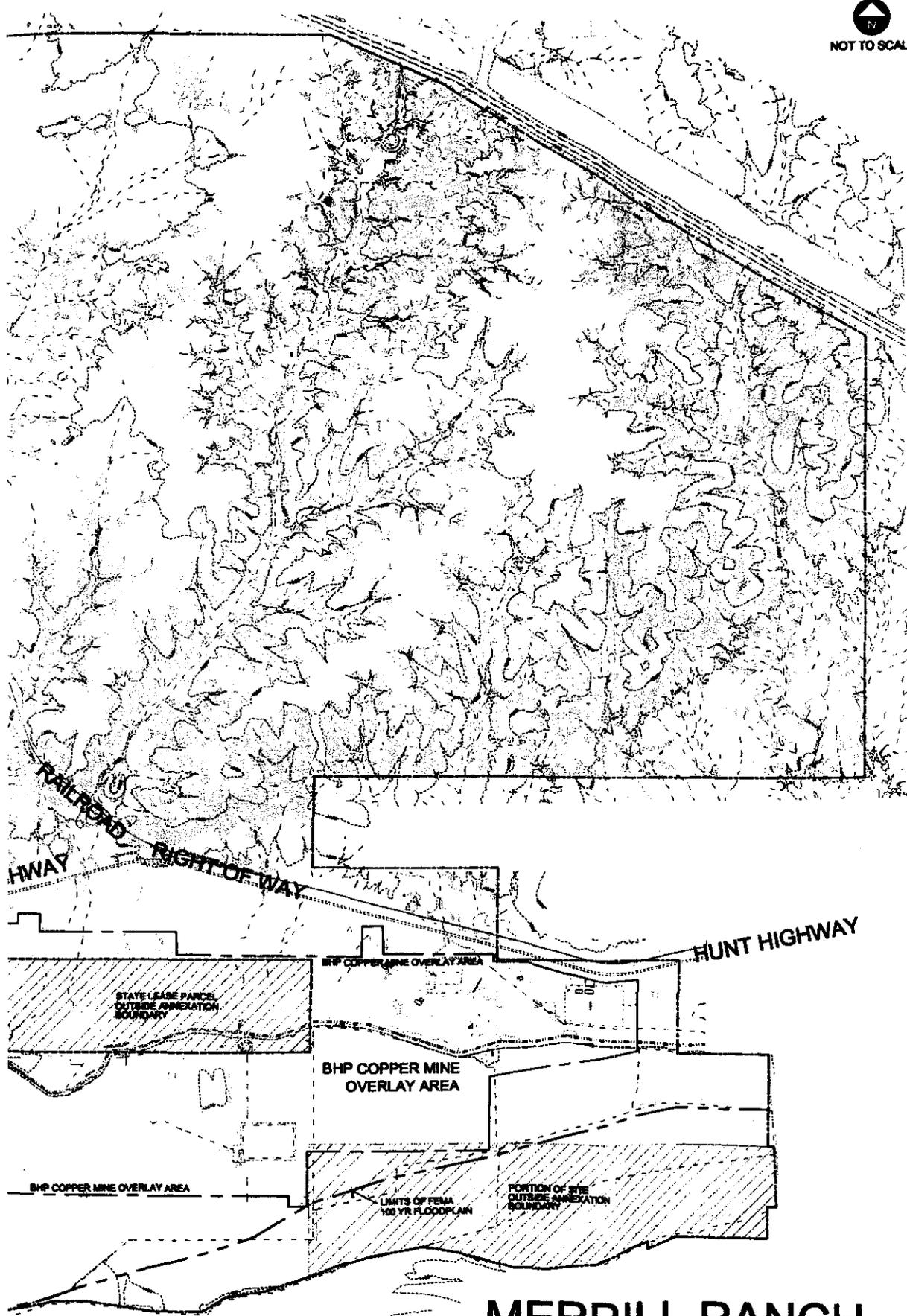
-  0 - 5% SLOPES
-  5% - 10% SLOPES
-  10% - 15% SLOPES
-  15%+ SLOPES



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MERRILL RANCH

TOWN OF FLORENCE, ARIZONA
PLANNED UNIT DEVELOPMENT
TOPOGRAPHY AND SLOPE ANALYSIS
NOVEMBER 7, 2003

B. HILLSIDE PRESERVATION

The project site has been analyzed for various slope categories. The analysis is based on five-foot contour interval mapping from Cooper Aerial Survey Company mapping. The areas shown on the Slope Analysis, Exhibit III-3, are summarized as follows:

Table II-5
Slope Analysis

Slope Category	Area (Ac)
0-5 percent	6,518
5-10 percent	993
10-15 percent	462
15+ percent	235
TOTAL	7,537

C. SERVICES AND INFRASTRUCTURE

1. Water

Water

There are various methods the developer may use to service the project – either private, public, or use of community facilities districts. The manner in which will be determined by the developer at a future date.

Water Demand

The water system infrastructure will be sized to accommodate peak water use.

Two pressure zones are planned for the water system. It is expected that static pressure will range from 35 to 85 psi with some minor variances. The water system will consist of wells, ground storage reservoirs, a booster station and distribution piping. The actual timing and sizing of the water system infrastructure will depend on the actual progress of the project's phased construction.

2. Wastewater

Wastewater Service Provider

There are various methods the developer may use to service the project – either private, public, or use of community facilities districts. The manner in which will be determined by the developer at a future date.

Wastewater Generation

Wastewater generation estimates for family and adult residential and commercial uses were derived from historic flows near this area. The wastewater system infrastructure will be sized to accommodate projected wastewater flows.

Wastewater Collection

Merrill Ranch will be served by gravity sewer mains where possible and force mains where needed. The actual timing and sizing of the wastewater collection system will depend on the phased construction of the project.

Wastewater Treatment Facility

The wastewater treatment facility will be constructed in phases. Initially, wastewater treatment will consist of the use of aerated lagoons. When wastewater flows approach the lagoon's capacity, a mechanical treatment plant is proposed. The wastewater effluent will be of the quality for effluent use on open space and landscaped areas.

The construction of the wastewater treatment facility and wastewater collection infrastructure will be phased in accordance with the growth of the project. Each phase of the Wastewater Treatment Facility will be constructed and operational before the capacity of the existing treatment facilities is exceeded. The wastewater facilities will be designed to allow orderly expansion to occur, as additional capacity is required.

Wastewater Reclamation

The wastewater will be treated to "open access" reuse standards. The treated effluent will be pumped by a reclaimed pump station to the Open areas for use.

3. Other Utilities and Services

The various public utilities and their respective provider are listed below:

Electric.....	Arizona Public Service
Gas.....	Southwest Gas
Telephone.....	Qwest
Cable Television	Central Arizona Communications
Police Protection.....	Town of Florence
Fire Protection/Ambulance Service	Town of Florence
Solid Waste Handling.....	Browning Ferris Industries or Central AZ Solid Waste

Most of the above mentioned providers already offer services in or near this area. Additional utility infrastructure required to serve Merrill Ranch will be constructed as part of the Merrill Ranch project.

4. Drainage

The Merrill Ranch property is currently undeveloped and vacant and has been fenced and utilized for grazing and other agricultural uses. The site topography varies from gently rolling land in the western and southern part to more rugged terrain in the east. The area has several 4-wheel drive trails to accommodate ranching activities. There are several washes that traverse the property in a general north-to-south direction. The washes terminate eventually in the Gila River, although they have been somewhat diverted from their original channels by construction of highways, railways, canals and agricultural use.

A master drainage report will be prepared to determine the peak discharges of watersheds entering and exiting the site and will accurately depict the floodplain limits for the washes. A detailed flood hazard map by the Federal Emergency Management Agency (FEMA) shows the majority of this site is in Zone "C", an area of minimal flooding.

Detention of offsite stormwater runoff will be achieved by utilizing the lineal park system, open areas and the golf courses. Additional detention/retention facilities will need to be constructed to satisfy additional retention or detention requirements, as determined by the Master Drainage Report. Retention/detention facilities will be designed based upon guidelines set forth by the Town of Florence. Basins will be used to intercept on-site stormwater runoff.

Portions of the washes may be considered 404 Jurisdictional and may be subject to the U.S. Army Corps of Engineers Nationwide Permitting for road and utility crossings, bank protection and determination of the maximum allowable area of disturbance. If more than one-half acre of jurisdictional wash are to be disturbed, an individual permit will be required. [Permitting requirements are subject to change.]

5. Traffic

Hunt Highway lies on the southern portion of the project and provides regional access to the north, east and west. Hunt Highway is a two-lane, undivided major collector, which is currently maintained by Pinal County. In the vicinity of Johnson Ranch, Hunt Highway continues north and east to Queen Creek, providing access along Ellsworth Road north to U.S. 60 (Superstition Freeway) and regional access to the Phoenix area. From the east side of the site, Hunt Highway extends in a southeasterly direction approximately ½ mile to S.R. 79 and the Town of Florence. Hunt Highway currently has a posted speed limit of 50 mph. Major intersecting roads within the site include Felix Road and Attaway Road.

Merrill Ranch, a 7,537-acre residential PUD development, is located just east of Mystic Ranch and along the north and south sides of Hunt Highway. At complete build-out conditions, Merrill Ranch is expected to have a total of 24,500 dwelling units, several schools, several commercial areas, community parks, a lineal park connected by an extensive trail system and natural open spaces. The residential units are anticipated to consist primarily of low and medium density single-family homes. The first houses within this development are expected to be sold in 2004, with sequential construction and a complete build-out of the site by the year 2039.

Internal circulation for Merrill Ranch will be provided by a series of arterial, collector and local streets. The proposed arterial section has an 80-foot right-of-way and optional 35-foot landscape easement each side and provides two through lanes in each direction along with a 12-foot median, which will accommodate left turn lanes. Pedestrian access is provided outside the curb on one side of the street. The major collector has a 60-foot right-of-way and provides a three-lane section at key intersections providing for left-turn movements, in addition to through movements. The local street section, with a 40-foot right-of-way, provides for two through lanes in each direction, with direct access to residential driveways.

A transportation study will be prepared to determine road designations throughout Merrill Ranch and to identify impacts to existing roadways.

6. Street Design

Street design standards from the current "Town of Florence Development Codes, June 20, 2000, Section 4-238 shall apply to this PUD unless other sections herein amend said design standards and revised as follows:

- Section 4-238(a)(2) Collector Streets may be a 60-foot right-of-way or wider.
- Section 4-238(d)(3) Regardless of radius size local roads only require a 50-foot tangent between reverse curves.
- Section 4-238(d)(b) Local streets intersecting a collector street or arterial route shall have a tangent section of centerline at least 100 feet in length measured from the right-of-way line of the arterial route or collector street to local street right-of-way.

7. Maintenance of Streets and Common Areas

The streets within the Merrill Ranch development are anticipated to be both public and private. Public streets will be constructed in accordance with the Town of Florence minimum standards with the right-of-way dedicated to the public. Upon acceptance by the Town of Florence, the town will be responsible for maintenance of the public streets. Private streets will be constructed in accordance with design standards established by the Town of Florence and this PUD and will be maintained by the Merrill Ranch Master Homeowners Association (HOA). The trails are private common areas to be maintained by the Merrill Ranch HOA. Public parks within the PUD shall be built and shall be maintained by the Merrill Ranch HOA until such time parks are dedicated and accepted by the Town.

8. Schools and Libraries

Schools

The Florence Unified School District consists of two K-8 and one high school with a new K-8 scheduled to open in the fall of 2004.

If additional school sites are needed within the district, a site or sites will be reserved as necessary for the district to be developed at the discretion of the school district authorities. In addition to reserving for an elementary school, the site will be dedicated to the district.

Table II-6, below, illustrates the estimated number of students generated per phase of development at Merrill Ranch PUD. School district staff recommends an average of 1.0 students per household as a generation factor to predict future enrollment within the district.

Table II-6
MERRILL RANCH PUD STUDENT GENERATION
FLORENCE UNIFIED SCHOOL DISTRICT

Project Phase	Years	Residential Units (*)	Students Generated
1	2004 – 2007	960	960
2	2008 – 2011	2922	2922
3	2012 – 2016	3362	3362
4	2017 – 2020	2140	2140
5	2021 – 2024	1832	1832
6	2025 – 2027	2503	2503
7	2028 – 2030	2866	2866
8	2031 – 2033	2848	2848
9	2034 – 2036	2238	2238
10	2037 – 2039	0	0
		Total	21,671

*Phase 1 and 2 exclude the anticipated units for an active adult age restricted neighborhood.

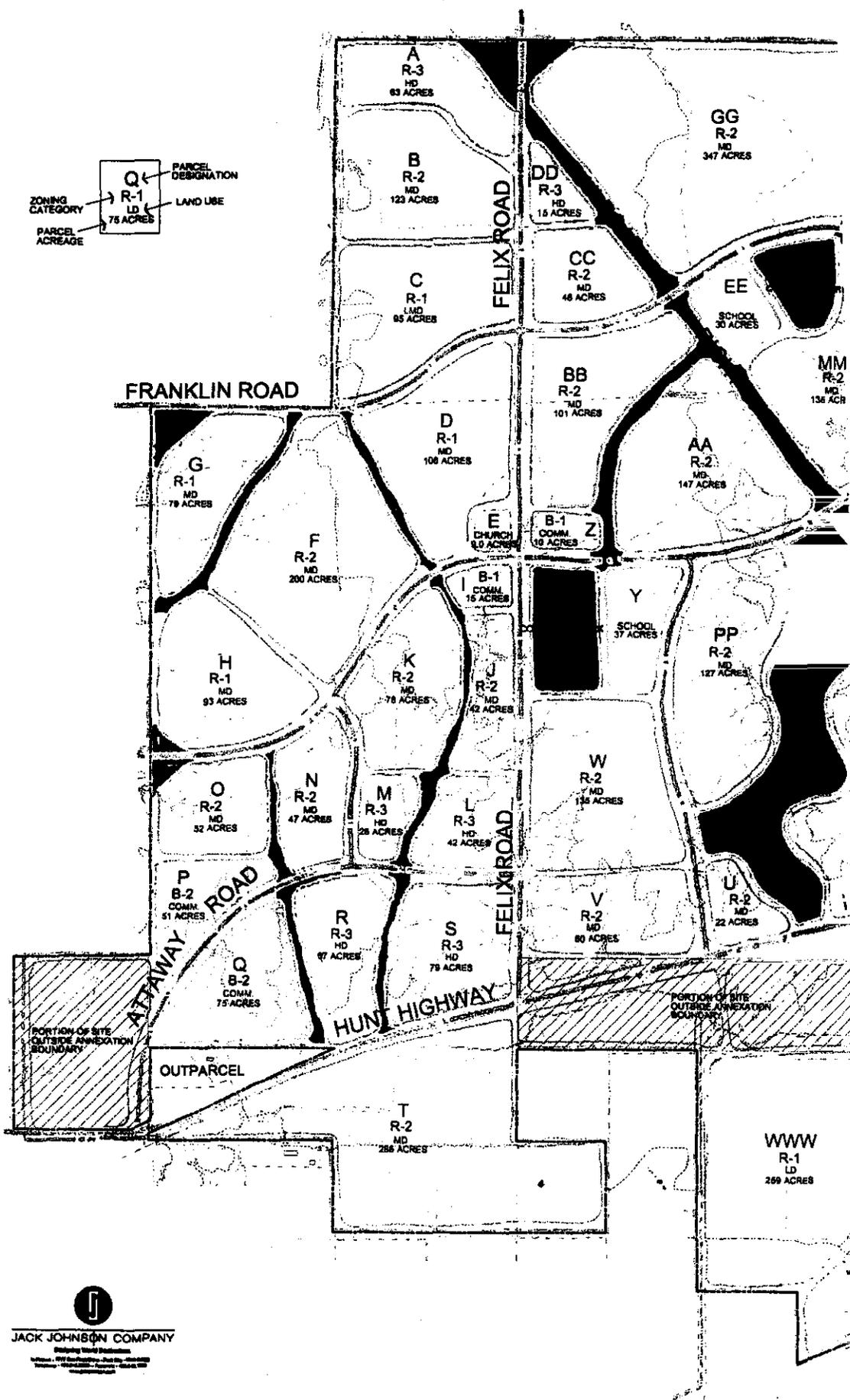
Libraries

Existing municipal libraries near Merrill Ranch include libraries in Florence, Apache Junction, Eloy, Superior and Coolidge. Five unincorporated communities have also formed libraries within the County. Libraries within the County receive part of their book acquisition funds from the Pinal County Library System. Operating expenses, including salaries, are largely funded through private donations, with libraries staffed by volunteers.

9. Parks and Open Spaces

The Merrill Ranch project will provide residents with a quality environment as well as a range of self-contained recreational activities. The intent of the Parks/Open Space Plan is to provide future residents with a variety of recreational opportunities. Many active recreational facilities will be developed and built, ranging from small neighborhood pocket parks to the larger local and regional parks connected through an extensive trail system into a Lineal Park System. Up to two golf courses will be the backdrop for many leisure opportunities. If needed, school playgrounds and athletic fields, when not servicing educational needs, will be available to community residents for passive or organized use. Recreation areas will provide linkages between communities, schools, parks and commercial areas through pedestrian (trail system) and bicycle corridors. The recreation and open space areas, besides providing areas of neighbor interaction, will provide physical separation, buffer zones and transitions between areas of urbanization. The undeveloped open space portion of the project is preserved to provide the communities with "passive" recreational opportunities and to maintain a visual barrier between adjacent uses. Exhibit II-4, Open Space Plan, illustrates some of the planned recreational opportunities on the Merrill Ranch site.

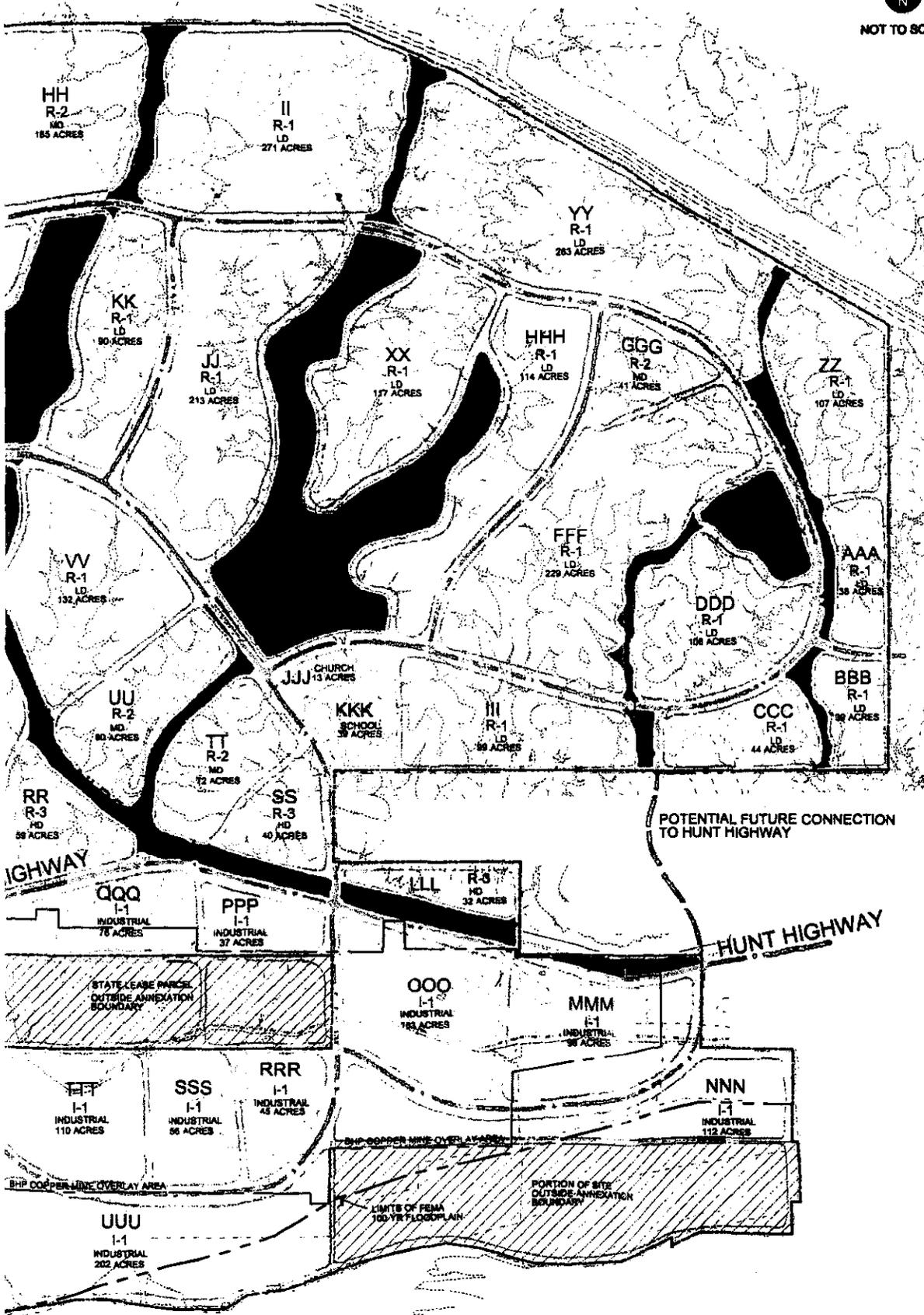
Depending on marketing and demographic studies, it is possible that the primary open space element for Merrill Ranch PUD may be two eighteen-hole golf courses. As such, this PUD allows for a Golf Course Study Overlay which overlays the Merrill Ranch PUD property east of Felix Road and in addition all property south of Hunt Highway. The study area allows for an administratively approved siting and permitting of the golf course.



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MERRILL RANCH

TOWN OF FLORENCE, ARIZONA
 PLANNED UNIT DEVELOPMENT
 OPEN SPACE PLAN
 NOVEMBER 7, 2003

III. DEVELOPMENT REQUIREMENTS

A. PURPOSE AND INTENT

The development regulations serve as the primary mechanism for implementation of the land use for the Merrill Ranch PUD. The regulations contained herein provide an appropriate degree of flexibility to anticipate future needs and afford compatibility among land uses. For the purpose of this PUD, the following types of land uses are hereby established:

Residential:

- * Low.....R-1 Single Family Residence
- * Medium R-2 Single and Multi Family Residence
- * HighR-3 Multiple Residence Zone

Commercial:

- * B-1..... Neighborhood Business
- * B-2..... Downtown and Highway Business

Schools/Parks/Community Centers and Utility Zones:

Industrial:

- * I-1 Industrial Development Standards

B. GENERAL PROVISIONS

1. All construction and development within the PUD area shall comply with applicable provisions of the Town of Florence Building Code and the various related mechanical codes, electrical codes, plumbing codes, fire codes, grading and excavation codes and the subdivision codes as currently adopted by the Town of Florence and the State of Arizona.
2. If specific development standards are not established or if an issue, condition, or situation arises or occurs that is not clearly addressed or understandable in the PUD, then those regulations and standards of the Town of Florence Development Code that are applicable for the most similar issue, condition, or situation shall apply as determined by the Town of Florence Planning Director.
3. This PUD may be amended by the same procedure as it was adopted, by ordinance. Each amendment shall include all sections or portions of the PUD that are affected by the change.
4. Any person, firm or corporation, whether a principal, agent, employee or otherwise, violating any provision of these regulations shall be prosecuted under the Town of Florence Development Code pertaining to misdemeanors; and compelled to comply with same.

5. Whenever a use has not specifically been listed as being a permitted use in a particular zone classification within the PUD, it shall be the duty of the Town of Florence Planning Director to determine if said use is: 1) consistent with the intent of the zone; and 2) compatible with other listed permitted uses. Any person aggrieved by the determination may appeal that decision with the Town of Florence Town Council.
6. Automotive vehicles or trailers of any type that have been abandoned shall not be parked or stored on any property within the PUD unless it is in a completely enclosed building.
7. Non-Conforming Uses of Land – Where, at the time of passage of this PUD, a lawful use of land exists which would not be permitted by the regulations imposed by this PUD, such use may continue so long as it remains otherwise lawful, provided:
 - No such non-conforming use shall be enlarged or increased nor extended to occupy a greater area of land than was occupied at the effective date of adoption or amendment of this PUD.
 - No such non-conforming use shall be moved, in whole or in part, to any portion of the lot or parcel other than that occupied by such use at the effective date of adoption or amendment of this PUD.
 - If any such non-conforming use of land ceases for any reason for a period of more than 180 days, any subsequent use of such land shall conform to the regulations specified by this PUD for the district in which such land is located, with the exception of the copper mining operations.
 - No additional structure not conforming to the requirements of this PUD shall be erected in connection with such non-conforming use of land.
8. Non-Conforming Structures – Where a lawful structure exists at the effective date of adoption or amendment of this PUD that could not be built under the terms of these regulations by reason of restrictions on area, height, yards, its location on the lot, or other requirements concerning the structure; such structure may be continued so long as it remains otherwise lawful, provided:
 - No such non-conforming structure may be enlarged or altered in a way, which increases its non-conformity, but any structure or portion thereof may be altered to decrease or have no effect on its non-conformity.
 - Should such non-conforming structure or non-conforming portion of structure be destroyed by any means to an extent of more than 50 percent of its replacement cost at time of destruction, it shall not be reconstructed except in conformity with the provisions of this PUD.

- Should such structure be moved for any reason for any distance whatsoever, it shall thereafter conform to the regulations for the district in which it is located after it is moved.
9. At the time of site plan review, all developments shall submit a plan detailing fencing, walls, landscaping, building placement and other details, which must be in conformance with the PUD design guidelines for residential and commercial structures.
 10. Land Use Plan Provisions – Land use designations have been assigned to each area identified on the PUD (see Exhibit II-1). Land use provisions for the areas designated for development include planning area and land use designation, and proposed product type area in gross acres.

As designed for this project, gross acres means gross developable acres which may include some slope banks and interior streets, but excludes major highways and secondary highways.

To ensure the orderly growth of the community, designated planning areas within the PUD shall be developed at densities consistent with the dwelling counts allowed for each land use designation, except as provided in a density transfer. Minor modifications in the boundaries and acreage of planning areas or adjustments because of final road alignments or grading or hydrology hazards specified by the Town of Florence will occur during technical refinements in the tentative map process and shall not require an amendment to the PUD. Maximum dwelling units per cumulative planning area counts will not thereby be affected. The PUD residential dwelling unit maximum shall be 24,500 dwelling units.

A transfer of residential dwelling units from one residential planning area to another residential area shall be permitted in the PUD area in accordance with the following provisions:

In no case shall transfers of dwelling units result in:

1. Exceeding the overall plan capacity of 24,500 dwelling units;
2. A change in the density classification increasing planning area by more than one zoning category;
3. Exceeding the capacity of the circulation system or other public infrastructure systems as established for the PUD area.

At the time of approval of the respective plats by the Planning and Zoning Commission, a revised PUD Map and Planning Area Summary shall be submitted for all transfers of dwelling units. Said map and table shall also indicate the remaining number of units, if any, that may be accommodated. Said exhibit and table shall be dated accordingly. Transfers of density will be reviewed for conformance with this PUD.

11. Merrill Ranch Architectural Control Committee (MRACC) – The developer will establish the MRACC to be implemented through the project's Covenants, Conditions and Restrictions (CC&R's).

All proposed land uses requiring a Special Use Permit shall be subject to review and approval by the MRACC. The Committee's purpose shall be to ensure conformance to the PUD Development Standards, Design Guidelines and General Objectives.

12. **Drill sites – Drilling, mining or exploration for any minerals, oil, gas or other hydrocarbon substances shall be prohibited in the PUD area with the exception of that area indicated as the BHP Copper Mine until said mine is closed.**

13. Agricultural uses have been permitted on certain specific areas of the property. Until such time as those specific parcels are platted, the final plat is recorded and improvements are constructed, that specific parcel shall be and may remain as agricultural-use land.

C. DEFINITIONS

For the Purpose of this PUD, certain words and terms used herein are defined as per the Town of Florence Development Codes, June 20, 2002 (Appendix A hereto).

D. RESIDENTIAL DEVELOPMENT STANDARDS

R-1 Single Family, Low-Density Residence Zone

For purposes of this PUD, Section 4-447 of the Town of Florence Development Code, June 20, 2000 (Appendix A hereto) shall govern except as modified below:

Additional Permitted Uses: Property designated in the PUD as Low-Density.

- Dwellings, single-family, age restricted, subject to the standards provided herein;

Additional Secondary Uses:

- Adult residential facilities, limited to six or fewer persons (facility which provides 24-hour-per-day non-medical care and supervision to adults);
- Foster family homes (residential facility providing 24-hour-per-day care for six or fewer foster children);
- Communication equipment buildings;
- Recreation facilities, planned neighborhood areas, not accessory to a principal use, including pool, Jacuzzi and comfort stations;

- Temporary activities sponsored by a non-profit organization or charitable use;
- Multi-use bike/pedestrian ways;
- Equestrian trails.

Property Development Standards:

- Units per gross acre: 0.5 – 4.0
- Minimum lot area: 4,950 square feet.
- Minimum lot width: 45 feet.

Yards for Primary Uses:

- Minimum front yard: 20 feet to front load garage doors; 15 feet to living space or side load garage.
- Minimum side yards: 5 feet each, except corner side yards shall be a minimum of 10 feet and except that a dwelling may be erected on the property line if there is a dwelling on the adjacent lot that has a 10-foot setback from the property line.
- Minimum parking required: Two-car garage or carport per dwelling unit.

Yards for Secondary Uses:

- Minimum distance to side lot line: 10 feet.
- Minimum distance to rear lot lines: 15 feet.

Additionally:

Accessory Uses: Property may be used for the following accessory uses:

- Accessory buildings and structures customarily used in conjunction with residences. Location and design of residential accessory buildings shall be subject to review and approval by the Merrill Ranch Architectural Control Committee.
- Storage of building materials used in the construction of a residence or residences, during construction and 90 days thereafter, including the contractor's temporary office, provided that any lot or parcel of land so used shall be part of the building project or on property adjoining the construction site. Contractor shall be responsible for properly securing and screening storage area. To enforce this provision, The Town of Florence authorities may withhold future building permits or Certification of Occupancy Permits until such time that the infraction is corrected by the responsible party or contractor.

Uses Subject to Permits: Property may be used for the following uses, provided a conditional or special use permit has first been obtained and while such permit is in full force and effect in conformity with the conditions of such permit for:

- Grading projects, offsite transport;
- Group homes, children (facility which provides 24-hour-per-day non-medical care and supervision to children in a structured environment);
- Adult day care facility (provides non-medical care and supervision to adults on a less than 24-hour-per-day basis);
- Small family homes, children (facility in licensee's family residence providing 24-hour-per-day care for six or fewer mentally or physically disabled children);
- Publicly-owned uses necessary to the maintenance of the public health, convenience or general welfare such as fire stations and libraries in addition to those specifically listed in this section;
- Temporary storage of materials and construction equipment used in construction or maintenance of streets and highways, sewers, storm drains, underground conduits, flood control works, pipelines and similar uses to be fenced and screened for a period not to exceed one year.

Development Standards for Single-Family Residences:

Development in the Low Density R-1 zone shall be in conformance with the development standards set forth in the PUD. Exhibits III-1 through III-2 illustrate minimum lot sizes and setbacks for single family housing in R-1 and R-2 zones. A conceptual layout of land use in a typical single-family zone is depicted in Exhibit III-4.

R-2 Single Family and Multi-Family, Medium Density Residence Zone

For purposes of this PUD, Section 4-448 of the Town of Florence Development Code, June 20, 2000, shall govern except as modified below:

Additional Permitted Uses:

- Residence, single family, age restricted; subject to the standards provided herein;
- Agriculture and Horticulture, flower and vegetable gardening, nursery or greenhouse used only for propagation and culture and not for retail sales;

Removed Permitted Uses:

- Multi-family dwelling units providing over four units per building.

Property Development Standards:

- Units per gross acre: 4.0 – 8.0
- Maximum building height: 30 feet, no exceptions
- Minimum single family/duplex lot width: 35 feet.

Minimum building setback requirements:

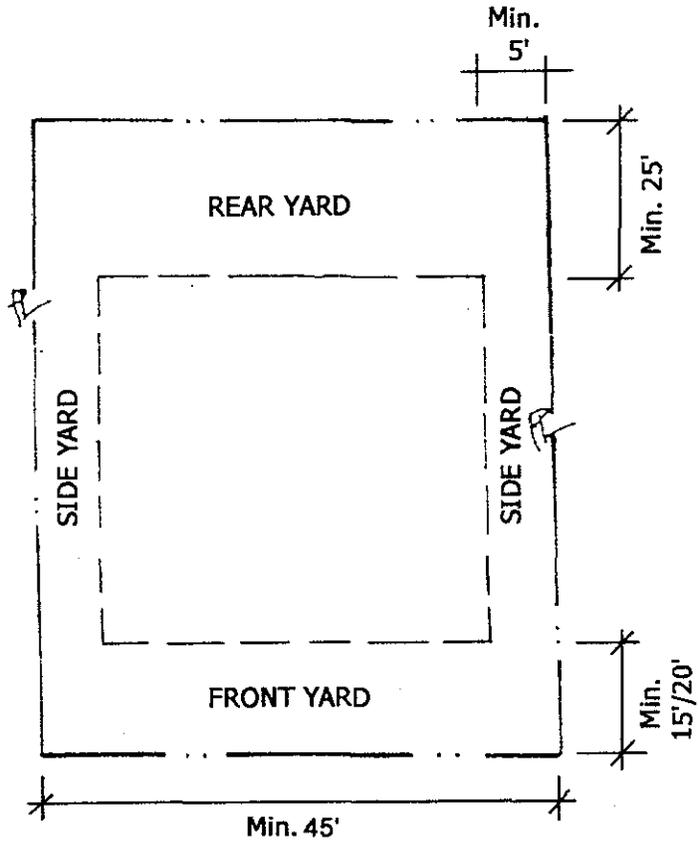
- Minimum single family/duplex front yard: 20 feet to front load garage doors; 10 feet to living area or side load garage.
- Minimum single family/duplex side yards: 5 feet each, except corner side yards shall be a minimum of 10 feet and except that a dwelling may be erected on the property line if there is a dwelling on the adjacent lot that has a 10-foot setback from the property line.
- Minimum single family/duplex rear yards: 20 feet.
- Minimum distance between main buildings: 10 feet.

Minimum Open Space Requirements:

- Only applies to a parcel development with buildings with units sold without private yards.
- Common open space, six (6) percent of the net lot area provided a community trail corridor or open space is adjacent to, or serves, the parcel.

Landscape and Screening Requirements:

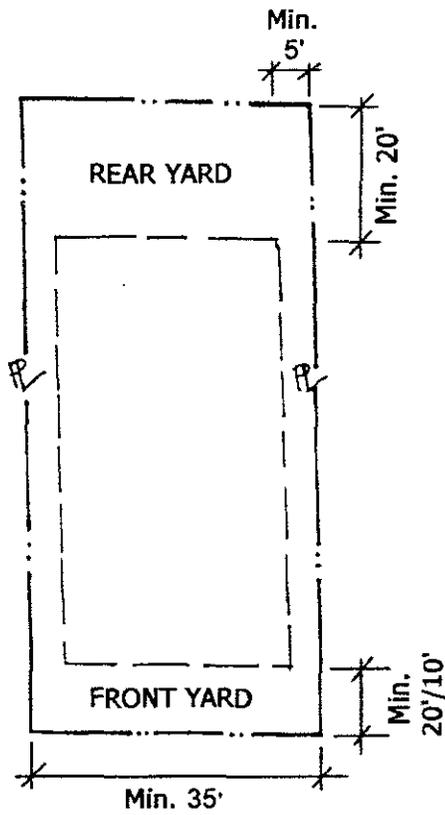
- Only applies to a parcel development with buildings with units sold without private yards.



MINIMUM LOT SIZE 4,950 S.F.

MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Single Family R-1 Minimum Setbacks

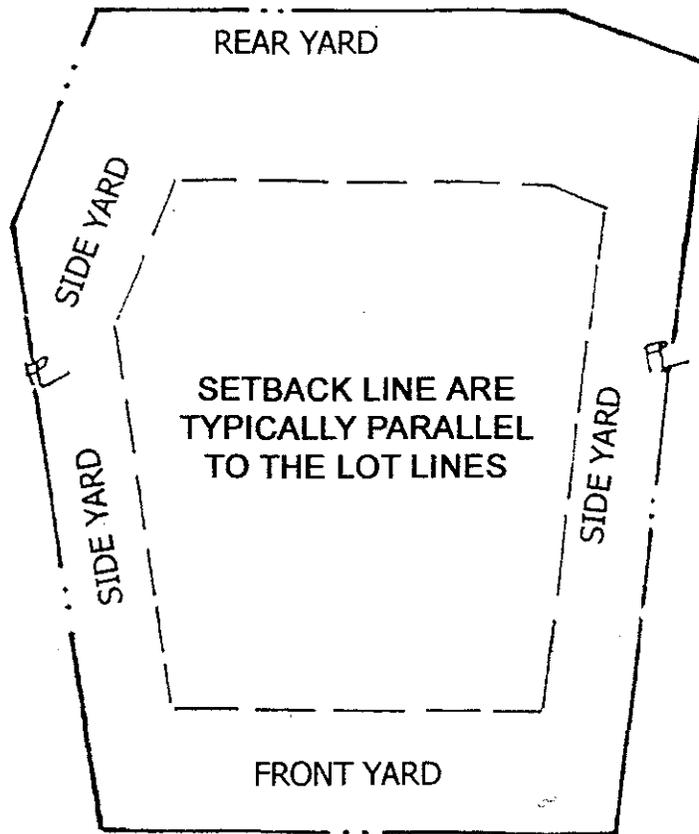
Exhibit III-1



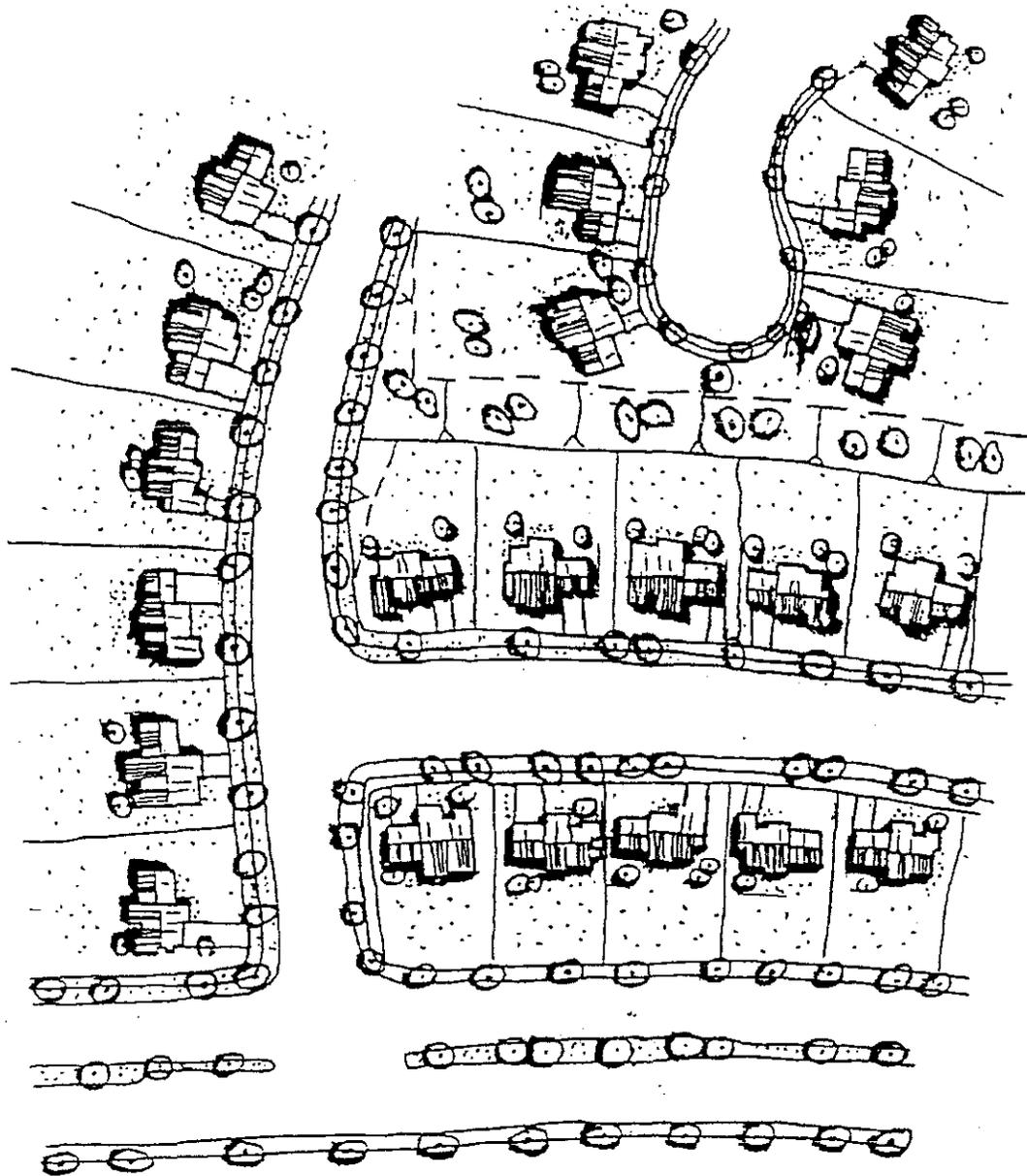
MINIMUM LOT SIZE: 3500 S.F.

MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Single Family R-2 Minimum Setbacks

Exhibit III-2



IRREGULAR SHAPED LOTS



MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Typical Single Family Residential Illustration

Exhibit III-4

R-3 Multiple Family, High Density Residence Zone

For purposes of this PUD, Section 4-451 of the Town of Florence Development Code, June 20, 2000, shall govern except as modified below:

Additional Permitted Uses:

- Age restricted dwellings.

Property Development Standards:

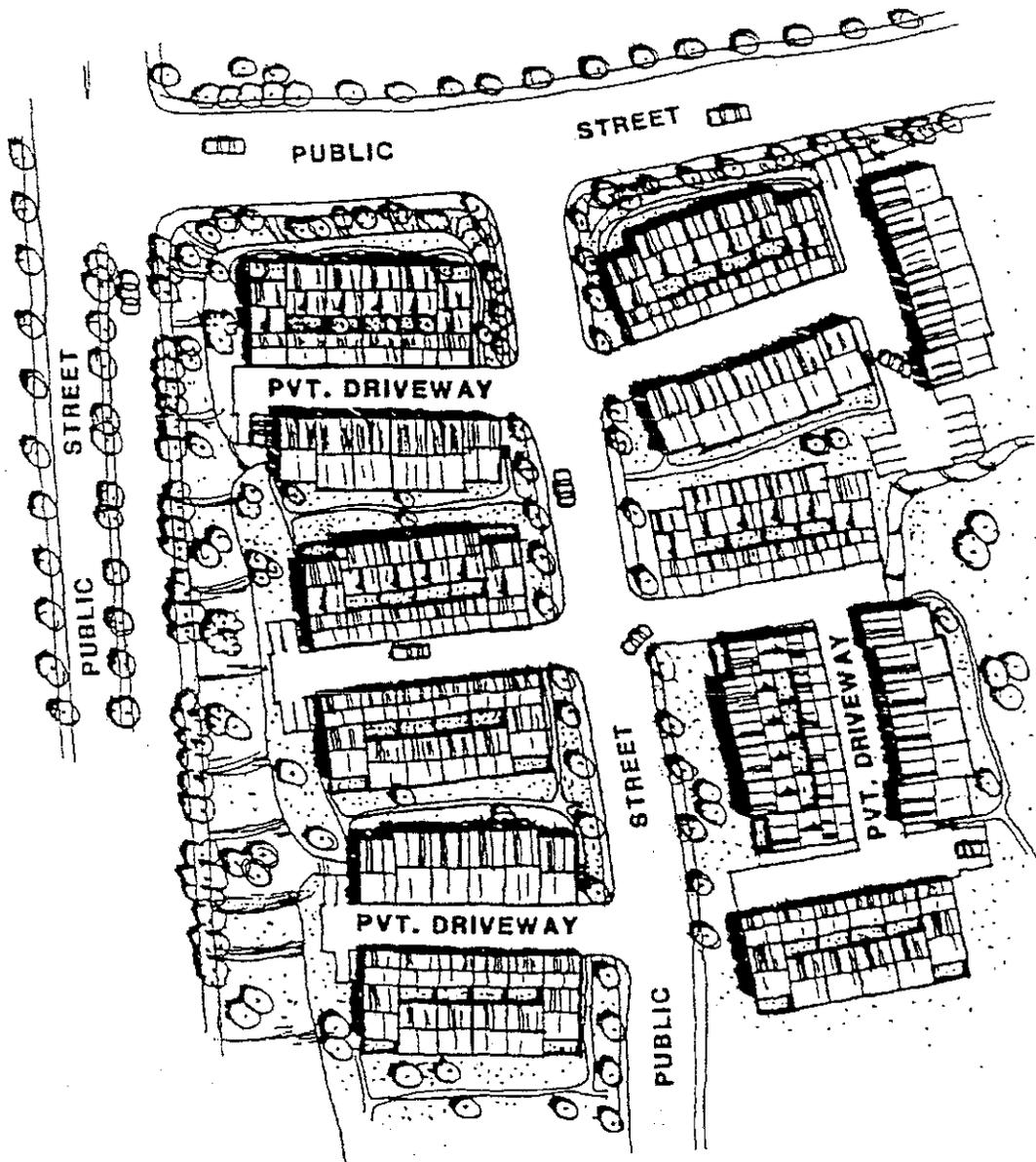
- Units per gross acre: 8.0 – 18.0
- Maximum building height: 42 feet, except that no building shall exceed one (1) story or fifteen (15) feet in height within seventy (70) feet of any R-1 zone boundary.

Minimum Open Space Requirements:

- Frontage open space, six (6) percent of the net lot area.
- Common open space, six (6) percent of the net lot area provided a community trail corridor or open space is adjacent to, or serves, the parcel.

Landscaping and Screening Requirements:

- Screening along property lines that abut R-1 zones, or that abut alleys that are adjacent to those zones.



MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Casitas Illustration

Exhibit III-5

TABLE III-1a
DEVELOPMENT STANDARD COMPARISON

R-1 PUD ORDINANCE
Low Density
(0.5 to 4.0 units per gross acre)

Primary Building	Required (by Town Ordinance)	Proposed (by PUD Ordinance)	Difference
Maximum Building Height	30 feet	30 feet	None
Minimum Lot Area (S.F.)	6,000	4,950	1,050 decrease
Minimum Lot Width	60 feet	45 feet	15 ft decrease
Minimum Front Yard	20 feet	20/15 feet	None/5 ft. decrease
Minimum Side Yard	6 feet	5 feet	1 ft. decrease
Minimum Rear Yard	25 feet	25 feet	None

MERRILL RANCH
DEVELOPMENT REQUIREMENTS
R-1 – Low Density

Table III-1a

TABLE III-1b
DEVELOPMENT STANDARD COMPARISON

R-2 PUD ORDINANCE
Medium Density
(4.0 to 8.0 units per gross acre)

Primary Building	Required (by Town Ordinance)	Proposed (by PUD Ordinance)	Difference
Maximum Building Height	30 feet	30 feet	None
Minimum Lot Area	3,500	3,500	None
Minimum Lot Width (S.F./Duplex)	N/A	35 feet	N/A
Minimum Front Yard (S.F./Duplex)	20/10 feet	20/10 feet	None
Minimum Side Yard (S.F./Duplex)	12 feet	5 feet	7 foot decrease
Minimum Rear Yard (S.F./Duplex)	20/12 feet	20 feet	None/8' increments

MERRILL RANCH
DEVELOPMENT REQUIREMENTS
R-2 – Medium Density

Table III-1b

TABLE III-1c
DEVELOPMENT STANDARD COMPARISON

R-3 PUD ORDINANCE
Medium High Density
(8.0 to 18.0 units per gross acre)

Primary Building	Required (by Town Ordinance)	Proposed (by PUD Ordinance)	Difference
Maximum Building Height	30 feet	42 feet	12 foot increase
Minimum Lot Area	1 acre	1 acre	None
Minimum Front Yard	25 feet	25 feet	None
Minimum Side Yard	12 feet	12 feet	None
Minimum Rear Yard	12 feet	12 feet	None

MERRILL RANCH
DEVELOPMENT REQUIREMENTS
R-3 – High Density

Table III-1c

E. COMMERCIAL DEVELOPMENT STANDARDS

B-1 Neighborhood Business Zone

The Neighborhood Business Zone use category, B-1, is intended to serve the needs of the immediate residential community.

For purposes of this PUD, Section 4-452 of the Town of Florence Development Code, June 20, 2000, shall govern except as modified below:

Property Development Standards:

- Open space requirement. A minimum of 10 percent of the net property area. Areas of adjacent public sidewalk that are covered with permanent shade structures may be applied to this requirement.

B-2 Highway Business Zoning District

The Highway Business Zone use category, B-2, is intended to serve the needs of the community while providing for a broad range of commercial activities.

For purposes of this PUD, Section 4-453 of the Town of Florence Development Code, June 20, 2000, shall govern except as modified below:

F. SCHOOL/PARK/COMMUNITY CENTER AND UTILITY ZONE DEVELOPMENT STANDARDS

When a school site is needed, the developer working in conjunction with the Florence Unified School District, the State of Arizona Department of Education and (if applicable) the Town of Florence will develop appropriate standards to determine a final layout and site plan for the school site. Architectural and landscape themes appropriate to the PUD development will be addressed in this preliminary site plan review. Other issues to be addressed include parking requirements, landscaped transition areas, height limitations, circulation and residential setback requirements.

The design of the school or park site or other community structure shall be consistent with the design guidelines as developed by the MRACC.

Exhibit II-4, the Land Use and Open Space Plan, graphically locates several school/park areas within the PUD. The location of these zones may change in relation to the numbers of students generated within Merrill Ranch. Relocation, expansion, or removal of a School/Park/Community Center or Utility Zone shall be accomplished through direct negotiations between the development and the Florence Unified School District or the Town of Florence, whichever is applicable. If the relocation of the site is deemed necessary, it shall be located within an established residential zone. The previously designated location shall revert to a residential zone with all accompanying uses and restrictions. Relocation, expansion, or removal of a School/Park/Community Center or Utility Zone shall be allowed within this PUD and shall not require a PUD amendment.

G. INDUSTRIAL DEVELOPMENT STANDARDS

The Industrial Zone use category, I-1, is for those areas designated as the Wastewater Treatment Facility and other permitted uses.

For purposes of this PUD, Section 4-454 of the Town of Florence Development Code, June 20, 2000, shall govern except as modified below:

Property Development Standards:

- Minimum Front Yard: 30 feet

IV. IMPLEMENTATION

A. PURPOSE

Development of Merrill Ranch will be implemented in conformance with the regulations and guidance contained within the PUD. This section outlines the procedures for administration of the provisions contained herein and the phasing plan for the development of the proposed planning area. Other information covered in this section pertains to general administration, subdivision of parcels, administration procedures and the linkage between these elements. In addition to the PUD site plan review, the Merrill Ranch Planned Unit Development shall be implemented through the subdivision review process. Concurrent with site plan processing, will be submittal of preliminary plats where properties are to be separately financed, sold, leased or otherwise conveyed. The subdivision process will allow for the creation of lots as preliminary parcels/plats thereby providing for implementation of the project phasing.

B. PHASING PROGRAM

The primary intention of the phasing program is to relate infrastructure requirements to site development. A detailed discussion of Merrill Ranch phasing is presented by infrastructure type in Section II. While a project development/phasing program sequence is implied, there is nothing in the plan to preclude a different order of development or even a different combination of sub-phases, so long as the related infrastructure is adequately in place.

The Merrill Ranch PUD allows for flexibility in project phasing because the actual sequence of development may be affected by numerous factors not now predictable, including site plan modifications due to final engineering processes or changes in the economic market.

C. GENERAL ADMINISTRATION AND AMENDMENTS

The PUD shall be administered and enforced by the Town of Florence Planning Department, in accordance with the provisions of the Town of Florence Development Code.

Certain changes to explicit provisions in the Merrill Ranch PUD may be made administratively by the Planning Director, subject to appeal to the Planning and Zoning Commission and, subsequently, the Town Council.

- The addition of new information to the Merrill Ranch PUD maps or text that does not change the effect of any regulations or guidelines.
- The major B-2 Zoning area at Attaway Road and Hunt Highway may be relocated within the project if the major traffic corridor patterns anticipated shift to another

corridor. Such change shall not be considered a major amendment to the PUD. If/when the developer decides this is needed a revised land use plan will be submitted for county review.

- Changes to the community infrastructure, i.e., drainage, water, or sewer systems, which do not have the effect of increasing or decreasing development capacity in the Merrill Ranch PUD area nor change the concepts of the plan.
- The determination that a use be allowed which is not specifically listed as permitted but which may be determined to be similar in nature to those uses explicitly listed as permitted.
- The addition of contiguous parcels of land provided the area is added to the land use plan with an added density not to exceed 3.5 units per gross acre.

In addition to the above items, a public hearing shall be held on all site plan (preliminary plat) applications in accordance with the provisions of Section V of the Merrill Ranch PUD. The Planning and Zoning Commission may approve, conditionally approve, modify or deny said application.

The PUD shall be implemented through a method of site plan review by Planning and Engineering staff. A site plan review shall be required for all development within the Merrill Ranch PUD area requiring a building permit. Preliminary parcel and plats may be processed independent of the site plan review procedures. Site plan review will not be required for interior alterations where there is not significant square footage increase or significant use intensification. Site plan review would apply to commercial, industrial and multi-family attached.

All proposed projects within the Merrill Ranch PUD area shall be required to have an approved site plan prior to issuance of building permits or concurrent with subdivision, special use permits or any other permit for property. The site plan review procedure is necessary for the following reasons:

- To ensure consistency with the Merrill Ranch PUD, the Town Comprehensive Plan and all the implementing ordinances.
- To promote the highest contemporary standards of the site plan.
- To adapt to specific or special development conditions that occur from time to time while continuing to implement the Merrill Ranch PUD and conform development to the County Comprehensive Plan and implementing ordinances.
- To facilitate complete documentation of land use entitlements authorized and the conditions pertinent thereto.
- To adapt to changes that may occur with respect to the circumstances under which the project is undertaken.

Site plan review applies to commercial, industrial and multi-family attached.

Exemptions:

Following is a list of activities that are exempt from the site plan review process. This list is not all-inclusive. The Planning Director may exempt other special activities not covered by the example listing.

- All building interior changes, alterations, construction
- Repainting
- Re-glazing, new mullions
- Re-landscaping around existing structures
- Re-roofing with similar-style roofing materials
- Minor exterior repairs
- Demolition
- Exterior mechanical (heating, air conditioning, water heater, etc.)

Procedures:

The master drainage report, referred to in Section B.4 and the transportation study, referred to in Section B.5, will be submitted with the first preliminary plats for approval.

Site plans which contain plans, drawings, illustrations, designs, reports and other detailed information, as required herein, shall be submitted to the Town for review and comment. Applicants are encouraged to submit preliminary plans for review and comment by the Planning Department prior to final preparation of a site plan. Comment from other Town departments and service agencies shall be sought by the staff prior to preparing a recommendation on the finalized Merrill Ranch PUD site plan.

Applicants should ensure that they have obtained a copy of the design guidelines accompanying the PUD. This will assist the developer in achieving a quality project consistent with the Merrill Ranch PUD.

Upon determination by the Planning Director that a PUD site plan complies with the provisions of the Merrill Ranch PUD and the review factors described in the design guidelines, Town staff shall prepare a staff report to be submitted, along with the PUD site plan, to the Planning and Zoning Commission as an information item.

This plan may be amended as necessary in the same manner it was adopted; by ordinance. Said amendment(s) shall not require a concurrent Town Comprehensive Plan amendment unless it is determined by Town staff that the proposed item would substantially affect the Comprehensive Plan goals, objectives, policies or programs.

V. DESIGN GUIDELINES

A. PURPOSE

The Merrill Ranch Planned Unit Development design guidelines are statements expressing the desired character of future development within the project area. The guidelines are the design criteria to be used to plan each development proposal within the PUD. The criteria apply to four main topical issues: circulation, landscaping, architecture and signage. The developer and designers of each planning area and land use designation will draw from and expand upon these concepts to maximize the success of the development. The development will be designed to be consistent with market needs, aesthetic satisfaction and community goals.

The design guidelines are intended to be implemented at two levels. First, they are to establish general design statements and guidelines, which are applied project-wide to achieve consistent quality development. Included in this level are design standards for community features, streetscapes, appropriate building mass and scale and parameters for architectural design of residential and commercial structures. Second, differences exist between Planning Areas as a result of land use, access and location. The project Design Guidelines are to be used to analyze individual planning areas within the PUD, focusing on the special design considerations of each area. The final selection of project types and materials will be determined at PUD Site Plan Review based on the parameters set forth in the PUD.

The purposes of the Design Guidelines are as follows:

- To provide Town of Florence with the necessary assurance that the PUD area will develop in accordance with the quality and character proposed herein;
- To provide guidance to Town of Florence staff, Planning and Zoning Commission and the Town Council in the review of future development projects in the PUD area; and
- To include cost considerations and marketability factors to design guideline applications.

Under the authority of the CC&R's established for the Merrill Ranch development, the Merrill Ranch Architectural Control Committee (MRACC) will be empowered to develop the Design Guidelines and ensure that all future site development complies with the adopted guidelines.

The Merrill Ranch Design Guidelines will be formulated prior to the approval of any specific land development application on the Merrill Ranch site. The Design Guidelines will be reviewed by the Town of Florence and approved by the Town Planning and Zoning Commission. As appropriate, the PUD will be amended to incorporate the Design Guidelines at the time they are adopted by the Town.

The guidelines contained in this document reflect the design concepts currently envisioned for the Merrill Ranch PUD. These design concepts are general in nature and

are provided as an outline of what it is intended that the MRACC formulate as Design Guidelines.

- Areas Effected by Highway Corridors

Treatment for the planning areas along the major access roads will be different from the treatment within residential planning areas. To achieve an aesthetically acceptable view of areas adjacent to circulation corridors, such circulation corridors will be uniformly established with regard to plant materials, earth berming and fencing treatments. Parking prohibitions within these corridors dictate that parking shall be (when feasible) located on the side or rear of the structures closest to the circulation side of the planning areas. These parking areas will serve as a noise buffer while maintaining visual interest along the circulation corridor.

Commercial areas and parking zones will be screened by the use of fencing and landscaping as required in the Commercial Development Standards. The commercial structures, in accordance with PUD commercial regulations, will have varied height limits and building envelopes in order to provide visual relief from otherwise unbroken facades and roof lines. The heights of the residential structures adjacent to the major circulation corridors shall be varied to create offsets in height by requiring a maximum of 70 percent of the structures in this zone to be the permitted maximum height. Those structures within this zone also have setbacks, as measured from the road right-of-way.

- Areas Affected by Project Entries

Entrances to the project site and communities will be designed with accent plant material, groupings of plants and enhanced paving treatments to create major entry statements. To maintain the design integrity of the major entry zones, the placement of structures at these key community entrances shall be carefully designed. This can be achieved by creative use of landscaping with walls and fences to screen parking and service areas from street view. Landscaping compatible with entry statement plant materials is encouraged. Illustrative concepts for the main entry, typical secondary entry and typical community entry are provided in Exhibits IV-4, IV-5 and IV-6, respectively.

B. LANDSCAPE CONCEPT PLAN

A formal landscape plan will be included in the Design Guidelines. The purpose of the landscape concept plan will be to provide planning criteria and guidelines to insure the establishment of a safe and aesthetically appealing environment. The landscape concept strengthens the overall community theme and provides for a controlled transition between planned and indigenous open space areas.

The landscape guidelines are to be used by the Town of Florence and developers as a means of achieving the following project goals:

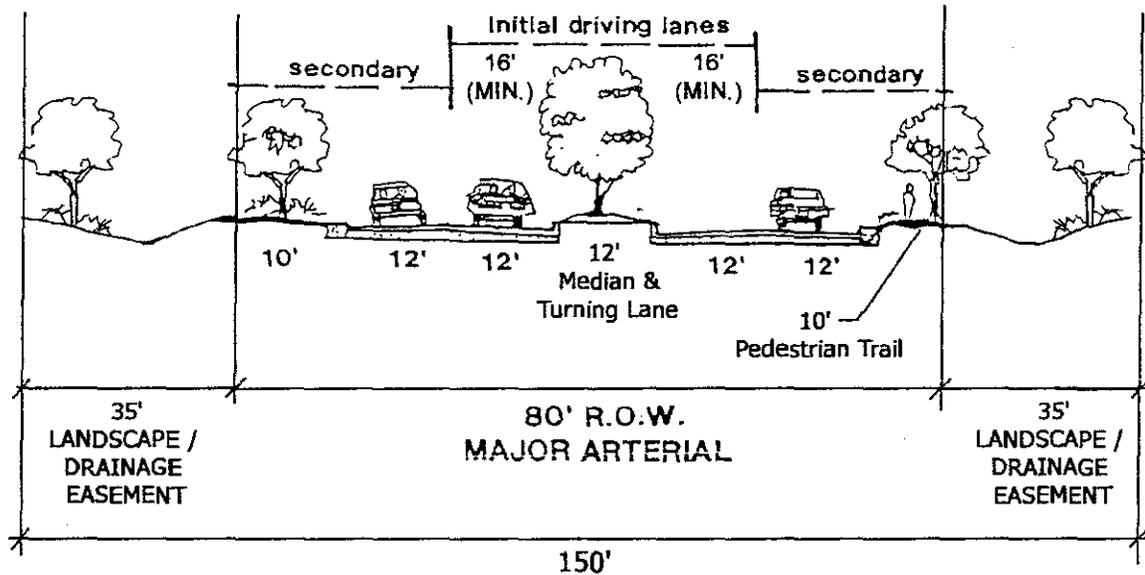
- Ensure that landscape design considerations include reclaimed water consumption and erosion control measures.

- Re-establish natural conditions where terrain is modified for circulation and development when possible.
- Enhance site improvement within view corridors, on-site and off-site.
- Define and combine specific plant materials in varying combinations to achieve a community identity.
- Utilize plant materials to visually identify and separate development areas while blending them into the overall visual environment.

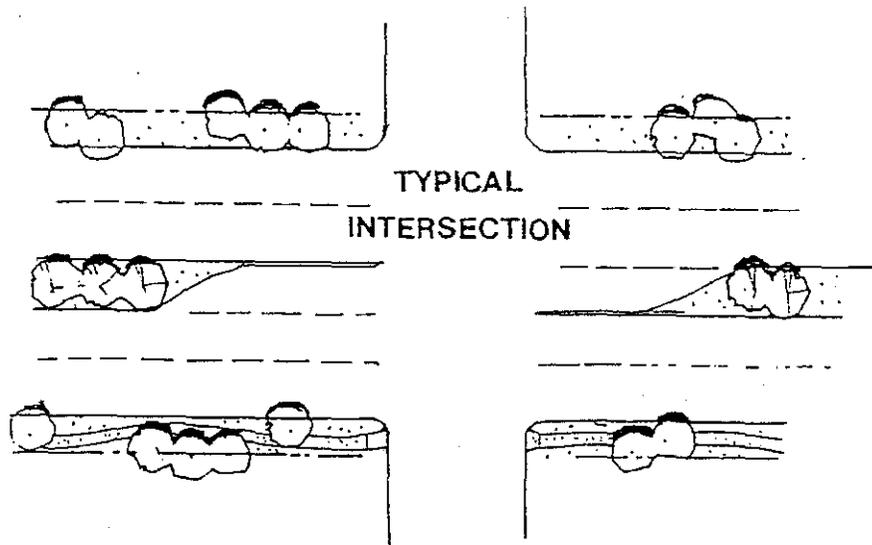
The landscape concept elements include circulation elements, open space/recreation elements and design guidelines to residential and commercial landscape applications and implementation.

C. CIRCULATION SYSTEM

The layout of traffic corridors within the PUD is specifically designed to unite residential, recreational and commercial areas into a coherent system. This system is planned to enhance visual continuity while allowing for aesthetic diversity. The roadway of the main entrance of Merrill Ranch is the most visually important area. The context and stature of the Merrill Ranch development evolves from the drive within this entry segment. Approach and entry need to be effectively designed to announce the transition in to the project residential zones. Points of entry need to break the linear disparity of streetscape planting announcing to the homeowner and visitor alike the beginning of a familiar or new experience. By using a variety of materials, accent plantings and accent masonry and by combining placement and scale, a fresh entry expression is achieved.

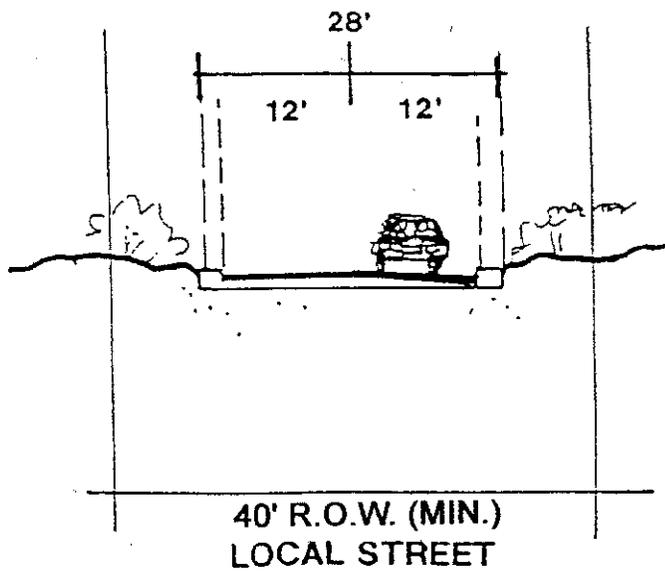
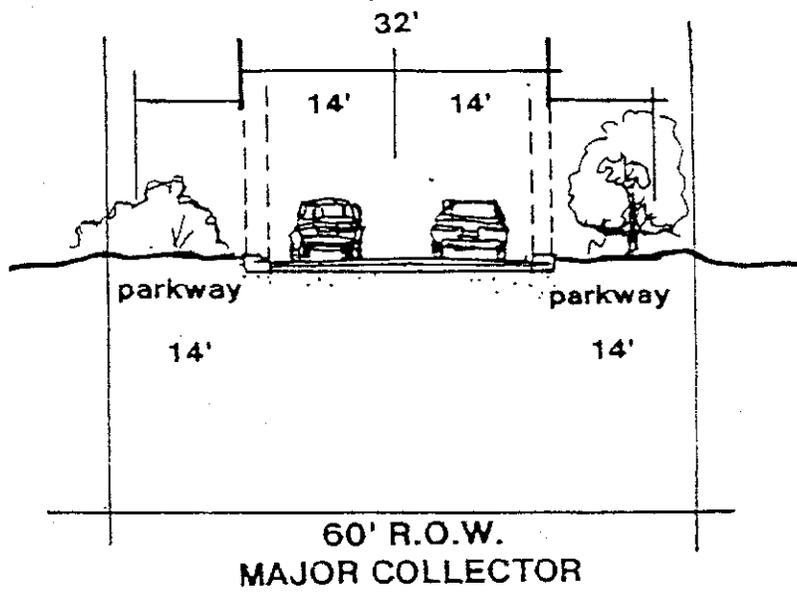


AS DEVELOPMENT DENSITIES INCREASE
THE SECONDARY DRIVING LANES
WILL BE ADDED AS NEEDED



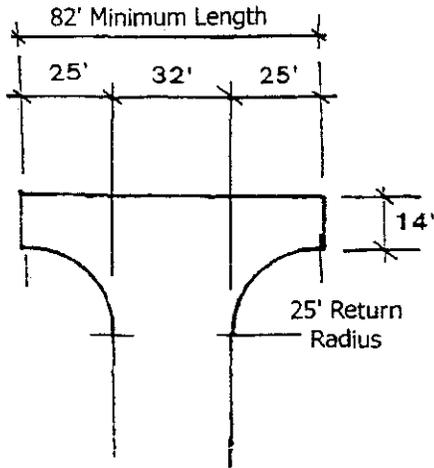
MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Major Arterial Section

Exhibit IV-1

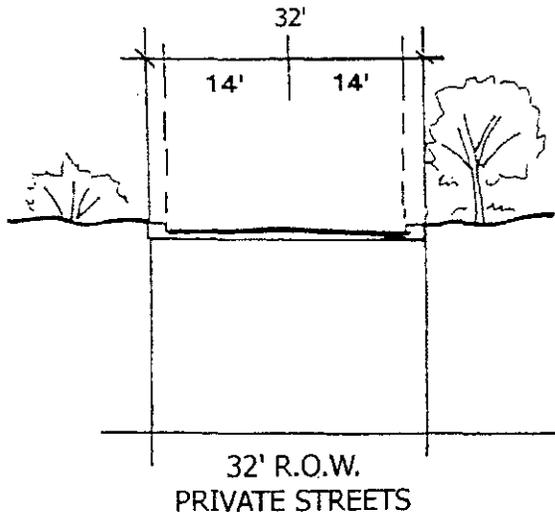


MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Major Collector and Local Street Sections

Exhibit IV-2



T-TURN AROUND



MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Private Street Section

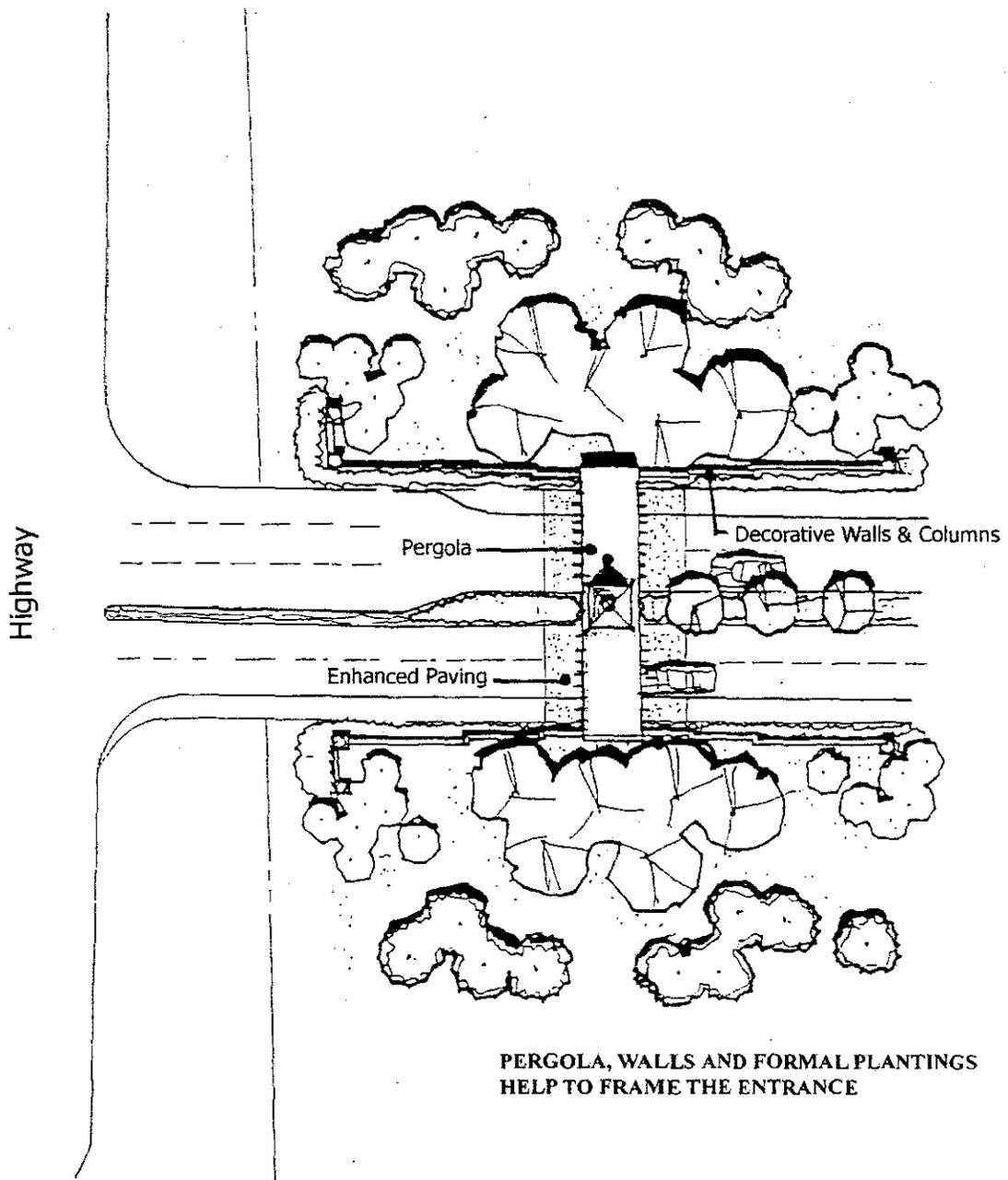
Exhibit IV-3

The major arterial corridors within the project area are reinforced by the incorporation of a variety of plant palettes, offering a balanced sense of continuity while maintaining a clear diversity. The specified plant palettes for the PUD project area are separated by circulation routes and entry points and by level of importance within the project.

Entry Statements:

Main Project Entry (see Exhibit IV-4, Main Entry Landscape Plan)

- Entry monuments and walls combined with accent trees and shrubs create a clear arrival point.
- Textured paving and concrete banding highlight driving surface.

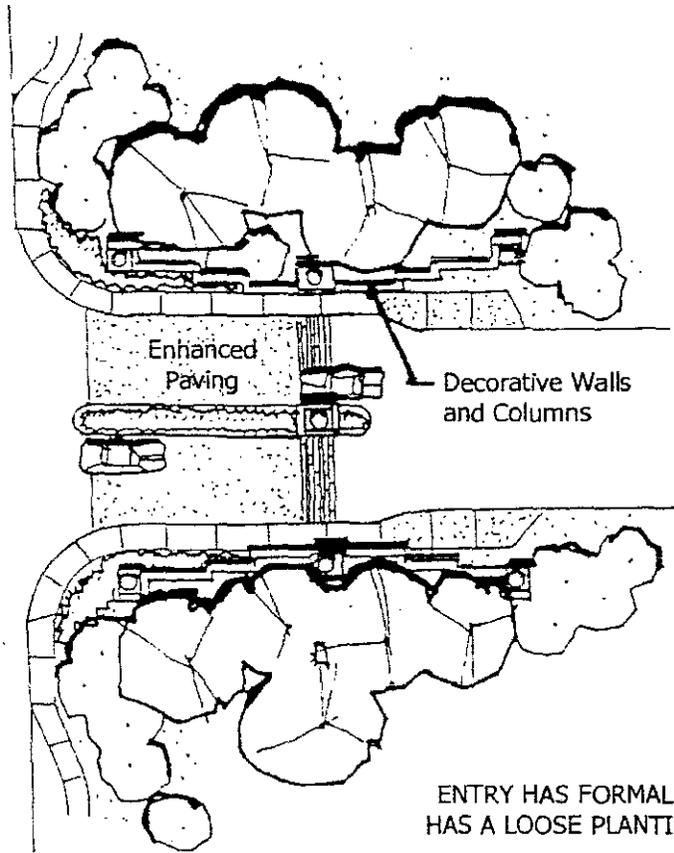


MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Main Entry Landscape Plan - Example

Exhibit IV-4

Secondary Entry (see Exhibit IV-5, Community Entry Landscape Plan)

- Decorative walls and pilasters identify these major intersections
- Medians carry flowering shrubs and ground cover
- Textured paving materials

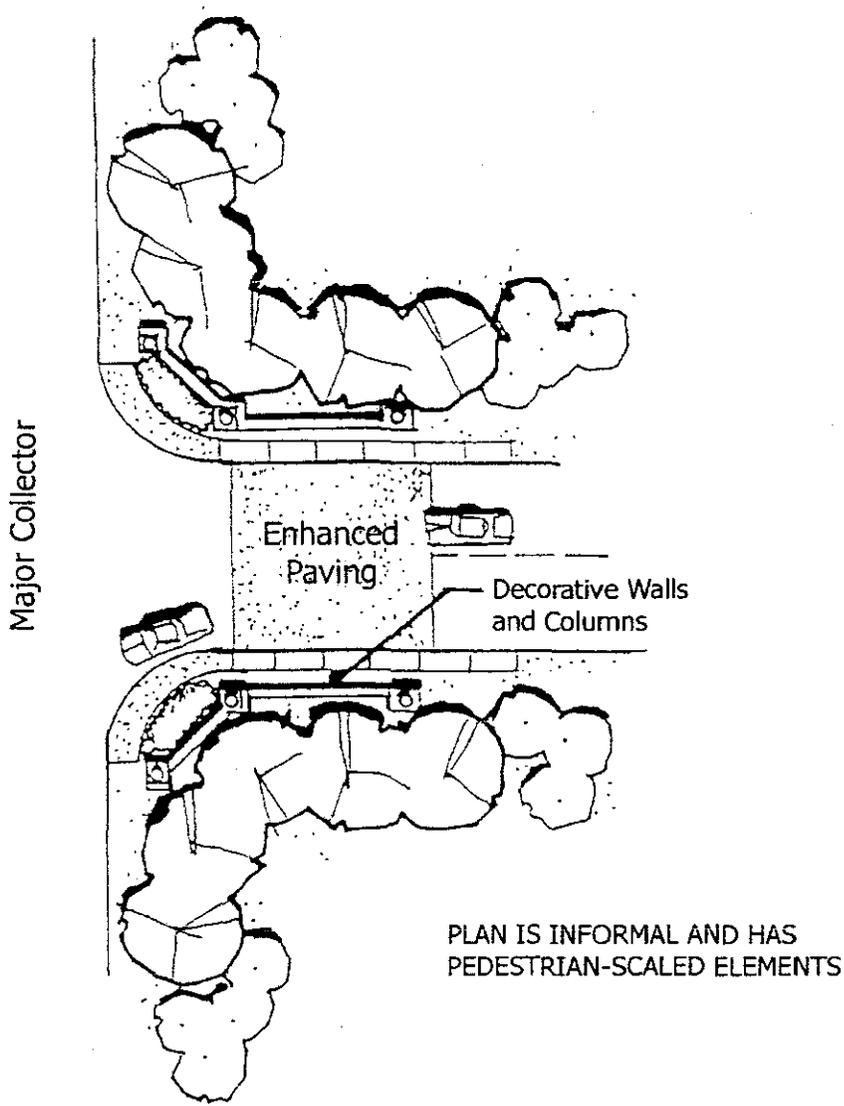


MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Community Entry Landscape Plan - Example

Exhibit IV-5

Community Entry (see Exhibit IV-6, Small Community Entry Landscape Plan)

- Low walls and signage
- Native trees and shrubs create backdrop for the signage



MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Small Community Entry Landscape Plan - Example

Exhibit IV-6

D. LANDSCAPE DEVELOPMENT GUIDELINES

To achieve a distinctive quality within the project environment, landscape concept plans for each planning area shall be required for the site plan review process. Single-family residential landscape concepts shall be aesthetically compatible with the PUD landscape concept in design and materials.

Landscape designs for street frontage areas shall be compatible with PUD streetscape improvements, indigenous growth conditions and offer opportunities for informal landscape treatments.

Landscape designs should recognize the important of pedestrian and bicycle use areas and incorporate treatments to enhance these particular experiences. Higher density zones, residential and commercial, acknowledging greater user intensity, require landscape concepts structured for durability and maintenance but retaining aesthetic appeal.

Designs for common residential situations need to address the problems of public gathering areas and recreation facilities. Pedestrian circulation systems should be laid out in such a manner as to permit free and safe access for all residents to amenities within the PUD areas. To insure a well-designed, high-quality project, the developer and homeowner should adhere to the following guidelines for selecting and installing essential landscape elements: plant materials, walls/fences, hardscape surfaces, irrigation equipment, lighting systems and outdoor furniture.

Plant Materials

To maintain a consistent PUD theme, the following plant materials list of trees, shrubs and ground covers should be adhered to by homeowners, school/park developers, multi-family parcel developers and commercial property developers.

This plant materials list is professionally selected for performance under the climatic conditions existing within the PUD area. This list provides ample opportunities for landscaping parcels within those limits.

Recommended Plant List:

Trees:

Acacia abyssinica	Abyssinian Acacia
Acacia aneuria	Mulga
Acacia cavenia	Cavenia Acacia
Acacia constricta	Whitethron Acacia
Acacia coriacea	- [none]
Acacia eburnia	Needle Acacia
Acacia erioloba	Camel Thorn
Acacia farnesiana	Sweet Acacia
Acacia greggii	Catclaw Acacia
Acacia millefolia	Santa Rita Acacia
Acacia occidentalis	Teso Acacia

Acacia pennatula	Pennatula Acacia
Acacia salicina	Weeping Wattle
Acacia schaffneri	Schaffner Acacia
Acacia smallii	Sweet Acacia
Acacia stenophylla	Shoestring Acacia
Acacia willardiana	Palo Blanco
Agonis flexuosa	West Australia Peppermint
Bauhinia congesta	Anacacho Orchid Tree
Brachychiton populneus	Bottle Tree
Brahea armata	Mexican Blue Palm
Brahea edulis	Guadalupe Palm
Bursera hindsiana	Copal
Bursera microphylla	Elephant Tree
Butia capitata	Jelly Palm
Caesalpinia cacalaco	Cascalote
Caesalpinia mexicana	Mexican Bird of Paradise
Caesalpinia platyloba	Bird of Paradise
Callistemon viminalis	Weeping Bottlebrush
Canotia holacantha	Crucifixion Thorn
Casuarina cunninghamiana	River She Oak
Casuarina equisetifolia	Horsetail Tree
Casuarina stricta	Coast Beefwood
Catalpa tashkentensis	Chiltapa
Celtis pallida	Desert Hackberry
Celtis reticulata	Netleaf (Western) Hackberry
Ceratonia siliqua	St. Johns Bread Tree, Carob Tree
Cercidium floridum	Blue Palo Verde
Cercidium microphyllum	Little Leaf Palo Verde
Cercidium praecox	Palo Brea
Cercidium sonora	Sonoran Palo Verde
Chamaerops humilis	Mediterranean Fan Palm
Chilopsis linearis	Desert Willow
Citrus aurantifolia	Lime
Citrus lemoni	Lemon
Citrus paradisi	Grapefruit
Citrus reticulata	Tangerine
Citrus sinensis	Sweet Orange
Cupressus arizonica	Arizona Cypress
Cupressus sempervirens	Italian Cypress
Dalergia sissoo	Sissoo Tree
Eucalyptus erythrocorys	Red Cap Gum
Eucalyptus formanii	Forman's Eucalyptus
Eucalyptus leucoxydon	White Ironbark
Eucalyptus microtheca	Coolibah
Eucalyptus papuana	Ghost Gum
Eucalyptus populnea	Poplar-leaf Eucalyptus
Eucalyptus spathulata	Narrow-leaf-Gimlet
Eucalyptus torquata	Coral Gum
Forchameria watsonii	-[none]
Geijera parviflora	Australia Willow

Gleditsia triacanthos
Holacantha emoryi (Castela emoryi)
Leucaena retusa
Lysiloma candida
Lysiloma microphyllum var. thornberii
Olea europaea
Olneya tesota
Parkinsonia aculeate
Phoenix canariensis
Phoenix dactylifera
Pinus canariensis
Pinus eldarica
Pinus halepensis
Pinus pinea
Pinus roxburghii
Pistacia Atlantica
Pistacia chinensis
Pithecellobium brevefolium
Pithecellobium flexicaule
Pithecellobium mexicanum
Pithecellobium pallens
Pinosporum phylliraeoides
Prosopis alba
Prosopis chilensis
Prosopis glandulosa
Prosopis pubescens
Prosopis velutina (juliflora)
Quercus suber
Wuercus virginiana
Rhus lancea
Rhus lanceolata
Schinus molle
Schinus terebinthifolius
Sophora secundiflora
Tamarix aphylla
Tipuana tipu
Ulmus parvifolia cv. "Sempervirens"
Ungradia speciosa
Vitex agnus-castus
Washingtonia filifera
Washingtonia robusta
Xylosma congestum
Zizyphus jujuba

Shrubs:

Abutilon palmeri
Acacia angustissima
Acacia berlandieri
Acacia constricta

Honey Locust
Crucifixion Thorn
Golden Ball Lead Tree
Palo Blanco
Fern of the Desert
Olive (Swan Hill and "Fruitless" only)
Ironwood
Mexican Palo Verde, Jerusalem Thorn
Canary Island Date Palm
Date Palm
Canary Island Pine
Afgan Pine
Aleppo Pine
Italian Stone Pine
Chir Pine
Mt. Atlas Pistache
Chinese Pistache
Ape's Earring
Texas Ebony
Palo Chino
Ape's Earring
Willow Pittosporum
White Mesquite
Chilean Mesquite
Texas Honey Mesquite
Freemont Screwbean
Honey Mesquite
Cork Oak
Southern Live Oak
African Sumac
Prairie Flameleaf Sumac
California Pepper Tree
Brazilian Pepper Tree
Texas Mountain Laurel, Mescal Bean
Athel Tree
Tipu Tree
Evergreen Elm
Mexican Buckeye
Chaste Tree
California Fan Palm
Mexican Fan Palm
Xylosma
Chinese Jujube

Superstition Mallow
Fern Acacia
Guajillo
White Thorn Acacia

Acacia craspedocarpa	Leatherleaf Acacia
Acacia millefolia	Santa Rita Acacia
Acacia notabilis rigens	Needle Acacia
Acacia redolens	Prostrate Acacia
Acacia rigidula	Blackbrush Acacia
Aloysia gratissima	Bee Brush
Aloysia lycioides	White Brush, Bee Brush
Aloysia macrostachya	Sweet-stem
Aloysia wrightii	Oreganillo
Agave americana	Century Plant
Agave colorata	Mescal Ceniza
Agave huachucensis	Huachuca Agave
Agave vilmariniana	Octopus Agave
Ambrosia ambrosioides	Canyon Ragweed
Ambrosia deltoidea	Triangleleaf Bursage
Ambrosia dumosa	White Bursage
Anisacanthus andersonii	Anderson's Honeysuckle
Anisacanthus quadrifidus	Flame Honeysuckle
Anisacanthus thurberi	Desert Honeysuckle
Artemisia ludoviciana	White Sage
Asclepias linaria	Pine-leaf Milkweed
Asclepias subulata	Desert Milkweed
Atriplex canescens	Four Wing Salt Bush
Atriplex hymeneltra	Desert Holly
Atriplex lentiformis	Quail Bush
Baccaris hybrid	Desert Broom "Centennial"
Bauhinia congesta (lunarioides)	Anacacho
Bauhinia ramossissima	Orchid Tree
Bauhinia macaranthera	Orchid Tree
Berberis haematocarpa	Red Barberry
Buddleia marrubifolia	Wooley Butterfly Bush
Bursera microphylla	Elephant Tree
Caesalpinia gilliesii	Desert Bird of Paradise
Caesalpinia mexicana	Mexican Bird of Paradise
Caesalpinia pulcherrima	Red Bird of Paradise
Caesalpinia Pumila	Copper Bird of Paradise
Calliandra californica	Fairy Duster
Calliandra eriophylla	False Mesquite
Calliandra peninsularis	Baja Red Fairy Duster
Calistemon citrinus	Lemon Bottlebush
Calistemon phoeniceus	Salt Resistant Bottlebush
Calistemon viminalis (cv. Capt. Cook)	Dwarf Bottlebrush
Calothamnus quadrifidus	-[none]
Calothamnus villosus	Wooley Netbrush
Cassia artemesioides	Feathery Cassia
Cassia biflora	Texas Cassia, Twin Flower Cassia
Cassia emoryi	Crucifixion Thorn
Cassia goldmannii	-[none]
Cassia nemophylla	Green Feathery Cassia
Cassia phyllodines	Silver-Leaf Cassia

<i>Cassia wislizenii</i>	Shrubby Cassia
<i>Celtis pallida</i>	Desert Hackberry
<i>Cercocarpus montanus</i>	Mountain Mahogany
<i>Chrysothamnus nauseosus</i>	Rabbit Brush
<i>Cistus incanus (villosus)</i>	Rockrose
<i>Condalia lyciodes</i>	Grey Thorn
<i>Condalia globosa</i>	Bitter Condalia
<i>Convolvulus cneorum</i>	Bush Morning Glory, Silverbush
<i>Cordia boissieri</i>	Anacahuita
<i>Cordia parvifolia</i>	Little Leaf Cordia
<i>Dalea bicolor var. argyrea</i>	Silver Dalea, Indigo Bush
<i>Dalea formosa</i>	Feather Dalea
<i>Dalea frutescens</i>	Black Dalea
<i>Dalea pulchra</i>	Indigo Bush
<i>Dalea spinosa</i>	Smoke Tree
<i>Dalea versicolor var. sessilis</i>	Wislizenus Dalea
<i>Dalea wislizenii</i>	Indigo Bush
<i>Dasyliiron acrotriche</i>	Green Desert Spoon
<i>Dasyliiron wheeleri</i>	Sotol, Desert Spoon
<i>Dodonaea viscosa</i>	Hopbush
<i>Encelia farinosa</i>	Brittlebush
<i>Ephedra nevadensis var. aspera</i>	Boundary Ephedra
<i>Ephedra triburoa</i>	Mormon Tea
<i>Eremaea beaufortioides</i>	Eremaea
<i>Eremaea pauciflora</i>	Snow Gum
<i>Eremaea violacea</i>	Violet Eremaea
<i>Eremophila glabra</i>	Emu Bush
<i>Ericameria laricifolia</i>	Turpentine Bush
<i>Ericameria linearifolia</i>	Turpentine Bush
<i>Eriogonum fasciculatum</i>	California Buckwheat
<i>Eriogonum farinosa</i>	California Buckwheat
<i>Erythrina flabelliformis</i>	Southwest Coralbean
<i>Euphorbia antisiphilitica</i>	Wax Plant, Candelilla
<i>Euphorbia rigida</i>	Euphorbia
<i>Fallugia paradoxa</i>	Apache Plume
<i>Forestiera neomexicana</i>	Desert Olive
<i>Fouquieria splendens</i>	Ocotillo
<i>Genista hispanica</i>	Spanish Broom
<i>Grevillea rosmarinifolia</i>	Rosemary Grevillea
<i>Gutierrezia microcephala</i>	Snakeweed
<i>Hakea spp.</i>	-[none]
<i>Hamelia patens</i>	Fire Bush
<i>Haplopappus laricifolius</i>	Turpentine Bush
<i>Hesperaloe funifera</i>	-[none]
<i>Hesperaloe parviflora</i>	Red/Coral Aloe
<i>Hyptis emoryi</i>	Desert Lavender
<i>Jasminum mesnyi</i>	Primrose Jasmine
<i>Jatropha cardiophylla</i>	Limberbush
<i>Jatropha cinerea</i>	Lomboy
<i>Jatropha dioica</i>	Leatherstem

Juniperus chinensis var.	Juniper
Justicia candidans	Firecracker Bush
Justicia californica	California Beloperone, Chuparosa
Justicia spicigera	Desert Honeysuckle
Justicia sonorae	Palm Desert Justicia
Krameria parvifolia	Ratany
Lantana camara	Bush Lantana
Larrea tridentate	Creosote Bush
Leucophyllum candidum	Silver Sage (cv. Silver Cloud, White Cloud, Compacta)
Leucophyllum frutescens	Texas Sage, Texas Ranger
Leucophyllum laevigatam	Chihuahuan Sage
Leucophyllum langmanniae	Sierra Madre Sage
Leucophyllum pruinatum	Fragrant Sage
Leucophyllum zygophyllum	Blue Ranger
Lippia aloysia	Mexican Oregano
Lotus rigidus	Rock Pea
Lycium andersonii	Anderson Thornbush
Lycium brevipes	Frutilla
Lycium fremontii	Wolfberry
Maytenus phyllanthoides	Mangle Dulce
Melaleuca spp.	Australian Myrtle
Mimosa biuncifera	Catclaw, Wait-a-Minute Bush
Mimosa dysocarpa	Velvet Pod Mimosa
Myrtus communis	True Myrtle, Roman Myrtle
Myrtus communis cv. "Boetica"	Twisted Myrtle
Myrtus communis cv. "Compacta"	Dwarf Myrtle
Nandina domestica	Heavenly Bamboo
Nerium oleander varieties	Oleander
Nolina bigelouii	Bigelow Nolina
Nolina microcarpa	Bear Gradd, Sacahuista
Penstemon species	Beard Tongue
Pervskia atriplicifolia cv. "Heavenly Blue"	Russian Sage
Plumbago scandens	Plumbago
Punica granatum varieties	Pomegranate
Pyracantha coccinea	Firethron
Quercus turbinella	Oak
Rhamnus californica	Coffee Berry
Rhamnus crocea	Redberry
Rhus choriophylla	Mearns Sumac
Rhus microphylla	Little Leaf Desert Sumac
Rhus ovata	Sugar Bush
Rhus trilobata	Skunk Bush
Rhus virens	Evergreen Sumac
Rosa banksiae	Lady Bank's Rose
Rosmarinus officinalis	Rosemary
Rosmarinus o. "Prostratus"	Trailing Rosemary, Dwarf Rosemary
Ruellia californica	Ruellia
Ruellia peninsularis	Ruellia
Salvia chamyorioides	Blue Sage

Salvia clevelandii
Salvia dorrii
Salvia farinacea
Salvia greggii
Salvia leucantha
Salvia leucophylla
Salvia splendens
Simmondsia chinensis
Solanum xanti
Sophora arizonica
Sophora formosa
Sophora secundifolia
Tamarix parvifolia
Tecoma stans
Tecomaria capensis
Teucrium fruticans
Tetracoccus hallii
Thamnosma montana
Thevtia peruviana
Trixis californica
Vauquelina californica
Vauquelina corymbosa
Viguiera, deltoidea
Viguiera tomentosa
Westringia romarinaformis
Yucca aloifolia
Yucca baccata
Yucca brevifolia
Yucca elata
Zauschneria latifolia
Zizyphus obtusifolia
Zizyphus jujuba

Ground Covers and Vines:

Acacia redolens
Antigonon leptopus
Asparagus densiflorus cv. "Sprenger"
Atriplex semibaccata
Baccharis cv. "Centennial"
Baileya multiradiata
Bougainvillea spectabilis
Callaeum macropter
Campsis radicans
Carpobrotus edulis
Cephalophyllus cv. "Red Spike"
Cissus trifoliata
Clematis drummondii
Clanthus formosus
Convolvulus mauritanicus

Chaparral Sage
Desert Sage
Mealy-Cup Sage
Texas Red Salvia, Autumn Sage
Mexican Bush Sage
Purple Sage
Scarlet Sage
Jojoba
Solanum
Arizona Sophora
Sophora
Texas Mountain Laurel
Flowering Salt Cedar
Arizona Yellow Bells
Cape Honeysuckle
Bush Germander
Spurge
Turpentine Broom
Yellow Oleander
Trixis
Arizona Rosewood
Narrow-leaf Rosewood
Golden Eye
Golden Eye
Westringia
Spanish Bayonet
Banana Yucca
Joshua Tree
Soaptree Yucca
Hummingbird Flower
White Crucillo, Greythron
Chinese Jujube

Prostrate Acacia, Trailing Acacia
Coral Vine, Queens Wreath
Sprenger Asparagus
Australian Saltbush
Centennial Baccharis, Desert Bloom
Desert Marigold
Bougainvillea
Yellow Orchard Vine
Common Trumpet Creeper
Ice Plant, Hottentot-fig
Red Spike Ice Plant
Grape Ivy
Virgin's Bower
Sturt's Desert Pea
Ground Morning Glory

Dalea greggii
Dimorphotheca sinuate
Drosanthemum speciosum
Dyssodia pentachaeta
Gazania regens
Hardenbergia comptoniana
Kennedi nigricans
Lantana montevidensis
Macfadyena unguis-cati
Malephora crocea
Mascagnia lilacina
Maurandya antirrhiniflora
Maurandya wislizeni
Melampodium leucanthum
Merremia aurea
Mesembryanthemum spp.
Oenothera berlandieri
Oenothera stubbei
Osteospermum fruticosum
Pentzia incana
Phyla nodiflora
Podranea risasoliana
Rhynchosia texana
Rosa banksiae
Rosmarinum o. "prostrates"
Salvia chamaedryoides
Salvia farinacea
Santolina chamaecyparissus
Santollina virens
Senecio cineraria
Sesuvium verrucosum
Solanum jasminoides
Teucrium chamaedrys cv. "Prostrata"
Verbena bipinnatifida
Verbena peruviana
Verbena tenera
Verbena rigida
Wedelia trilobata

Trailing Indigo Bush
 African Daisy, Cape Marigold
 Ice Plant, Dewflower
 Golden Fleece
 Treasure Flower, Trailing Gazania
 Wild Wisteria
 Black Yellow Vine
 Trailing Lantana
 Cat's Claw
 Ice Plant
 Purple Mascagnia
 Snapdragon Vine
 Snapdragon Vine
 Blackfoot Daisy
 Yellow Morning Glory Vine
 Common Ice Plant
 Mexican Evening Primrose
 Saltillo Primrose
 Trailing African Daisy
 Karoo Bush
 Lippia
 Pink Trumpet Vine
 Rosary Bead Vine
 Lady Bank's Rose
 Trailing Rosemary
 Blue Sage
 Mealy Cup Sage
 Lavender Cotton
 Green Santolina
 Dusty Miller
 Sea Purslane
 Potato Vine
 Germander
 Verbena
 Peruvian Verbena
 Moss Verbena
 Sandpaper Verbena
 Yellow Dot

Succulents

Agave americana
Agave colorata
Agave murpheyi
Agave parryi
Agave victoriae – reginae
Agave vilmoriniana
Aizoae spp.
Aloe barbadensis (vera)
Aloe ferox

Century Plant
 Mescal Ceniza
 Murphay's Agave
 Parry's Agave
 Roylea Agave
 Octopus Agave
 Ice Plant Family
 Medicinal Aloe
 Tree Aloe

Aloe saponaria
Aloe marlothii striata
Carnegiea gigantea
Cereus hildmannianus
Dasylirion acrotriche
Dasylirion wheeleri
Echinocactus grusonii
Echinocereus engelmannii
Ferocactus acanthodes
Ferocactus wislizenii
Fouquieria macdougallii
Fouquieria splendens
Hesperaloe funifera
Hesperaloe parviflora
Lophocereus schottii
Manfreda maculosa
Nolina matapensis
Nolina microcarpa
Opuntia acanthocarpa
Opuntia basilaris
Opuntia bigelovii
Opuntia ficus-indica
Opuntia violacea
Pachycereus marginatus
Pedilanthus macrocarpus
Stenocereus thurberi
Trichocereus candicans
Yucca aliofolia
Yucca baccata
Yucca brevifolia
Yucca elata
Yucca rigida
Yucca rostrata

Annual Wildflowers

Abronia villosa
Argemone pleiacantha
Camissonia brevipes
Camissonia cardiophylla
Catharanthus roseus
Centaurea rothrockii
Cirsium neomexicanum
Clarkia amoena
Collinsia heterophylla
Coreopsis bigelovii
Cosmos bipinnatus parviflorus sulphureus
Dimorphotheca sinuata
Eriastrum diffusum
Eriophyllum lanosum

Tiger Aloe
Coral Aloe
Saguaro
Hildmann's Cereus
Green Desert Spoon
Sotol, Desert Spoon
Gold Barrel
Engelmann's Hedgehog
Compass Barrel
Fish Hook Barrel
Chunari
Ocotillo
Red Hesperaloe
Red Yucca
Senita
Mandreda
Tree Bear Grass
Bear Grass
Buckhorn Cholla
Beavertail Prickly Pear
Teddy Bear Cholla
Indian Fig
Purple Prickly Pear
Mexican Organ Pipe
Lady Slipper
Arizona Organ Pipe
Argentine Trichocereus
Spanish Bayonet
Banana Yucca
Joshua Tree
Soaptree Yucca
Blue Yucca
Beaked Yucca

Sand Verbena
Prickly Poppy
Yellow Cups
Heart-leaved Primrose
Madagascar Periwinkle
Basket Flower
Thistle
Farewell-to-Spring
Chinese Houses
Desert Coreopsis
Yellow Cosmos
African Daisy
Prickly Stars
Woolly Daisy

Eriophyllum wallacel	Wooly Daisy
Eschscholzia californica	California Poppy
Euphorbia heterophylla	Painted Spurge
Gaillardia pulchella	Fire Wheel, Blanket Flower
Geraea canescens	Desert Sunflower
Gilia leptantha	Showy Blue Gilia
Gomphrena globosa	Globe Amaranth
Helianthus annuus	Wild Sunflower
Helichrysum bracteatum	Everlasting Daisy
Helipterum roseum	Pink Everlasting
Ipomoea leptotoma	Morning Glory
Kallistroemia grandiflora	Arizona Poppy
Lasthenia chrysostoma (Baeria chrysostoma)	Goldfield
Layia platyglossa	Tidy Tips
Lesquerella gordonii	Yellow Blanket
Linaria texana	Toadflax
Linaria pinnifolia	Toadflax
Linaria maroccans	Toadflax
Linum grandiflorum cv. "Rubrum"	Red Flax
Lupinus arizonicus	Arizona Lupine
Lupinus densiflorus	Lupine
Lupinus sparsiflorus	Desert Lupine
Lupinus succulentus	Arroyo Lupine
Machaeranthera canescens (Aster bigelovii)	Blue Aster
Machaeranthera tanacetifolia	Purple Aster, Tahoka Daisy
Matricaria grandiflora	Pineapple Weed
Matthiola longipetala cv. "Bicornis"	Evening Scented Stock
Mentzelia involucrate	Morning Stars
Mentzelia lindleyi	Blazing Stars
Mimulus bigelovii	Bigelow's Monkey Flower
Mohaves confertiflora	Ghost Flower
Monardo austromontana	Bee Balm
Monoptilon bellioides	Belly Flower
Nama demissum	Purple Mat
Nama hispidum	Purple Mat
Nemophila maculata	Five Spot
Nemophila menziesii	Baby Blue Eyes
Oenothera deltoids	Birdcage Evening Primrose
Orthocarpus purpurascens	Owl's Clove
Papaver rhoeas	Shirley Poppy
Pectis papposa	Chick Weed
Perityle emoryi	Rock Daisy
Phacelia campanularia	California Bluebell
Phacelia tanacetifolia	Scorpion Weed
Plantago insularis	Indian Wheat
Platystemon californicus	Cream Cups
Proboscidea parviflora	Devi's Claw
Rafinesquia neomexicana	Desert Chicory
Salvia columbariae	Chia
Sisymbrium ambiguum	Purple Rocket

Solanum xanti
Tithonia rotundifolia
Ursinia calenduliflora
Ursinia chrysanthemoides speciosa
Verbesina encelioides
Viguiera annua

Perennial Wildflowers

Allionia incarnata
Amsonia palmeri
Anigozanthos flavidus
Anigozanthos manglesii
Anigozanthos viridis
Anisondtea hypomandrum
Arctotis acaulis
Argemone platyceras
Bahia absinthifolia
Baileya multiradiata
Berlandiera lyrata
Castilleja chromosa
Castilleja lanata
Datura inoxia
Delphinium amabile
Delphinium scaposum
Dichelostemma pulchellum
Dyssodia acerosa
Dyssodia pentachaeta
Erigeron divergens
Evolvulus arizonicus
Guara lindheimeri
Hesperocallis undulagta
Hymenoxys acaulis
Ipomopsis longiflora
Justicia sonorae
Linum lewisii
Lotus rigidus
Machaeranthera tortifolia
Melampodium leucanthum
Mirabilis multiflora
Oenothera caespitosa
Penstemon baccarifolius
Penstemon barbatus
Penstemon palmeri
Penstemon parryi
Penstemon pseudospectabilis
Penstemon spectabilis
Penstemon superbus
Portulacaria afra
Proboscidea altheaefolia

Solanum
Mexican Sunflower
Ursinia
-[none]
Golden Crown Beard
Golden Eye

Trailing Windmills
Amsonia
Kangaroo Paw
Kangaroo Paw
Kangaroo Paw
African Mallow
African Daisy
Prickly Poppy
Bahia
Desert Marigold
Chocolate Flower
Indian Paintbrush
Indian Paintbrush
Sacred Datura, Jimsonweed
Larkspur
Barestem Larkspur
Bluedicks
Dyssodia
Dyssodia
Spreading Fleabane
Arizona Blue Eyes
Desert Orchid
Ajo Lily
Angelita Daisy
Pale Blue Trumpets
Sonoran Justicia
Blue Flax
Desert Rock Pea
Mohave Aster
Blackfoot Daisy
Desert Four O'Clock
Tufted Evening Primrose
Rock Penstemon
Scarlet Penstemon
Palmer's Penstemon
Parry's Penstemon
Canyon Penstemon
Royal Penstemon
Superb Penstemon
Elephants Food
Devil's Claw

Psilostrophe cooperi
 Ratibida columnaris
 Romneya coulteri
 Senna covesii (Cassia covesii)
 Sphaeralcea ambigua
 Stachys coccinea
 Tagetes palmeri (lemmoni)
 Tagetes lucida
 Verbena gooddingii
 Zephyranthes spp.
 Zinnia acerosa
 Zinnia grandiflora

Paperflower
 Mexican Hat, Coneflower
 Matilija Poppy
 Desert Senna
 Glove Mallow
 Red Mint, Betony
 Mount Lemmon Marigold
 Mexican Mint Marigold
 Goodding Verbena
 Rain Lily
 Desert Zinnia
 Rocky Mountain Zinnia

Grasses

Aristida purpurea
 Bouteloua aristodoides
 Bouteloua curipendula
 Bouteloua gracillis
 Erioneuron pulchellum
 Hilaria rigida
 Muhlenbergia capillaries
 Muhlenbergia dumosa
 Muhlenbergia emersleyi
 Muhlenbergia lindheimer
 Muhlenbergia porteri
 Muhlenbergia rigida
 Muhlenbergia rigens
 Pennisetum setaceum cv. "Cupreum"
 Schismus barbatus
 Setaria macrostachya
 Sporobolus cryptandrus
 Trichachne californica

Purple Three-awn
 Six Weeks Grama
 Side Oaks Grama
 Blue Grama
 Fluffgrass
 Big Galleta
 Gulf Muhly
 Giant Muhly
 Bull Grass
 Lindheimer Muhly
 Bush Muhly
 Deer Grass
 Deer Grass
 Purple Fountain Grass
 Mediterranean Grass
 Plains Bristlegrass
 Sand Dropseed
 Cotton-top

Wall/Fences

Walls and fences within the PUD area shall be consistent with the architectural theme of the planned area. This theme should be reflected in materials and design. The following are wall and fence height limits set for the project site.

- Within residential areas – six feet maximum (not within street setback requirements).
- Commercial and industrial areas – six feet minimum.
- Walls constructed at major community entry points and along community streets shall be consistent with the PUD theme area in materials and design.
- Project fencing within the separate planning areas shall reflect the architectural theme through consistent materials and design.

- Screen walls fronting on a street shall be designed using similar materials to appear as an integral part of the screened building. Said screen wall shall return away from the street for a distance of not less than three feet at intersections.
- Screen walls or fences of sheet or corrugated iron, steel, aluminum, asbestos or security chain-link fencing are specifically prohibited.

Hardscape (Paving)

The hardscape materials available for the paving of special activity areas – vehicular and pedestrian – are numerous in their choice of colors, patterns and textures. The use of interlocking brick pavers or textured concrete surfaces is encouraged. The appropriate selection of materials shall be based on the established architectural theme of the PUD area. Final approval regarding materials and consistency of these elements in accordance with the PUD shall be decided within the site plan review process.

Irrigation Equipment

The Merrill Ranch project will progressively develop the potential of reclaimed water for landscape irrigation. Irrigation of parks, schoolyards, streetscapes and manufactured slopes with reclaimed wastewater reduces the overall demand on potable water supplies.

A supply system separate from the domestic water supply system will transport reclaimed water throughout most of the PUD area. Reclaimed water will be available for landscaped open areas, recreation sites and public facilities via valve connections at the sidewalk.

- Irrigation elements, when adjacent to areas accessible and visible by pedestrians and/or vehicular traffic, shall be of a self-sealing, at-grade canister design.
 - Irrigation elements shall be of a non-reflective hardened plastic material.
 - Irrigation elements shall be dark brown, black or green in color to decrease visibility.
- Irrigation elements for transitional and manufactured slope areas shall be assembled to serve the designed use.
- Temporary irrigation for the maintenance of natural and manufactured slopes shall be specified as “brownline” construction for durability against severe ultraviolet degradation and to encourage visual blending of colors with slope vegetation.

Lighting

Street lighting may be used to unify the Merrill Ranch development. The goal of the Lighting Design Guidelines is to respond to the requirements of a variety of land uses and environmental conditions created by this development. Street, parking lot and structural lighting fixtures shall provide adequate illumination for the safety and comfort of vehicular and pedestrian traffic (see Exhibit IV-7, Lighting Design Guidelines).

All lighting in the PUD shall comply with the Town of Florence Development Code included as Appendix A.

The type of lighting elements may vary from one zone to the next, but levels of illumination should remain consistent in quality and clarity. The use of special lighting elements (i.e., accent and uplighting) is encouraged.

- Architectural lighting should be used to articulate structural design elements (i.e., uplighting, wall washing, etc.) and emphasize community focal points such as the community center.
- Pedestrian lighting should be used along walks, neighborhood parks and trails when independent of streets.
- The design of light fixtures should remain consistent throughout the PUD area and link elements of the park and open space areas with the development zones.

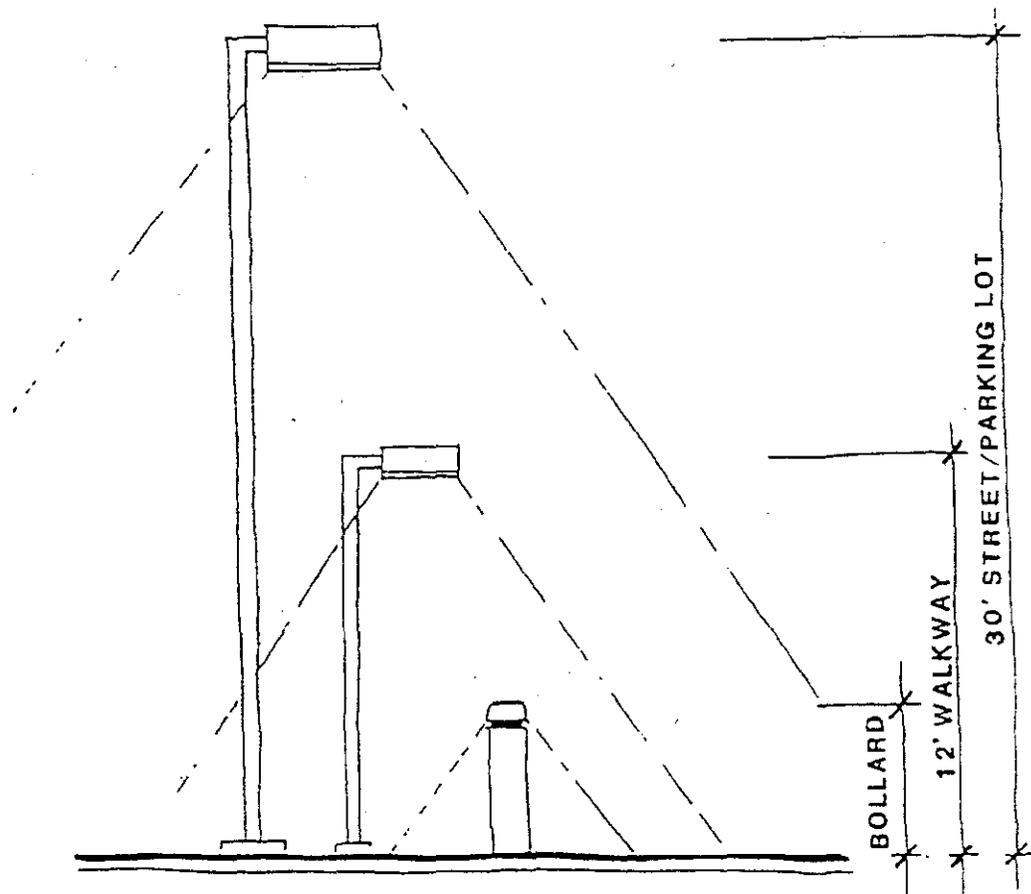
The following applications of lighting elements are permitted:

- On-site Street/parking lot light standards.
- Pedestrian sidewalks/transition zones (bollard/walkway lights).
- Landscape accent, spot or floodlights (concealed to reduce glare).
- Lighting for signage and monumentation (concealed to reduce glare – commercial zones).
- Architectural façade accent, spot or floodlights (concealed to reduce glare – commercial zones).

The following are standard requirements established to help resolve issues of safety and aesthetic lighting implementation:

- Height Maximums for PUD light standards:
 - Parking lot fixtures, 30 feet
 - Walkway lighting, 12 feet
- Lights shall not be placed or directed in a manner causing glare or excessive light to fall on adjacent sites.

- Bollards in pedestrian walkways shall be a minimum of 18 inches and a maximum of 3 feet 4 inches in height.
- A uniform light color, preferably high-pressure sodium, for security and energy savings, shall be used within PUD areas.
 - Levels of illumination should remain consistent throughout the PUD area.
 - Incandescent lighting is permitted for residential applications only.
 - Use of color lenses is prohibited (i.e., blue, green).
- The design of freestanding light standards and their accompanying structural supports shall be architecturally compatible with surrounding structures.
- Security lighting:
 - Security lighting fixtures shall not project above the fascia and/or roofline of the attached structure.
 - Fixtures will have shields that are painted and designed to be compatible with attached structure.
- All parking lot and driveway lights shall provide uniform illumination.
- Electrical connections or junction boxes shall be concealed either within the structure of the light or in a below-grade structure.
- Accent illumination is recommended to be located at key positions within each PUD area, such as entrances, exits, drives and loading zones.
 - Accent lights shall be positioned to be hidden from pedestrian view using plant material and a dark color scheme (dark brown or black).
 - The position of light thrown by accent lights shall be checked and adjusted at regular intervals to reduce glare thrown on adjacent traffic.



BOLLARD:
 MAX. 3'4"
 MIN. 1'4"
 LIGHTING FOR PATHWAYS SHALL
 BE ADEQUATE FOR THE SAFETY
 AND COMFORT OF PEESTRIAN

Furniture (Outdoor)

Street furniture can include trash receptacles, benches, bus shelters, planters, bicycle racks, bollards and information displays.

- The security, safety, comfort and convenience of the user, including the handicapped, should be considered.
- Street furniture should be conservative in use of sidewalk space and where possible, located to the edge of or off the sidewalk to maintain a clear width adequate to accommodate pedestrian flows.
- To the greatest extent possible, street furniture should be incorporated in park areas or landscape spaces and off-street areas.
- Street furniture should be constructed of longwearing, vandal resistant materials.
- Street furniture should be cost-efficient in terms of initial cost, expected lifetime and maintenance requirements.
- Street furniture should be simple in function and the design should reflect the character of the PUD area.
- Single-family mailboxes shall be clustered in a wall or pilaster in accordance with USPS regulations. Exposed mailboxes are discouraged. Multi-family developments shall have group mailboxes. In such cases, common mailbox structures shall be located near major entry or recreation areas. The structure should be of a design similar to the planning area in which it exists. Mailboxes and their standards shall be uniform in design, shape, size, color and address identification.
- Trash receptacles in attached housing areas shall be screened by an approved enclosure or landscaping and concealed from view of adjoining lots. Receptacles shall not be placed along street rights-of-way except on collection day.
- Above ground trash receptacles in attached housing project areas must be fully enclosed with masonry and stucco walls with wood doors on metal frames with landscaping on at least two sides.
- The purpose of bollards is to physically separate pedestrian and vehicular/traffic conflict areas. Their use should be limited to public gathering areas or commercial areas to safeguard children and adults, as well as to protect street furnishings or other elements within the streetscape.
- Any bollards for use adjacent to public streets should meet placement and design conventions of regulatory agencies.

- The design of bollards must be consistent within each planning area or in two or more areas if there is a continuity of bollard use. Along major streets, one bollard style is recommended.
- Proportions should be heavy or massive and suitable for the material used rather than tall and thin. Height should be adjusted to a level always visible to automobile drivers at the closest distance they will approach the bollards. In all cases, 18 inches is a minimum height and 3 feet 4 inches is the maximum height (see Lighting Plan).

The final selection of street furniture shall be based on appropriate materials and design and their consistency with adjacent architectural features. Approval regarding materials and consistency of these elements, in accordance with the PUD, shall be deferred to the Site Plan review process.

E. ARCHITECTURAL DESIGN GUIDELINES

The purpose of establishing Architectural Design Guidelines is to provide a reference for the planning and designing of residential, commercial, industrial, recreational and facility structures within the PUD area. The guidelines' intent is to facilitate the development of a specified architectural context and to help in the selection of materials and colors. Specifically, the guidelines are to be used to achieve project continuity and a standard of quality throughout the planned project and establish a greater visual identity. These guidelines are divided into residential and commercial criteria for the PUD.

1. Residential Design Guidelines

Layout

- The PUD area affords numerous viewshed opportunities. Long-term development should capitalize on viewshed corridors where possible, orienting development towards areas of natural scenic beauty and project landscape improvements.
- A clear distinction shall be maintained between private, residential, commercial properties, schools and recreational areas.
- An emphasis shall be given to creating units with a strong indoor/outdoor relationship.
- All mechanical equipment shall be screened from view of major streets and pedestrian areas using walls similar in design to the project architecture or a planting space adequate in size for proper screening of height and depth.
- Chimneys shall be compatible in materials to the accompanying structure.
- All antennas within residential areas shall be restricted to the attic or interior of the residence. Large satellite "dish" antennas are specifically prohibited on all lots, except lots over 15,000 square feet.
- All trash containers shall be screened from street view.
- Wherever possible within the PUD area, utilities will be located underground rather than overhead.

Design

- Each residential project area should convey its own blend of building forms.
- A particular style should not dominate the entire PUD area, but rather a cultivated theme should result in an integration of building designs and project areas, each with its own character.

- The architectural character of each planning area should be visually perceived from the street. The aim of the guidelines is to create interest through constancy in the use of architectural elements such as windows, doors, balconies and roofs.
- Residential structures and community features shall be coordinated in architectural materials, details and quality. Community features include bus stops, outdoor gathering places, recreation facilities and pedestrian access features.
- Building mass is arguably the most prominent design feature of a project. The design of a multi-family residential unit should avoid long, unbroken building faces without the use of offsets as an integral part of the façade design (see Residential Setback Plan, Exhibit IV-8 and Residential Setback Illustration, Exhibit IV-9).
- Interesting building massing can be achieved without superficial design elements through the use of the following features: two-story structures combined with one-story structures, the use of projecting balconies, recessed porches, entries and enclosures.
- The pitch and form of roofs is a very visible community feature. A range of roof forms and roof pitch adds an appealing visual context to the community and streetscape. An all-flat roof is unacceptable.
- Enclosed roof overhangs are encouraged as a response to climatic conditions, especially when used in combination with porch enclosures, balconies and recesses to decrease summer sun angles and reduce interior temperature fluctuations.
- All parking structures and decks, either freestanding or attached, shall incorporate the same design elements as the accompanying structure or dwelling.

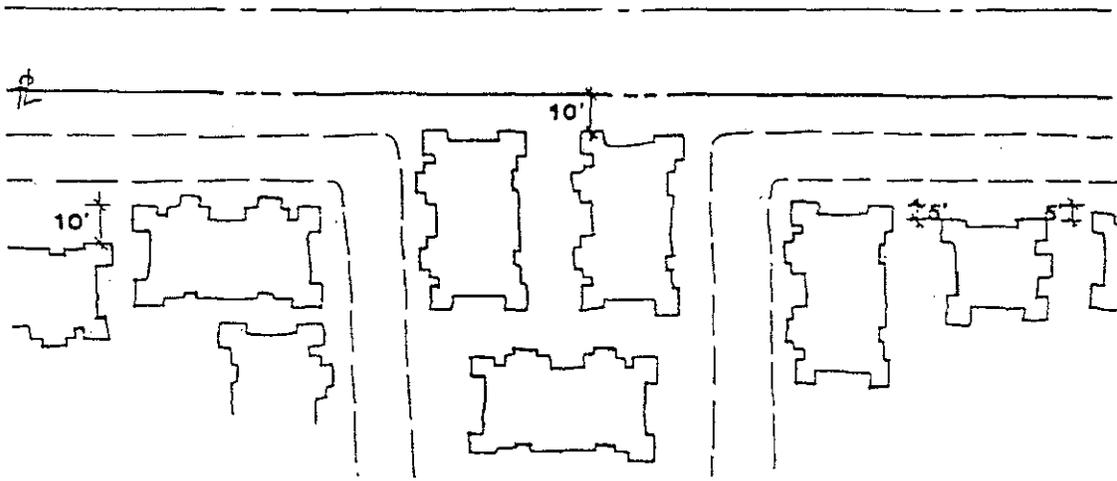
Materials

- The roofing materials used for all residential structures shall be of a fire-retardant material.
- Every single-family residence shall have a roof constructed of tile, concrete tile, or an asphalt composition in compliance with the Fire Safety Section of the Uniform Building Code.

BUILDINGS SHALL BE SET BACK FROM PROPERTY LINE A MINIMUM OF 10'.
NO MORE THAN 2 BUILDINGS THAT ARE SET BACK THE SAME DISTANCE SHALL BE
ADJACENT TO ONE ANOTHER.

SETBACKS FROM ADJACENT BUILDINGS SHALL BE A MINIMUM OF 5' OR MORE.

(CONCEPTUAL LAYOUT ONLY)

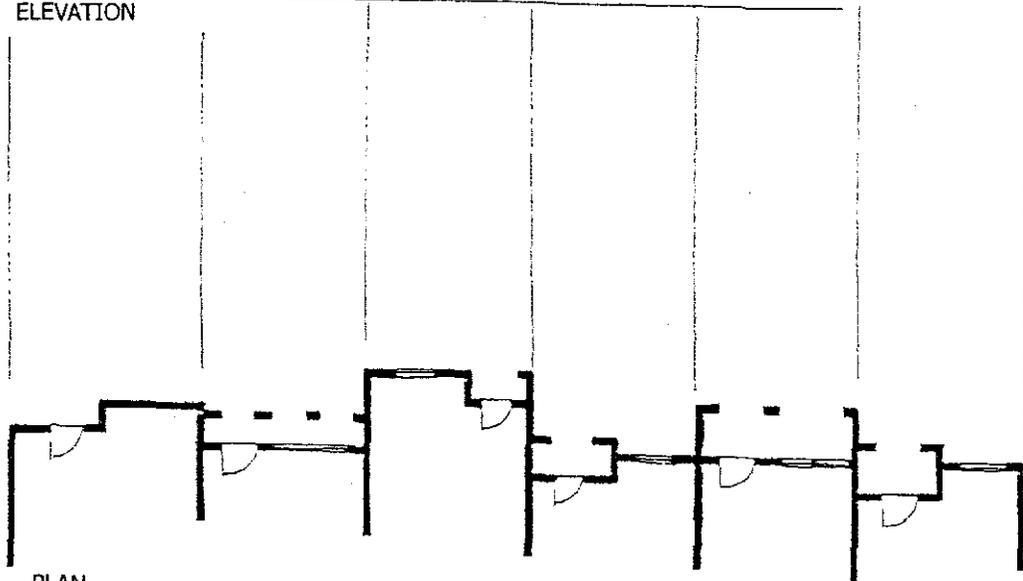


MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Multi-Family Residential Setback Plan

Exhibit IV-8



ELEVATION



PLAN

RESIDENTIAL UNITS SHOULD INCORPORATE
A VARIETY OF SETBACKS TO AVOID LONG
EXPANSES OF SHEER, BLANK WALL

MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Multi-Family Residential Setback Illustration

Exhibit IV-9

2. Commercial Design Guidelines

The purpose of establishing architectural design guidelines within commercial areas is to ensure quality development that reinforces a consistency throughout the PUD area. Recurring elements combine to create a visual and spatial expression that identify the area and give it a special character. All architecture is intended to appear as an integrated part of the overall site design concept. Buildings will be of a contemporary style and materials, employing appropriate massing, scale and proportion for design implementation. Designs for individual projects will be submitted as part of the Site Plan review procedures, as set forth in Section V, herein.

After a study of different architectural elements, the features selected for the PUD area will be judged to provide the highest probability of economic success, aesthetic satisfaction and flexibility in design for the life of build-out. The qualities and design elements for commercial buildings that are most actively encouraged are:

- Richness of surface and texture
- Play of light (shapes, shadows)
- Equal void to solid building wall ratios
- Multi-planed roofs
- High degree of variance in wall articulation

Conventional (contemporary) commercial architecture can be characterized by simple multi-story, geometric floor plate-type structures, typically faced with materials as listed below. These relatively low profile, simple shapes can convey a strong element of continuity throughout the area; with the materials, variations and fenestration details to provide the necessary variety. The major varietal elements to be addressed when designing structures are:

- Wall surfaces (textures, patterns)
- Openings (windows, balconies, pedestrian entrances)
- Graphics (colors, letter styles, clarity)

There is an overwhelming diversity of architectural products available for use by the project designer. The most desirable applications for the PUD area are:

Building Materials

- Masonry (concrete, glass or brick)
- Stucco
- Textured or exposed aggregate
- Pre-cast or tilt-up concrete

Stone

- Openings

- Recessed or projected entries
- Windows
- Landscape planters
- Arcades

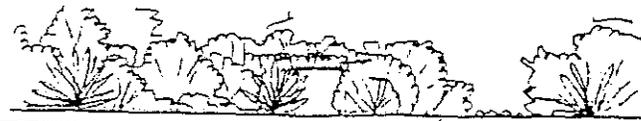
Color Use

- Subtle, warm tones
- White
- Glass, dark with standard tints (not spandrel)
- Graphics
- Informative signage
- The Building Address
- Directional/location Signage
- Company name/logo

The following design elements should be explored when reviewing commercial architecture for the PUD area:

Layout

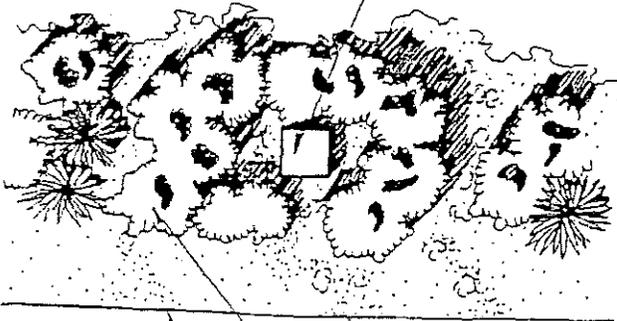
- Exterior components of plumbing, processing, heating, cooling and ventilating systems (including, but not limited to, piping, tanks, stacks, collectors, heating, cooling and ventilating equipment fans, blowers, duct-work, vents, louvers, meters, compressors, motors, incinerators, ovens, etc.) shall not be visible to an individual standing on the ground or ground-floor elevation from a distance of 500 feet, as illustrated on Exhibit IV-10.
- Exterior junction receptacles for electrical or irrigation purposes should be located in shrub bed areas and landscaped to screen from view, as shown on Exhibit IV-10 – Commercial Utilities Screening Illustration.
- Conceal all service areas and storage areas within the building, or screen those exterior areas with solid masonry or stucco stud walls of a single color or with architecturally coordinating trim.
- Whenever possible, do not place employee parking in the front setback. Parking should be located to the side or rear portion of the site. Walls and/or landscaping are encouraged to screen parking areas from street side views, as seen in Exhibit IV-11, Commercial Design Guidelines.
- Buildings should be sited in a manner that will complement the adjacent buildings and landscape. Look to the existing development around the subject site to establish a context in which to design. Building sites should be developed in a coordinated manner to provide order and diversity and avoid a confused street scene.



ELEVATION

UTILITY CABINET

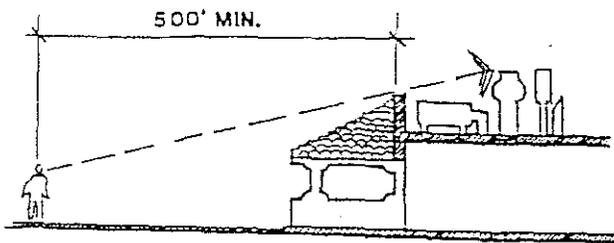
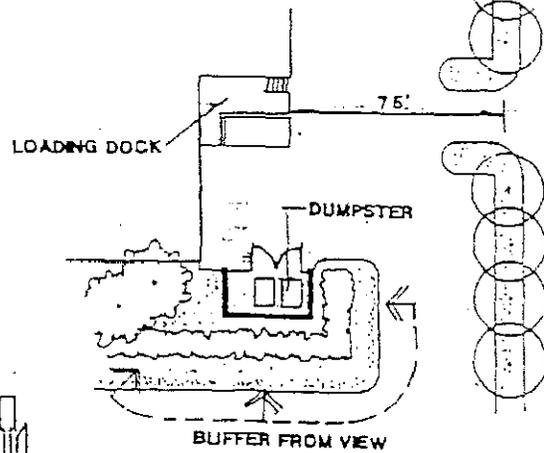
SCREEN MECHANICAL EQUIPMENT TO
REDUCE VISUAL DISRUPTION OF
LANDSCAPE THEME



PLAN

PLANTED SCREEN

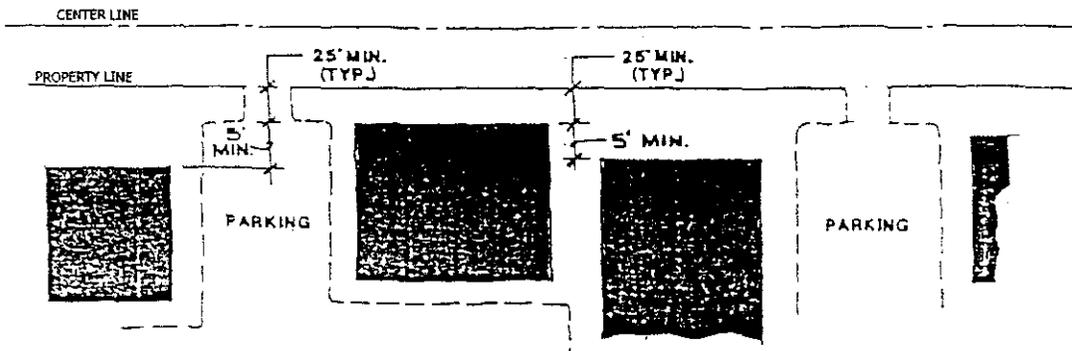
ROAD EDGE



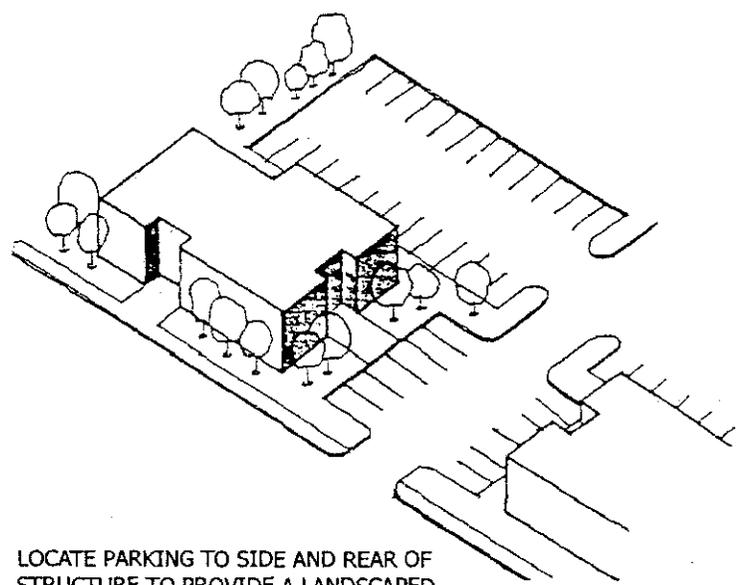
SCREEN ALL ROOFTOP SERVICE EQUIPMENT
TO A MINIMUM 500' FROM ENTRY LEVEL

MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Commercial Utilities Screening Illustration

Exhibit IV-10



VARIED SETBACKS WITH PARKING LOCATED TO THE SIDE AND REAR OF THE COMMERCIAL STRUCTURES



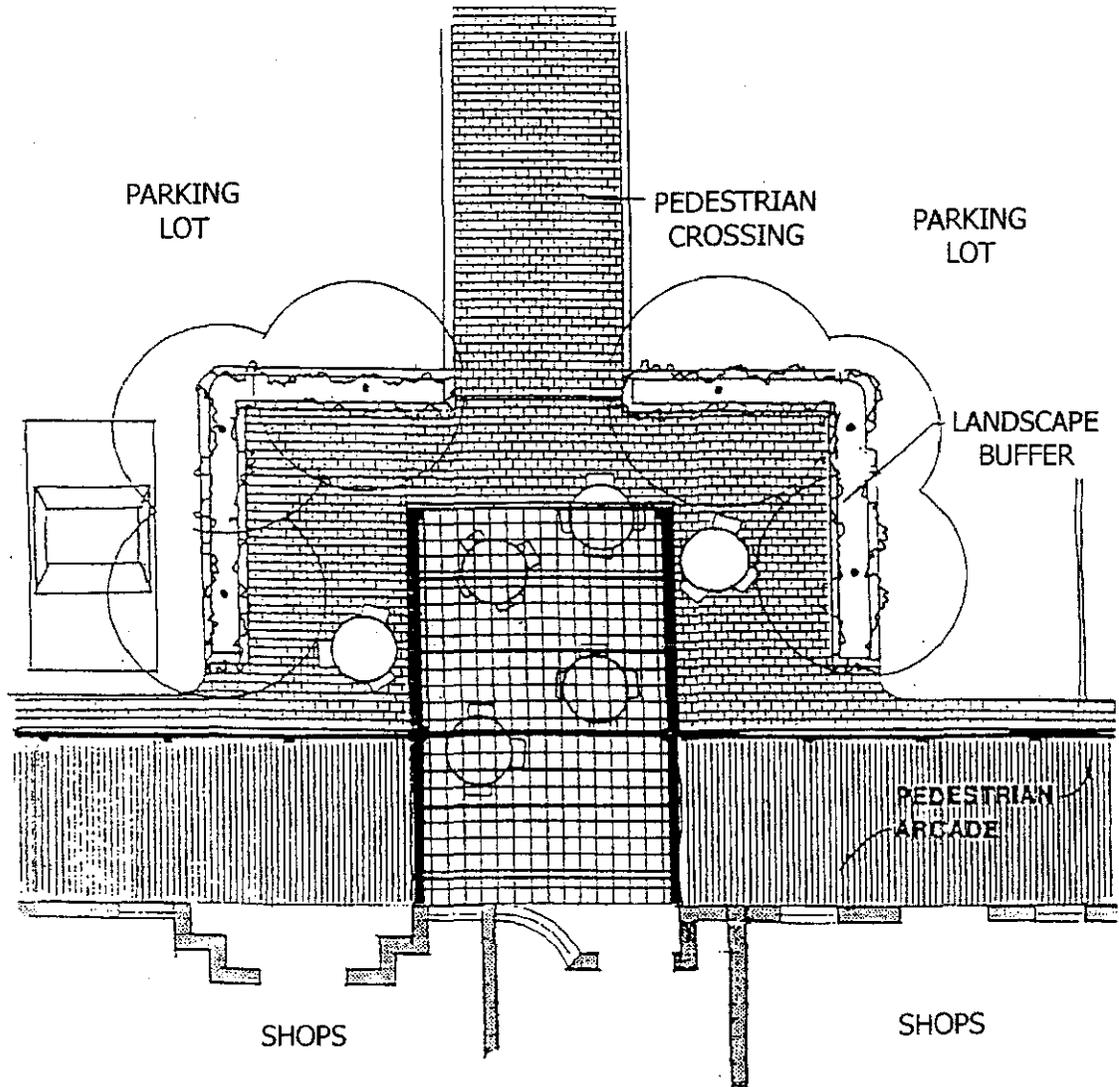
LOCATE PARKING TO SIDE AND REAR OF STRUCTURE TO PROVIDE A LANDSCAPED BUFFER FROM STREET

Design

- Avoid long, unarticulated building facades. Buildings with varietal front setbacks are strongly encouraged.
- Commercial developments should incorporate street furniture and pedestrian spaces where appropriate (see Exhibit IV-12, Commercial Design Concept). Pedestrian amenities should incorporate the overall commercial design scheme and be compatible in scale, form, materials and color with other architectural elements. Street furnishing should be simple in design and functional and be placed so as not to obstruct entrances, exits or pedestrian paths.

Materials

- The use of prefab, all-metal steel for sheathing of buildings is prohibited. This shall not preclude the use of finished metal details upon architecturally designed structures.
- Service utilities will be located underground within the PUD area, except for major power sources and connections with possible future substation facilities, as necessary.
- Building materials and landscaping should be consistent with adjacent, non-residential buildings to create a sense of unity of overall design.



MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Commercial Design Concept

Exhibit IV-12

F. SIGNAGE

1. Purpose and Intent

Signage is an essential design element within the structure of a planned community and provides a sense of identity and visual orientation. Signage reflects an image of cohesive quality while providing graphic communication for residents and visitors. Signs should inform and direct but, in addition, should be designed to remain consistent in both scale and style within the project area.

Each development area within the PUD area represents a small portion of a greater planned community, contributing significantly to the visual impact of the overall project. The signage guidelines and regulations contained herein shall apply to all developments within the PUD area. It is intended that the uniform application of these provisions shall provide the basis for an integrated visual character and continuity through all PUD phases. These signage guidelines are in addition to those issued in the Town of Florence Development Code (Appendix A).

Within the PUD, there are several different land use categories and each requiring different signage controls. These categories can be identified as residential, commercial, model home complex/subdivision sales and other signage (such as directional, etc.)

Additional Exempt Signs:

- Traffic, directional, warning or information signs required or authorized by the public authority having jurisdiction.
- Mounts and stands made compatible with project signage with the approval of the Planning Director.
- Official signs used for emergency purposes only.
- Public utility signs, provided such signs do not exceed three square feet in area.

Additional General Provisions:

The following sign regulations will effectively regulate the placement, erection and maintenance of signage within the PUD. These regulations are intended to provide equitable standards for the protection of property values, visual aesthetic enjoyment and promotion of the public health, safety and general welfare and are in addition to those within Appendix A.

The following general regulations shall apply to all signage in any zone:

- All light sources, either internal or external, provided to illuminate signage shall be placed or directed away from public streets, highways, sidewalks, or adjacent premises so as not to cause glare or reflection that may constitute a traffic hazard or nuisance.
- Any sign located on vacant or unoccupied property that was erected for a business, which no longer exists, or any sign, which pertains to a time, event or purpose, which no longer exists, shall be removed within 90 days after the use has been abandoned.
- All signage shall be designed free of bracing, angle iron, guy wires, cables or similar devices.
- The exposed backs of all signs visible to the public shall be suitably covered, finished and properly maintained.
- All signs shall be maintained in good repair including display surfaces, which shall be kept neatly painted or posted.
- Any sign, which does not conform, to the provisions contained herein shall be made to conform or shall be removed.
- The heights of all signs shall be measured from the highest point of the sign, exclusive of any part of the sign not included in the area calculations.

Additional Prohibited Signage:

The following signs shall be prohibited in all zones within the PUD area:

- Inflatable signs, balloons, symbols of animals.
- Rooftop signs.
- Portable signs.
- Signs on trailers or painted on the sides of disabled or parked vehicles.
- Signs advertising or displaying any unlawful act, business or purpose.
- Any signage, notice or advertisement affixed to any street right-of-way, public sidewalk, crosswalk, curb, lamp post, hydrant, tree, telephone pole, lighting system, upon any fixture of the fire or police alarm system of The Town of Florence.
- Any strings or pennants, banners or streamers, clusters of flags, strings of twirlers or propellers, flares, balloons and similar attention-getting devices, including noise-emitting devices, with the exception of the following:
 - Pennants, banners or flags used in conjunction with subdivision sales offices and tract entry points.

- National, state, local governmental, institutional or corporate flags properly displayed.
- Holiday decoration, in season, used for an aggregate period of 60 days in any one calendar year.

2. Design Guidelines

The overall goal for the PUD sign program is to achieve consistent sign usage throughout the community. The sign regulations establish maximum types and locations in permitted areas. The signage guidelines are designed specifically for this project to establish standard criteria to contribute to a well-integrated, high-quality project character. These standards provide a basis for both the developer and the PUD jurisdiction to design, pattern and regulate a consistent signage program.

Business Signage Within Commercial Zones

- Function – Signs for current places of business for the purpose of advertising and identification.
- Description – Individual business signage may be either freestanding, monument, wall signs, ground signs, projecting signs, awnings, attached signs or a combination of the above. Typography may include a commercial theme or style and should be consistent with the general vicinity.
- Attached Signs – Fascia signs may be used in addition to other types of signage. When several businesses are located within one building or when a certain theme is established for multi-tenants, the framing, lighting and positioning should be the same. Grouping such signs into a directory is encouraged.
- Projecting Signs – Projecting signs should be used when there is limited visibility or to add interest to a building. The support structure for such signage should complement the architectural style of the building.
- Awnings – Creative applications of awnings can be used as signage. All such awnings should complement the architectural theme and be of a consistent color and style for each building.
- Wall Signs – Wall signs may be used to complement a building or where other types of signage are not appropriate. Wall signs have the opportunity of adding visual interest to an expanse of wall. Wall signage utilizing individual letters mounted to a wall is encouraged. Support structures for attaching other wall signs should be made inconspicuous. Wall signs typically require more maintenance than other types of signage, so an effort should be made to keep their appearance clean and attractive.
- Monument Signs – Monument signs typically display messages at or below eye level and have a direct relationship to pedestrians and vehicles; therefore, the placement of monument signs is critical. Monument signage projects a feeling of permanency

and may be made from a variety of materials that are consistent with the structures they are identifying.

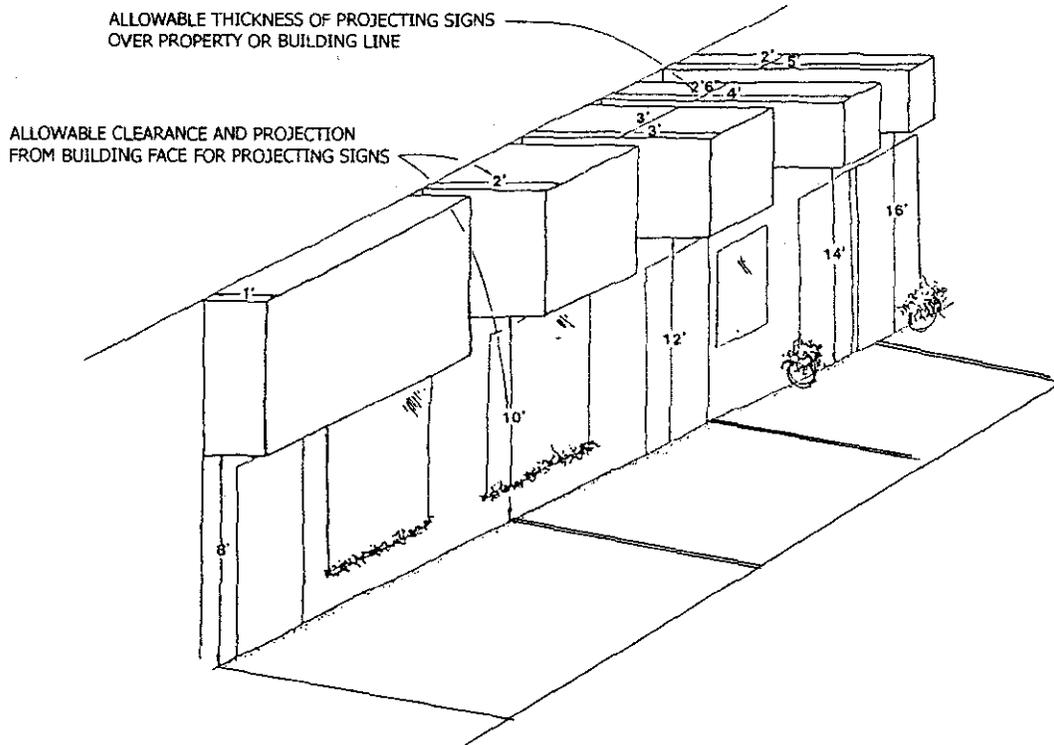
Exhibits IV-13 and IV-14 illustrate typical examples of appropriate signage for the PUD business zones.

Directional Signage

- Function – This type of signage identifies and directs vehicular and pedestrian traffic to various on-site destinations. They may be used on community trails or to display a destination, direction or location.
- Description:
 - Typically small scale signs, freestanding, consistent with community facility or amenity signs.
 - Sign materials and design should remain consistent with major community signage.
- Location – Located typically at entrances, exist and strategic locations along pedestrian and vehicular routes.

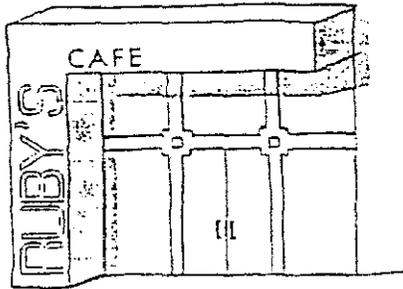
Project Monumentation

- Function – Signage that creates a major statement and informs the viewer through written and symbolic graphics that the planned community or project is being entered.
- Description – Entry signs should be large-scale, monument-type signs creating a sense of arrival. Materials used should be compatible with landscape treatment and street furniture. Entry signage should be illuminated. Signage may include community theme or project design theme (including logo, logotype and color scheme) and should be the same throughout the project.

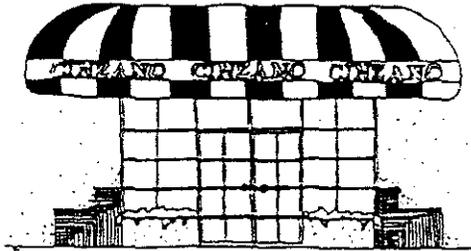


MERRILL RANCH
 PLANNED UNIT DEVELOPMENT
 Design Guidelines Business Signage

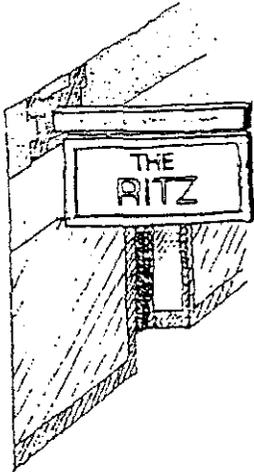
Exhibit IV-13



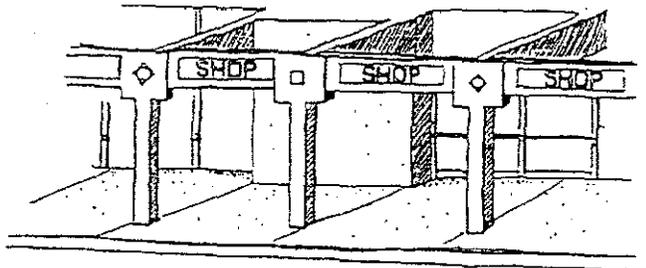
WALL SIGNAGE
EXAMPLE



AWNING SIGNAGE
EXAMPLE



PROJECTED SIGNAGE
EXAMPLE



ATTACHED SIGNAGE
EXAMPLE

MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Design Guidelines Business Signage - Example

Exhibit IV-14

- Location – Major community entry points or project planning area entry points.

Sample Design Guidelines for Monument Signage are shown on Exhibit IV-15.

Community Facility Signage

- Function – A sign that informs the viewer through written and symbolic graphics of community facilities and amenities.

- Description:

These types of signs should be consistent within planning areas incorporating an area theme, logo, color or style in conjunction with the facility identification.

- Either freestanding or monument-type signage, single- or double- faced. Materials should be consistent with the thematic treatment for the major community signage.
- Location – Signage should be installed on the site of the facility or amenity and oriented toward the street.

Examples of Community Facilities Signage are provided on Exhibit IV-16.

Temporary Signage

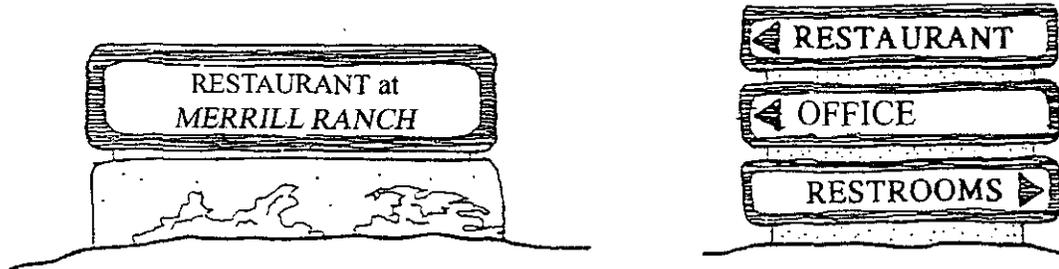
- Function – Signage that identifies uses or activities temporary in nature. Typically includes real estate sales signs, subdivision sales signs, notification and other special feature signs.
- Description – Temporary signage should be located in close proximity to the use or uses identified. The design and theme of temporary signage should be consistent in scale and color with signs in the general vicinity.
- Location – Temporary signage should be located in proximity to use or as permitted in the sign regulations contained herein.

Materials/Color Scheme

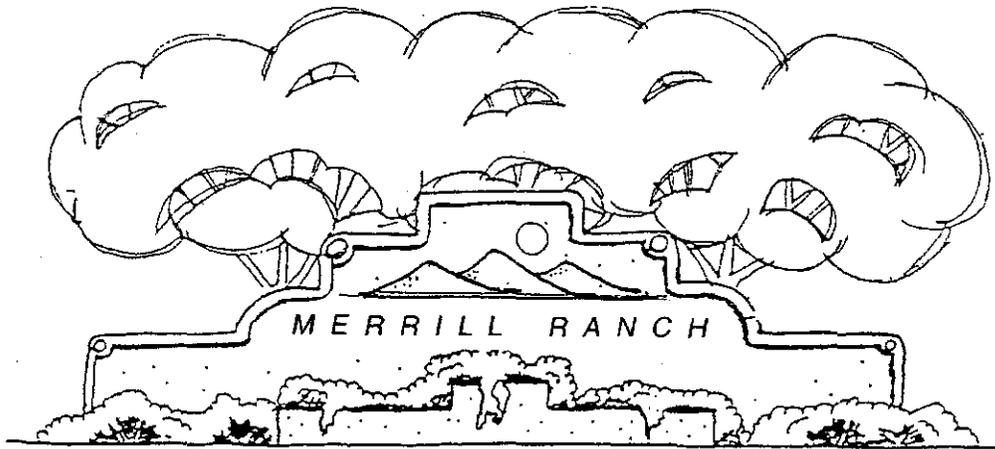
- An effort should be made to achieve consistency between building style and sign design. In all cases, signage generally should be compatible with the exterior treatment of the building or location identified. The message a sign conveys is affected by the materials and colors used in combination. Selecting signage material should be based on strength and durability with consideration toward safety and prolonged maintenance.
- Color schemes for signage should relate to other signs, graphics and color schemes in the vicinity to achieve an overall sense of project identity.



MONUMENT SIGNAGE
EXAMPLE



DIRECTIONAL SIGNAGE EXAMPLE



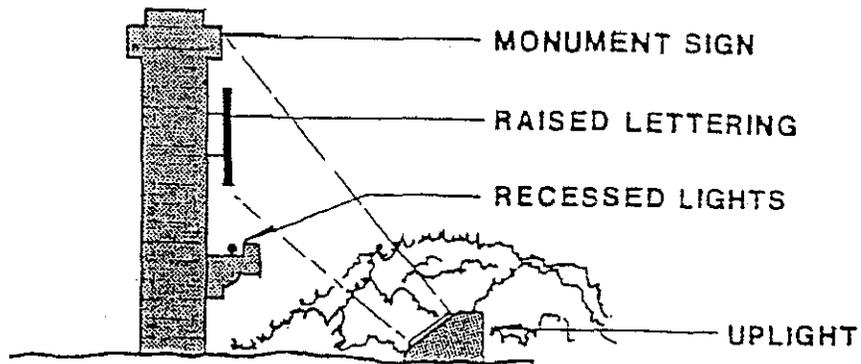
PROJECT MONUMENTATION
SIGNAGE EXAMPLE

MERRILL RANCH
PLANNED UNIT DEVELOPMENT
Design Guidelines Monument Signage

Exhibit IV-15



COMMUNITY FACILITY
SIGNAGE EXAMPLE



SIGNAGE LIGHTING
EXAMPLE

Lighting

The quality of signage lighting should relate to the character that is intended for the area. No sign illumination should cause a glare or illuminate unrelated adjacent sites. Signage may be illuminated by continuous and uniform internal lighting or external ground lighting sources. Signage that is either internally or externally illuminated shall follow these guidelines:

- Externally Lighted Signs
 - All external light sources should be adequately shielded to guide or direct the light toward the sign face and prevent glare or illumination of adjacent properties or structures
 - Light fixtures should be well integrated with the design and color scheme of the sign using appropriate design, color and lighting hardware.
- Internally Lighted Signs
 - Creative uses of internal lighting are encouraged when the color and intensity of light is well blended into the sign design.
 - Artistic applications of neon lighting in signs are acceptable when used for uses conducted after dark, such as restaurants.

VI. BIBLIOGRAPHY

Arizona Department of Water Resources, Phoenix Active Management Area; Low Water Using Plant List. February, 1997.

Johnson Ranch; Planned Area Development. October, 1997.

Town of Florence, Development Codes, June 20, 2002.

Florence Area, General Plan Update, April 9, 2003.

APPENDICES

EXHIBIT "C"

**Merrill Ranch CFD District Development,
Financing Participation, and Waiver and Intergovernmental Agreement**

DRAFT
02/13/03
06/12/03
11/13/03
11/24/03
11/26/03

[AREA RESERVED FOR RECORDING INFORMATION]

DISTRICT DEVELOPMENT, FINANCING PARTICIPATION, WAIVER AND
INTERGOVERNMENTAL AGREEMENT
(MERRILL RANCH COMMUNITY FACILITIES DISTRICT)

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THIS DISTRICT DEVELOPMENT, FINANCING PARTICIPATION; WAIVER AND INTERGOVERNMENTAL AGREEMENT (MERRILL RANCH COMMUNITY FACILITIES DISTRICT), dated as of _____ 1, 200_ (hereinafter referred to as this "Agreement"), by and among the Town of Florence, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "Municipality"); Merrill Ranch 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 _____ a _____ duly organized and validly existing pursuant to the laws of the State of Arizona and having an interest in certain property in the District (hereinafter referred to as "_____"), and _____, a _____ duly incorporated and validly existing pursuant to the laws of the State of _____ (hereinafter referred to as, collectively, the "Owners");

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, certain of the Owners 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 and the Municipality, the District, the Owners 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 the Owners with respect thereto, all pursuant to the Act, such public infrastructure being necessary for the Owners 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, including 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 and in this Agreement (hereinafter referred to as the

"General Obligation 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, special assessment lien bonds of the District shall be issued before any of the General Obligation Bonds if certain conditions are met to provide moneys for certain public infrastructure purposes described in such General Plan (herein referred to as the "Assessment Bonds"); and

WHEREAS, the use of the proceeds of the sale of the General Obligation Bonds and the Assessment 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 the Owners with respect to the advance of moneys for public infrastructure purposes by the Owners and the repayment of such advances and to obtain credit enhancement for, and process disbursement and investment of proceeds of, the General Obligation Bonds and the Assessment Bonds; and

WHEREAS, specifically, pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as amended, as nearly as practicable, or such other procedures as the district board of the District provides, assessments of the costs of any public infrastructure purpose on any land in the District may be based on the benefit determined by such board to be received by such land, and, in that respect, the Owners have determined to waive certain matters and agree to certain other matters with respect thereto; and

WHEREAS, prior to the issuance of the Assessment Bonds, the District entered into this Agreement as a written agreement with the Owners as to the manner in which such assessments are to be allocated inasmuch as the portion of the Property upon which they are to be levied is to be divided into more than one parcel and assessments may be prepaid and reallocated; 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 that which is the subject of a request of the Owners 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, Waiver and Intergovernmental Agreement (Merrill Ranch Community Facilities District), dated as of _____ 1, 200_, by and among the Municipality, the District, the Owners, as amended from time to time.

"*Assessed Property*" means the real property included within the District and hereinafter described in an amendment to this Agreement upon terms determined by the District Board.

"*Assessment Bond Acquisition Construction Contracts*" means the Construction Contracts for the Work.

"*Assessment Bonds*" means the series of special assessment lien bonds of the District authorized to be sold and issued by the District as described in this Agreement, payable from amounts collected from, among other sources, the Assessments.

"Assessment Diagram" means the assessment diagram to be prepared by the District Engineer and the Superintendent of Streets showing estimated maximum dollar amounts of benefits derived from the Work to be for each parcel of the Assessed Property and assessing against each such parcel the maximum proportionate share of costs and expenses of the Work to be shown in an exhibit to be provided by an amendment to this Agreement upon terms determined by the District Board.

"Assessments" means, as to be originally levied and as thereafter reallocated as described herein, the "not to exceed" proportionate share of costs and expenses of the Work levied against each parcel of the Assessed Property pursuant to Title 48, Chapter 4, Article 2, Arizona Revised Statutes.

"Bonds" means, as applicable, the Assessment Bonds or the General Obligation Bonds.

"Certificate of the Engineers" means a certificate of the Owners 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.

"Deposit Amount" means the dollar amount equal to maximum annual debt service for any fiscal year of the District (including the amount necessary for any mandatory redemption of related term General Obligation Bonds) for a series of the General Obligation Bonds.

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

"District" means Merrill Ranch 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 _____.

"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 Assessment Bonds or the General Obligation Bonds or any similar matters and rea-

sonable 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 and specifically allocated to the District Expenses.

"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 Owners 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 Owners Engineer, without compliance with the other provisions hereof with respect to such change.

"Estimate" means the estimate of the Financeable Amount indicated in the First Report.

"Financeable Amount" means the total of amounts necessary (1) to pay the total of all amounts due pursuant to the Assessment Bond Acquisition Construction Contracts not otherwise paid from cash collections of the Assessments and (2) to pay (i) all other amounts indicated in this Agreement, (ii) all relevant issuance costs related to the Assessment Bonds, (iii) capitalized interest for a period not in excess of that permitted by the Act and described elsewhere herein and (iv) an amount necessary to fund a debt service reserve fund in an amount not in excess of that permitted by the Act and described elsewhere herein.

"First Report" means the first of the Reports, being the Report applicable to the Work.

"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 its best efforts to remedy such a condition or event.

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

"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 public infrastructure described in Exhibit "B" hereto.

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

"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 Assessment Bonds or the General Obligation 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 and specifically allocated to the Initial Expenses.

"Land Development Agreement" means the _____ Agreement, entered into as of _____, 200_, by and between the Municipality and _____, and recorded _____, 200_, in Instrument No. _____, official records of Pinal County, Arizona, as amended from time to time.

"Municipality" means the Town of Florence, 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 and for accumulating a Replacement Reserve Amount with respect to the Projects including any overhead incurred by the Municipality with respect thereto and specifically allocated to the O/M Expenses.

"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.

"Owners" means, collectively, a corporation incorporated and existing pursuant to the laws of the State of _____.

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

"*Plans and Specifications*" means the plans and specifications for a 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.

"*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.

"*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.

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

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

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

"*Segment Price*" means an amount equal to the sum of the amounts paid by the Owners 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 including an amount determined by the Engineers in the Certificate of Engineers for such Segment determined to be then commercially reasonable by them, but in no event less than five percent (5%) or more than ten percent (10%) of the amount described in clause (2) hereof for such Segment, for construction administration, (4) the fair market value of real property for rights of way, easements and any other interests in real property which are part of such Segment, (5) interest during the period starting after the Segment has been accepted by the Municipality for use but before the provisions of Section 7.1 hereof are effective with respect to such Segment until the Segment Price for such Segment can be paid, calculated at the rates of interest equal to the prime rate as reported in the West Coast Edition of The Wall Street Journal plus two percent (2%) from day to day on the amounts expended for

purposes of clause (1), (2) and (3) hereof during such period and (6) 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.

"State" means the State of Arizona.

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

"Work Plans and Specifications" means, for purposes of levying the Assessments, the descriptions of the Infrastructure in the First Report and the Plans and Specifications for the corresponding Acquisition Projects, which shall compose the Work.

"Work" means the portion of the Infrastructure described in an amendment to this Agreement upon terms determined by the District Board.

(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

Section 2.1. Upon a written request of the Owners and after approval by the District Manager prior to the construction bidding therefor, the District may cause any portion of the Infrastructure to be constructed pursuant to the Plans and Specifications in a fashion which, in the discretion of the District Manager, allows for development of the Property to proceed in accordance with the terms of the Land Development Agreement. (Underlying ownership of real property in and 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 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) The 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 any procurement guidelines promulgated by the Municipality for such purpose.

Section 2.3. Neither the Owners nor any entity related to any of them have 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 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. [Reserved to Preserve Section Numbering.]

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

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, the Owners shall, at the sole cost and expense of the Owners, for which the Owners shall be liable, cause the remainder of the Infrastructure (i.e., the Acquisition Infrastructure) to be constructed pursuant to the Plans and Specifications on real property in which the Owners have an interest. (Underlying ownership of real property in and 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 any procurement guidelines promulgated by the Municipality for such purpose. 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 guide-

lines, 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 the Owners and the District, the Owners 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 General Obligation Bonds with respect thereto.

(d) An indication of final payment and contract closeout shall be provided to the District Manager before any acquisition pursuant to Article IV. If any liens are placed on any portion of an Acquisition Project which is the subject of an Acquisition Project Construction Contract or if litigation ensues between the Owners 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 the Owners 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 INTER-GOVERNMENTAL AGREEMENT AMONG OWNER, THE TOWN OF FLORENCE, ARIZONA, AND MERRILL RANCH 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 TOWN OR COMMUNITY FACILITIES DISTRICT FOR ANY COSTS UNDER ANY CONTRACT OR ANY LIABILITY, CLAIM OR EXPENSE ARISING THEREFROM." (The Owners are "OWNER" for purposes of the foregoing.)

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

expense arising therefrom and that the Owners shall have sole liability therefor.

Section 3.4. The Owners 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, the Owners shall sell to the District, and the District shall acquire from the Owners, the Segments for the Segment Prices.

(b) Acquisition of a Segment shall be financed (1) 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 (2) 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 the Owners 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 the Owners, and the Owners 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 Manager that such real property does not contain environmental contaminants which make such real property unsuitable for its intended use or, to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such real property will be made suitable for its intended use and the sources of funds necessary to accomplish such purpose.

ARTICLE V
FINANCING OF COSTS OF PROJECTS
AND PLANS AND SPECIFICATIONS

Section 5.1 (a) [Reserved to Preserve Section Numbering]

(b) (1) 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 (and, if applicable, cash collections, if any, from the Assessments). Proceeds of the sale of the Assessment Bonds shall only be applied for such purposes to amounts provided for the Work.

(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 the Owners (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, 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 the Owners pursuant to the terms of this Agreement and the Conveyance for that Segment.

(2) As soon as possible after the sale and delivery of the Bonds, the amount advanced by the Owners for the Segment Price of a Segment prior to the sale and delivery of the Bonds shall, subject to the requirements of Section 4.2, be paid to the Owners from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof (and, if applicable, cash collections, if any, from the Assessments). Neither the District nor the Municipality shall be liable to the Owners (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 (and, if applicable, cash collections, if any, from the Assessments) 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. Proceeds of the sale of the Assessment Bonds shall only be applied for such purposes to amounts advanced for the Work.

(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 the Owners for any advance made by the Owners to pay a Segment Price.

(b) (1) Any acquisition of a Segment occurring after the sale and delivery of the Bonds or of Plans and Specifications for a Project to be acquired which may occur only after sale and delivery of the Bonds (and while there are remaining, available, unrestricted proceeds of the sale of the Bonds) shall, subject to the requirements of Section 4.2, be provided for by the payment of the Segment Price for such Segment or of the costs of such Plans and Specifications as determined by the District Engineer and the District Manager based on actual amounts paid by the Owners to the Owners 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 (and, if applicable, cash collections, if any, from the Assessments). Proceeds of the sale of the Assessment Bonds shall only be applied for such purpose to amounts provided for the Work. (The District shall pay the costs of such Plans and Specifications to the Owners 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 structure in form and substance reasonably satisfactory to the District Manager.)

(2) Until the sale and delivery of the Bonds, the District shall not have any obligation to pay such Segment Price or such costs of such Plans and Specifications. Neither the District nor the Municipality shall be liable to the Owners (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 (and, if applicable, cash collections, if any, from the Assessments) 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 ASSESSMENT BONDS AND
THE GENERAL OBLIGATION BONDS AND
OTHER OBLIGATIONS OF THE DISTRICT

Section 6.1. (a) Upon dates established by the District Manager in his discretion at the request of the Owners, 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 General Obligation 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 (except for such amounts due in those respects with regard to the Work which shall be provided for pursuant to Section 6.3). Upon a written request of the Owners and after approval by the District Board prior to construction bidding therefor, this Agreement shall be amended upon terms determined by the District Board to provide for the issuance and sale of additional special assessment lien bonds of the District, the proceeds of the sale of which shall be applied to repay such advances or to pay such amounts instead of from the proceeds of the sale of the General Obligation Bonds. To the extent the District is not otherwise prohibited from agreeing pursuant to applicable law, until such time as the Owners hold fee title to less than fifteen percent (15%) of the total acreage of the Property, the District shall not undertake the issuance of any of the General Obligation Bonds to finance costs of any public infrastructure other than the Infrastructure without written approval of the Owners. The District may at any time in its sole and absolute discretion undertake the financing of the Infrastructure if necessary in connection with development of the Property if the District Board then determines reasonably that the same is necessary.

(b) If the Assessment Bonds or the General Obligation Bonds, as applicable, are not issued or if the available, unrestricted proceeds of the sale of the Assessment Bonds or the General Obligation 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 Assessment Bonds or the General Obligation Bonds, if any and as applicable.

Section 6.2. (a) The District shall, subject to the other conditions of this Agreement, issue, in one series, the Assessment Bonds and, in one or more series in principal amounts to be determined by the District Board, the General Obligation Bonds at the sole discretion of the District Board. The District shall not issue the Assessment Bonds or any series of the General Obligation Bonds unless the Assessment Bonds or the corresponding series of the General Obligation Bonds, as applicable, 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 General Obligation Bonds shall not exceed \$400,000,000, leaving \$133,000,000 aggregate principal amount of general obligation bonds to be approved at the election described in the recitals to this Agreement which are not controlled by the terms of this Agreement.

(c) A series of the General Obligation Bonds shall only be issued if the debt service therefor can be amortized with substantially equal amounts of annual debt service from amounts generated by a tax rate of not to exceed \$3.25 per one hundred dollars of secondary assessed valuation of property within the boundaries of the District as indicated on the tax roll for the current tax year. For purposes of the foregoing, a delinquency factor for tax collections equal to the greater of five percent (5%) and the historic, average, annual, percentage delinquency factor for the District as of such Fiscal Year shall be assumed; all property in the District owned by the Owners or any entity owned or controlled (as such term is used in the Securities Act) by the Owners shall be assigned the last value such property had when categorized as "vacant" for purposes of secondary assessed valuation and the debt service for any outstanding series of the General Obligation Bonds theretofore issued shall be taken into account in determining whether such tax rate will produce adequate debt service tax collections; provided, however, that the first series of the General Obligation Bonds shall be issued no later than necessary to have the debt service tax costs therefor appear on

the first tax bill applicable to any single family residential dwelling unit to be located within the boundaries of the District to be owned by other than the Owners or any entity owned or controlled (as such term is used in the Securities Act) by the Owners or any homebuilder to whom the Owners or any entity owned or controlled (as such term is used in the Securities Act) by the Owners sells property within the boundaries of the District.

(d) If necessary in the discretion of the District Board, the "sale proceeds" of the sale of each series of the General Obligation 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 General Obligation 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.

Section 6.3. (a) Notwithstanding any provision hereof to the contrary, this Section shall apply to the Assessment Bonds to the exclusion of any conflicting provision herein. The District Board shall, from time to time and in its discretion, take all such reasonable action necessary for the District to issue and sell, pursuant to the provisions of the Act, the Assessment Bonds, in one series, in an amount not to exceed the Financeable Amount.

(1) (A) The Assessments shall be levied based on the Financeable Amount, but in any case shall, subject to Section 6.3(f)(1), not exceed \$6,500 (adjusted from the date hereof by the Consumer Price Index promulgated by the United States Department of Commerce) per typical equivalent dwelling unit lot.

(B) The Assessments shall be levied pursuant to the procedures prescribed by Sections 48-576 through 48-589, Arizona Revised Statutes, as amended, as nearly as practicable and except as otherwise provided herein, upon all of the Assessed Property in an amount equal to the Financeable Amount based on the benefits to be received by and as allocated to the parcels into which the Assessed Property is or is to be divided, as determined by the District Board herein, and shall be collected pursuant to the procedures prescribed by Sections 48-599 and 600, Arizona Revised Statutes, as amended, as nearly as practicable.

(C) The Owners shall accept the Assessments which are in an amount not more than the Financeable Amount against the Assessed Property and have the Assessments allocated and recorded with the County Recorder of Pinal County, Arizona, by means of this Agreement against the various parcels comprising the Assessed Property; provided, however, that the District Board in its sole and absolute discretion may modify the Assessments after the Assessments have been legally assessed to correspond to subsequent changes in the development of the affected property but in no case shall the Assessments be reduced below a total necessary to provide for debt service for the corresponding Assessment Bonds.

(D) The Assessed Property shall receive benefits from the Work equal to not less than the Assessments as so allocated to the parcels into which the Assessed Property is or is to be divided and that the Assessments shall be final, conclusive and binding upon the Owners whether or not the Work is completed in substantial compliance with the Work Plans and Specifications.

(E) In the event of nonpayment of any of the Assessments, the procedures for collection thereof and sale of the applicable portion of the Assessed Property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended, shall apply, as nearly as practicable, except that neither the District nor the Municipality is required to purchase any of the Assessed Property at the sale if there is no other purchaser.

(F) To prepay in whole or in part the applicable portion of any of the Assessments, the following shall be paid in cash to the District: (I) the interest on such portion to the next date Bonds may be redeemed plus (II) the unpaid principal amount of such portion rounded up to the next highest multiple of \$1,000 plus (III) any premium due on such redemption date with respect to such portion plus (IV) any administrative or other fees charged by the District with respect thereto less (V) the amount by which the reserve described in Section 4.3(f)(2) may be reduced on such redemption date as a result of such prepayment.

(G) The Owners hereby acknowledge that lenders and other parties involved in financing future improvements on the Assessed Property (including mortgages for single family residences) may require that liens associated with the Assessments (or applicable portions thereof) be paid and released prior to accepting a lien with respect to any such financing.

(2) (A) By an amendment hereto upon terms determined by the District Board, the Owners shall agree that they have reviewed the Estimate and the Work Plans and Specifications and approve the same.

(B) This Agreement shall be construed to be an express consent by the Owners that (I) the District may, with respect to the Assessed Property, incur costs and expenses necessary to complete the Work and (II) the District may levy and collect the Assessments in amounts sufficient to pay the Financeable Amount, including the Work, but not in excess of the Financeable Amount.

(C) The mailing to the governing body of the Municipality of the Estimate and the Work Plans and Specifications in the form of the First Report pursuant to Section 48-715, Arizona Revised Statutes, as amended, shall satisfy the filing requirements of Section 48-577, Arizona Revised Statutes, as amended, and the publication of the notice of hearing on the First Report pursuant to Section 48-715, Arizona Revised Statutes, as amended, shall satisfy

the publication and posting requirements of Section 48-578, Arizona Revised Statutes, as amended.

(3) Notwithstanding that Section 32-2181(I), Arizona Revised Statutes, as amended, may be construed to prevent any waiver of the right to appear before the District Board on any hearing required at or prior to the confirmation of the Assessments, the Owners instead hereby request that the District Board hold hearings on any protests with respect to the Work and objections to the extent of the Assessed Property (all of which is to be assessed) pursuant to Sections 48-579 and 580, Arizona Revised Statutes, as amended, any objections to award of applicable contracts with respect to the Work pursuant to Section 48-584, Arizona Revised Statutes, as amended, and any objections with respect to the Assessments or to any previous proceedings connected therewith or claim that the Work has not been performed according to any applicable contract or the Work Plans and Specifications pursuant to Section 48-590, Arizona Revised Statutes, as amended, should any protests or objections or any requests for hearings with respect thereto be made prior to the confirmation of the Assessments, the Owners hereby waive all formal requirements of notice (whether to be mailed, posted or published) and the passage of time prior to such hearings and further consents that hearings and proceedings may be consolidated and held by the District Board on the same day or days.

(4) The Owners, with full knowledge of the provisions, and the rights thereof pursuant to such provisions, of applicable law, shall waive the following in an amendment to the Agreement upon terms determined by the District Board as the same exist at the time of such amendment:

(A) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the Assessed Property;

(B) any and all notices and time periods related thereto provided by Section 48-576, et seq., Arizona Revised Statutes, as amended, including, but not limited, to mailing, posting and publication, as applicable, of any notice required in connection with the adoption of the resolution of intention with respect to the Work, the noticing of proposed improvements with respect to the Work, the adoption of the resolution ordering the improvements with respect to the Work, the noticing of ordering of the improvements with respect to the Work, the noticing of award of applicable contracts with respect to the Work, the Assessments and any other procedural steps and related proceedings necessary in connection with the Work;

(C) any and all protests with respect to the Work and objections to the extent of the Assessed Property (all of which is to be assessed) and including any right to file a written protest or objection for such purpose and any right to any hearing on such matters;

(D) any and all defects, irregularities, illegalities or deficiencies in, or in the adoption by the District Board of, the Assessed Property (all of which is to be assessed), the Work Plans and Specifications, the Estimate and the Assessment Diagram, all of which provide for and effectuate the completion of the Work;

(E) any and all defects, irregularities, illegalities or deficiencies in, or in the awarding of, any contracts for or with respect to, the Work, including, but not limited to, any right to claim that any of the acts or proceedings relating to the Work are irregular, illegal or faulty pursuant to Section 48-584(E), Arizona Revised Statutes, as amended, any right to file a notice specifying in which respect the acts and proceedings are irregular, illegal or faulty and any right to any hearing in connection therewith;

(F) any and all actions and defenses against the Assessments or any of the Assessment Bonds, including, but not limited to, the judicial review granted by Section 48-721(A), Arizona Revised Statutes, as amended, as to whether the Property (all of which is to be assessed) is benefited by the Work;

(G) any right to object to the legality of any of the Assessments or to any of the previous proceedings connected therewith or claim that the Work has not been performed according to any applicable contract or the Work Plans and Specifications in each case as permitted pursuant to Section 48-590(G), Arizona Revised Statutes, as amended, and including any right to file a written notice specifying the grounds of such objection and any right to any hearing in connection therewith;

(H) any right to cash payment of Assessments per Section 48-590, Arizona Revised Statutes, as amended, except as may otherwise be ordered by the District Board; and

(I) any and all provisions of any collateral security instruments relating to the Assessed Property (all of which is to be assessed) which prohibit the establishment of the Assessed Property, designation of the boundaries of the Assessed Property (all of which is to be assessed), completion of the Work and levying and recording of the Assessments.

(5) By an amendment hereto upon terms determined by the District Board, the Owners shall agree that the Work is of more than local or ordinary public benefit and that the Assessed Property receives a benefit from the Work in an amount not less than the Assessment Diagram (as amended).

(6) Instead of the public bidding, bonding and contracting requirements set forth in Sections 48-581 and 584, Arizona Revised Statutes, as amended, the provisions therefor provided by this Agreement have been or will be complied with respect to the Work.

(d) The Owners shall execute all documents necessary, appropriate or incidental to the purposes of this Agreement, particularly as they relate to this Section thereof, as long as such documents are consistent with this Agreement and do not create additional liability of any type to the signers by virtue of execution thereof.

(e) This Agreement as it relates to the Owners and particularly as it relates to this Section shall be a covenant and agreement running with the Assessed Property and shall be recorded in the records of the County Recorder of Pinal County, Arizona, as a lien and encumbrance against the Assessed Property. In the event of any sale, transfer or other conveyance by the Owners of the right, title or interest of the Owners in the Assessed Property or any part thereof, the Property or such part thereof shall continue to be bound by all of the terms, conditions and provisions hereof; any purchaser, transferee or other subsequent owner shall take such property subject to all of the terms, conditions and provisions hereof and any purchaser, transferee or other subsequent owner shall take such property entitled to all of the rights, benefits and protections afforded the predecessor in interest thereof by the terms hereof. To the extent that the Assessments after levied remain unpaid, the Assessments shall constitute liens against the Assessed Property in the amounts indicated in the Assessment Diagram, as provided by, and pursuant to, this Agreement and the Act and shall be enforceable and collectable with the same force and effect originally provided to them.

(f) (1) At the time of sale of the Assessment Bonds, an appraisal prepared by an MAI appraiser must show that the bulk, wholesale value of the Assessed Property with all of the Infrastructure described in the First Report in place is worth at least three (3) times as much as the principal amount of the Assessment Bonds.

(2) If necessary in the sole discretion of the District Board, the "sale proceeds" of the sale of the Assessment Bonds shall include an amount sufficient to fund a reserve fund, which shall be a reserve to secure payment of debt service on the Assessment 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. Payment from such reserve shall not effect a reduction in the amount of the Assessments, and any amount collected with respect to the Assessments thereafter shall be deposited to such reserve to the extent the Assessments are so paid therefrom.

(e) The proceeds of the sale of the Assessment Bonds shall include an amount sufficient to fund interest accruing on such series of the Bonds for a period of at least six* (6) months but not more than three (3) years after the issuance thereof.

Section 6.4. Other than (1) this Agreement, (2) the Assessment Bonds and the General Obligation 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 or the Project constructed is hereby accepted (including for purposes of maintenance and operation thereof) 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

Section 8.1. (a) The Owners (1) shall, jointly and severally, indemnify and hold harmless each Indemnified Party for, from and against any and all losses, claims, damages or liabilities, joint or several, arising from any challenge or matter relating to the formation, activities or administration of the District (including the establishment of the Assessed Property), or the carrying out of the provisions of this Agreement (but not for any matters which are related to 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 the Owners (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 the Owners also have insurance coverage for any such loss, claim, damage or liability, claims shall be made first against such coverage),

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

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

(c) An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Owners, notify the Owners in writing of the commencement thereof and provide a copy of the written threat received by such Indemnified Party. Failure of the Indemnified Party to give such notice shall reduce the liability of The Owner by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Owners, but the omission to notify the Owners of any such action shall not relieve The Owner from any liability that any of them may have to such Indemnified Party otherwise than under this section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Owners of the commencement thereof, the Owners may, or if so requested by such Indemnified Party shall, participate therein or defend the Indemnified Party therein, with counsel satisfactory to such Indemnified Party and the Owners (it being understood that, except as hereinafter provided, the Owners shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Owners to such Indemnified Party of an election so to assume the defense thereof, the Owners shall not be liable to such Indemnified Party under this section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof; provided, however, that

unless and until the Owners defend any such action at the request of such Indemnified Party, the Owners shall have the right to participate at their own expense in the defense of any such action. If the Owners shall not have employed counsel to defend any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Owners (in which case the Owners shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, the legal and other expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Owners.

(d) The Owners shall not have any obligation to indemnify or hold harmless any Indemnified Party until such time that the Indemnified Party has exhausted all other insurance, risk retention or other indemnification options or remedies available to it. In the event that the insurance, risk retention or other indemnification options or remedies of the Indemnified Party are insufficient to reimburse the Indemnified Party for its actual losses, claims, damages or liabilities, then, and only then, shall the Indemnified Party have a right to indemnification from The Owner, and only to the extent that indemnification by the Owners 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 Municipality with respect to matters relating to public infrastructure owned by the Municipality.

ARTICLE IX
PAYMENT OF CERTAIN EXPENSES AND COSTS

Section 9.1. (a) To provide for expenses and costs for agents or third parties required to administer the General Obligation Bonds and the levy and collect ad valorem taxes for payment of the General Obligation Bonds 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).

(b) To provide for the payment of expenses and costs for agents or third parties required to administer the

Assessment Bonds and the levy and collection of the Assessments 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 collected for such purposes as a portion of the interest portion of the installments due with respect to the Assessments.

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 the O/M Expenses, the Owners shall, to the extent of reasonable amounts necessary therefor, be liable and obligated to pay, jointly and severally, 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, 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. 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. The obligations of the Owners pursuant to this Section shall not exceed \$50,000 per Fiscal Year beginning with the first full Fiscal Year after the execution and delivery hereof by the District [provided, however, that for any period prior thereto such obligations shall not exceed \$50,000 times the number of full months remaining in such Fiscal Year divided by twelve (12)] and shall only be effective until the eighth full Fiscal Year after the execution and delivery hereof by the District; provided, however, that such amount shall not exceed \$50,000 per Fiscal Year for the sixth, seventh and eighth full Fiscal Years after the execution and delivery hereof by the District if the District Manager in his sole discretion determines that additional amounts up to such amount are required for the purposes hereof for the sixth, seventh and eighth Fiscal Years.

Section 9.3. The Owners shall deposit \$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 \$45,000 of the \$50,000 deposit is expended, an accounting will be made to the Owners of all amounts incurred by the Municipality for the Initial Expenses to date, and the Owners shall be liable and obligated, jointly and severally, to provide additional funds as necessary for the Initial Expenses in an amount requested by the Municipality which must be paid forthwith and which shall thereafter be the subject of a similar accounting. Amounts paid pursuant to this Section by the Owners which may be reimbursed under applicable law to the Owners from the proceeds of the sale of the General Obligation Bonds shall, at the request of the Owners and to the extent of available amounts therefor, be included as part of the purpose of the

Assessment Bonds or the General Obligation Bonds. The obligations of the Owners pursuant to this Section shall only be effective until the first full Fiscal Year after the first Fiscal Year in which the O/M Tax is levied.

ARTICLE X
MISCELLANEOUS

Section 10.1. None of the Municipality, the District nor the Owners 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 the Owners; provided, however, that the Disclosure Statement may be modified as necessary in the future to adequately describe the District and the Bonds and source of payment for debt service therefor as agreed by the District Manager and the Owners.

(b) The Owners shall or shall require that the Owners or each homebuilder to whom the Owners 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; provided, however, that none of the parties hereto shall be entitled to assign its right 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.

Section 10.4. Each party hereto shall, promptly upon the request of any other, have acknowledged and delivered to the other any and all further instruments and assurances reasonably requested or

appropriate to evidence or give effect to the provisions of this Agreement.

Section 10.5. This Agreement sets forth the entire understanding of the parties as to the matters set forth herein as of the date this Agreement is executed and cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto; provided, however, that such an amendment shall be effective against the Owners and the District only if such amendment does not amend Section 7.1 or 9.3 and shall be effective against the Owners, the District and the Municipality, as applicable, only if such amendment only amends Section 7.1 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. [Reserved to Preserve Section Numbering]

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 the Owners in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Municipality or the District, respectively, from the Owners arising as the result of this Agreement. the Owners have 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 the Owners 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 District, the Municipality, the Owners to the termination hereof, _____ 1, 2064, 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:

_____, Arizona _____
Attention: Manager

If to the District:

_____, Arizona _____
Attention: Manager

If to Owners:

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 relat-

ing 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, the Owners shall on behalf of the Municipality and the District record a copy of this Agreement with the County Recorder of Pinal 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 its best 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, 9.3, 10.1, 10.3, 10.4, 10.5, 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 Town constitution, statute, charter provision, ordinance or regulation, require formal action, approval or concurrence by the Town Council or the District Board, respectively, shall be required to be done or performed by the Municipality or the District, respectively, unless and until said formal action of the Town Council or the District Board, respectively, has been taken and completed. This Agreement in no way acquiesces to or obligates the Municipality or the District to perform a legislative act.

(b) Failure or unreasonable delay by any party to perform or otherwise act in accordance with any term or provision of

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

(c) Except as provided in subsection (b), the parties shall be limited to the remedies and the dispute resolution procedure set forth in this subsection and subsection (d). Any decision rendered by the Panel (as hereinafter defined) pursuant to the provisions of subsection (d) shall be binding on the parties unless and until a court of competent jurisdiction renders its final decision on the disputed issue, and if any party does not abide by the decision rendered by the Panel during the pendency of an action before the court of competent jurisdiction or otherwise (if no court action), any other party may institute an action for money damages on the issues that were the subject of the Panel's decision and/or any other relief as may be permitted by law.

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

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

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

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

of the chairman of the Panel. This deadline can be extended only with the consent of all parties to the dispute or by decision of the Panel upon a showing of emergency circumstances.

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

TOWN OF FLORENCE, ARIZONA

By.....
_____, Mayor

ATTEST:

.....
_____, Town Clerk

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

.....
_____, Town Attorney

MERRILL RANCH COMMUNITY
FACILITIES DISTRICT

By.....
_____, Chairman,
District Board

ATTEST:

.....
_____, 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.

.....
_____, District
Counsel

_____, a _____
company

By _____

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

_____, a _____
corporation

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

STATE OF ARIZONA)
) ss.
COUNTY OF PINAL)

The foregoing instrument was acknowledged before me this
..... day of, 2003, by _____, as Mayor of the
Town of Florence, Arizona, a municipal corporation under the laws of
the State of Arizona.

.....
Notary Public

My commission expires:
.....

STATE OF ARIZONA)
) ss.
COUNTY OF PINAL)

The foregoing instrument was acknowledged before me this
..... day of, 2003, by _____, as Chairman of
the District Board of Merrill Ranch Community Facilities District, an
Arizona community facilities district.

.....
Notary Public

My commission expires:
.....

ATTACHMENTS:

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

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 ACQUISITION PROJECT

CERTIFICATE OF ENGINEERS FOR CONVEYANCE OF SEGMENT OF
ACQUISITION PROJECT

(insert description of Acquisition Project/Segment)

STATE OF ARIZONA)
COUNTY OF PINAL)
TOWN OF FLORENCE) ss.
MERRILL RANCH COMMUNITY)
FACILITIES DISTRICT)

We the undersigned, being Professional Engineers in the State of Arizona and, respectively, the duly appointed District Engineer for Merrill Ranch Community Facilities District (hereinafter referred to as the "District"), and the engineer employed by _____ (hereinafter referred to as "the Owners"), each hereby certify for purposes of the District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District), dated as of _____ 1, 2003 (hereinafter referred to as the "Agreement"), by and among the District, the Town of Florence, Arizona and the Owners that:

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

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

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

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

5. the Owners obtained good and sufficient performance and payment bonds in connection with such Contract.

DATED AND SEALED THIS DAY OF, 200..

By.....
District Engineer

[P.E. SEAL]

By.....
Engineer for the Owners

[P.E. SEAL]

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

.....
Manager for Merrill Ranch 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 PINAL)
TOWN OF FLORENCE) ss.
MERRILL RANCH COMMUNITY)
FACILITIES DISTRICT)

KNOW ALL MEN BY THESE PRESENTS THAT:

..... ("the Owners"), for good and valuable consideration received by the Owners from Merrill Ranch Community Facilities District, a community facilities district formed by the Town of Florence, Arizona (the "Municipality"), and duly organized and validly existing pursuant to the laws of the State of Arizona (the "District"), receipt of which is hereby acknowledged [, and the promise of the District to hereafter pay the amounts described in the hereinafter described Development Agreement*], does by these presents grant, bargain, sell and convey to the District, its successors and assigns, all right, title and interest in and to the following described property, being the subject of a District Development, Financing Participation and Intergovernmental Agreement (Merrill Ranch Community Facilities District), dated as of _____ 1, 2003, by and among the Owners, 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 performance and payment bonds, under the Acquisition Project Construction Contract (as such term is defined in such Development Agreement) or relating thereto, all of which are or shall be located within utility or other public easements dedicated or to be dedicated by plat or otherwise free and clear of any and all liens, easements, restric-

* Insert with respect to any acquisition financed pursuant to Section 5.2(a) hereof.

tions, 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 easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations, leases, and liabilities or other matters as set forth on Exhibit I hereto.

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

The Owners bind and obligate themselves, their 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 the Owners hereby agree that the amounts specified above and paid [or promised to be paid*] to the Owners hereunder satisfy in full the obligations of the District under such Development Agreement and hereby release the District from any further responsibility to make payment to the Owners under such Development Agreement except as above provided.

The Owners, in addition to the other representations and warranties herein, specifically make the following representations and warranties:

1. The Owners have the full legal right and authority to make the sale, transfer, and assignment herein provided.
2. The Owners are not a party to any written or oral contract which adversely affects this Conveyance.
3. The Owners are not subject to any bylaw, agreement, mortgage, lien, lease, instrument, order, judgment, decree, or other

* Insert with respect to any acquisition financed pursuant to Section 5.2(a) hereof.

restriction of any kind or character which would prevent the execution of this Conveyance.

4. The Owners are 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 the Owners has full authority to do so, and no further official action need be taken by the Owners to validate this Conveyance.

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

IN WITNESS WHEREOF, the Owners have caused this Conveyance to be executed and delivered this day of, 200..

.....

By.....

By.....

Title:.....

STATE OF ARIZONA)
) ss.
COUNTY OF PINAL)

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

.....
Notary Public

.....
Typed/Printed Name of Notary

[NOTARY SEAL]

My Commission Expires:.....

EXHIBIT I

TO

CONVEYANCE OF SEGMENT OF PROJECT

(Insert description of Project/Segment)

EXHIBIT E

FORM OF DISCLOSURE STATEMENT

**MERRILL RANCH COMMUNITY FACILITIES DISTRICT
DISCLOSURE STATEMENT**

_____, an _____ company (the "Developer"), in conjunction with the Town of Florence, Arizona (the "Town"), have established a community facilities district ("CFD") at the development known as "Merrill Ranch." The CFD has financed and, in the future, will finance certain public infrastructure improvements, which will result in a property tax liability and a separate special assessment lien liability for each property owner of Merrill Ranch 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 _____, 200__, the Mayor and Council of the Town formed the CFD which includes all of the residential and commercial property in _____. An election was held on _____, 2003, at which time the owners of the property within the CFD voted to authorize up to \$____,000,000 of ad valorem tax bonds to be issued over time by the CFD to finance the acquisition or construction of _____ improvements. The proceeds of separate special assessment lien bonds will be used to finance acquisition or construction of _____ improvements. Such improvements have been or will be dedicated to the Town after acquisition or construction of such public infrastructure by the District. The Town will operate and maintain such improvements.

WHAT WILL BE FINANCED?

The CFD has been established to finance up to \$____,000,000 in public infrastructure improvements within _____ 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 Merrill Ranch.

BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all residents within Merrill Ranch by providing 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 as well as a separate special assessment lien payable twice a year in addition to such taxes. The added tax is currently deductible for purpose of calculating federal and state income taxes.

PROPERTY OWNERS' TAX AND ASSESSMENT 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 Pinal County Treasurer in addition to all other property tax payments and the collection of installments of such assessment liens by the CFD. (PLEASE NOTE THAT NO OTHER AREA WITHIN THE BOUNDARIES OF THE TOWN IS SUBJECT TO A PROPERTY TAX OR AN ASSESSMENT LEVIED BY ANY OTHER COMMUNITY FACILITIES DISTRICT.) Beginning in fiscal year 200_-0_, the CFD levied a not to exceed \$_____ per \$100.00 of secondary assessed valuation tax rate to provide for repayment of the bonds and the payment of certain administrative expenses and of operation and maintaining the infrastructure it finances as well as a total assessment lien of \$_____ in principal amount.

Although the level of the tax rate is not limited by law, the tax rate of the CFD is not expected to exceed \$_____ per \$100.00 of secondary assessed valuation for as long as the bonds are outstanding. (There can be no guarantee tax rates will not be increased to provide for repayment in the future.)

IMPACT OF ADDITIONAL CFD PROPERTY TAX AND ASSESSMENT

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

**Market Value
of Residence**

**Estimated Annual
Additional Tax Liability**

\$ __,000
__,000
__,000
__,000
__,000
__,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.

The following illustrates the annual assessment liability imposed by the CFD which is in addition to the foregoing:

**Market Value
of Residence**

**Estimated Annual
Additional Tax Liability***

\$ __,000
__,000
__,000
__,000
__,000
__,000

\$

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 Florence Town Clerk's office.

Your signature below acknowledges that you have read this disclosure document at the time you made your decision to purchase property at Merrill Ranch and you signed your purchase contract and that you understand the property you are purchasing will be taxed and separately assessed 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.