

TRIANGLE VENTURES, LLC
70 West Cushing Street
Tucson, Arizona 85701

November 2, 2004

C.H. Huckelberry
Pima County Administrator
130 West Congress, 10th Floor
Tucson, Arizona 85701-1317

Re: Proposed Acquisition by Pima County of Portion of Rosemont Ranch

Dear Mr. Huckelberry:

We have your letter dated October 22, 2004. We appreciate your interest in the Rosemont Ranch, we and our affiliates look forward to working with you to arrive at terms for a proposed acquisition by Pima County.

Here are the terms on which we would be willing to move forward to develop a definitive agreement. The lettering below corresponds to the lettering in your letter.

A. Purchase Price.

The purchase price will be \$11,500,000.

B. Retained Property.

We will retain the 200 acres constituting the Rosemont Ranch site. At closing, we will agree to restrict future subdivision of that property to no more than six lots, of which up to five may be used for home sites and the sixth for common area. Each home site lot will contain at least thirty acres, except that the lots may be smaller if the balance of the property is used for common area. Each home site may have a guest house and other outbuildings such as barns and tackrooms, but no more than ten acres of each lot may be disturbed by improvements. In any event, archaeological resources will be taken into consideration in determining sites for improvements.

We may also elect to retain the 35 acre parcel known as the Rosemont Junction Campsite. If we retain that parcel, it will be subject to the same development restrictions as the 200 acre parcel, except that it will not be subdivided. If we do not elect to retain the 35 acre parcel, it will be conveyed to Pima County subject to non-exclusive easements for access and utilities for the 200 acres, and we will retain fee title to or an exclusive easement for up to two well sites and wells for the benefit of the 200 acre parcel along with whatever water rights may be necessary to operate those wells..

C. Water rights.

We will transfer to Pima County all water rights pertaining to property conveyed to the County (other than as mentioned above regarding the Rosemont Junction Campsite). Pima County will make the water rights and/or water available to us, through a mutually acceptable mechanism, for the grazing and management operations described below, and will permit us to drill wells and develop stockpounds where needed for grazing at locations determined in coordination with Pima County.

D. Mineral rights.

All mineral rights associated with the fee properties conveyed to Pima County will be transferred to Pima County.

E. Unpatented mining claims.

All unpatented mining claims will be assigned to Pima County with the intent that such claims will be extinguished and removed from availability for mining activity through Congressional action. Until the claims are extinguished, we will pay the annual assessment fees required to maintain the claims out of the \$500,000 fund we will make available for the management of the property being acquired by Pima County as described below.

F. Grazing leases.

We will pursue renewals of existing state and federal grazing leases for at least twenty-five years as long as they remain available and there is no material increase in pricing other than adjustments for inflation. Pima County will lease to us the portion of the purchased property that is east of gunsite pass for grazing in connection with our other grazing at Rosemont Ranch for as long as we have federal or state grazing leases. If under state law Pima County (and not us) would be eligible for the state grazing leases because of adjacency requirements, Pima County will sublease to us for grazing or make other arrangements with us to enable us to graze the state lease land.

G. Management.

Pima County will put together an outline for a management program for the purchased property. We will manage the property for Pima County for a period of time to be determined, and we will be reimbursed by Pima County for the costs we incur on a quarterly or semi-annual basis, except that we will make pay for management expenses and annual unpatented mining claim assessments up to an aggregate of \$500,000 from a fund set aside at closing for those purposes. Other than that fund, we will not be obligated to incur any liability or unreimbursed expense. Pima County will designate a liaison for matters relating to management of the property, and we and the liaison will meet at least annually to plan and coordinate management activities. As part of the

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management of the property, Pima County will work with us to identify and designate sites to be made available for youth outdoor/camping programs, equestrian club activities, a desert scientific/conservation institute, and a telephone tower to serve an area that is currently underserved.

Other Issues

We will need Pima County's cooperation to obtain the abandonment or termination of the easement and any right of way for Road 4058 within the 200 acre retained parcel.

Please let us know if these terms would be acceptable to Pima County so we can move beyond this non-binding expression of interest to develop a definitive agreement.

We understand that the approval of several boards and committees will be needed before Pima County can commit to acquire the property. Please provide us with a detailed schedule for how you see those processes working (e.g., required notice and study periods) so we can establish together a process and timeline for those approvals.

Sincerely,

Triangle Ventures, LLC

By Yoram Levy

