



Synergen No. _____
 Pima County Contract No. 03-10-G-192717-0110
 Effective Date: 1-1-2010
 Term Date: 12-31-2012
 Cost: \$1,100,000.-
 Revenue: _____
 Total: 1,100,000.- NTE: 1,100,000.-
 Action
 Renewal By: 10-1-2012
 Term: 12-31-2012
 Reviewed By: JS

BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: 02/02/10

ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATION

Contract between Pima County and GRL Apartments Limited Partnership
Pima County will provide 2004 General Obligation Bond Funds in the amount of \$1,100,000.00 for the development of the Ghost Ranch Lodge Apartments Phase I that when completed will provide a 60 unit apartment complex that will provide housing exclusively to low income seniors and disabled citizens.

CONTRACT NO. (If applicable): NEW

STAFF RECOMMENDATION(S):

To be approved by Board of Supervisors.

CORPORATE HEADQUARTERS: Tucson, AZ

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To: CHH- 1-26-10 By Dep
 CWB - 1-26-10
 Agenda 2-2-10
 Addendum

CLERK OF BOARD USE ONLY: BOX M.G.

ITEM NO.

PIMA COUNTY COST: \$1,100,000.00 REVENUE TO PIMA COUNTY: \$

FUNDING SOURCE: **2004 Bond Funds**

(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

Advertised Public Hearing:

		YES	X	NO
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Board of Supervisors District:

1		2		3	XX	4		5		All	
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IMPACT:

IF APPROVED:

Pima County will provide funds for the project of the Ghost Ranch Lodge Apartments Phase I that will provide affordable housing for low income seniors and disabled seniors.

IF DENIED:

Pima County will not provide funds for the project of the Ghost Ranch Lodge Apartments Phase I that will provide affordable housing for low income seniors and disabled seniors.

DEPARTMENT NAME: Community Development and Neighborhood Conservation Dept.

CONTACT: Marcos Ysmael TELEPHONE NO.: 243-6752

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PIMA County COMMUNITY DEVELOPMENT AND NEIGHBORHOOD CONSERVATION DEPT.					
PROJECT NAME: Ghost Ranch Lodge Apartments Phase 1	<table border="1"> <tr><td align="center">CONTRACT</td></tr> <tr><td>NO. 03-70-6-142717-0110</td></tr> <tr><td>AMENDMENT NO. _____</td></tr> <tr><td><small>This number must appear on all invoices, correspondence and documents pertaining to this contract.</small></td></tr> </table>	CONTRACT	NO. 03-70-6-142717-0110	AMENDMENT NO. _____	<small>This number must appear on all invoices, correspondence and documents pertaining to this contract.</small>
CONTRACT					
NO. 03-70-6-142717-0110					
AMENDMENT NO. _____					
<small>This number must appear on all invoices, correspondence and documents pertaining to this contract.</small>					
Contractor: GRL Apartments Limited Partnership					
FUNDING: 2004 GENERAL OBLIGATION BOND FUNDS					
AMOUNT: \$1,100,000.00 DISTRICT NO.: Three (3)					
Contract Term: See body of contract					

GENERAL OBLIGATION HOUSING BOND FUND CONTRACT

THIS CONTRACT, hereinafter called CONTRACT, is entered into between Pima County, a body politic and corporate of the State of Arizona ("County") and GRL Apartments Limited Partnership, an Arizona Limited Partnership ("Developer").

RECITALS

- A. In an election held on May 18, 2004 (2004 Special Bond Election), Pima County voters authorized the sale of bonds and use of proceeds for, *inter alia*, acquiring, developing, expanding, improving and equipping new and existing facilities to further the health, education, welfare and safety of the citizens of the County, including, without limitation, housing and other improvements and facilities to further neighborhood reinvestment.
- B. In compliance with Pima County Code Chapter 3.06, titled Bonding Disclosure, Accountability and Implementation, the Board of Supervisors adopted Ordinance No. 2004-18, The Bond Implementation Plan For The May 18, 2004 Special Election (the "Bond Ordinance").
- C. The Bond Ordinance (Section VII (B)(1)(c)(2.10)) allocates \$10,000,000.00 in bond proceeds to be issued for investment in projects that expand home ownership opportunities and provide access to affordable housing for low-income residents of Pima County.
- D. Pima County Community Development and Neighborhood Conservation Department, in conjunction with the Pima County Housing Commission, solicited applications and conducted an evaluation process to further the development of the construction or preservation of housing that is affordable to low-income households meeting U.S. Department of Housing and Urban Development (HUD) Income guidelines.
- E. Developer submitted an application to acquire land, improve property, and complete or rehabilitate the former Ghost Ranch Lodge into an affordable housing development that will,

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when completed, consist of sixty (60) rental units and be known as the *Ghost Ranch Lodge Apartments Phase 1* ("the Project" or "Ghost Ranch Lodge Apartments"). The Project is located at 801 W. Miracle Mile Road in the Miracle Manor Neighborhood in the City of Tucson. All 60 units of this housing project, pursuant to the terms of this Contract, will be for exclusive occupancy by low-income senior and/or disabled citizens.

- F. The Ghost Ranch Lodge was a hotel originally built in 1941. Seven (7) of the eight (8) original buildings were designed by noted architect Josias Joesler. The hotel played a significant role in Tucson's development and was famous for its lush cactus garden. County appreciates the historic significance of the property and will require Developer to preserve certain historic architectural features and the cactus garden.
- G. The Project has been determined to meet the goals and purposes of the Bond Ordinance for affordable housing and to be in the best interests of County.
- H. The Board of Supervisors, at their January 13, 2009 meeting, approved an allocation of 2004 General Obligation Bonds in an amount not to exceed \$1,100,000.00 to assist with actual, documented, Project-related expenses of this affordable housing project.
- I. Developer has commenced initial site work for the Project and has incurred \$675,880.00 in allowable project costs as of the date of this Agreement (the "Initial Expenses").
- J. Projects constructed in whole or in part with bond proceeds are subject to the guidelines for bonding disclosure, accountability and implementation of County bond projects contained in Pima County Code Chapter 3.06 and in the Bond Ordinance.

NOW, THEREFORE, County and Developer, pursuant to the above, and in consideration of the matters and things hereinafter set forth, do mutually agree as follows:

ARTICLE I - TERM AND EXTENSION/RENEWAL

This Contract shall commence on January 1, 2010 and shall terminate two (2) years thereafter, unless sooner terminated or further extended pursuant to this Contract. This Contract may be extended at the sole discretion of the county, and only for good cause. Any modification, amendment, extension shall be made by a formal written amendment executed by the parties.

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ARTICLE II – SCOPE

A. Purpose. The purpose of this Contract is to set forth the terms and conditions under which County will contribute funding for costs directly incurred by Developer for land-acquisition and the construction of the Project in the amount of \$1,100,000.00 (“the Allocated Maximum Amount”). Further, this contract will address legal and administrative matters among the parties.

B. Continuing Affordability. Developer and County acknowledge that the purpose of the Project is to provide a safe, sustainable, and affordable neighborhood of multi-family rental units primarily for elderly and disabled low-income households. County has determined that the provision of such housing will be a substantial benefit to the public. In order to realize the public benefits, the parties acknowledge that continuing, rather than merely initial, affordability is required. The following conditions apply:

1. Upon execution of this Contract and prior to any payment of bond funds to Developer, Developer shall execute and cause to be recorded the performance deed of trust ((“the Affordability Restriction”) in the form set forth in **Exhibit A**).
2. All units constructed or rehabilitated in consideration of the funding provided under this Contract shall be maintained and rented to qualified households for the “Affordability Period.” The Affordability Period shall be for a minimum of thirty (30) years from the date the project is completed and the 60 units have received the final certificate of occupancy from the City of Tucson.
3. The Affordability Restriction will give the County a security interest in the Property in an amount equal to the amount of funds contributed by County under this Contract.
4. The Affordability Restriction will be superior to all monetary liens and encumbrances, except as specifically set forth in the Affordability Restriction.

This Paragraph II(B) shall survive the termination, cancellation, expiration or revocation, whether in whole or in part, of this Contract.

C. The Project shall be undertaken on Ghost Ranch Lodge Phase 1 Property (the eastern portion of Pima County Tax Parcel No. 107-05-126B), the legal description of which is set forth with specificity in the Affordability Restriction and in **Exhibit E**. There are thirteen (13) buildings on the Phase 1 property. The parties acknowledge that of these thirteen buildings, five (5) buildings (designated as Buildings H, U, V, W, and Z) and a portion of a sixth building (designated as Building G) do not possess historic value and will be demolished in order to accommodate the new construction of 30 of the 60 units.

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D. As consideration for receiving the bond funding provided under this Contract, Developer shall design and rehabilitate thirty (30) units and design and build thirty (30) units, maintain and rent the total of 60 units as affordable rental housing as designated by the Developer's Project Narrative received on February 19, 2008 and revised on August 27, 2008, attached as **Exhibit B**. Developer shall conduct all activities of the Project in compliance with the following conditions:

1. All 60 housing units will be rented exclusively to qualified households. A "qualified household" is an individual or family whose income is less than or equal to 65% of area median income (AMI) at the time of the household's initial occupancy and meets the criteria set forth in Paragraph II(D)(6) below.
2. All 60 units will have one-bedroom, one-bath, kitchen and living area and be approximately 660 square feet.
3. All rehabilitation of the original hotel's eight (8) historic buildings, seven (7) of which were designed by Joesler, designated as Buildings A, B, C, D, E, F, G and Q shall be designed and completed in a manner that preserves the historic architecture.
4. The Affordability Period defined in Paragraph II(B)(2) above shall remain in full force and effect regardless of any change(s) in ownership of the Ghost Ranch Lodge Phase 1 Property (a part of Pima County Tax Parcel Nos. 107-05-126B).
5. Project Completion. All 60 units must be completed, have a certificate of occupancy from the City of Tucson, and be marketed for occupancy no later than October 16, 2010, unless the State of Arizona extends the time for completion under the State's funding agreement with Developer. Developer must notify County in writing of any extension granted by the State within five (5) business days of such extension. Failure to complete and market the units by the completion date, without a written amendment duly executed by the Parties extending time for completion, shall be deemed a default and Developer shall immediately repay to County any and all sums provided to Developer pursuant to this Contract.
6. The following restrictions shall apply to the units:
 - a. At least 80 % of the units (48 units) will be rented to qualified households with at least one person who is 55 years of age or older.
 - b. Nine (9) units will be rented to qualified households with at least one person who is physically disabled as defined by the Arizona Department of Housing 2008 Low Income Housing Tax Credit Qualified Allocation Plan.
 - c. Three (3) units may be rented to households who do not meet either of the criteria above, but whose household income is less than or equal to 65% AMI.
 - d. All 60 units shall be occupied by households whose income, at the time of the household's initial occupancy, is less than or equal to 65% AMI.
 - e. All 60 units shall comply with the requirements of the Arizona Department of Housing 2008 Low Income Housing Tax Credit Program and Qualified Allocation Plan.

This Paragraph II(D)(6) shall survive the termination, cancellation, expiration or revocation, whether in whole or in part, of this Contract.

E. **Developer's Responsibilities.** Developer shall:

1. Comply with all requirements set forth in Article II, Paragraphs B, C and D above.
2. Conduct all preservation activities on the Ghost Ranch Lodge Apartments property (which consists of Phase 1 and Phase 2) in consultation with, and as recommended by, Pima County's Cultural Resources Manager.
3. Design and construct a community center no later than the completion date set forth in Paragraph II(D)(5) above. This community center shall be available to all residents of the Ghost Ranch Lodge Apartments, Phase 1.
4. Preserve and, as necessary, restore, the vegetation in the courtyard that is bounded by the seven Joesler buildings.
5. Arrange for the on-site provision of support services to residents of Ghost Ranch Lodge Apartments including, but not limited to, those designated in the Developer's Project Narrative and Funding Application received on February 19, 2008 and revised on August 27, 2008, incorporated herein by reference.
6. Design, rehabilitate and complete the Project in compliance with all legal requirements, including all applicable building codes, zoning laws, and standards.
7. Complete initial site preparation and the installation or construction of all infrastructure and improvements necessary to support the 60 units and assure timely completion and occupancy of the Project, as shown on the Plans and Specifications in the attached **Exhibit C**.
8. Prior to the distribution of any funds under this Contract, provide to County a fully executed and notarized personal assurance of completion of the Project, in the form set forth in **Exhibit G**, that is personally guaranteed by Mark D. Breen, President, MMGRL, Inc., General Partner for GRL Apartments Limited Partnership. Such monies from the personal guarantee shall be collectible, upon demand, by Pima County in the event Developer fails to complete the Project pursuant to the terms and conditions established herein.
9. Provide construction management of the entire project.
10. Phase 2/Parcel 2 preservation. Protect and preserve the historic cactus garden and the four (4) buildings identified in Developer's Project Narrative and Existing Site Plan as units M, N, O and P. These structures and features are located on Ghost Ranch Lodge Apartments, Phase 2 parcel described in **Exhibit F**. It is the intention of the Parties that these features will be preserved for future renovation, maintaining the historic significance, pending completion of Phase 1 and availability of financing for Phase 2.

F. Land acquisition. Developer acquired the Ghost Ranch Lodge Apartments, Phase 1 site (a total of 3.53 acres), as previously described. Allowable land acquisition costs may be reimbursed, subject to County's independent appraisal and review. Developer will submit their most recent certified appraisal report for County's consideration in their review process.

G. Contractor shall provide title reports, appraisal reports, construction contracts and other

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documents or information reasonably related to the purchase of the Phase 1 parcel and for completion of Ghost Ranch Lodge Apartments, Phase 1.

H. Property taxes. County is awarding this Contract contingent upon Developer's assurance and warranty that no actions, including, but not limited to, lawsuit or Notice of Error will be pursued by Developer, its predecessors, successors in interest, affiliates, agents or assigns, against Pima County, the Pima County Assessor, the Pima County Treasurer, the Pima County Board of Supervisors or any other Pima County employee for the refund of property taxes based on the status of the property prior to and including 2009. Developer further warrants that no funds provided under this Contract for the land are associated with the costs of taxes paid by Developer as part of the land acquisition. Developer's pursuit to recover, or seek reimbursement of, any such property taxes shall be deemed a default and Developer shall immediately repay to County any and all sums provided to Developer pursuant to this Contract. This Paragraph II(H) shall survive the termination, cancellation, expiration or revocation, whether in whole or in part, of this Contract.

I. Construction. In addition to the other responsibilities set forth above, Developer shall:

1. Design and construct the Project in compliance with all legal requirements and all applicable building standards and codes, in compliance with additional terms set forth in this contract, and in a good and workmanlike manner. Developer shall comply with the applicable provisions of Title 34, Arizona Revised Statutes, when utilizing funds provided pursuant to this Contract for construction-related activities. Failure to follow Title 34, Arizona Revised Statutes for these activities shall be considered a default and Developer shall immediately repay to County any and all sums provided to Developer pursuant to this Contract.
2. Administer the construction contracts for the Project in accordance with all legal requirements, and A.R.S. § 35-460 if applicable, and in accordance with the Construction Schedule.
 - a. *Construction Schedule.* Developer shall be responsible for preparing a construction schedule (the "Construction Schedule") showing the anticipated timing and duration of each stage of construction. Developer shall provide a preliminary Construction Schedule to County within thirty days after execution of this CONTRACT. A final Construction Schedule shall be established and provided to County within thirty days after award of the construction contract(s) by Developer. This Construction Schedule may be combined with the Reimbursement Schedule described later in this Contract.
 - b. *Change Orders.* Developer shall consult with County on any proposed change order requests and shall obtain prior written approval from County on all such requests prior to making any commitments for the expenditure of County bond funds on such changes.
 - c. *Legal Claims.* Developer shall afford County the opportunity to review and comment on all legal claims prior to resolution thereof.
 - d. *Signage.* County shall have the right to install signage at the construction site in a location of its choosing, provided that the sign does not interfere with the construction, announcing that the Project is a County bond-funded project, and

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listing the names of the members of the Board of Supervisors.

3. Coordinate all utility relocations for the Project.
4. Obtain any approval, permission or permits necessary for the Project.
5. Furnish a Project Liaison to coordinate with the designated County Project Manager during the construction of the Project.
6. Acknowledge the County's contribution to the Project at any public participation event in a form approved by County. Examples of acceptable forms of recognition include but are not limited to, signs, permanent plaques, County participation in and/or acknowledgment at opening ceremonies and press releases.

ARTICLE III – FINANCE AND PAYMENT

A. County shall reimburse Developer for the actual costs incurred by Developer for certain land acquisition defined above and for infrastructure and improvements completed for the Project as set forth in the reimbursement distribution budget detailed in **Exhibit D**. Reimbursement shall be for an amount up to, but not in excess of, the Allocated Maximum Amount of \$1,100,000.00

B. Changes between budget line items.

1. **For construction-related activities.** Changes may be made between the line-items budgeted for construction-related activities subject to the following conditions:

- a. Changes of LESS than 15% of the amounts budgeted for the construction-related line items may be granted by and at the sole discretion of the Community Development and Neighborhood Conservation Department ("CDNC") Director or designee following Contractor's submission of a written request provided that:
 - i. Any proposed increase is offset by a decrease of equal value to the remaining line items;
 - ii. There is no increase or decrease to the total operating budget. In no event may the maximum allocated amount be exceeded; and
 - iii. The change is not effective until approved in writing by the CDNC Director or designee.
- b. Changes of MORE than 15% of the amounts budgeted for construction-related line items shall require an executed contract amendment.

2. **For land acquisition.** The total amount budgeted for land acquisition shall not be increased. Any decrease in the amount budgeted may be transferred to construction-related activities only through an executed contract amendment.

C. No payment will be made by County until the following requirements have been met:

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1. Execution of Liens. Developer shall cause to be properly executed and recorded the Performance Deed of Trust in substantially the form attached to this Contract as **Exhibit A**.
2. Reimbursement Schedule. Developer shall, within thirty (30) days after final execution of this Contract, submit to County a preliminary reimbursement schedule showing the anticipated dates and amounts of requests from the Contractor for reimbursement of project expenses incurred and paid by the Contractor. A Final Reimbursement Schedule shall be established and submitted at least fifteen (15) days prior to the start of construction.
3. Proof of Insurance. Developer shall have furnished to County proof that it has in place all the insurance policies required by Section V.
4. Title Policy. Developer shall assure issuance of a lender's policy of title insurance insuring the County's lien is valid and superior to all monetary liens and encumbrances on the Property other than the Construction Deeds of Trust, and subject only to such non-monetary encumbrances as are reasonably acceptable to County. County will, if Developer requests, pay the premium for such insurance, but the cost of the premium shall be deducted from the Allocated Maximum Amount.

D. Request for Payment. Within 10 days of the end of each month, starting on the date indicated in the Reimbursement Schedule, Developer shall submit a "Request for Payment" form with invoice(s) and supporting documentation which must be signed by Developer acknowledging the provision of the invoiced products or services for the bond-funded project. Developer shall also certify, in writing, that the funds for which reimbursement is being sought were spent on the public infrastructure and real property for which this grant was awarded. The County Project Manager will perform inspections to ensure that the work has been completed prior to approving and releasing any payments to Developer.

E. Withholding of Reimbursement. Notwithstanding any other provision herein, no reimbursement will be made for any invoice until County is satisfied that the work for which the invoice was submitted has been done satisfactorily, the general contractors and subcontractors have been paid (less any retention held by Developer), and the amounts requested have been verified and are in compliance with the reimbursement distribution budget attached as **Exhibit D**. Failure to pay the general contractor or any subcontractors for work contracted and performed may, in County's sole discretion, result in the withholding of future reimbursements from the Developer and direct payment by County to the unpaid general contractor or subcontractor.

F. Initial Expenses. Notwithstanding the above, County acknowledges that it has received the required documentation showing that Developer has incurred and paid the Initial Expenses in the course of initial site preparation, and County will reimburse Developer for these Initial Expenses within ten days after all the requirements set forth in Article III above have been met, without further documentation or a formal request for payment. This amount is part of the County Contribution and counts toward the Allocated Maximum Amount.

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- G. County Review. If County disapproves payment of the invoice, the County shall notify Developer of this disapproval, and the reasons for it (orally or in writing) within 10 business days of receipt of the invoice and all supporting documentation from Developer. If the County does not object to the invoice, it shall pay the invoice within 10 business days of receipt.
- H. Monthly Progress Reports. Within 10 days of the end of each month, Developer shall submit a Monthly Progress Report ("Progress Report") in the format set forth in **Exhibit H**, even if Developer is not seeking reimbursement for the preceding month.
- I. Submittal of Requests for Payments and Reports. All Requests for Payment and Progress Reports shall be submitted to the designated County Project Manager listed below:

Marcos Ysmael, Community Development & Housing Planner
 Community Development and Neighborhood Development Department
 2797 East Ajo Way, 3rd Floor
 Tucson, Arizona 85713

- J. Delays. Developer shall promptly notify the County at any time that Developer becomes aware of a potential Project delay that may cause a deviation from the Reimbursement Schedule and/or the Construction Schedule. In the event of any deviation from the Reimbursement Schedule, County and Developer shall establish a new Reimbursement Schedule, consistent with Federal Treasury Regulations.

K. Final Report & Accounting. Within 90 days after completion and upon acceptance of the Project by Developer, Developer shall submit to County: (1) a final report describing the Project as constructed and summarizing its history (i.e., who designed, constructed, provided public art, funding sources, description of public participation, purpose and public benefit of the Project, etc.), along with photographs and final as built drawings; (2) a detailed final accounting statement of the funds expended on the Project, along with a final Reimbursement Request if needed. Failure to provide this information within the established time period may result in denial of reimbursement.

L. Amendment of the Bond Ordinance. The Developer shall notify the County of any event that would require an amendment of the Bond Ordinance, and shall formally request the County Board of Supervisors to hold a public hearing on the requested amendment. The parties shall follow the procedures for amendment of the Bond Ordinance set forth in Chapter 3.06 of the Pima County Code, as it may be amended or renumbered from time to time, and relevant sections of the Bond Ordinance. In the event the Board of Supervisors does not approve the Developer's request for a Bond Ordinance amendment, the Developer shall complete the Project as defined by the Bond Ordinance and this CONTRACT.

M. Federal Treasury Regulations. Developer acknowledges that Pima County manages the expenditures of bond proceeds in order to qualify for a spending exception to the arbitrage rebate requirements of Sections 148 through 150 of the Internal Revenue Code of 1986 and the related regulations found in 26 CFR Part 1, §§1.148 through 1.150 as may be modified from time to time (such statutes and regulations hereinafter referred to as the "Tax Exempt Bond Rules"). Developer acknowledges that arbitrage rebate is affected by both the use of bond proceeds and by the timing of bond related expenditures. Notwithstanding any other

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provision of this CONTRACT, County may, in County's sole discretion, either (i) reallocate Project funds to other projects funded with County bonds (which may, in some circumstances, result in a delay in payments under this CONTRACT), or (ii) terminate this CONTRACT as set forth in Article XVII below if the County, in its sole discretion, determines that such reallocation or termination is necessary or advantageous to the County under the Tax Exempt Bond Rules in order to (a) qualify for a spending exception to the arbitrage rebate requirements, or (b) reduce the amount of any potential arbitrage rebate or penalty, or (c) manage the County's bond proceeds.

ARTICLE IV – OWNERSHIP

The improvements and infrastructure constructed pursuant to this Contract are considered to be public right-of-way, or owned by the Developer. Ownership of same, therefore, shall automatically vest in the corresponding political subdivision or in the Developer. This Section shall survive termination, cancellation, expiration or revocation, whether in whole or in part, of this Contract.

ARTICLE V - INSURANCE AND ASSURANCE REQUIREMENTS

- A. Developer shall obtain and maintain at its own expense, during the entire term of this Contract the following type(s) and amounts of insurance:
1. Commercial General Liability in the amount of \$2,000,000.00 combined, single limit Bodily Injury and Property Damage. Pima County is to be named as an additional insured for all operations performed within the scope of the Contract between Pima County and Developer;
 2. Commercial or Business automobile liability coverage for owned, non-owned and hired vehicles used in the performance of this Contract with limits in the amount of \$1,000,000.00 combined single limit or \$1,000,000.00 Bodily Injury, \$1,000,000.00 Property Damage;
 3. If this Contract involves professional services, professional liability insurance in the amount of \$1,000,000.00; and
 4. If required by law, workers compensation coverage, including employees liability coverage.
- B. Developer shall provide County with current certificates of insurance. All certificates of insurance must provide for guaranteed thirty (30) days written notice of cancellation, non-renewal or material change.
- C. Developer shall provide to County a personal assurance of project completion, in the form set forth in **Exhibit G**, guaranteeing completion of the Project from Mark D. Breen, President, MMGRL, Inc., General Partner for GRL Apartments Limited Partnership. Such personal guarantee shall be collectible, upon demand, by Pima County in the event Developer fails to complete the Project pursuant to the terms and conditions established herein.

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ARTICLE VI – INDEMNIFICATION AND LEGAL ACTIONS

- A. Developer shall indemnify, defend, and hold harmless County, its officers, employees and agents from and against any and all suits, actions, legal administrative proceedings, claims or demands and costs attendant thereto, arising out of any act, omission, fault or negligence by Developer, its agents, employees or anyone under its direction or control or on its behalf in connection with performance of this Contract.
- B. Preexisting Conditions. To the fullest extent permitted by law, Developer shall indemnify, defend and hold County, its boards, officers, departments, employees and agents, harmless from and against any claims and damages, as fully set out above, resulting from or arising out of the existence of any substance, material or waste, regulated pursuant to federal, state or local environmental laws, regulations or ordinances, that is present on, in or below or originated from property owned or controlled by the Developer prior to the execution of this Contract.
- C. Notice. Each party shall notify the other in writing within thirty (30) days of the receipt of any claim, demand, suit or judgment against the receiving party for which the receiving party intends to invoke the provisions of this Section. Each party shall keep the other party informed on a current basis of its defense of any claims, demands, suits, or judgments under this Section.
- D. This Article shall survive the termination, cancellation, expiration or revocation, whether in whole or in part, of this Contract.

ARTICLE VII - COMPLIANCE WITH LAWS

- A. Developer shall comply with all federal, state, and local laws, rules, regulations, standards and Executive Orders, without limitation to those designated within this Contract. The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Contract, and any disputes hereunder. Any action relating to this Contract shall be brought in a court of the State of Arizona in Pima County. Any changes in the governing laws, rules, and regulations during the terms of this Contract shall apply, but do not require an amendment.
- B. Compliance with Bond Requirements. Developer agrees to comply with all applicable provisions of Pima County Code Chapter 3.06, “Bonding Disclosure, Accountability, and Implementation” and of the Bond Ordinance, as they now exist or may hereafter be amended. Any reports to be submitted by Developer to County in compliance with Pima County Code Chapter 3.06 or the Bond Ordinance shall be provided in a format and schedule determined by County.
- C. For each sale of County bonds, the County issues a Tax Certificate and Contract in compliance with Section 1.148 through 1.150 of the Federal Treasury Regulations specifying the uses, investments and disbursement of Bond proceeds. In the event County determines that a violation of Federal Treasury Regulations is likely to occur or County is notified by the Developer of a potential delay in the project that will result in a delay in the expenditure of

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the County bond funds designated for this project, County may reallocate those funds to other projects. County will resume reimbursement payments when bond funds become available again.

ARTICLE VIII - INDEPENDENT CONTRACTOR

The status of Developer shall be that of an independent contractor. Neither Developer, nor any of Developer's officers, agents or employees, shall be considered an employee of Pima County or be entitled to receive any employment-related fringe benefits under the Pima County Merit System. Developer shall be responsible for payment of all federal, state and local taxes associated with the compensation received pursuant to this Contract and shall indemnify and hold County harmless from any and all liability which County may incur because of Developer's failure to pay such taxes. Developer shall be solely responsible for program development and operation.

ARTICLE IX - SUBCONTRACTOR

Developer will be fully responsible for all acts and omissions of any subcontractor and of persons directly or indirectly employed by any subcontractor and of persons for whose acts any of them may be liable to the same extent that Developer is responsible for the acts and omissions of persons directly employed by it. Nothing in this Contract shall create any obligation on the part of County to pay or see to the payment of any money due any subcontractor, except as may be required by law.

ARTICLE X - ASSIGNMENT

Developer shall not assign its rights to this Contract, in whole or in part, without prior written approval of County. Approval may be withheld at the sole discretion of County, provided that such approval shall not be unreasonably withheld.

ARTICLE XI - NON-DISCRIMINATION

Developer shall not discriminate against any County employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin in the course of carrying out Developer's duties pursuant to this Contract. Developer shall comply with the provisions of Executive Orders 75-5, as amended by Executive Order 99-4, which are incorporated into this Contract by reference as if set forth in full herein.

ARTICLE XII - AMERICANS WITH DISABILITIES ACT

- A. Developer shall comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.
- B. If Developer is carrying out a government program or service on behalf of County, then Developer shall maintain accessibility to the program to the same extent and degree that would be required of County under 28 CFR Sections 35.130, 35.133, 35.149 through 35.151, 35.160, 35.161 and 35.163. Failure to do so could result in the termination of this Contract.

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ARTICLE XIII - AUTHORITY TO CONTRACT

Developer warrants its right and power to enter into this Contract. If any court or administrative agency determines that County does not have authority to enter into this Contract, County shall not be liable to Developer or any third party by reason of such determination or by reason of this Contract.

ARTICLE XIV - MONITORING AND EVALUATION

- A. **Inspection.** County may inspect any portion of the Project construction for substantial compliance with drawings and specifications. Developer shall allow official County representatives reasonable access to the Project site during construction. The Project Liaison and County Project Manager will cooperate and consult with each other during Project construction.
- B. County shall have the right to monitor all activities and information sources in the management, fiscal and service systems of Developer and any subcontracted parties, relating to performance of duties and obligations under this Contract, to assure that Developer is maintaining adequate and acceptable progress and systems, and to ensure that the funds provided to Developer by County are being used effectively and efficiently to accomplish the purposes for which the funds were made available. County shall have the right to review all contracts between Developer and any subcontractors hired for the project. Developer shall be responsible for delivering a copy of all contracts to the designated County Project Manager named as the contact person in this Contract.

ARTICLE XV - FULL AND COMPLETE PERFORMANCE

The failure of either party to insist on one or more instances upon the full and complete performance with any of the terms or conditions of this Contract to be performed on the part of the other, or to take any action permitted as a result thereof, shall not be construed as a waiver or relinquishment of the right to insist upon full and complete performance of the same, or any other covenant or condition, either in the past or in the future. The acceptance by either party of sums less than may be due and owing it at any time shall not be construed as an accord and satisfaction.

ARTICLE XVI - CANCELLATION FOR CONFLICT OF INTEREST

This Contract is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated into this Contract by reference.

ARTICLE XVII - TERMINATION

- A. **Termination without Cause.** County reserves the right to terminate this Contract at any time and without cause by serving upon Developer 30 days advance written notice of such intent to terminate. In the event of such termination, County's only obligation to Developer shall be payment for services rendered prior to the date of termination.

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- B. Termination for Cause. This Contract may be terminated at any time without advance notice and without further obligation to County when Developer is found by County to be in default of any provision of this Contract. If default occurs as set forth in Paragraphs II (B)(6) or (F), and Developer shall immediately repay to County any and all sums provided to Developer pursuant to this Contract.
- C. Arbitrage Rebate Requirements. County reserves the right to cease payments to Developer and unilaterally terminate this Contract if County determines, in County's sole discretion, that any action or inaction on the part of Developer is likely to occur that would adversely affect the election made by the County under the Tax Exempt Bond Rules relating to exceptions for arbitrage rebate.
- D. Non-Appropriation. Notwithstanding any other provision in this Contract, this Contract may be terminated if for any reason, there are not sufficient appropriated and available monies for the purpose of maintaining County or other public entity obligations under this Contract. In the event of such termination, County shall have no further obligation to Developer, other than to pay for services rendered prior to termination.
- E. Immediate Suspension. County may suspend operations and payments under this Contract immediately for violation of contractual requirements, unsafe working conditions, violation of Federal or State law, or lack of reasonable progress in accomplishing objectives and schedules contained in this Contract.
- F. Temporary Suspension. County may temporarily suspend operations and payments under this Contract immediately at any time if the Board of Supervisors or Administration determines that it is in the County's best interest to suspend this contract. In the event of such suspension, Developer shall assist County by providing information and documents to evaluate the status of the contract and whether it should be continued.
- G. Effect of Termination. Any termination of this Contract shall not relieve any party from liabilities or costs already incurred under this Contract, nor affect any ownership of the Project constructed pursuant to this Contract.

ARTICLE XVIII – NO THIRD PARTY BENEFICIARIES

Nothing in this Contract is intended to create any duty or obligation to, or rights in, any person or entity that is not a party to this Contract, including the subsequent Homeowners Association or the Community Group as applicable. Furthermore, this Contract is not intended to affect the legal liability of any party to this Contract by imposing any standard of care with respect to the maintenance of public facilities different from the standard of care imposed by law.

ARTICLE XIX – NOTICE

Any notice required or permitted to be given under this Contract shall be in writing and shall be served by personal delivery or by certified mail upon the other party as follows:

This is an Official Copy of the Pima County contract executed and on file with Pima County.

County:

Margaret Kish, Director and Betty Villegas, Housing Manager
Pima County Community Development and Neighborhood Conservation Department
2797 E. Ajo Way 3rd Floor
Tucson AZ 85713

Developer:

Mark D. Breen, President
MMGRL, Inc., General Partner for GRL Apartments Limited Partnership
3850 E. Baseline, #125
Mesa, AZ 85206

ARTICLE XX - NON-EXCLUSIVE CONTRACT

Developer understands that this Contract is nonexclusive and is for the sole convenience of County. County reserves the right to obtain like services from other sources for any reason.

ARTICLE XXI - OTHER DOCUMENTS

Developer and County in entering into this Contract have relied upon information provided in the Pima County General Obligation Housing Bond Fund Solicitation issued on February 28, 2006, on information provided in Developer's application, dated February 19, 2008 and revised August 27, 2008, in response to said solicitation and the drawings and specifications submitted therein. These documents are hereby incorporated into and made a part of this Contract as if set forth in full herein, to the extent not inconsistent with the provisions of this Contract.

ARTICLE XXII - REMEDIES

Either party may pursue any remedies provided by law for the breach of this Contract. No right or remedy is intended to be exclusive of any other right or remedy and each shall be cumulative and in addition to any other right or remedy existing at law or at equity or by virtue of this Contract.

ARTICLE XXIII - SEVERABILITY

If any provision of this Contract, or any application thereof to the parties or any person or circumstances, is held invalid, such invalidity shall not affect other provisions or applications of this Contract which can be given effect, without the invalid provision or application and to this end the provisions of this Contract are declared to be severable.

ARTICLE XXIV - BOOKS AND RECORDS

A. Developer shall keep and maintain proper and complete books, records and accounts of the Project. For bond purposes, the Project books and records must continue to be maintained for a period of three (3) years after final payment of the bonds issued for the Project, or, if

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later, until any related pending proceeding or litigation has been closed. The bonds funding the Project are expected to be fully paid by June 30, 2023, but may be subject to refunding. Developer shall have the option of either (i) maintaining the Project books and records for the requisite number of years or (ii) conveying the Project books and records to County any time after the Project is completed. The books, records and accounts of the Project shall be available for inspection and audit by duly authorized representatives of County at all reasonable times during the period in which said books, records and accounts are maintained by the Developer. Unless Developer conveys all Project books, records and accounts to County, Developer shall indemnify and hold the County harmless from and against any amount required to be paid to the Internal Revenue Service or any governmental City or agency arising out of the failure by Developer to maintain such records.

- B. Inspection and Audit. The County may perform an inspection of the Project or an audit of Developer's books and records at any time in order to verify that monies spent on the Project were expended in accordance with the terms of this Contract.
- C. In the event County discovers that some funds were paid to Developer by County to reimburse expenses that did not in fact occur or that were not for the construction of infrastructure, Developer shall promptly repay such amounts to County with interest at the rate of 10% per annum from the time paid by County until repaid to County by Developer.

ARTICLE XXV – PUBLIC INFORMATION

- A. Pursuant to A.R.S. § 39-121 et seq., and A.R.S. § 34-603(G) in the case of construction or Architectural and Engineering services procured under A.R.S. Title 34, Chapter 6, all information submitted in response to this solicitation, including, but not limited to, pricing, product specifications, work plans, and any supporting data becomes public information and upon request, is subject to release and/or review by the general public including competitors.
- B. Any records submitted in response to this solicitation that respondent believes constitute proprietary, trade secret or otherwise confidential information must be appropriately and prominently marked as CONFIDENTIAL by respondent prior to the close of the solicitation.
- C. Notwithstanding the above provisions, in the event records marked CONFIDENTIAL are requested for public release pursuant to A.R.S. § 39-121 et seq., County shall release records marked CONFIDENTIAL ten (10) business days after the date of notice to the respondent of the request for release, unless respondent has, within the ten day period, secured a protective order, injunctive relief or other appropriate order from a court of competent jurisdiction, enjoining the release of the records. For the purposes of this paragraph, the day of the request for release shall not be counted in the time calculation. Respondent shall be notified of any request for such release on the same day of the request for public release or as soon thereafter as practicable.
- D. County shall not, under any circumstances, be responsible for securing a protective order or other relief enjoining the release of records marked CONFIDENTIAL, nor shall County be in any way financially responsible for any costs associated with securing such an order.

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ARTICLE XXVI – LEGAL ARIZONA WORKERS ACT

- A. Developer hereby warrants that it will at all times during the term of this Contract comply with all federal immigration laws applicable to Developer's employment of its employees, and with the requirements of A.R.S. § 23-214 (A) (together the "State and Federal Immigration Laws"). Developer shall further ensure that each subcontractor who performs any work for Developer under this contract likewise complies with the State and Federal Immigration Laws.
- B. County shall have the right at any time to inspect the books and records of Developer and any subcontractor in order to verify such party's compliance with the State and Federal Immigration Laws.
- C. Any breach of Developer's or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section, shall be deemed to be a material breach of this Contract subjecting Developer to penalties up to and including suspension or termination of this Contract. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, Developer shall be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor, as soon as possible so as not to delay project completion.
- D. Developer shall advise each subcontractor of County's rights, and the subcontractor's obligations, under this Article by including a provision in each subcontract substantially in the following form:

"Subcontractor hereby warrants that it will at all times during the term of this contract comply with all federal immigration laws applicable to Subcontractor's employees, and with the requirements of A.R.S. § 23-214 (A). Subcontractor further agrees that County may inspect the Subcontractor's books and records to insure that Subcontractor is in compliance with these requirements. Any breach of this paragraph by Subcontractor will be deemed to be a material breach of this contract subjecting Subcontractor to penalties up to and including suspension or termination of this contract."

- E. Any additional costs attributable directly or indirectly to remedial action under this Article shall be the responsibility of Developer. In the event that remedial action under this Article results in delay to one or more tasks on the critical path of Developer's approved construction or critical milestones schedule, such period of delay shall be deemed excusable delay for which Developer shall be entitled to an extension of time, but not costs.

ARTICLE XXVII – SCRUTINIZED BUSINESS OPERATIONS:

Pursuant to A.R.S. §§ 35-391.06 and 393.06, contractor hereby certifies that it does not have scrutinized business operations in Iran or Sudan. The submission of a false certification by contractor may result in action up to and including termination of this contract.

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ARTICLE XXVIII - ENTIRE AGREEMENT

This document constitutes the entire agreement between the parties pertaining to the subject matter hereof, and all prior or contemporaneous agreements and understandings, oral or written, are hereby superseded and merged herein. This Contract may be modified, amended, altered or extended only by a written amendment signed by the parties.

IN WITNESS THEREOF, the parties have affixed their signatures to this Contract on the date written below.

PIMA COUNTY:

Liamon Valadez FEB 02 2010
Chairman Date
Board of Supervisors

DEVELOPER:

Mark D Breen 1/12/2010
Authorized Signature Date

Mark D. Breen
Print Name

ATTEST:

President of MMGRL, Inc.
Title *General Partner of*
GRL Apartments Limited Partnersh

Lori Godoshian FEB 02 2010
Clerk of the Board Date

APPROVED AS TO CONTENT:

Margaret M. Kue
Director, Community Development
and Neighborhood Conservation Department

APPROVED AS TO FORM:

Loren A. Triar
Pima County Attorney

REVIEWED BY:

Jon Bule 1-26-10
Director, Finance Department

This is an Official Copy of the Pima County contract executed and on file with Pima County

GHOST RANCH LODGE APARTMENTS, PHASE I

Developer: GRL Apartments Limited Partnership

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This is an Official Copy of the Pima County contract executed and on file with Pima County.

When Recorded, Please Return To:

Neighborhood Reinvestment Program
Community and Economic Development
Pima County
2797 East Ajo Way
Tucson, AZ 85713-6223

**PERFORMANCE DEED OF TRUST
NEIGHBORHOOD REINVESTMENT PROGRAM**

Date: _____

1. Definitions.

1.1. Trustor or Developer. GRL Apartments Limited Partnership, an Arizona limited partnership, whose mailing address is: 3850 East Baseline Road, Suite 125, Mesa, AZ 85206-4404.

1.2. Trustee. Chicago Title Insurance Company, whose mailing address is: 2555 East Camelback Road, Suite 500, Phoenix, AZ 85016-9259

1.3. Beneficiary or County. Pima County, a body politic and corporate of the State of Arizona, whose mailing address is: Pima County Community and Economic Development, Neighborhood Reinvestment Program, 2797 East Ajo Way, Tucson, AZ 85713-6223.

1.4. Parties. Trustor, Trustee and Beneficiary are collective the Parties, and individually a Party.

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1.5. Property. The real property situated in the County of Pima, State of Arizona, as described in **Exhibit A** attached hereto and made a part hereof, together with all buildings, improvements and fixtures thereon or hereinafter erected thereon. Street address of this property: 801 West Miracle Mile, Tucson, AZ 85705-3707.

1.6. Project. The rehabilitation of the former Ghost Ranch Lodge into an affordable housing development that will, when completed, consist of sixty (60) rental units (the "**Units**") and be known as the **Ghost Ranch Lodge Apartments Phase 1** (the "**Project**").

1.7. Bond Fund Contract. The Bond Fund Contract between Trustor as Developer and Beneficiary as County for the construction of the Project.

1.8. Bond Covenants. The following are considered to be Bond Covenants for purposes of this Performance Deed of Trust ("**Deed of Trust**"):

1.8.1. All Units must be completed, have a certificate of occupancy from the City of Tucson, and be marketed for occupancy no later than October 16, 2010 (the "**Completion Date**"), unless the State of Arizona extends the time for completion under the State's funding agreement with Trustor. Trustor must notify County in writing of any extension granted by the State within five (5) business days of such extension.

1.8.2. All rehabilitation of the original hotel's eight (8) historic buildings, seven (7) of which were designed by Joesler, designated as Buildings A, B, C, D, E, F, G and Q shall be designed, completed, and maintained in a manner that preserves the historic architecture.

1.8.3. For a minimum of thirty (30) years from and after the Completion Date (the "**Affordability Period**"), Trustor shall operate and conduct all activities of the Project in accordance with the following conditions:

1.8.3.1. All Units will be rented exclusively to qualified households. A "**Qualified Household**" is an individual or family whose income is less than or equal to 65% of area median income ("**AMI**") at the time of the household's initial occupancy.

1.8.3.2. All Units will have one-bedroom, one-bath, kitchen and living area and be approximately 660 square feet.

1.8.3.3. At least forty-eight (48) Units will be rented to Qualified Households with at least one person who is 55 years of age or older (the "**Age Restricted Units**").

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1.8.3.4. At least nine (9) Units will be rented to Qualified Households with at least one person who is physically disabled as defined by the Arizona Department of Housing 2008 Low Income Housing Tax Credit Qualified Allocation Plan (the "**Disabled Units**").

1.8.3.5. Three (3) Units may be rented to Qualified Households who do not meet the requirements for either the Age Restricted Units or the Disabled Units.

1.8.3.6. All Units shall comply with the requirements of the Arizona Department of Housing 2008 Low Income Housing Tax Credit Program and Qualified Allocation Plan.

1.8.4. The Affordability Period shall remain in full force and effect regardless of any change(s) in ownership of the Property.

1.9. County Contribution. The sum of One Million One Hundred Thousand Dollars (\$1,100,000.00), which is the amount contributed by Beneficiary towards the Project.

2. **Parties**. This Deed of Trust is entered into by and among Trustor, Trustee and Beneficiary.

3. **Grant of Property**. Trustor hereby irrevocably grants, conveys, transfers and assigns to the Trustee in Trust, with Power of Sale, the Property, together with leases, rents, issues, profits, or income therefrom (all of which are hereinafter called "**Property Income**"), subject to:

3.1. the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such Property Income; and

3.2. current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record.

4. **Security**. The grant pursuant to Paragraph 3 above is for the purpose of securing:

4.1. performance of the Bond Covenants;

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4.2. the County Contribution, provided that the parties hereto acknowledge and agree Trustor has no obligation to repay the County Contribution to Beneficiary except as provided in this Deed of Trust; and

4.3. performance of each agreement of Trustor herein contained.

5. **Termination of Deed of Trust.** Notwithstanding any other provision of this Deed of Trust, this Deed of Trust shall terminate at the end of the Affordability Period. After the expiration of the Affordability Period, Beneficiary will execute a release of this Deed of Trust within thirty (30) days after receiving a written request from Trustor.

6. **Obligations of Trustor to Protect Security.** To protect the security of this Deed of Trust, Trustor agrees:

6.1. to keep the Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon the Property in violations of law; and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general.

6.2. to provide, maintain, and deliver to Beneficiary, fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary, the entire amount so collected or any part thereof, may be released to Trustor. Such application or release shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.

6.3. to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses of Beneficiary and Trustee, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear or be named, and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust.

6.4. to pay, before delinquent, all taxes and assessments affecting the Property; when due, all encumbrances, charges, and liens, with interest, on the Property or any

part thereof, which appear to be prior or superior hereto; all costs, fees, and expenses of this Trust, including, without limiting the generality of the foregoing, the fees of Trustee for issuance of any Deed of Release and Full Reconveyance, and all lawful charges, costs, and expenses in the event of reinstatement of, following default in, this Deed of Trust or the obligations secured hereby.

7. **Right of Beneficiary or Trustee to Protect Security.**

7.1. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Beneficiary or Trustee are authorized to enter upon the Property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel, and pay his reasonable fees.

7.2. Trustor shall pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, together with interest from date of expenditure at the legal rate. Any amounts so paid by Beneficiary or Trustee shall become a part of the debt secured by this Deed of Trust and a lien on said premises or immediately due and payable at option of Beneficiary or Trustee.

8. **Repayment of County Contribution.**

8.1. Trustor agrees that the County Contribution shall become immediately due and payable to County, only upon the occurrence of the following events ("**Event of Repayment**"):

8.1.1. a breach of the Bond Covenants upon the expiration of thirty (30) days after County shall deliver to Trustor a notice of repayment or such longer period of time as shall be reasonable under the circumstances provided that Trustor shall commence the cure within such thirty (30) day period and thereafter diligently proceed to complete such cure ("**Cure Period**"); or

8.1.2. in the event that Trustor sells, contracts to sell, gives an option to purchase, conveys, transfers or alienates the Property, or suffers its title to, or any interest in the Property to be divested, whether voluntarily or involuntarily; or

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the commencement of a sale of the Property by a senior lienholder, either by Trustee's sale or by judicial foreclosure.

8.2. The obligation to repay the County Contribution shall cease if Trustor cures the Event of Repayment, provided that the County Contribution shall again become immediately due and payable upon a subsequent Event of Repayment.

9. Right to Sell Property.

9.1. Upon the occurrence of an Event of Repayment, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written notice thereof, setting forth the nature thereof, and of election to cause to be sold the Property under this Deed of Trust. Beneficiary also shall deposit with Trustee this Deed of Trust.

9.2. Trustee shall record and give notice of Trustee's sale in the manner required by law, and after the lapse of such time as may then be required by law, subject to the statutory rights of reinstatement, the Trustee shall sell, in the manner required by law, the Property at public auction at the time and place fixed by it in said notice of Trustee's sale to the highest bidder for cash in lawful money of the United States, payable at the time of sale. Trustee may postpone or continue the sale by giving notice of postponement or continuance by public declaration at the time and place last appointed for the sale. Trustee shall deliver to such purchaser its Deed conveying the property so sold, but without any covenant or warranty, expressed or implied. Any persons, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

9.3. After deducting all costs, fees, and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale and reasonable attorney's fees, Trustee shall apply the proceeds of sale to payment of all sums then secured hereby and all other sums due under the terms hereof, including the County Contribution, with accrued interest; and the remainder, if any, to the person or persons legally entitled thereto, or as provided in A.R.S. § 33-812. To the extent permitted by law, an action may be maintained by Beneficiary to recover a deficiency judgment for any balance due hereunder.

9.4. In lieu of sale pursuant to the power of sale conferred hereby, this Deed of Trust may be foreclosed in the same manner provided by law for the foreclosures of mortgages on real property. Beneficiary shall also have all other rights and remedies available hereunder and at law or in equity. All rights and remedies shall be cumulative.

This is an Official Copy of the Pima County contract executed and on file with Pima County.

10. **Injunctive Relief.** Trustor agrees that in the event of a breach or threatened breach of the Bond Covenants, Beneficiary or Trustee may seek to enforce such obligations and may have no adequate remedy in money damages and, accordingly, shall be entitled to an injunction against such breach or threatened breach, and Trustor hereby consents to an order permanently enjoining Trustor from violating the Bond Covenants during the term of this Deed of Trust. However, no specification in this Deed of Trust of a specific legal or equitable remedy shall be construed as a waiver or prohibition against any other legal or equitable remedies in the event of a breach of a provision of this Deed of Trust.

11. **Subordinate Lien.** The lien of this Deed of Trust is junior and subordinate to the liens set forth on **Exhibit B** hereto.

12. **Miscellaneous.**

12.1. Successor Trustee. Beneficiary may appoint a successor Trustee in the manner prescribed by law. A successor Trustee herein shall, without conveyance from the predecessor Trustee, succeed to all the predecessor's title, estate, rights, powers, and duties. Trustee may resign by mailing or delivering notice thereof to Beneficiary and Trustor.

12.2. Binding Agreement. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and neuter, and the singular number includes the plural.

12.3. Duties of Trustee. That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

12.4. Request for Notice by Trustor. The undersigned Trustor requests that a copy of any notice of Trustee's sale hereunder be mailed to him at his address hereinbefore set forth.

12.5. Notices. All notices to be delivered under this Deed of Trust shall be by first class mail, registered mail or certified mail, postage prepaid, and delivered to the address set forth in this Deed of Trust, unless written notice of a change of address has been delivered.

This is an Official Copy of the Pima County contract executed and on file with Pima County.

TRUSTOR: GRL Apartments Limited Partnership, an Arizona limited partnership:

Signature

Date

Print Name

Its

State of Arizona)
) ss.
County of Pima)

Acknowledged before me this ____ day of _____, 2010 by _____

Notary Public

My Commission Expires: _____

This is an Official Copy of the Pima County contract executed and on file with Pima County.

BENEFICIARY: Pima County, a body politic and corporate of the State of Arizona:

Ramon Valadez, Chairman, Board of Supervisors

Date

ATTEST:

Lori Godoshian, Clerk of Board

Date

State of Arizona)
) ss.
County of Pima)

Acknowledged before me this ____ day of _____, 2010 by Richard Elías, as Chairman of the Board of Supervisors of Pima County, a body politic and corporate of the State of Arizona, on behalf of the County.

Notary Public

My Commission Expires: _____

This is an Official Copy of the Pima County contract executed and on file with Pima County.

APPROVED AS TO CONTENT:

Margaret Kish, Director, Community Development and Neighborhood Conservation

APPROVED AS TO FORM:

Neil J Konigsberg, Deputy County Attorney, Civil Division

This is an Official Copy of the Pima County contract executed and on file with Pima County.

Exhibit A
Legal Description

This is an Official Copy of the Pima County
contract executed and on file with Pima County.

LEGAL DESCRIPTION
 GRL APARTMENTS LIMITED PARTNERSHIP
 OUR JOB NO. 20107
 9 OCTOBER 2009

GHOST RANCH LODGE PHASE 1

A PORTION OF LOTS 1, 2, 3, 8, 9, 11 AND 12, BLOCK 4, MESA VERDE SUBDIVISION, ACCORDING TO THE PLAT OF RECORD IN BOOK 5 OF MAPS AND PLATS, PAGE 73, A PORTION OF THE ABANDONED ALLEYS IN SAID BLOCK 4, AS RECORDED IN BOOK 3 OF ROADS MAPS, PAGE 123, PIMA COUNTY RECORDER, PIMA COUNTY, ARIZONA AND BEING SITUATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 35, TOWNSHIP 13 SOUTH, RANGE 13 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTER OF SAID SECTION 35; THENCE NORTH 0°22' 52" WEST ALONG THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 35, A DISTANCE OF 685.43 FEET; THENCE NORTH 89°36' 25" EAST, A DISTANCE OF 30.00 FEET TO THE SOUTHWEST CORNER OF SAID BLOCK 4; THENCE CONTINUING NORTH 89°36' 25" EAST AND ALONG THE SOUTH LINE OF SAID BLOCK 4, A DISTANCE OF 204.48 FEET TO THE TRUE POINT OF BEGINNING OF THE HEREIN DESCRIBED PARCEL; THENCE NORTH 0°00' 00" EAST, A DISTANCE OF 86.35 FEET; THENCE NORTH 90°00' 00" EAST, A DISTANCE OF 92.42 FEET; THENCE NORTH 0°00' 00" EAST, A DISTANCE OF 306.90 FEET; THENCE NORTH 32°05' 59" WEST, A DISTANCE OF 18.19 FEET; THENCE SOUTH 90°00' 00" WEST, A DISTANCE OF 12.54 FEET; THENCE NORTH 0°00' 00" EAST, A DISTANCE OF 114.47 FEET TO A POINT ON THE SOUTH RIGHT OF WAY LINE OF WEST MIRACLE MILE, SAID POINT LIES ON A CURVE, CONCAVE NORTHERLY, HAVING A RADIUS OF 17,206.70 FEET AND WHOSE CENTER BEARS NORTH 0°59' 48" EAST FROM THE LAST DESCRIBED POINT; THENCE EASTERLY ALONG THE ARC OF SAID CURVE AND ALONG SAID SOUTH RIGHT OF WAY LINE, THROUGH A CENTRAL ANGLE OF 00°48' 33", AN ARC LENGTH OF 242.98 FEET TO A POINT OF TANGENCY; THENCE SOUTH 89°48' 45" EAST CONTINUING ALONG SAID SOUTH RIGHT OF WAY LINE, A DISTANCE OF 53.35 FEET; THENCE SOUTH 0°22' 52" EAST ALONG THE EAST LINE OF SAID BLOCK 4, A DISTANCE OF 517.92 FEET TO THE SOUTHEAST CORNER OF SAID BLOCK 4; THENCE SOUTH 89°36' 25" WEST ALONG THE SOUTH LINE OF SAID BLOCK 4, A DISTANCE OF 369.99 FEET TO THE TRUE POINT OF BEGINNING.

SAID PARCEL CONTAINS 153,913 SQUARE FEET OR 3.533 ACRES, MORE OR LESS.

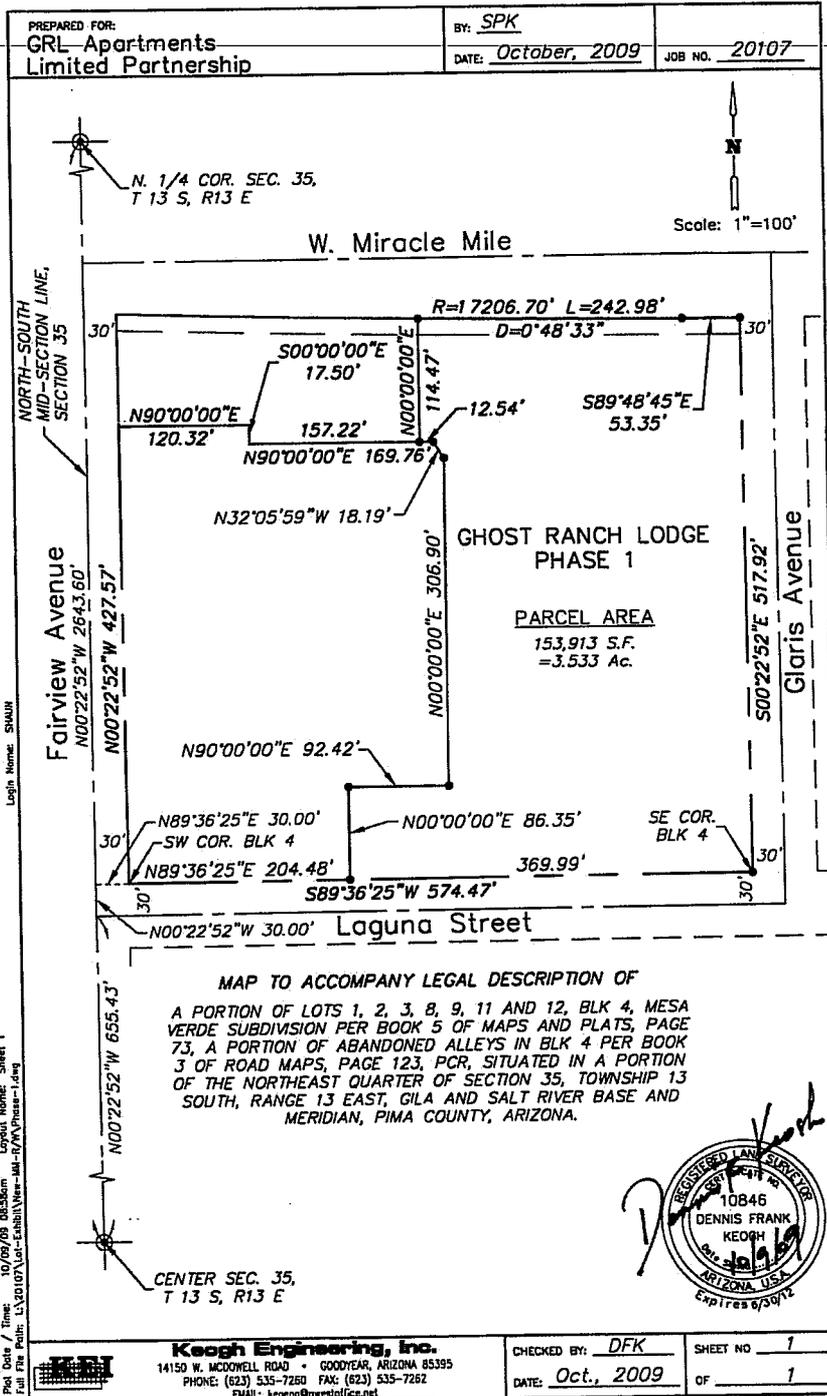
SAID PARCEL SUBJECT TO RECIPROCAL PARKING, ACCESS, DRAINAGE AND UTILITY USES WITH ADJACENT PARCELS.

DESCRIPTION
 Dictated RS
 Typed JA
 Proof-1 RS
 Proof-2 DEK
 KEOGH ENGINEERING, INC.



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This is an Official Copy of the Pima County contract executed and on file with Pima County.



Login Name: SHAWN

Plot Date / Time: 10/09/09 08:36am
Layout Name: Sheet 1
Full File Path: L:\20107\Lot-Exhibit\New-Map-10\MYPhase-1.dwg

End of Exhibit A

Exhibit B
Permitted Encumbrances

1. Deed of Trust to National Mortgage Investors for construction and permanent financing.
2. Deed of Trust to Credit Capital for Tax Credit financing.
3. Deed of Trust to City of Tucson for HUD - Community Development Block Grant funds and HOME Program funds.
4. Land Use Restriction Agreement and Deed of Trust to State of Arizona Department of Housing Low-Income Housing Tax Credit Program.
5. Deed of Trust to State of Arizona Department of Housing for HUD HOME Funds and/or the State Housing Trust Fund.

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PROJECT NARRATIVE SUMMARY

The Applicant, an affiliate of Atlantic Development & Investments, Inc. ("Atlantic"), purchased Ghost Ranch Lodge at a trustee's sale in July of 2007 (the "Trustee's Sale"). Attached at Tab 12 is a site plan showing the location of buildings which have existed on the site, as identified by letters AA, A through W, Y and Z. Please note that buildings AA (which has been demolished) T, and a portion of R do not reside on the property owned by the Applicant, but rather are currently owned by COPE Behavioral Services, of Tucson, Arizona.

A portion of the Ghost Ranch Lodge meets eligibility requirements for the National Register of Historic Places for the architectural distinctiveness of its original 1941 courtyard buildings. The Ghost Ranch Lodge features 7 buildings designed by Swiss architect Josias Joesler (1895-1956), arranged around a lush courtyard with a common area. None of the post-1941 buildings at the Ghost Ranch Lodge were designed by Joesler.

The Ghost Ranch Lodge will be rehabilitated in two phases. Phase I will consist of two main parts. First, the seven (7) existing original Joesler Buildings (including buildings B, C, D, E, F, G and Q) will be rehabilitated pursuant to the plan outline submitted herewith by the Owner's architect. Specifically, no elevation changes are proposed for inward-facing sides of the Joesler buildings. The only planned exterior modification is the enclosing and extension of rear carports to create additional bedrooms. Transparency of the existing wooden screening in the carports will be maintained by leaving a gap between the screens and addition walls in the form of a walk way. A sliding glass door will provide an open access area from the new bedroom into the walkway. A dormer will be added to accommodate the extension of the bedroom in the back of the building towards the parking area in order to provide a larger living and bathroom area, while maintaining the unique courtyard design of the Joesler buildings intact. Interior walls, bathroom and kitchen areas will be modified and updated, but will have no adverse effect upon the overall character of the Joesler buildings.

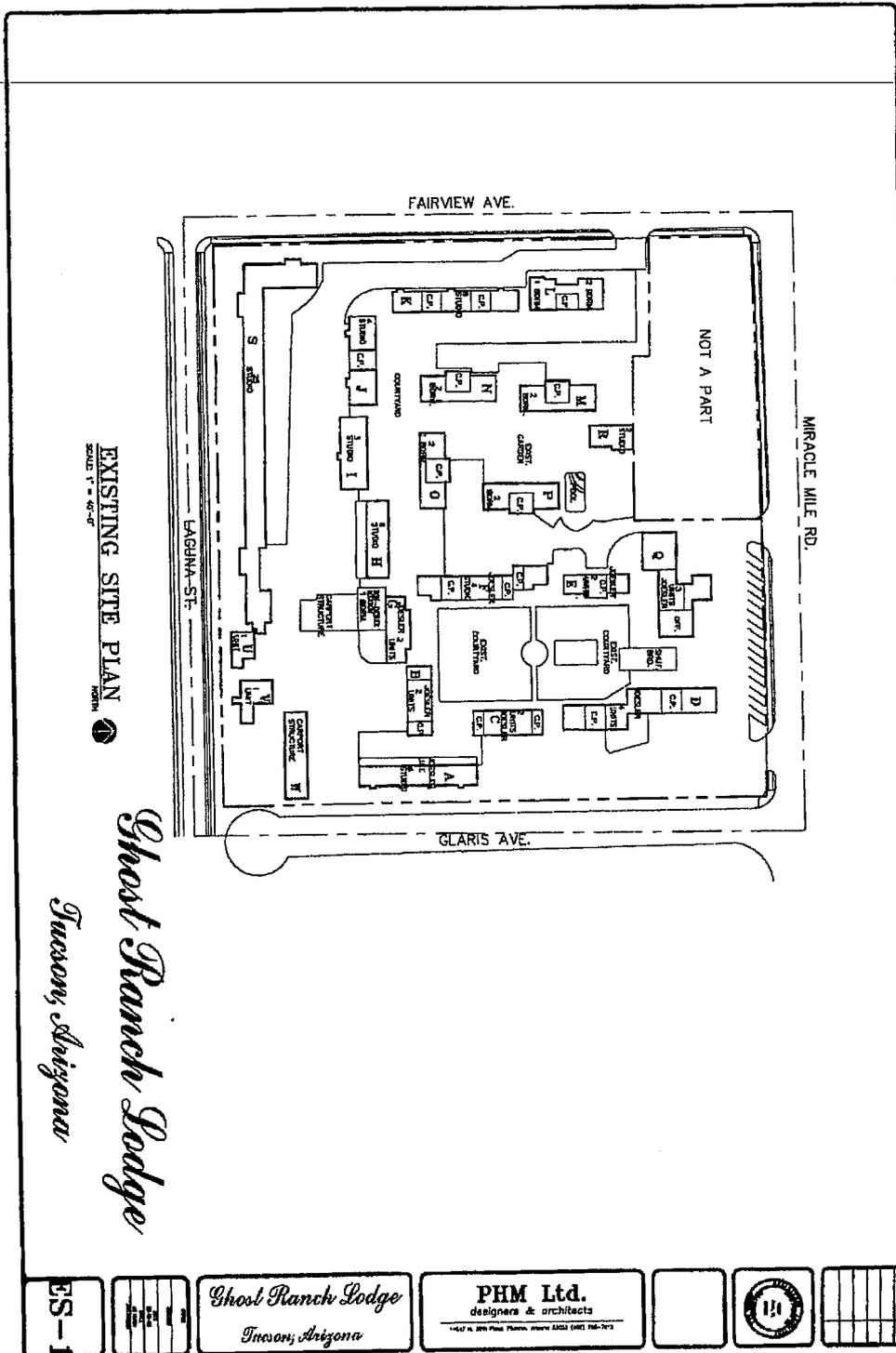
Second, in addition to the rehabilitation of the Joesler buildings described above, the "addition portion" of building G (the non-Joesler later year addition to the south side of building G), together with building H, will be demolished to provide space for a new six (6) unit single story building compatible with, but distinctly differentiated from, the original Joesler builders. Buildings A, S, V and Z will be rehabilitated to provide a combined additional 11 rehabilitation units. Building A, a one story complementary building, will consist of three rehab units, together with one new unit. Buildings S and U will be modified to create two story buildings compatible to the Joesler design, consisting of 6 rehab units and 8 new units in Building S, and 2 rehab units and 12 new units in building U. It is not anticipated that the addition of two second story buildings on the south side of the parcel, well outside the courtyard, will substantially change the character of the original courtyard buildings. Buildings U and W will also be demolished to allow improved access throughout the site, and to provide areas for new construction.

Inasmuch as Phase I will be required under the QAP to be a "stand alone" development in the event tax credits are not issued to Phase II, the buildings in phase I will be completed with a small new compatible, but distinguishable, clubhouse at the entrance to the courtyard on the north side, and the shuffleboard area will be relocated just south of the new clubhouse. The clubhouse will be accessible to all units in phase I, and will have a community gathering room and office area.

Lastly with respect to Phase I, attention and effort will be given to preserving the courtyard area's vegetation, while maximizing water conservation to the extent possible. As required by the LIHTC program, landscaping around the perimeter of the site will incorporate a Xeriscape landscape plan.

The remaining non-Joesler buildings I, J, K, L, M, N, O, P, R (on the portion of the Applicant's site) and Y will be demolished to allow new compatible buildings to be constructed around the cactus garden area, which many have expressed desires to preserve, in Phase II. The Phase II design has not yet been completed, and will depend in large part upon the point scoring system adopted by the ADOH in its 2009 QAP. Preferably, the Applicant would develop Phase II as a continuation of Phase I, with additional one- and two-story one-bedroom senior units. However, the final decision will be made following review of the 2009 QAP (which should be published in the latter part of 2008, or January of 2009). As with the two story buildings on the south side of the site, it is not anticipated that the addition of two story buildings across a parking area from the Joesler buildings, on the west side of the parcel, will substantially change the character of the original Joesler buildings.

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Ghost Ranch Lodge
Tucson, Arizona

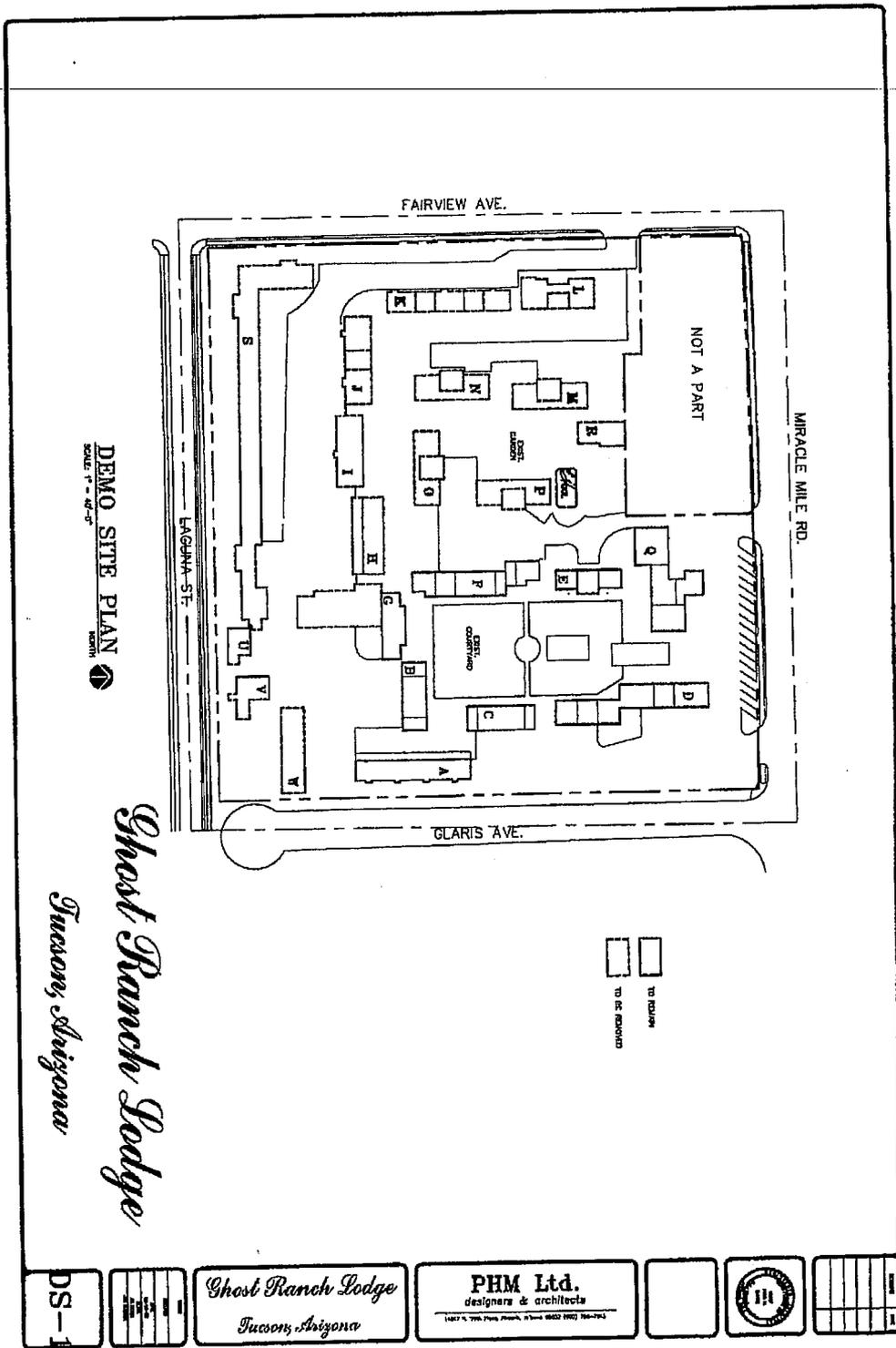
ES-1

Ghost Ranch Lodge
Tucson, Arizona

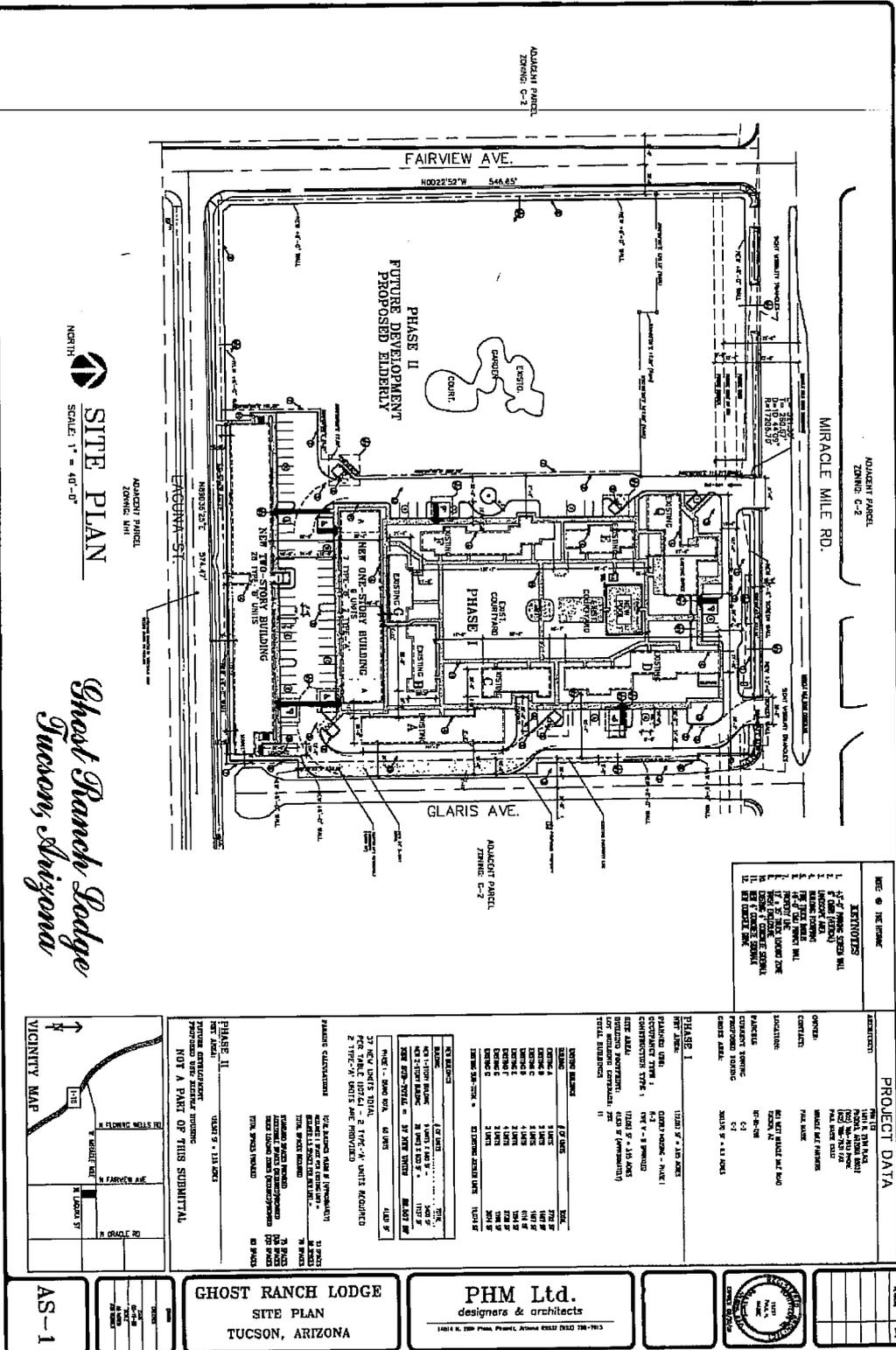
PHM Ltd.
designers & architects
1447 N. 20th Street, Phoenix, Arizona 85016 (602) 944-7474



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SITE PLAN
SCALE: 1" = 40'-0"

Ghost Ranch Lodge
Tucson, Arizona

NOTES

1. SEE ALL NOTES ON SHEET 1.
2. ALL DIMENSIONS ARE IN FEET AND INCHES.
3. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
4. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE NOTED.
5. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE NOTED.
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11. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE NOTED.
12. ALL DIMENSIONS ARE TO CENTERLINE UNLESS OTHERWISE NOTED.

PROJECT DATA

ADVERTISER: PHM LTD. DESIGNERS & ARCHITECTS
1000 N. 1ST AVE. SUITE 100
TUCSON, ARIZONA 85702
TEL: 520-795-1111
FAX: 520-795-1112

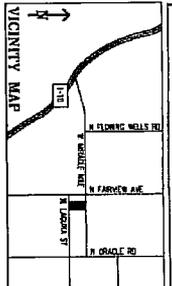
OWNER: PHM LTD. DESIGNERS & ARCHITECTS
1000 N. 1ST AVE. SUITE 100
TUCSON, ARIZONA 85702
TEL: 520-795-1111
FAX: 520-795-1112

CONTRACT: NO. 1000-1111-1111

LOCATION: 1000 N. 1ST AVE. SUITE 100
TUCSON, ARIZONA 85702

DATE: 10/10/11

SCALE: 1" = 40'-0"



PHASE II

NEW AREA: 111,111 SQ. FT.

EXISTING AREA: 111,111 SQ. FT.

TOTAL AREA: 222,222 SQ. FT.

NOT A PART OF THIS SUBMITTAL

PHASE I

NEW AREA: 111,111 SQ. FT.

EXISTING AREA: 111,111 SQ. FT.

TOTAL AREA: 222,222 SQ. FT.

NOT A PART OF THIS SUBMITTAL

PHASE I

NEW AREA: 111,111 SQ. FT.

EXISTING AREA: 111,111 SQ. FT.

TOTAL AREA: 222,222 SQ. FT.

NOT A PART OF THIS SUBMITTAL

This is an Official Copy of the Pima County contract executed and on file with Pima County.

Joeleser Building Co.
Ghost Ranch Lodge
Tucson, Arizona

Existing Floor Plan
LIVING ROOM, KITCHEN, BEDROOM, BATH, HALL, CLO.

New Proposed Floor Plan
LIVING ROOM, KITCHEN, BEDROOM, BATH, HALL, CLO.

Ground Level Elevation
ORIGINAL, BLOCK OR STUCCO FINISH-REPAIR AND REPLACE AS REQUIRED
ORIGINAL WOOD BELLING AS REQUIRED
ORIGINAL STUCCO FINISH-REPAIR AND REPLACE AS REQUIRED

Side Elevation
ORIGINAL, BLOCK OR STUCCO FINISH-REPAIR AND REPLACE AS REQUIRED
ORIGINAL WOOD BELLING AS REQUIRED

Roof Elevation
ORIGINAL, BLOCK OR SIDING FINISH-REPAIR AND REPLACE AS REQUIRED
ORIGINAL STUCCO FINISH-REPAIR AND REPLACE AS REQUIRED

REVISIONS

NO.	DATE	DESCRIPTION
1	11-1-58	AS SHOWN
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4	11-1-58	AS SHOWN
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98	11-1-58	AS SHOWN
99	11-1-58	AS SHOWN
100	11-1-58	AS SHOWN

PHM Ltd.
designers & architects
1100 N. GILBERT ST., SUITE 100, TUCSON, ARIZONA 85719 (520) 798-0200

JOESLER BUILDING CO.
TUCSON, ARIZONA

A-6

This is an Official Copy of the Pima County contract executed and on file with Pima County.

**GRL APARTMENTS LIMITED PARTNERSHIP
GHOST RANCH LODGE APARTMENTS PHASE I PROJECT
Reimbursement Distribution Budget**

DESCRIPTION (Subject to Title 34, Arizona REvised Statutes)	AMOUNT
Construction-Related Activities	
ARCHITECTURE & ENGINEERING	\$135,000.00
MATERIALS & LABOR (may include: stucco, drywall, appliances, cabinets, carpeting, flooring or other items approved by County)	\$289,120.00
SUBTOTAL	\$424,120.00

DESCRIPTION	AMOUNT
REIMBURSEMENT FOR LAND ACQUISITION (Phase I site, 3.53 acres of Tax Parcel 107-05-126B; appraised value \$1.15M)	\$675,880.00
SUBTOTAL	\$675,880.00

TOTAL ALLOCATED MAXIMUM AMOUNT	\$1,100,000.00
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GHOST RANCH LODGE PHASE 1 PARCEL LEGAL DESCRIPTION, page 1 of 2

KEOGH Keogh Engineering, Inc.
14150 W. McDowell Rd. • Goodyear Arizona 85395
ENGINEERING, INC (623) 535-7260 • Fax (623) 535-7262 • E-mail: keoeng@qwest.net
Civil Engineers | Land Surveyors

LEGAL DESCRIPTION
GRL APARTMENTS LIMITED PARTNERSHIP
OUR JOB NO. 20107
9 OCTOBER 2009

GHOST RANCH LODGE PHASE 1

A PORTION OF LOTS 1, 2, 3, 8, 9, 11 AND 12, BLOCK 4, MESA VERDE SUBDIVISION, ACCORDING TO THE PLAT OF RECORD IN BOOK 5 OF MAPS AND PLATS, PAGE 73 , A PORTION OF THE ABANDONED ALLEYS IN SAID BLOCK 4, AS RECORDED IN BOOK 3 OF ROADS MAPS, PAGE 123, PIMA COUNTY RECORDER, PIMA COUNTY, ARIZONA AND BEING SITUATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 35, TOWNSHIP 13 SOUTH, RANGE 13 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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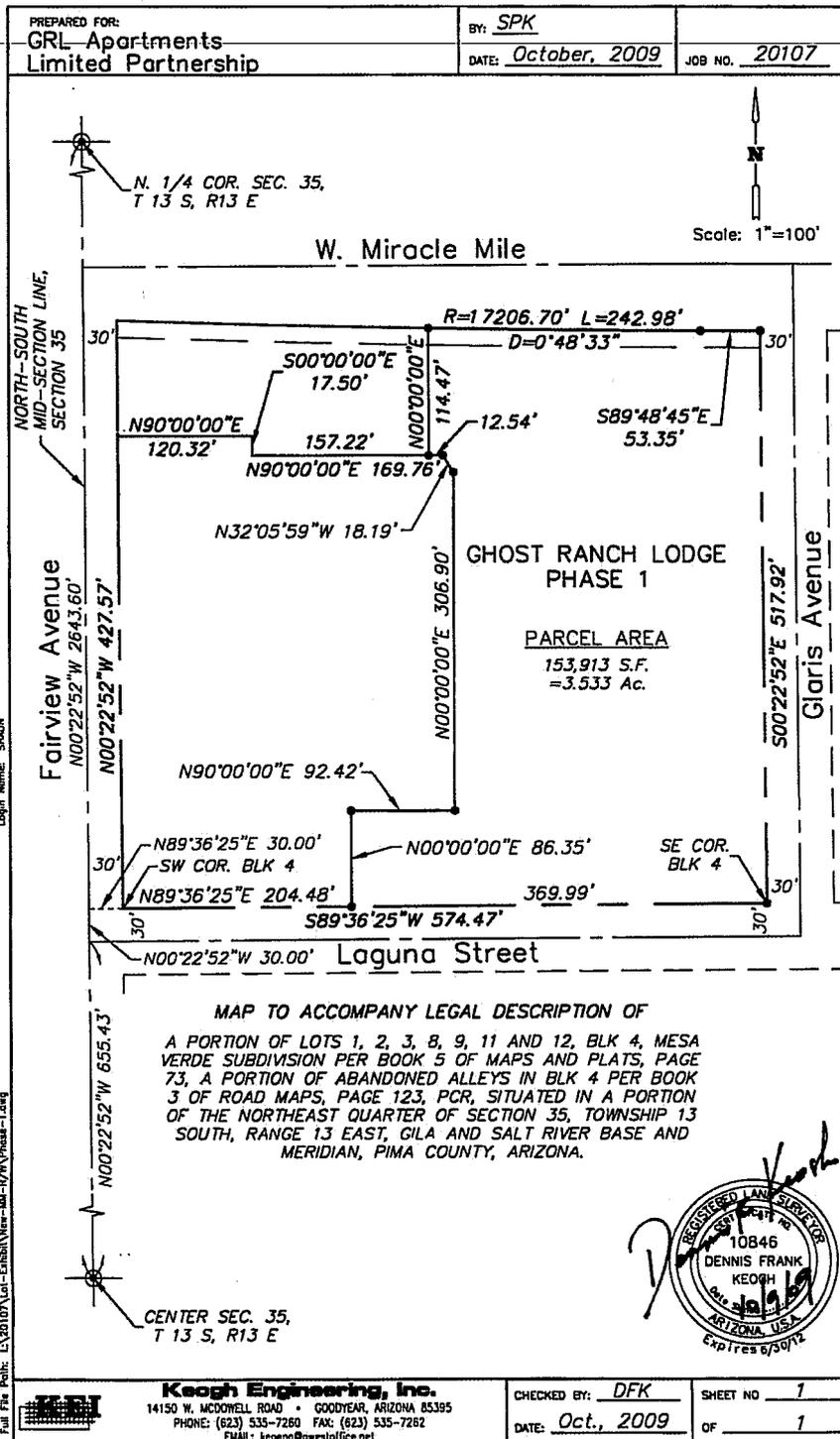
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DESCRIPTION _____
Dictated TS
Typed TA
Proof-1 TS
Proof-2 DEK
KEOGH ENGINEERING, INC.



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GHOST RANCH LODGE PHASE 1 PARCEL LEGAL DESCRIPTION, page 2 of 2



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GHOST RANCH LODGE PHASE 2 PARCEL LEGAL DESCRIPTION, page 1 of 2

KEOGH Keogh Engineering, Inc.
14150 W. McDowell Rd. • Goodyear Arizona 85395
ENGINEERING, INC (623) 535-7260 • Fax (623) 535-7262 • E-mail: keoeng@qwest.net
Civil Engineers | Land Surveyors

LEGAL DESCRIPTION
GRL APARTMENTS LIMITED PARTNERSHIP
OUR JOB NO. 20107
9 OCTOBER 2009

GHOST RANCH LODGE PHASE 2

A PORTION OF LOTS 3, 4, 5, 6 AND 11, ALL OF LOTS 7 AND 10, BLOCK 4, MESA VERDE SUBDIVISION, ACCORDING TO THE PLAT OF RECORD IN BOOK 5 OF MAPS AND PLATS, PAGE 73 , A PORTION OF THE ABANDONED ALLEYS IN SAID BLOCK 4, AS RECORDED IN BOOK 3 OF ROADS MAPS, PAGE 123, PIMA COUNTY RECORDER, PIMA COUNTY, ARIZONA AND BEING SITUATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 35, TOWNSHIP 13 SOUTH, RANGE 13 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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SAID PARCEL CONTAINS 116,082 SQUARE FEET OR 2.665 ACRES, MORE OR LESS.

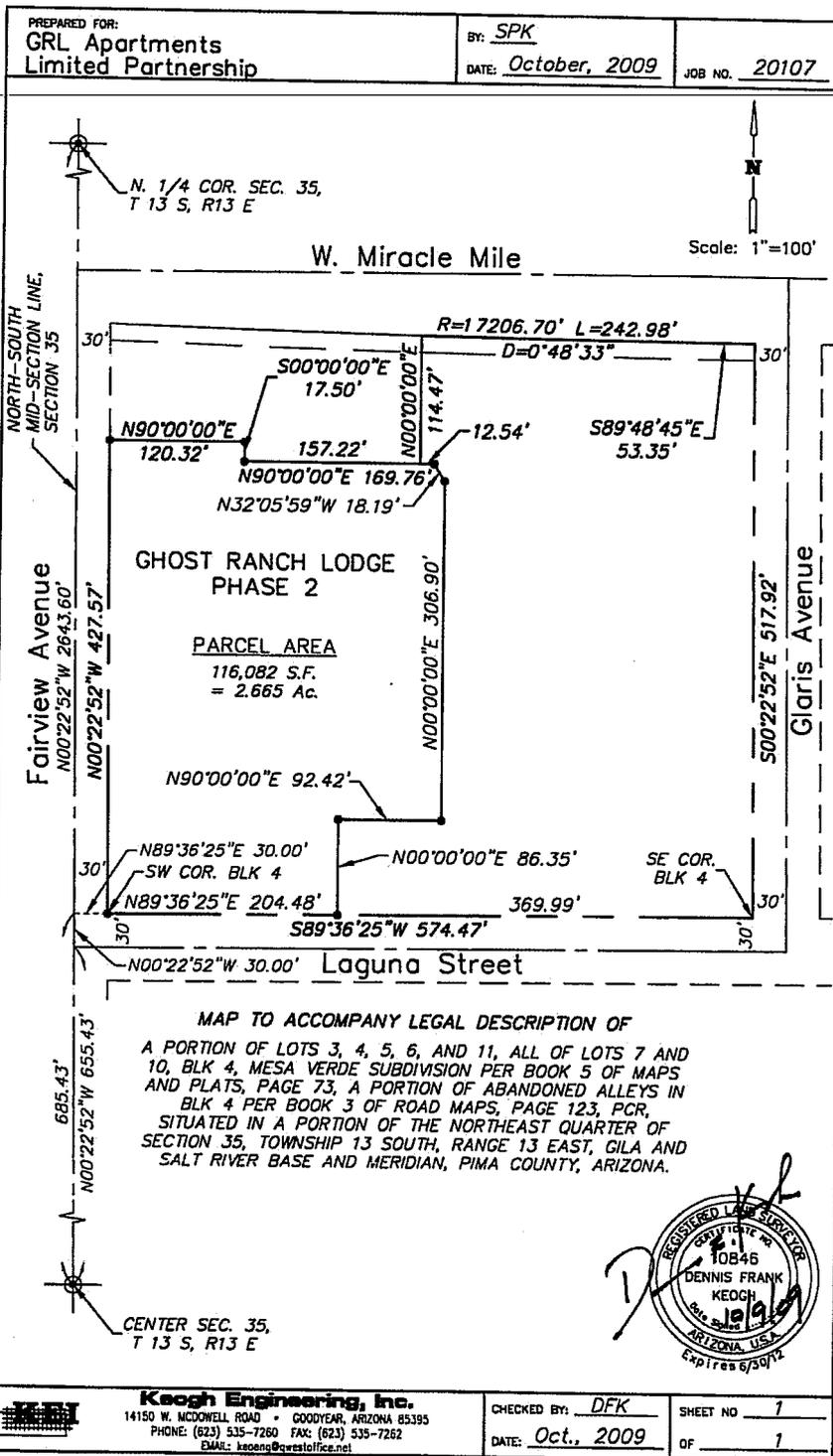
SAID PARCEL SUBJECT TO RECIPROCAL PARKING, ACCESS, DRAINAGE AND UTILITY USES WITH ADJACENT PARCELS.

DESCRIPTION
Dictated DF
Typed DF
Proof-1 DF
Proof-2 DF
KEOGH ENGINEERING, INC.



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GHOST RANCH LODGE PHASE 2 LEGAL, page 2 of 2



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Personal Assurance of Project Completion

PERSONAL GUARANTY

The undersigned, herein called "Guarantor" at the solicitation of GRL APARTMENTS LIMITED PARTNERSHIP, an Arizona limited partnership, herein called "**Developer**", requests Pima County, a body politic and corporate of the State of Arizona, herein called "**County**", to grant credit to Developer and in consideration thereof Guarantor has executed this guaranty ("Guarantee") and agrees as follows:

1. **BACKGROUND AND PURPOSE.**

1.1. Developer has entered into a General Obligation Housing Bond Fund Contract with County dated the date hereof (the "**Bond Fund Contract**") pursuant to which County will contribute funding for costs directly incurred by Developer for land acquisition and the construction of the Project, as hereinafter defined, in the amount of \$1,100,000.00 (the "**Contribution**").

1.2. Developer will acquire land, improve property, and complete or rehabilitate the former Ghost Ranch Lodge into an affordable housing development that will, when completed, consist of sixty (60) rental units and be known as the Ghost Ranch Lodge Apartments Phase 1 (the "**Project**").

1.3. As a condition of the Contribution, the County has required this personal Guaranty from Guarantor to provide any and all funds necessary to complete the Project pursuant to the terms and conditions of the Bond Fund Contract.

2. **CREDIT.** The term "**Credit**" is used throughout this agreement to mean and refer to any and all immediately available funds necessary to complete the Project pursuant to the terms of the Bond Fund Contract.

3. **LIABILITY OF GUARANTOR.** Guarantor's liability hereunder is limited to the funds necessary to complete the Project pursuant to the terms of the Bond Fund Contract. In addition to its liability hereunder, Guarantor agrees to bear the expenses enumerated in paragraph 12.3 hereof.

4. **OBLIGATION OF GUARANTOR.** Guarantor unconditionally agrees to pay to County or its order, an amount equal to the amount of the Credit upon demand by County.

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5. **AUTHORITY OF COUNTY.** Guarantor authorizes County at its sole discretion, with or without notice and without affecting its liability hereunder from time to time to: (a) change the time of payment of the Credit by renewal, extension, acceleration or otherwise, (b) alter or change any other provision of the Credit, (c) release, substitute or add one or more endorsers, co-signers or guarantors for the Credit, (d) obtain collateral for the payment of the Credit and/or any guaranty thereof, (e) release existing or after acquired collateral on such terms as County in its sole discretion shall determine, (f) apply any sums received from Developer, any other guarantor, endorser or co-signer or from collateral or its proceeds to any indebtedness whatsoever in any order and regardless of whether such indebtedness is guaranteed hereby, is secured by collateral or is due and payable, (g) apply any sums received from Guarantor or from the sale of collateral granted by Guarantor to the Credit in any order regardless of whether the Credit is secured by collateral or is due and payable and (h) exercise any right or remedy it may have with respect to the Credit, and Guarantor shall be liable to County for any deficiency resulting from the exercise by it of any such remedy, even though any rights which Guarantor may have against others might be diminished or destroyed.

6. **WAIVER OF GUARANTOR.** Guarantor waives all right to require County to: (a) proceed against Developer or any other person, (b) proceed against collateral granted by Developer or others before collateral granted by Guarantor, (c) pursue any other remedy in County's power whatsoever or (d) disclose any information with respect to the Credit, or any action or non-action on the part of County, Developer or any person connected with the Credit. Guarantor waives any defense arising by reason of any disability or other defense of Developer, its successor or endorser or co-maker or other guarantor or by reason of the cessation from any cause whatsoever of the liability of Developer or endorser or co-maker, or other guarantor. Until the Credit has been paid in full, Guarantor shall not have any right of subrogation and Guarantor waives any benefit of and any right to participate in the collateral. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notice of acceptance of this guaranty.

7. **SECURITY AND SET OFF.** In addition to all liens upon and rights of set off against the money, securities or other property of Guarantor given to County by law, County shall have a security interest in or a right of setoff against all money, securities and other property of Guarantor now or hereafter in the possession of or on deposit with County, whether held in general or special account or deposit or for safekeeping or otherwise; and each such security interest or right of setoff may be exercised without demand upon, or notice to Guarantor. No action or non-action by County with respect to any such security interest or right of setoff shall be deemed a waiver thereof; and every right of setoff or security interest shall continue in full force and effect until specifically release by County in writing.

8. **SUBORDINATION OF DEVELOPER INDEBTEDNESS.** Any indebtedness of Developer now or hereafter owed to Guarantor is hereby subordinated to the Credit; and such indebtedness of Developer to Guarantor, if County so requests, shall be collected, enforced

and received by Guarantor as trustees for County and be paid over to County on account of the Credit but without reducing or affecting in any manner the liability of Guarantor herein. Should Guarantor fail to collect proceeds of debt owed to it by Developer and pay the proceeds to County, County as Guarantor's attorney-in-fact may do such acts and sign such documents in Guarantor's name as County considers necessary to effect such collection.

9. **PAYMENTS INVALIDATED.** Guarantor agrees that to the extent Developer makes a payment or payments to, or is credited for any payment or payments made for or on behalf of Developer to County, which payment or payments, or any part thereof, is subsequently invalidated, determined to be fraudulent or preferential, set aside and/or required to be repaid to any trustee, receiver, assignee or any other party whether under any Bankruptcy, State or Federal Law, common law or equitable cause or otherwise, then, to the extent thereof, the obligation or part thereof, intended to be satisfied thereby, shall be revived, reinstated and continued in full force and effect as if said payment or payments had not originally been made by or on behalf of Developer.

10. **REMEDY.** In the event of default hereunder, County may maintain an action upon this Guaranty whether or not Developer is a party thereto. County may maintain successive actions for each default hereof.

11. **RECOURSE AGAINST SEPARATE PROPERTY.** Guarantor expressly agrees that recourse may be had against his separate property for all of his obligations hereunder.

12. **MISCELLANEOUS**

12.1. Severability. Should any one or more provisions of this agreement be determined to be illegal or unenforceable, all other provisions shall remain effective.

12.2. Assignment by County. County may without notice assign this guaranty in whole or in part.

12.3. Attorney's Fees. Guarantor agrees to pay reasonable attorney's fees and all other reasonable costs and expenses which may be incurred in the collection from Developer of the Credit, and in the enforcement by County of this guaranty.

12.4. Counterparts. This guaranty may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute but one and the same document.

12.5. Authority of Developer. County need not inquire into the power of Developer or the authority of its officers, directors, partners or agents acting or purporting to act in its behalf and any credit granted in reliance upon the purported exercise of such power or authority is hereby guaranteed.

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12.6. Acknowledgment of Receipt. Receipt of a true copy of this guaranty is hereby acknowledged by each of the Guarantors.

12.7. No Commitment to Renew Credit. Guarantors understand and agree that this guaranty shall not constitute a commitment, of any nature whatsoever, by County to renew or hereafter extend credit to Developer.

12.8. Liability Cumulative. If Guarantor has executed more than one guaranty of the indebtedness of Developer on behalf of County, the limits of liability thereunder and hereunder shall be cumulative.

12.9. Governing Law and Jurisdiction. This Guaranty shall be governed by the laws of the State of Arizona, and in any action brought under or arising out of this guaranty, the undersigned hereby consent to the jurisdiction of any competent Federal or State court within the State of Arizona, and consent to service or persons by any means authorized by Arizona or Federal law.

This Guaranty is executed by Guarantor in his personal capacity as to his sole and separate property on the date set forth below.

GUARANTOR:

_____ Dated the ___ day of _____, 2010

Mark Breen, a married man,
as to his sole and separate property

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Monthly Progress Report

GHOST RANCH LODGE APARTMENTS

For the Month of _____, 20__

DESCRIPTION	TOTAL AMOUNT BUDGETED	AMOUNT COMPLETED THIS MONTH	COMPLETED PRIOR MONTH(S)	AMOUNT EXPENDED TO DATE
LAND ACQUISITION COSTS	\$750,000.00			

TOTAL	1,100,000.00			
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ADDITIONAL PROJECT INFORMATION FOR BILLING PERIOD:

- Milestones completed:
- Problems encountered:
- Changes requested for Construction or Reimbursement Schedule:

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