



BIDDERS' INFORMATION PACKAGE

FOR LEASE OF UNIMPROVED LAND

FOR RACEWAY WITHIN SOUTHEAST REGIONAL PARK

LOCATION: 11900 SOUTH HARRISON ROAD, TUCSON, AZ. 85747

**RITA LEON
SENIOR ACQUISITION AGENT
(520) 740-6462**

**REAL PROPERTY SERVICES
201 N. STONE AVE., 6TH FLOOR
TUCSON, ARIZONA 85701**

THE PROJECT

The Project

The project (the “**Project**”) is the leasing of property owned by Pima County, Arizona (the “**County**”) for the design, development, construction, operation and maintenance of an FIA Grade 2 Licensed automotive raceway facility or similar public racing facility (the “**Facility**”). The property to be leased is located at an approximately four hundred acre site within the Southeast Regional Park, located at 11900 South Harrison Road, Tucson, AZ, 85747, near I-10 and Harrison Road (the “**Site**”).

The Lessee will be required to build the Facility entirely at its own expense, and operate, insure, repair and maintain the Facility, also at its own expense, for the term of the lease. The Facility must be operated as a public facility, with public access and reasonable use rates, and Lessee must provide agreed-upon public programs and benefits. The Lessee must make a minimum Phase One capital investment in the Project of at least fifteen million dollars (\$15,000,000.00) as specified in the Lease.

Noise abatement techniques must be integrated into the design and operation of the facility as illustrated in the outlined areas within the exhibits to the Bid Package. Bid evaluation points will be awarded to any entity that clearly develops a noise reduction strategy.

The Lease

The lease of the Site (the “**Lease**”) will be in substantially the form attached as **Exhibit A**. The initial term of the Lease will be up to eighteen (18) months for design and commencement of construction, and upon commencement of construction the term will be extended to twenty-five (25) years, with one twenty-five year option to renew.

The minimum annual rent will be the greater of (i) two percent (2%) of gross revenues, or (ii) \$137,700.00. Rent shall be paid in semi-annual payments, commencing on the earlier of (i) the first day of the 6th full month following opening of the raceway, or (ii) the first day of the 42nd full month (i.e. six (6) months following a design and construction period of no more than thirty six (36) months) following awarding of the bid by the Pima County Board of Supervisors. The minimum rent will have a cost of living adjustment every 5 years.

Lessee must comply with all local, state and federal laws including Pima County Ordinance Chapter 9.30—“Regulation of Excessive, Unnecessary and Annoying Noises”.

By submitting a bid, the bidder agrees that, if selected, it will enter into a Lease with County on the terms and conditions set forth in this Bidders' Information Package and build and operate the Facility. While the final form of the Lease may be subject to some negotiation between the high scoring proposed bidder and County, refusal of the bidder to agree to the terms set forth in this Bidders' Package or the attached form of Lease, or any failure of the parties to successfully negotiate a final form of Lease, may result in the bid being declared non-responsive. In that event, County will have the right to reject that bid and negotiate instead with the next highest scoring responsive and responsible bidder.

There will be no binding contract between the County and any bidder unless and until the Pima County Board of Supervisors approves and executes the Lease. No bidder has any cause of action against the County or any County official, employee, or agent, or any evaluator, based in whole or in part on a bidder's response to this Notice of Intent, or on any actions taken by any such organizations or individuals in connection with the Notice of Intent, the evaluation process, or the award or non-award of any Lease. Each bidder must understand that responding to this Bidders' Information Package will require the bidder to make a substantial investment of time, and a substantial investment of money that the bidder may or may not recoup. P i m a County is not responsible for any such costs.

Insurance Requirements

Insurance requirements will be subject to approval of Pima County's Finance and Risk Management Department with a base minimum of five million dollars (\$5,000,000.00) of commercial general liability coverage which will apply to both spectators and participants. Levels of insurance for some events may be higher based upon the risk assessment by Risk Management.

The Site

Site Location & Size: The Site is legally described in **Exhibit B** and depicted on **Exhibit C**. The site is bounded:

- To the north by the Musselman Honda P1 Kart Circuit Facility. This includes a buffer area.
- To the east, west and south by State Land.

Pima County makes no guarantee/warranty as to the condition of the property. The successful bidder shall accept the property in an AS-IS condition. Any Lease Agreement is subject to Board of Supervisors approval and Pima County reserves the right to cancel the lease process at any time.

Assessments & Reports:

County will require Environmental, Native Species, and Cultural plans before any construction may begin. Any additional reports as required by County, State or Federal regulatory authorities will be the responsibility of the Lessee. A Hydrology report was completed in 2012 and a summary of that report is attached as Exhibit D. Certain conditions may exist as a result of this report which will have to be addressed with the Pima County Flood Control District as part of the planning and design process of the Facility. Prospective Lessees are advised to review the entire hydrology report prior to submitting a bid.

The above information and attached reports are provided without any warranty or guarantee as to accuracy or completeness. Each bidder is solely responsible for conducting its own due diligence regarding the condition of the Site and its suitability for development and use. Other reports not listed here may be required by Pima County Development Services.

Information about the demographics and economic base of Pima County is attached as Exhibit E.

The above information was gathered from publicly available sources and is provided without any warranty or guarantee as to accuracy or completeness. Each bidder is solely responsible for conducting its own due diligence regarding the demographics of the community and assessing the practical and economic viability of developing and using the Site.

Facility Requirements.

The Facility must:

- include at a minimum a +/- 3 mile championship automotive racecourse, racecourse lighting, pit road, pit area, and all requirements as mandated by the FIA Grade 2 license;
- provide spectator amenities such as grandstands, restrooms, concessions, parking, and RV parking/facilities;

- include a paved paddock, fueling station, oil recycle facility, wash rack, maintenance facilities and necessary track buildings; and
- have signage that prominently and clearly establishes that the Facility is owned by County
- involve a minimum Phase One capital investment of fifteen million dollars (\$15,000,000.00)
- include noise abatement structures or landscaping integrated within the design of the facility

The Lessee will be responsible for developing all required driveways, maintenance and storage compounds, parking, ticketing kiosks, security fencing, lighting, power pole relocation, utilities, infrastructure, and landscaping.

Bidders are encouraged to build into the design of the Facility ancillary revenue-producing space such as restaurants, shops, training facilities, or automobile displays. The Lessee will be permitted to enter into concession agreements with other entities to operate these ancillary areas.

The Facility must comply with all zoning requirements and all other applicable governmental laws, regulations, and requirements. The Lessee will be required to complete the development review process through Pima County Development Services and other regulatory authorities. Plans and specifications for the Facility will also be subject to review and approval by County to ensure compliance with the requirements of the Lease.

Facility Operation. The Lessee:

- must provide a proposed international racing schedule;
- must charge fees that are reasonable for a public facility and comparable to other fees charged in the state;
- may sell alcohol with proper licensure;
- is encouraged to include youth outreach programs, designed to create opportunities for low-income youth;
- while developing its operational schedule must work with the nearby school and neighborhood community;
- may name the facility, or sell the naming rights (during the term of the Lease) provided that the name includes “Pima County”.

MINIMUM QUALIFICATIONS

To be responsive, a bidder must demonstrate that it meets all of the following minimum qualifications (the “**Minimum Qualifications**”).

- The bidder must have recent experience operating at least one successful raceway of similar size and scope to the proposed project.
- The bidder must have been in business, as a raceway developer or operator, for at least five years in projects similar in size and scope to this proposed project.
- The bidder must be licensed and certified for this type of business prior to entering into the Lease.
- The bidder must be a legal entity with authority to contract with other organizations, individuals, political subdivisions, and business entities, and conduct motor sports, sanctioned motor sport racing, motor sports exhibitions and auctions, motor sports education, private motor sports clubs, and similar events.

For purposes of meeting the Minimum Qualifications, the term “bidder” shall include either the bidding entity, or any principal of the bidder, including any director, officer, or shareholder of the bidding entity.

BID SUBMITTAL

Delivery of Bid

Bids must be submitted in one or more sealed envelopes clearly marked on the outside with title, due date, and time, and bidder’s name. Eight copies of the bid addressed to Rita Leon, Senior Acquisition Agent, must be submitted (meaning physically delivered and received) **by 4:00 pm on October 14, 2013** at the Pima County Real Property Services office, 201 North Stone Avenue, 6th Floor, Tucson, Arizona 85701. It is the bidder’s responsibility to assure bids are received by the specified time. Late bids will be returned.

All bids must:

- contain the required information about the bidder,
- demonstrate that the bidder meets the Minimum Qualifications, and

- include both a preliminary design and cost estimate for the Facility, and a detailed plan of operation, all as further explained below.

All bids submitted by the deadline that meet the requirements of this Notice of Intent will be scored by a team of evaluators assembled by County, consisting of County officials and employees as well as such other members as may be selected at the discretion of County, and an award will be recommended to the County Board of Supervisors.

County anticipates that the evaluation process will take approximately 30-60 days and that the highest scoring bidder will be contacted shortly thereafter.

County, however, reserves the right to cancel the project at any point in the process, waive compliance with any requirement of this Bidders' Information Package, reject all bids and issue or decline to issue a new Notice of Intent, or to take any other actions that are in the best interests of County.

Site Visit

Please contact Rita Leon at (520) 740-6462 to schedule a site visit.

The property is disability accessible. The following services are available upon prior request (ten working days): additional property information in Braille or large Print; and a signer for the hearing impaired.

Bid Documentation Requirements

Bids must contain the information and supporting documentation described below and conform to all other requirements of this Bidders' Package. Any substantial deviation from these requirements will be cause for rejection of the bid in County's sole discretion. For purposes of satisfying the requirements set forth below, the term "bidder" shall include either the bidding entity, or any principal of the bidder, including any director, officer, or shareholder of the bidding entity. Each bidder should label or tab its bid using the headings and letters corresponding to the required items listed below:

- A. **Cover Letter**: A cover letter giving the legal name and address of the bidder, the entity type and domicile of the bidder; and the name, address, telephone number and email address of the individual who will serve as the bidder's contact person with County and who will be authorized to make representations on behalf of the bidder

and sign the Lease. The letter must bear the original signature of the individual with the proper authority to submit the bid on behalf of the bidder. The highest scoring bidder will be required to submit documentation (such as a corporate resolution or signed statements by partners or members) showing the entity's approval of the Lease, and the signer's signature authority for the Lease. If the bidder is a joint venture, this information, and the information listed below, shall be given for each member of the venture, and the role of each member shall be clearly explained. The highest scoring bidder will be required prior to entering into the Lease to be properly qualified to do business in Arizona.

- B. Management Experience: A synopsis of the overall qualifications and experience of the bidder, including its years in business; its level of staffing; a description of all other raceways currently or previously developed or operated by it; an explanation regarding any raceways developed or operated by the bidder that have been closed or sold; a description of the experience and qualifications of key management and operations staff who will be involved in the Project (including on-going operations); and the identity of subsidiary, parent and other affiliated companies.
- C. Financial statements; capital; financing commitments: A statement by an authorized officer or representative of the bidder that the bidder has or will have sufficient capital funds available to it (though financing arrangements or otherwise) to construct the Facility as set forth in the Lease.
- D. Financial & Operating References: The names and contact information of at least three financial references; meaning people or entities with whom the bidder has done business in the last five years who may be contacted by County for financial information about the bidder. Also, names and contact information of at least three people or entities familiar with the bidder's current operations at another raceway (such as government officials, or representatives of the automobile racing community or industry) who County can contact for information about the bidder's operations.
- E. Facility Design: A narrative description of the proposed Facility and all of its components, as well as a schematic design (including paving, grading, parking and landscaping); prototype building design; noise abatement infrastructure, types of major building systems and equipment and specifications/brands of those systems; an itemized evaluation of the facility's design elements as well as the extent

of its compliance with LEED Silver standards. Design must comply with the listed Facility requirements above.

- F. Timeline: Proposed project timeline from the effective date of the Lease to completion of construction.
- G. Cost Estimate: Itemized estimate of initial project costs, including design, permitting, construction, and project management.
- H. Business Plan: A detailed five-year (minimum) business plan including at least:
- Market analysis
 - Operating budget, including all anticipated revenue sources and projected income, and all operating expenses; include fee schedule
 - Capital improvement plan, including method of funding
 - Marketing plan
 - Proposed fee schedule
 - Analysis of economic impact of Facility on surrounding area
- I. Operations/Program Plan: A detailed five-year (minimum) plan regarding the proposed operation of the Facility that complies with the requirements set forth above including at least:
- Types of permitted uses, including whether the Facility will be available for special events etc.
 - Description of public/outreach programs
 - Hours of operation
 - Concessions/retail opportunities
 - Proposed racing events schedule

EVALUATION AND AWARD

Bids will be reviewed by the members of the evaluation committee, who will score the bids as follows:

| <u>Criteria</u> | <u>Maximum Points</u> |
|---|-----------------------|
| Operational qualifications and experience, including, but not limited to, consideration of the following factors (in no particular order): | 25 Points |
| Length of experience | |
| Depth of experience | |
| Success of other operations | |
| Strength of recommendations | |
| Experience and qualifications of management and operations staff | |
| Facility design, including but not limited to consideration of the following factors (in no particular order): | 20 Points |
| Aesthetics | |
| Functionality of layout | |
| FIA Grade 2 Licensing Ability | |
| Safety | |
| Noise Abatement Design | |

Operating plan, including, but not limited to, consideration of the following factors (in no particular order): **30 Points**

Public benefit

Types of ancillary uses

Racing events proposed

Availability of private and group instruction

**Business Plan including, but not limited to, consideration of the following factors
(In no particular order):**

25 Points

Apparent financial viability of Proposer and plan

Capital improvement plan and identification of funding sources

Diversity of revenue sources

Timeline to have facility open to public

Marketing plan

LIST OF EXHIBITS

- Exhibit A: Form of Lease Agreement
- Exhibit B: Legal Description of Site
- Exhibit C: Site Plans, Showing Site Features
- Exhibit D: Hydrology Report Summary & Map
- Exhibit E: Pima County Profile (Executive Summary)
- Exhibit F: Archeological Sensitivity Map
- Exhibit G: Habitat Model Map

STANDARD BIDDING TERMS AND CONDITIONS

Proposals as Public Records: Upon opening, bids become public records and are subject to disclosure as required by the Arizona Public Records Law, A.R.S. § 39-101 et seq. The bidder must clearly and specifically identify, in the bid, any materials that either should not constitute public records or are otherwise protected from disclosure. For each item so identified, the bidder must state the reasons why the item should not be subject to public disclosure and the legal basis for that conclusion, including citation to specific legal authority. It is the intent of County to delay disclosure of the bids until the conclusion of the evaluation process, but County reserves the right to release the bids earlier, in response to a public records request, if it deems such disclosure to be in County's best interests, or if required by law. If County receives a request for disclosure that would include materials that have been labeled by a bidder as confidential, County will notify the bidder of the request and of County's intent to disclose the bid. A bidder will have ten business days within which to file an action seeking to enjoin disclosure of the materials. County will release the materials after that period of time unless the bidder has successfully obtained a court order preventing such disclosure.

Final Negotiations; Presentations: County reserves the right to negotiate a best and final offer with a bidder as may be in County's best interests. In its discretion, County may require any bidder to make an oral presentation regarding their bid or to provide further documentation.

No Joint Venture: Nothing in this Notice of Intent or in the Lease creates a partnership or joint venture relationship between any bidder and County.

No Collusion/Conflict of Interest: By submitting a bid, a bidder certifies to County that the bidder has not paid or agreed to pay and will not pay or agree to pay any fee or commission, or any other thing of value to any County employee, official, agent, or evaluator, contingent on the award of the Lease to the bidder. In addition, the bidder certifies that it does not have any conflict of interest as defined by A.R.S. § 38-511 et seq.

EXHIBITS

| | |
|--|-------------------------|
| <p>DEPARTMENT: Economic Development & Tourism</p> <p>PROJECT: Southeast Regional Park Raceway</p> <p>TENANT: Name of Tenant</p> <p>DESCRIPTION/ADDRESS OF PROPERTY: Southeast Regional Park</p> <p>REVENUE CONTRACT</p> | <p>EXHIBIT A</p> |
|--|-------------------------|

Ground Lease Agreement

1. **PARTIES; EFFECTIVE DATE** This Lease ("*Lease*") is made by and between **Name of Tenant, Type of Entity** (hereinafter referred to as "*Tenant*") and Pima County, a political subdivision of the State of Arizona (hereinafter referred to as "*Landlord*" or "*Pima County*"). This Lease shall be effective (the "*Effective Date*") on the date it is signed by the Chairman of Pima County's Board of Supervisors. Tenant shall execute this Lease before it is submitted to the Board of Supervisors for approval.

2. **BACKGROUND AND PURPOSE.**
 - 2.1. Landlord owns the property legally described and depicted on **Exhibit A** (hereinafter referred to as the "*Land*"), which is an approximately four hundred twenty-five and 53/100ths (425.53) acre parcel of real property located within the Southeast Regional Park, located at 11900 South Harrison Road, Tucson, AZ, 85747, near I-10 and Harrison Road.
 - 2.2. Tenant is authorized to conduct motor sports, sanctioned motor sport racing, motor sports exhibitions and auctions, motor sports education, private motor sports clubs, and similar events in Pima County.
 - 2.3. Tenant desires to design, develop, construct, operate and maintain an FIA Grade 2 Licensed automotive raceway facility or similar public racing facility (the "*Raceway*") on the Land.
 - 2.4. Landlord has the authority to lease the Land to Tenant. Landlord has provided notice, appraised the Land and held an auction in accordance with A.R.S. §11-256. Tenant was the highest responsible bidder at the auction.
 - 2.5. Landlord and Tenant desire to enter into this Lease to allow Tenant to develop the Land as a major new entertainment attraction for Pima County and the region, bringing

professional racing events to Tucson, attracting visitors to Pima County and generating tangible benefits to the local economy.

- 2.6. Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, the Land, together with all improvements now on or hereafter located on the Land (the "**Premises**"), under the terms and conditions set forth in this Lease.

3. PREMISES.

- 3.1. **Lease.** In consideration of Tenant's compliance with all the terms and conditions of this Lease, and timely performance of all its obligations under this Lease, Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord. Tenant will develop, operate, manage and maintain the Raceway upon the Premises under the terms and conditions set forth herein. Tenant will construct, provide, operate and maintain all real and personal property and all equipment necessary for the establishment and operation of the Raceway.
- 3.2. **Condition of Land.** Tenant acknowledges that it is fully familiar with the physical and legal condition of the Land and has received the same in good order and condition. LANDLORD MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE CONDITION OR STATE OF THE LAND OR ITS FITNESS OR AVAILABILITY FOR ANY PARTICULAR USE, AND LANDLORD IS NOT LIABLE FOR ANY LATENT OR PATENT DEFECT THEREIN. Tenant's use of the Premises is subject to all existing easements, rights-of-way and set-backs existing as of the date of this Lease.
- 3.3. **Quiet Enjoyment.** Landlord covenants and agrees that upon Tenant paying the Rent and performing and observing all of the Tenant's obligations under this Lease, Tenant may peaceably and quietly have, hold and enjoy the Premises for the Term, without hindrance or molestation by anyone claiming paramount title or claims through Landlord.
- 3.4. **Entry by Landlord.** Landlord reserves the right to enter the Premises to inspect the same; provided that if such entry is not during normal business hours, Landlord will give Tenant at least twenty-four (24) hours advance notice. Landlord will make a reasonable effort to not interrupt Tenant's business at the Premises. Landlord at any and all times will have the right to use any and all means which Landlord may deem proper to open gates or doors in an emergency in order to obtain entry to the Premises, without liability to Tenant, except for any failure to exercise due care for Tenant's property, and any entry to the Premises obtained by Landlord by any such means, or otherwise, will not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

4. TERM.

- 4.1. Design and Construction Period. The initial term of this Lease commences as of the Effective Date and runs until the earlier of: a) thirty-six (36) months (the “**Maximum Design and Construction Period**”) after the Effective Date, or b) the completion of construction of the first phase and the opening of the of the Raceway for operation. In the event that either: a) Tenant has not commenced construction of the Raceway within eighteen (18) months of the Effective Date, or b) Tenant has not completed construction of the first phase of the Raceway (“**Phase One**”) and opened the Raceway for operation within the Maximum Design and Construction Period, this Lease will automatically terminate and will be of no further force or effect. Phase One shall refer to completion of all improvements designated for Phase One as provided in **Exhibit C**.
- 4.2. Initial Term. Upon the timely commencement by Tenant of construction of Phase One, this Lease will extend for a term of twenty-five (25) years (the “**Initial Term**”) from the date construction commences, subject to automatic termination pursuant to **Section 4.1** for failure of Tenant to complete construction of Phase One and open the Raceway for operation within the Maximum Design and Construction Period.
- 4.3. Option Period. Provided that Tenant is not then in default of any provision of this Lease, upon expiration of the Initial Term, the term of this Lease may be renewed and extended by Tenant for an additional twenty-five (25) year term (the “**Option Period**”). If Tenant wishes to renew the Lease, Tenant shall do so by providing written notice to Landlord not more than two (2) years and not less than one (1) year prior to the end of the Initial Term.

5. RENT.

- 5.1. **Initial Operation Fee:** In consideration of the initial pre-construction use and occupancy of the Premises as described in **Section 4.1** of this Lease, Tenant will pay Landlord an initial annual operations rental fee of one hundred dollars (\$100.00) payable annually as of the Effective Date.
- 5.2. **Annual Rent.** Commencing on the earlier of (i) the first day of the 6th full month following opening of the raceway, or (ii) the first day of the 42nd full month after the Effective Date (i.e. six (6) months following the Maximum Design and Construction Period) (the “**Rent Commencement Date**”), Tenant will pay an annual rent (“**Rent**”) equal to the greater of (i) two percent (2%) of Gross Revenues (“**Percentage Rent**”), or (ii) One Hundred Thirty Seven Thousand, Seven Hundred Dollars (\$137,700.00) (the “**Annual Minimum Rent**”).
- 5.3. **Payment of Rent.** Beginning on the Rent Commencement Date, and continuing thereafter on the first day of the sixth month following the Rent Commencement

Date (the "**Rent Due Date**") and every six (6) months thereafter, Rent shall become due and payable in semi-annual installments. Each semi-annual installment shall be in the amount of Sixty-Eight Thousand, Eight Hundred Fifty Dollars (\$68,850.00) (the "**Minimum Rent Semiannual Payment**"), which equals one-half of the Annual Minimum Rent.

- 5.4. **Adjustments to Annual Minimum Rent.** Beginning on the first day of the sixtieth (60th) month following the Rent Commencement Date, and every sixty (60) months thereafter during the Initial Term and any renewal term, the Rent shall be increased by the lesser of (i) Three and One-Half Percent (3.5%) annually (not compounded), or (ii) by the increase, if any, in the Consumer Price Index—U.S. City Average—All Urban Consumers ("**Index**") as published by the [U.S. Department of Labor, Bureau of Labor Statistics](#) ("**Bureau**") for the five year period ending prior to the rent adjustment date. Should the Bureau discontinue the publication of the Index, or publish it less frequently, or alter it in any other manner, then Tenant shall adopt a substitute index or substitute procedure that reasonably reflects and monitors consumer prices, that is reasonably acceptable to Landlord.
- 5.5. **Percentage Rent.** In addition to the Minimum Rent Semiannual Payment, Tenant shall pay Percentage Rent, to the extent it exceeds the Minimum Rent, as provided in this [Section 5](#).
- 5.5.1. Gross Revenues defined. For purposes of this Lease, the term "Gross Revenues" means all income and receipts from any source arising out of operations or activities conducted on the Premises, whether such revenue is directly to Tenant or to any permitted subtenant of Tenant, or any other person or entity receiving revenue for activities conducted on the Premises. It is the intent of the parties that Gross Revenues be interpreted as broadly as possible to include revenue derived from use of the Premises regardless of the recipient of the revenue.
- 5.5.2. Exclusions from Gross Revenues. Notwithstanding the foregoing, Gross Revenues shall not include direct taxes charged on admissions or other monies collected for and paid to a taxing authority as sales or excise taxes, or normal charge-backs such as rebates to charities using the Premises, refunds, returns, credit card fees or uncollected amounts.
- 5.5.3. Reporting Percentage Rent. On or before forty-five (45) days after Rent is due (the "**Reconciliation Date**"), Tenant shall provide to Landlord a reconciliation of the Percentage Rent due for the six (6) month period immediately preceding the Rent Due Date (the "**Rent Reconciliation**"). If the Rent Reconciliation shows Percentage Rent greater than the Minimum Rent Semiannual Payment, Tenant shall pay to Landlord, on the Reconciliation

Date, the difference between the Percentage Rent due and the Minimum Rent Semiannual Payment.

- 5.6. **Interest on Late Due Amounts.** Tenant must pay interest (simple interest, not compounded) on any payments of Rent not received by the Rent Commencement Date, the Rent Due Date, the Reconciliation Date, or any other sum due under this Lease, from the date due until paid, at the greater of (i) the rate of ten percent (10%) per annum, or (ii) the statutory rate for interest on judgments in effect when the payment is due.
- 5.7. **Rental Taxes.** Tenant must pay to Landlord any occupancy tax, rent tax or government property lease excise tax now in effect or hereafter enacted, which Landlord is now or hereafter required to collect from Tenant or to pay with respect to the Premises or this Lease.
- 5.8. **Other Taxes.** Tenant is responsible for payment of all taxes, whether real property taxes, personal property taxes, income taxes, or any other taxes, if any, that are or may be assessed relating to the Premises, the Project, this Lease, or any use of the Premises pursuant to this Lease.

6. CONSTRUCTION OF RACEWAY.

6.1. Construction of Raceway.

- 6.1.1. Scope. Tenant will construct a paved road course racing circuit and related improvements which must include at a minimum a +/- three (3) mile championship racecourse, racecourse lighting, pit road, pit area, and all requirements as mandated by the FIA Grade 2 license upon the Premises as described in the attached **Exhibit B: Purpose and Scope of Motor Sports Activities.**
- 6.1.2. Facilities. The Raceway must provide spectator amenities such as grandstands, restrooms, concessions, parking, and RV parking and facilities. The Raceway must include a paved paddock, fueling station, oil recycling facility, wash rack, maintenance facilities and necessary track buildings. Tenant will be responsible for developing all required driveways, maintenance and storage compounds, noise abatement facilities, parking, ticketing kiosks, security fencing, lighting, power pole relocation, utilities, infrastructure and landscaping.
- 6.1.3. Concept Drawings. Tenant will construct all such circuit and related improvements consistent with the phased concept drawings attached to this Lease as **Exhibit C: Phased Implementation Strategies.**
- 6.1.4. Minimum Capital Investment. Tenant shall make a minimum capital

investment in the construction of Phase One of the Raceway and all related facilities, in an amount not less than Fifteen Million Dollars (\$15,000,000.00).

6.1.5. Noise Abatement. Tenant shall take all necessary steps to ensure that the sound generated by operation of the Raceway does not constitute a nuisance.

6.2. **Off-Site Improvements.** Tenant is solely responsible for construction of any off-site public improvements required as a result of Tenant's construction of the Raceway or use of the Premises (including any sidewalks, roadway, drainage or lighting improvements).

6.3. **Plans and Specifications.**

6.3.1. Pre-Construction Requirements. Before any construction of the Raceway is commenced on the Premises, and before any building materials have been delivered to the Premises by Tenant or under Tenant's authority, Tenant must comply with all the following conditions or obtain Landlord's written waiver of the condition or conditions specified in the waiver.

6.3.2. Preliminary Plans. Tenant must deliver to Landlord for Landlord's approval three full hard copy sets, and an electronic (AutoCAD) set of preliminary construction plans and specifications for the Project prepared by an architect or engineer licensed to practice in Arizona, including but not limited to preliminary grading and drainage plans, soil test, utilities, sewer and service connections, locations of ingress and egress to and from public thoroughfares, curbs, gutters, parkways, street lighting, designs and locations for outdoor signs, storage areas, and landscaping, all sufficient to enable potential contractors and subcontractors to make reasonably accurate bid estimates and to enable Landlord to make an informed judgment about the design and quality of construction, and about the impact of the Raceway on adjacent and nearby properties. Landlord will not unreasonably disapprove preliminary plans and specifications. Approval or disapproval will be communicated in the manner provided for notices, and disapproval will be accompanied by specification of the grounds for disapproval. Following Landlord's first or any subsequent disapproval, Tenant will submit revised plans and specifications.

6.3.3. Lender Approval. Tenant must deliver to Landlord the written approval of the plans and specifications by the financial institution that has made the commitment for financing the construction, unless Tenant is not obtaining financing but is instead funding the Raceway with cash on hand. If Tenant is funding the Raceway with its own money, Tenant will furnish throughout the

course of the Raceway at Landlord's request proof that it has available to it funds sufficient to complete the Raceway.

- 6.3.4. Final Plans. Tenant must prepare and deliver to Landlord, for Landlord's approval, three full hard copy sets and an electronic (AutoCAD) set of final plans and specifications ("**Final Plans**") substantially conforming to the preliminary plans previously approved by Landlord.
- 6.3.5. Contract. Tenant must furnish to Landlord a true copy of Tenant's contract with a general contractor for construction of the Raceway, and evidence of the general contractor's financial condition for Landlord's approval, which will not be unreasonably withheld or delayed. The contract must give Landlord the right but not the obligation to assume Tenant's obligations and rights under that contract if Tenant defaults.
- 6.3.6. Liability Insurance. Tenant must furnish to Landlord proof that Tenant has obtained the liability insurance required under Section 13 below.
- 6.3.7. Builder's Risk Insurance. Tenant must furnish to Landlord proof that Tenant, or Tenant's contractor, has obtained "all risks" builder's risk insurance including vandalism and malicious mischief, in broad form and with a company reasonably acceptable to Landlord, covering improvements in place and all material and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's and construction manager's tools and equipment and property owned by contractor's or subcontractor's employees.
- 6.3.8. Payment and Performance Bonds. Tenant must deliver to Landlord payment and performance bonds issued by a surety company licensed to do business in the State of Arizona, running to Landlord as obligee, conditioned on the contractor's completion of the Raceway in accordance with the Final Plans and the provisions of this Lease, free and clear of all mechanics' or other liens and free and clear of all financing statements under the Uniform Commercial Code. This bond must be in an amount and in a form and written by a company approved by Landlord, which approval Landlord will not unreasonably withhold. The bond may also include as obligee, as its interest may appear, Tenant's construction lender.
- 6.3.9. Worker's Compensation Insurance. Tenant must deliver to Landlord satisfactory proof that worker's compensation insurance has been procured to cover all persons employed in connection with the construction.
- 6.3.10. Costs. All plan review and permit fees and other costs related to the Raceway will be paid by Tenant.

- 6.3.11. **Construction Standards; Permits.** All work related to construction on the Premises shall be done in good workmanlike manner, in conformance with industry standards, and shall be diligently prosecuted to completion. Tenant shall comply with all applicable building codes, zoning codes, and other laws, regulations and orders for any construction, whether of a permanent or a temporary nature, and shall obtain all applicable permits from regulatory agencies.
- 6.4. **Liens.** Tenant must timely pay all contractors, subcontractors, mechanics, laborers, or material men providing materials or services with respect to the Project, and must not permit any lien to attach to the Premises or any interest therein, except as permitted by Section 7 below, and must indemnify and defend Landlord against all legal costs and charges resulting from any such lien.
- 6.5. **Plan Modifications.** Tenant may, at any time during the course of construction, request that the Final Plans be modified in such particulars as may be specified by Tenant, and Landlord agrees that it will not unreasonably withhold or delay its consent to such changes.
- 6.6. **Commencement of Construction.** Construction of the Raceway will be deemed to have commenced when Tenant begins grading. If Tenant fails to commence construction within eighteen (18) months after the Effective Date (without regard to delays occasioned by “force majeure”), Landlord will have the right as its sole and exclusive remedy to declare this Lease automatically terminated pursuant to Section 4.1. After construction is commenced, Tenant must diligently pursue it to completion, in accordance with the Final Plans, in a good workmanlike manner, and in compliance with all applicable laws and regulations of all governmental bodies and pursuant to the conditions of any governmental approvals.
- 6.7. **Landlord Inspection.** During construction, the Raceway will be subject to inspection by representatives of Landlord who will be permitted access and the opportunity to inspect the Raceway at all reasonable times, but this provision will not in any way whatsoever create any obligation on Landlord to conduct such an inspection.
- 6.8 **Substantial Completion.** In the event construction of Phase One is not substantially completed within the Maximum Design and Construction Period (subject to delays occasioned by “force majeure”), Landlord will have the right to declare this Lease automatically terminated pursuant to Section 4.1 above. As used in this Lease, substantial completion of Phase One will be deemed to have occurred when Tenant’s construction has been completed to such an extent, and all government permits and approvals and occupancy certificates necessary have been obtained, so that Phase One can be utilized by Tenant for all permitted uses under this Lease, notwithstanding that minor or insubstantial details of construction,

mechanical adjustment or decoration remain to be performed, the non-completion of which would not interfere with the opening of Phase One for business.

6.9 Final Completion. Notwithstanding that Phase One has been substantially completed, Tenant must diligently proceed to final completion of the Raceway and obtain a permanent certificate of occupancy for the Raceway.

6.10 Manner of Construction. Notwithstanding anything to the contrary hereof, construction of the Raceway by Tenant must be done in such a manner that it does not materially interfere with the business of any adjacent land owner or occupant and in completing such construction, Tenant will not (i) store construction equipment or materials on said adjacent parcels; or (ii) permit construction workers, whether employees or agents of Tenant or its contractors or subcontractors, to park in the parking areas of said adjacent parcels. Tenant must fence in the construction area to prevent debris from entering onto the parking area of said adjacent parcels or sidewalks, if any, of said adjacent parcels.

6.11 Title to the Project. Tenant will own the Raceway as it is built "brick by brick." At all times while this Lease is in force, title to the Raceway will belong solely to Tenant. Upon the termination or expiration of this Lease, title to the Raceway then situated on the Land will pass automatically to Landlord, without payment therefore, and Tenant will have no further rights therein.

6.12 No Landlord Liability for Approval of Plans or Specifications. Landlord's review of the plans and specifications shall be solely for Landlord's purposes and shall not imply that Landlord has reviewed the plans and specifications for quality, design, laws, compliance or other like matters. Accordingly, notwithstanding that any construction drawings are reviewed by any Landlord architects, engineers, or consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in any construction drawings, and Tenant's indemnity set forth in the Indemnification Clause of this Lease shall specifically apply to the construction drawings. Landlord's review shall be to determine that the improvements to the Premises are consistent with the purposes of this Lease.

7. **LEASEHOLD MORTGAGE.** Landlord agrees that it will consent to a mortgage or deed of trust on Tenant's leasehold interest hereunder granted to a lending institution (the "**Lender**") to secure a loan, the proceeds of which will be used entirely to pay for the construction of the Raceway (the "**Leasehold Deed of Trust**"); provided, however, that the language of the Leasehold Deed of Trust and of all related documents that require the execution, approval, or consent of Landlord will be subject to the prior review and approval

of Landlord, which approval will not be unreasonably withheld or delayed, and to the following terms and conditions:

- 7.1. If the Lender forecloses upon Tenant's leasehold interest, or takes an assignment of this Lease in lieu of foreclosure, Lender must promptly cure any defaults of Tenant and pay any sums due under this Lease and must attorn to Landlord.
- 7.2. If, by reason of any default of Tenant, this Lease is terminated by Landlord before Lender forecloses or takes an assignment of this Lease in lieu of foreclosure, Landlord must enter into a new lease with the Lender for the remainder of the Term, effective as of the date of such termination, on the same terms and conditions of this Lease, provided that:
 - 7.2.1. The Lender requests such a new lease from Landlord, in writing, within thirty (30) days after the termination date, such request to be accompanied by a payment to Landlord of any sums then due it under the Lease;
 - 7.2.2. The Lender pays Landlord, upon execution and delivery of the new lease, all sums due hereunder in addition to those which would be then be due but for the termination, plus all reasonable expenses, including legal fees, incurred by Landlord by reason of such default; and
 - 7.2.3. The Lender cures any other Tenant default.
- 7.3. If, before any default occurs under this Lease, the Lender gives Landlord written notice containing the Lender's name and office address, Landlord will give the Lender a copy of each notice of default by Tenant at the same time that Landlord gives such notice to Tenant. Landlord will accept performance by the Lender of any Tenant obligation, just as if performed by Tenant, provided that at the time of such performance Landlord is furnished satisfactory evidence that the person or entity tendering such performance is in fact at that time the holder of the Leasehold Deed of Trust. This will not operate to extend any cure periods.
8. **ALTERATIONS.** Tenant, after completion of the Raceway, may from time to time during the Term make changes, alterations, additions, substitutions or improvements to the Premises (collectively, "**Alterations**"), at Tenant's sole cost and expense, as set forth below:
 - 8.1. **Minor Alterations.** Tenant may make such non-structural Alterations as Tenant may reasonably consider necessary and desirable to adapt or equip the Raceway for Tenant's use and occupancy, except as set forth below.
 - 8.2. **Substantial Alterations.** Tenant will make no Alterations that will (i) cost in excess of \$100,000; or (ii) involve structural work or changes; or (iii) involve work or changes to the electrical, plumbing, or HVAC systems (collectively, "**Substantial Alterations**"), unless Tenant first delivers plans and specifications to Landlord and obtains Landlord's

written approval which will not be unreasonably withheld or delayed. The requirements applicable to the initial construction of the Raceway, as set forth in Section 6 above, including but not limited to insurance and bonding requirements and approval of plans and specifications, will apply to Substantial Alterations.

9. **FIXTURES AND FURNISHINGS.** Tenant will retain ownership of all trade fixtures and business equipment and furnishings (collectively "**Fixtures**") from time to time installed in the Premises by Tenant at its expense. Tenant may remove any such Fixtures at any time during the Term and must remove all Fixtures prior to the expiration of the Term, except those Fixtures that Landlord agrees, in writing, may be left on the Premises. Upon any removal of Fixtures, Tenant must promptly repair any and all resulting damage to the Premises. Any Fixtures not removed at the expiration of the Term will become the property of Landlord without payment to Tenant. Tenant must reimburse Landlord for any costs and expenses incurred by Landlord in removing any Fixtures that are left in place by Tenant without Landlord's prior written permission, and repairing any resulting damage; this covenant will survive expiration or termination of the Lease.

10. **USE OF PREMISES.**

- 10.1. **Permitted Uses.** The Premises may be used by Tenant only for its intended use as a racetrack and uses reasonably related thereto in keeping with the general character of the surrounding area and permitted by law.

10.2. **Operation of Raceway.**

- 10.2.1. Conduct of Raceway. Tenant will determine the quantity and duration of major racing events, special events, motor sports shows and auctions on an annual basis. Tenant will conduct its activities, and ensure that its employees, and all permissible users of the Raceway conduct their activities in a professional manner and in compliance with applicable standards of practice for raceway facilities and all federal, state and local laws. In developing its operational schedule for the Raceway, Tenant agrees to work cooperatively with the nearby school and neighborhood community to minimize inconvenience from the Raceway operation.

- 10.2.2. Right of Public to Access Raceway. Except for designated holidays, the Raceway will be open to the general public free of charge, except for major racing events, motor sports shows and auctions, and other special and private events. All utilization of the Raceway by third parties will be scheduled and directed by and through Tenant.

- 10.2.3. Fees. Tenant may charge fees for use of the Raceway for Racing Events, Special Events and other uses of the Raceway in amounts approved in advance by Landlord. All fees will be included in the calculation of Gross

Revenue.

- 10.2.4. Alcohol. Tenant may serve and sell alcoholic beverages for consumption on the Premises provided Tenant complies with applicable liquor laws and provides Landlord with the required insurance set forth herein.
- 10.2.5. Signs: Tenant may affix and maintain upon the Premises such signs relating to the events held on the Raceway as Tenant deems appropriate; provided, however, that all signs utilized by Tenant on or about the Raceway, whether visible from outside the Raceway or not, shall at all times comply with applicable provisions of the Pima County Sign Code and shall be installed and maintained at Tenant's sole cost. Any and all advertising signs placed by Tenant on the Raceway shall be immediately removed by Tenant upon termination of this Lease for any reason. Any damage resulting from such removal shall be repaired immediately by Tenant at its sole cost. Tenant shall not remove any operational or safety signage from the Raceway except to maintain, repair or replace the signage. Tenant shall pay for all costs of construction, erection, installation, maintenance and repair of any sign to be erected or installed or otherwise placed on the Raceway. Tenant shall, through coordination with Landlord, identify the Raceway and Tenant's components thereof, in signs and in any of its written materials, as belonging to Pima County. Tenant may name the Raceway or sell the naming rights (during the term of this Lease) provided that the name includes "Pima County". Notwithstanding anything herein to the contrary, any signs requested by Landlord and not otherwise required to be installed at the Raceway shall be constructed and installed at Landlord's expense.
- 10.3. **Prohibited Activity**. Tenant may not permit any unlawful activities on the Premises, or any activities that unduly interfere with activities of neighboring property owners/occupants. Tenant shall comply with all local, state and federal laws including but not limited to Pima County Code Chapter 9.30—"Regulation of Excessive, Unnecessary and Annoying Noises".
- 10.4. **Activities not Insured or that Affect Insurance**. Tenant shall not conduct any activity or permit any activity to be conducted on the Premises which is not covered by the insurance policies provided pursuant to Section 13 herein without first obtaining the written consent of Landlord and without providing additional insurance covering the activity or event and with coverage limits and carriers acceptable to Landlord. Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will in any way increase the existing rate of or affect any fire or other insurance upon the Premises or any of its contents or cause a cancellation of any insurance policy covering the Premises or any part thereof or any of its contents.

11. ENVIRONMENTAL COMPLIANCE.

- 11.1. **Hazardous Materials Defined.** As used herein, the term “Hazardous Material” means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of Arizona or the United States Government. The term “Hazardous Material” includes, without limitation, any material or substance that is (i) petroleum or petroleum products; or (ii) defined as a Hazardous Material under A.R.S. 26-301(8).
- 11.2. **Hazardous Materials Prohibited; Clean Air Act.** Tenant may not cause or permit any Hazardous Material (as hereinafter defined) to be brought upon, kept, or used in or about the Premises by Tenant, its agents, employees, contractors or invitees, without the prior written consent of Landlord, other than such Hazardous Materials as are customarily necessary or useful to the type of operations permitted under this Lease and actually being carried out by Tenant on the Premises which will be used, kept and stored in a manner that complies with all laws regulating any such Hazardous Materials. Tenant’s operations on the Premises must comply with applicable provisions of the Clean Air Act, 42 U.S.C. 7401 et seq. and Arizona Revised Statutes, Title 49, Chapter 3 and any other applicable environmental laws or regulations.
- 11.3. **Indemnity.** If (i) Tenant breaches the obligations stated in the preceding paragraph, (ii) the presence (whether consented to by Landlord or otherwise) of Hazardous Material on the Premises or on or in the soil or ground water under or adjacent to the Premises is caused or permitted by Tenant, its agents, employees, contractors or invitees, (iii) contamination of the Premises or soil or ground water under or adjacent to the Premises by Hazardous Material otherwise occurs for which Tenant is legally liable, or (iv) contamination occurs elsewhere in connection with the transportation by Tenant of Hazardous Material to or from the Premises, then Tenant will indemnify, protect, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, expenses, liabilities or losses (including, without limitation, diminution in value of the Premises or any part thereof, damages for the loss or restriction on use of usable space or of any amenity of the Premises or any part thereof, damages arising from any adverse impact on marketing of space with respect to the Premises or any part thereof, and sums paid in settlement of claims, attorneys’ fees, consultant fees and expert fees) which arose or arises during or after the term of this Lease as a result of such contamination. The foregoing obligation of Tenant to indemnify, protect, defend and hold Landlord harmless includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, restoration or other response work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present, as a result of any action or inaction on the part of Tenant, its agents, employees, contractors or invitees, in

the Premises or the soil or ground water on, under or adjacent to the Premises, or elsewhere in connection with the transportation by Tenant of Hazardous Material to or from the Premises.

- 11.4. **Clean-up.** Without limiting the foregoing, if the presence of any Hazardous Material on or in the Premises, or the soil or ground water under or adjacent to the Premises caused or permitted by Tenant, or its agents, employees, contractors or invitees results in any suspected contamination of the Premises, the soil or ground water under or adjacent to the Premises, Tenant must promptly notify Landlord in writing and take all actions at its sole expense as are necessary to return the Premises, or such soil or ground water to the condition existing prior to the introduction of any such Hazardous Material to the Premises, or to such soil or ground water; provided that Landlord's approval of such actions is first obtained, which approval may not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises.
- 11.5. **Pre-Existing Contamination.** Landlord agrees that any Hazardous Materials contaminating the Premises prior to possession of the Premises by Tenant will not result in liability for Tenant under this Paragraph except to the extent such contamination is aggravated by the action or inaction of Tenant.
- 11.6. **Notices Regarding Environmental Conditions.** Tenant must, within ten (10) business days following receipt thereof, provide Landlord with a copy of (i) any notice from any local, state or federal governmental authority of any violation or administrative or judicial order or complaint having been filed or about to be filed against Tenant or the Premises alleging any violation of any local, state or federal environmental law or regulation or requiring Tenant to take any action with respect to any release on or in the Premises or the soil or ground water under or adjacent to the Premises of Hazardous Material, or (ii) any notices from a federal, state or local governmental agency or private party alleging that Tenant may be liable or responsible for cleanup, remedial, removal, restoration or other response costs in connection with Hazardous Material on or in the Premises or the soil or ground water under or adjacent to the Premises or any damages caused by such release.
- 11.7. **Survival.** Tenant's obligations under this Section will survive the expiration or earlier termination of this Lease and vacation of the Premises.

12. REPAIR, MAINTENANCE AND UTILITIES.

- 12.1. **Maintenance and Repairs.** All improvements on the Premises, both outside and inside, must be put and kept in good order and repair by Tenant at Tenant's sole cost and expense, and Tenant must make all repairs and replacements, ordinary as well as extraordinary, foreseen and unforeseen, structural or otherwise, that may

be necessary or required, except as provided in Section 12.2 below. If Tenant fails to make such repairs, restoration or replacements, Landlord may make them, and Tenant must reimburse Landlord for the costs within ten days after Landlord sends Tenant an invoice.

12.2. **Damage for Casualty.** If any improvement on the Premises is damaged or destroyed by any cause whatsoever, Tenant must, with reasonable promptness, repair and replace the same at its own expense, to at least the condition existing immediately prior to the damage or destruction, and must do so even though the proceeds of any insurance policies covering the loss are insufficient to reimburse Tenant therefore, and Tenant's obligations under this Lease will not be terminated or suspended; except that, that if the Premises are substantially destroyed by fire or other casualty at any time during the last five (5) years of the Initial Term, or the Option Period, then Tenant may terminate this Lease by written notice given to Landlord within sixty (60) days after the date of such destruction, and Tenant will be discharged from responsibility to repair the damage, but Tenant must in that event, at Tenant's sole cost and expense, clean and clear the Land of all debris and repair the Land and install landscaping so that the Land blends in reasonably well with the surroundings.

12.3. **Utilities** Tenant must, at its sole cost and expense, arrange for the furnishing of all utilities, including electricity, gas, water and sewer, and telecommunication services, fire protection lines and hydrants, that are necessary for its operations on the Premises, and Tenant covenants and agrees to pay all charges for such utilities and services directly to the supplier thereof. Landlord will not be liable in any way to Tenant for any failure or defect in the supply or character of utilities or telecommunications services furnished to the Premises by reason of any requirement, act or omission of the provider of such service or for any other reason.

13. INSURANCE; INDEMNIFICATION.

13.1. **Maintenance of Insurance.** Tenant shall procure and maintain, until all of Tenant's obligations, including any warranty periods under this Lease, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Tenant, its agents, representatives, employees or subcontractors.

13.2. **Minimum Requirements.** The insurance requirements herein are minimum requirements for this Lease and in no way limit the indemnity covenants contained in this Lease. Landlord in no way warrants that the minimum limits contained herein are sufficient to protect the Tenant from liabilities that might arise out of the performance of the work under this Lease by the Tenant, its agents,

representatives, employees or subcontractors, and Tenant is free to purchase additional insurance.

13.3. **Insurance prior to Completion of Construction of Phase One.** From the effective date of this Lease until completion of construction of Phase One of the Raceway and the opening of Phase One of the Raceway for automobile racing or testing activities, the following coverage limits apply: Commercial General Liability insurance with coverage at least as broad as ISO form CG 00 01 in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000) aggregate covering the Premises, endorsed to include Pima County as additional insured with coverage at least as broad as ISO form CG 20 10, and covering all activities carried out at the Premises while the Raceway is under construction.

13.4. **Insurance after Completion of Construction.** Once construction of Phase One is completed and the Raceway is ready for use by racing vehicles, including the testing of the track by a vehicle, the limits for liability insurance requirements in effect shall provide coverage with limits of liability not less than those stated below.

13.4.1. Commercial General Liability – Occurrence Form

13.4.1.1. Policy shall include bodily injury, property damage, personal injury and broad form contractual liability:

| | |
|--|----------------|
| • General Aggregate | \$5,000,000.00 |
| • Products – Completed Operations Aggregate | \$5,000,000.00 |
| • Personal and Advertising Injury | \$5,000,000.00 |
| • Each Occurrence | \$5,000,000.00 |
| • Blanket Contractual Liability – Written and Oral | \$5,000,000.00 |
| • Fire Damage (Any one fire) | \$50,000.00 |
| • Liquor Liability (if alcohol is being sold) | \$5,000,000.00 |
| • Spectator Liability | \$5,000,000.00 |
| • Participant Liability | \$5,000,000.00 |

13.4.1.2. The policy shall be endorsed to include the following additional insured language: *“Pima County” shall be named as additional insured with respect to liability arising out of the activities performed by or on behalf of the Tenant.*

13.4.1.3. Policy shall contain a waiver of subrogation against Pima County for losses arising from work performed by or on behalf of Tenant.

- 13.4.1.4. The policy shall be endorsed to include Liquor Liability coverage if alcohol is being sold at any events. This requirement can be satisfied by a separate Liquor Liability Policy. Additional insured and waiver of subrogation language are still required.
- 13.4.1.5. Liability insurance is to cover all participating drivers, crew members, car owners, spectators and sponsors as well as the promoter.
- 13.4.1.6. Levels of insurance for special events may be higher than those levels specified herein based upon specific risk assessment by the Pima County Risk Manager. Lessee shall provide at least sixty (60) days' notice of special events to the Pima County Risk Manager and shall obtain and maintain in place any increased insurance coverage prior to the scheduled event.
- 13.4.2. Business Automobile Liability. Tenant shall provide Auto Liability coverage for Bodily Injury and Property Damage in the amount of \$1 million combined single limit for vehicles used in the performance of services under this Lease and any renewals thereof.
- 13.4.3. Worker's Compensation, Employers' Liability and Participant Accident Coverage .
 - 13.4.3.1. Workers' Compensation coverage: Statutory with Employers' Liability insurance to include: Each Accident \$ 500,000.00; Disease-Each Employee \$ 500,000.00 with a Disease-Policy Limit of \$1,000,000.00.
 - 13.4.3.2. Participant Accident Insurance Coverage with minimum limits to include: Accidental Death \$500,000.00; Medical Reimbursement \$1,000,000.00.
 - 13.4.3.3. Policies shall contain a waiver of subrogation against Pima County.
- 13.4.4. Property Insurance. Tenant shall obtain and keep in force during the term of this Lease a policy of insurance covering loss or damage to the Premises in the amount of the full replacement value thereof, providing protection against all vandalism, malicious mischief, special extended

perils (all risk) and shall deliver to Landlord a Certificate of Property Insurance, with Landlord named as additional insured. Said Certificate must be satisfactory to Landlord. Tenant will provide a copy of Tenant's policy of Property insurance to Landlord annually.

13.5. **Additional Insurance Requirements.** The policies shall include, or be endorsed to include, the following provisions:

13.5.1. Additional insured shall be Pima County, its departments and its officers, officials, agents, and employees wherever additional insured status is required. Such additional insured shall be covered to the full limits of liability purchased by Tenant, even if those limits of liability are in excess of those required by this Lease.

13.5.2. Each insurance policy shall contain a severability of interests provision and shall waive subrogation against Pima County.

13.5.3. Tenant's liability insurance coverage shall be primary insurance with respect to all other available sources.

13.5.4. Coverage provided by Tenant shall not be limited to the liability assumed under the indemnification provisions of this Lease.

13.6. **Notice of Cancellation.** Each insurance policy required by the insurance provisions of this Lease shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to Pima County.

13.7. **Acceptability of Insurers.** Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A- VII. Landlord in no way warrants that the above-required minimum insurer rating is sufficient to protect Tenant from potential insurer insolvency.

13.8. Verification of Coverage.

13.8.1. Tenant shall furnish Landlord with certificates of insurance (ACORD form or equivalent approved by Pima County) as required by this Lease. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

13.8.2. All certificates and endorsements are to be received and approved by the Pima County Risk Manager before work commences under this Lease. Each insurance policy required by this Lease must be in effect at or prior to commencement of work under this Lease and remain in effect for the duration of this Lease. Failure of Tenant to maintain the insurance policies as required by this Lease, or to provide evidence of renewal, is a material breach of this Lease.

13.8.3. All certificates required by this Lease shall include the Pima County project/contract number and the project number and description shall be noted on the certificates of insurance. Landlord reserves the right to require complete, certified copies of all insurance policies required by this Lease at any time.

13.9. **Subcontractors.** Tenant's certificate(s) shall include all subcontractors as insured under its policies or Tenant shall furnish to Landlord separate certificates and endorsements for each subcontractor. All coverage's for subcontractors shall be subject to the minimum requirements identified above.

13.10. Approval.

13.10.1. Any modification or variation from the insurance requirements in this Lease shall be made by the Landlord's Risk Management Division, whose decision shall be final. Such action will not require a formal amendment to this Lease, but may be made by administrative action.

13.10.2. Any construction or renovation projects on the Premises will require additional insurance coverage such as Builder's Risk insurance. Pima County Risk Management will provide the additional insurance requirements required for any construction or renovations.

13.11. Safety.

13.11.1. Tenant will adhere to Federal, State and Local safety standards related to the on-site activities. Compliance is to include relevant OSHA standards as well as the safety standards, codes or rules related to racing events,

thereby providing a safe environment for both the participants and the spectators.

13.11.2. Every competitor, official, worker, mechanic and other individual who is issued a pit pass or other credential permitting access to the racing area must sign a Release and Indemnity Agreement to include indemnification of Pima County, in a form acceptable to Landlord. The release is to be signed prior to entry into the racing area.

13.12. **Indemnification.** Tenant agrees that, to the fullest extent permitted by law, Tenant will indemnify, defend, and hold harmless Landlord, its officers, employees and agents from and against any and all losses, costs, or expenses (including reasonable attorney fees) incurred or suffered by Landlord as a result of any damages to property or injuries to persons (including death), or any suits, actions, legal administrative proceedings, claims or demands and costs attendant thereto, arising out of or directly related to any act, omission, fault or negligence by the Tenant, its agents, employees, invitees, contractors or anyone under its direction or control or acting on its behalf, or anyone permitted by Tenant to conduct any activity on the Premises, or in connection with any use or occupancy of the Premises under the terms of this Lease.

14. **DEFAULT/TERMINATION.**

14.1. **Tenant Default.** The occurrence of any one or more of the following events will constitute a default and breach of this Lease by Tenant for which Landlord may terminate this Lease:

14.1.1. Operation of Premises. The vacating or abandonment of the Premises, or cessation of activities thereon, or any portion thereof, by Tenant, that continues for a period of ten (10) calendar days after notice of such default is sent by Landlord to Tenant.

14.1.2. Monetary Obligations. The failure by Tenant to make any payment required to be made by Tenant under this Lease, as and when due, that continues for a period of ten (10) calendar days after notice from Landlord that such payment is due.

14.1.3. Insurance. The failure by Tenant to maintain insurance policies as set forth above for any period of time, in which event Tenant must immediately cease all operations at the Premises until such insurance is obtained. In the event of such a default, Landlord may, in Landlord's sole discretion, obtain necessary insurance coverage in which event Tenant must, within five (5) days of demand, reimburse and pay to Landlord the

full amount of any costs and premiums expended by Landlord to obtain such coverage.

- 14.1.4. Violation of Law. Violation of any law by Tenant, or the conduct of any unlawful activities on the Premises that are permitted by Tenant, either tacitly or explicitly, or that Tenant has not taken reasonable means to prevent after Tenant becomes or in the exercise of reasonable diligence should have become aware that such activities are being conducted.
- 14.1.5. Health and Safety Violation. Any action or omission by Tenant that, in Landlord's reasonable judgment, causes a threat to the health or safety of the general public or the users of the Premises or neighboring properties.
- 14.1.6. Other Covenants. The failure by Tenant to observe or perform any other of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant that continues for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant will not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion. The notice and cure periods in this paragraph do not apply to the automatic termination provisions in Section 4.1.

14.2. **Landlord Default.** Landlord will be deemed to be in default hereunder if Landlord fails to perform any covenant or condition of this Lease to be performed by Landlord and such failure continues for thirty (30) days after written notice and demand from Tenant, unless the failure is of such a character as to require more than thirty (30) days to cure, in which event Landlord will be in default only if it fails to initiate the cure within thirty (30) days, and thereafter diligently pursue the same to completion.

14.3. Remedies.

- 14.3.1. All Remedies Available. Either party may pursue any remedies provided by law and in equity for the breach of this Lease, including termination of the Lease. No right or remedy is intended to be exclusive of any other right or remedy and each will be cumulative and in addition to any other.
- 14.3.2. Cure by Landlord. Should Tenant fail to perform in a timely manner any of the covenants or terms of this Lease on its part to be performed, Landlord may (but is not obligated to) perform the same and charge Tenant for the costs thereof, together with interest thereon, at the greater of (i) 10% per annum, or (ii) the rate set by statute for interest on

judgments, from the date upon which the expense is incurred until paid by Tenant.

15. **NOTICES.** All notices given under this Lease must be in writing and either served personally or sent by certified or registered mail, return receipt requested, to the parties as indicated below or to such other persons, or addressees as either party may designate in writing to the other party:

If to Tenant: Name of Tenant
 Name of Entity
 Address
 Phone

If to Landlord: Director, Economic Development & Tourism
 33 N. Stone Ave. Suite 830
 Tucson, AZ 85701

16. **ASSIGNMENT/SUBLETTING.** Tenant may not, either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, except as permitted under Section 7 above, and may not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or allow any other person (the employees, agents, servants and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without first obtaining the written consent of Landlord.

17. **SURRENDER OF PREMISES/HOLDING OVER.** On the last day or earlier termination of the Term of this Lease, Tenant must quit and surrender the Premises, in good condition and repair (except as provided in Section 12.2 above), normal wear and tear excepted. Any holding over with the consent of Landlord after the expiration of the Term or earlier termination of the Lease will be construed to be a tenancy from month-to-month upon the same terms and conditions as provided in this lease, to the extent applicable. Tenant's obligations under this Section will survive the expiration or earlier termination of the Term of this Lease.

18. **SUSTAINABILITY PLAN.** In accordance with the County's Sustainability Plan, Tenant must use all reasonable efforts to use recycled products for its operation within the Premises, and re-use and recycle materials utilized in the Premises.

19. **CANCELLATION FOR CONFLICT OF INTEREST.** This Lease may be cancelled for conflict of interest pursuant to A.R.S. § 38-511, the provisions of which are incorporated herein by this reference.

20. **TENANT NOT AN AGENT OF LANDLORD.** Tenant is not an agent of Landlord for any purpose under this Lease or otherwise. Tenant will control activities on the Premises, and Landlord will not control those activities. Tenant's employees and servants will not be under the control of Landlord.

21. **NON-DISCRIMINATION.** Tenant agrees to comply with all provisions and requirements of Arizona Executive Order 2009-09 **including flow down of all provisions and requirements to any subcontractors.** Executive Order 2009-09 supersedes Executive Order 99-4 and amends Executive Order 75-5 and may be viewed and downloaded at the Governor of the State of Arizona's website http://www.azgovernor.gov/dms/upload/EO_2009_09.pdf which is hereby incorporated into this Lease as if set forth in full herein. During the performance of this Lease, Tenant shall not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin.

22. **NON-APPROPRIATION.** Notwithstanding any other provision in this Lease, this Lease may be terminated if for any reason, the County's Board of Supervisors does not appropriate sufficient monies for the purpose of maintaining this Lease. In the event of such termination, County will have no further obligations to Tenant.

23. BOOKS, RECORDS, AND REPORTS

23.1. Tenant shall keep and maintain proper and complete books, records and accounts of all its operations conducted on the Premises, in a manner approved by the Pima County Finance Director. All such books, records and accounts shall be open for inspection and audit by Landlord or its auditors, or the Arizona Auditor General, at all reasonable times.

23.2. Tenant shall provide Landlord annually during the Initial Term and any Option Period:

23.2.1. An annual report on the operation and activities on the Premises.

23.2.2. By September 30, a certified audit and annual financial report of all activities conducted on the Premises for the immediately preceding fiscal year of Landlord (July 1 – June 30);

23.2.3. By June 30, assistance in Landlord's preparation of a written inventory of all buildings, equipment and items of value on the Premises which are the property of Tenant; and

23.2.4. By September 30, a proposed budget for the current fiscal year.

24. **CHOICE OF LAW.** The laws of the State of Arizona will apply to any action relating to this Lease and any court action must be brought in a court in Pima County, Arizona.

25. **NON-WAIVER.** The failure of either party to insist in any one or more instances upon the full and complete performance of any of the terms and provisions of this Lease to be performed by the other party, or to take any action permitted as a result thereof, will 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 to it at any time will not be construed as an accord and satisfaction.
26. **INTERPRETATION OF LEASE.** The parties acknowledge that each has had the opportunity to review this Lease with counsel of its or their choice. This Lease will not be construed in favor or against either of the parties but will be interpreted fairly and equitably to effectuate the intent of the parties. All provisions contained in this Lease will bind and inure to the benefit of the parties hereto, their successors and assigns.
27. **ENTIRE AGREEMENT.** This Lease contains the entire agreement between the parties and all previous agreements, negotiations, or understandings are superseded by and merged in this Lease. This Lease may be modified by the parties only by writing executed with the same formalities as this Lease.
28. **AMENDMENT.** This Lease may not be amended except by a written instrument duly executed by both parties. Landlord will not enter into any modification of this Lease without the prior written consent of the holder of the Leasehold Deed of Trust provided that Landlord has notice of such secured party's interest in this Lease.
29. **ATTORNEY'S FEES.** In the event any action, suit or proceeding at law or in equity is instituted with respect to this Lease, the prevailing party shall be entitled to reasonable attorneys' fees, expenses and court costs incurred.
30. **RECORDING.** This Lease may be recorded by Landlord or Tenant.
31. **TIME OF THE ESSENCE.** Time is of the essence of this Lease.
32. **AUTHORITY.** The undersigned represent to each other that they have full power and authority to enter into this Lease, and that all necessary actions have been taken to give full force and effect to this Lease. The undersigned further agree to produce all documents reasonably requested by the other party to evidence that the foregoing representation is true and correct, including but not limited to any partnership agreements, trust documents, operating agreements, articles of incorporation, or shareholder agreements.
33. **ATTORNEY'S REVIEW.** The parties acknowledge that they have had an opportunity to consult with legal counsel regarding this Lease, and that the terms of this Lease are not to be construed against any party because that party drafted the Lease, or construed in favor of a party because that party failed to understand the legal effect of the

provisions of this Lease. County's Attorney is signing as to form only, and represents solely the interests of County. Each party shall bear the costs of their attorney incurred in connection with the negotiation and drafting of this Lease.

The remainder of the page is left intentionally blank

IN WITNESS WHEREOF, the parties have executed this Lease as of the day, month and year written below.

TENANT: Name of Tenant

_____ Name

_____ Date

Its: _____

LANDLORD: Pima County, a political subdivision of the State of Arizona

_____ Ramon Valadez, Chairman, Board of Supervisors

_____ Date

ATTEST:

_____ Robin Brigode, Clerk of Board

_____ Date

APPROVED AS TO CONTENT:

_____ Tom Moulton, Director, Economic Development & Tourism

APPROVED AS TO FORM:

_____ Tobin Rosen, Deputy County Attorney, Civil Division

EXHIBIT B

*Legal Description
Southern Arizona Raceway
A Portion of Docket 6561 at Page 1012*

A portion of Sections 22 and 23, Township 16 South, Range 15 East, Gila and Salt River Meridian, Pima County, Arizona, as described in Docket 6561 at Page 1012, records of Pima County, Arizona, more particularly described as follows:

Commencing at the Northwest corner of Section 22, Township 16 South, Range 15 East, Gila and Salt River Meridian, Pima County, Arizona;

Thence, Southerly along the West Section Line of said Section 22, 75 feet to the Point of Beginning on the proposed South Right of Way of Dawn Road;

Thence, Southerly along said West Section Line \pm 1815 feet to a point on the North line of an existing 60 foot Southwest Transmission Cooperative easement;

Thence, Easterly along said existing transmission easement a distance of \pm 1556 feet;

Thence, South $67^{\circ}-57'-45''$ East, \pm 3732 feet;

Thence, South $90^{\circ}-00'-00''$ East, \pm 1565 feet;

Thence, North $26^{\circ}-58'-49''$ East, \pm 1605 feet to a point on the northerly line of said existing Southwest Transmission Cooperative easement;

Thence, Easterly along said existing transmission easement a distance of \pm 79 feet;

Thence, North $90^{\circ}-00'-00''$ West, \pm 1785 feet to a point on the South Right of Way of Dawn Road as recorded in Book 12, Page 71;

Thence, Westerly along said South Right of Way line to a point that is 75 feet south of the Northeast corner of Section 22;

Thence, Westerly along said proposed South Right of Way of Dawn Road along a line 75 feet south and parallel to the North Section line of Section 22 to the Point of Beginning.

EXHIBIT C

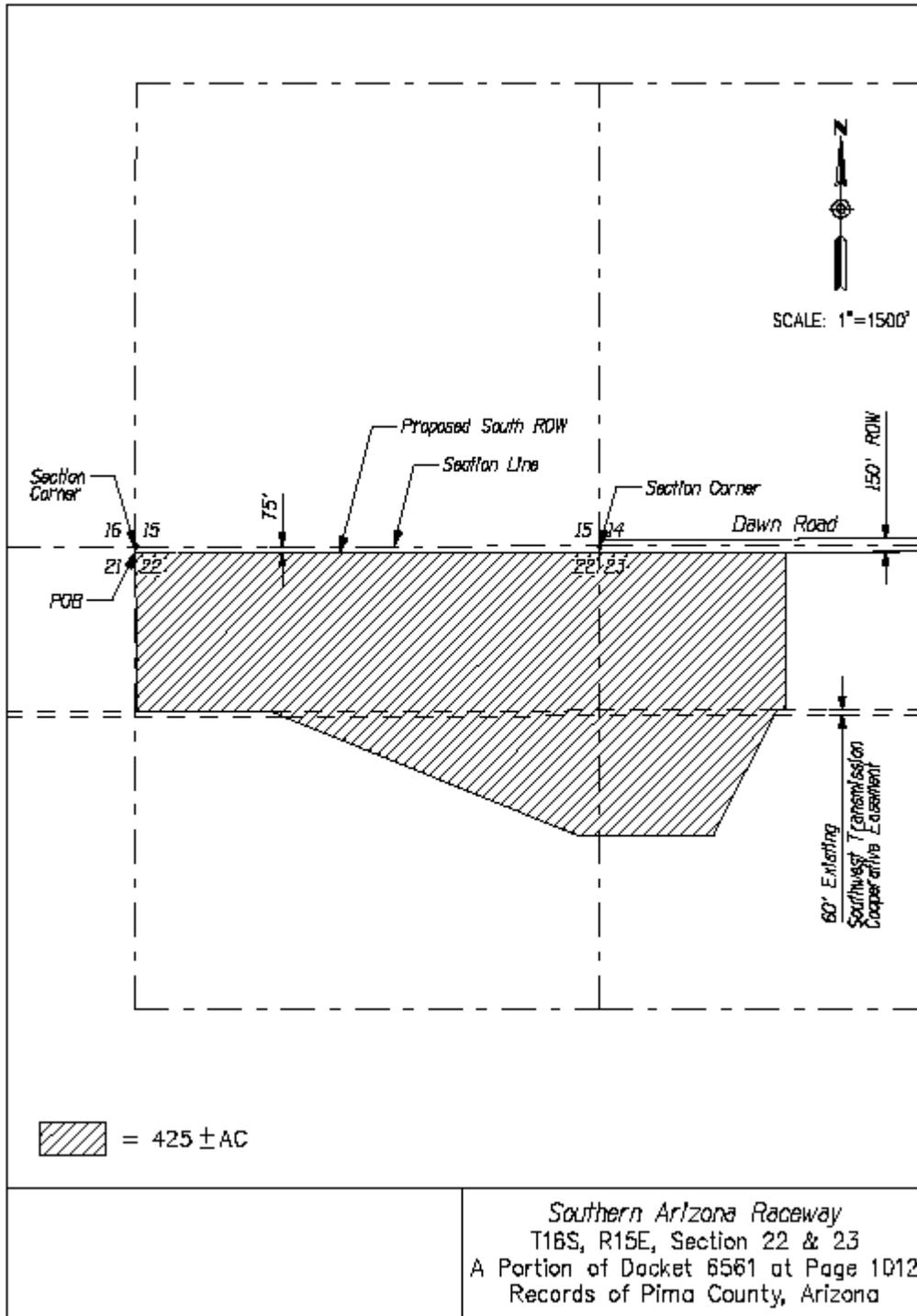


EXHIBIT D

HYDROLOGIC & HYDRAULIC ANALYSIS FOR THE SOUTHEAST REGIONAL PARK

III. SUMMARY OF RESULTS

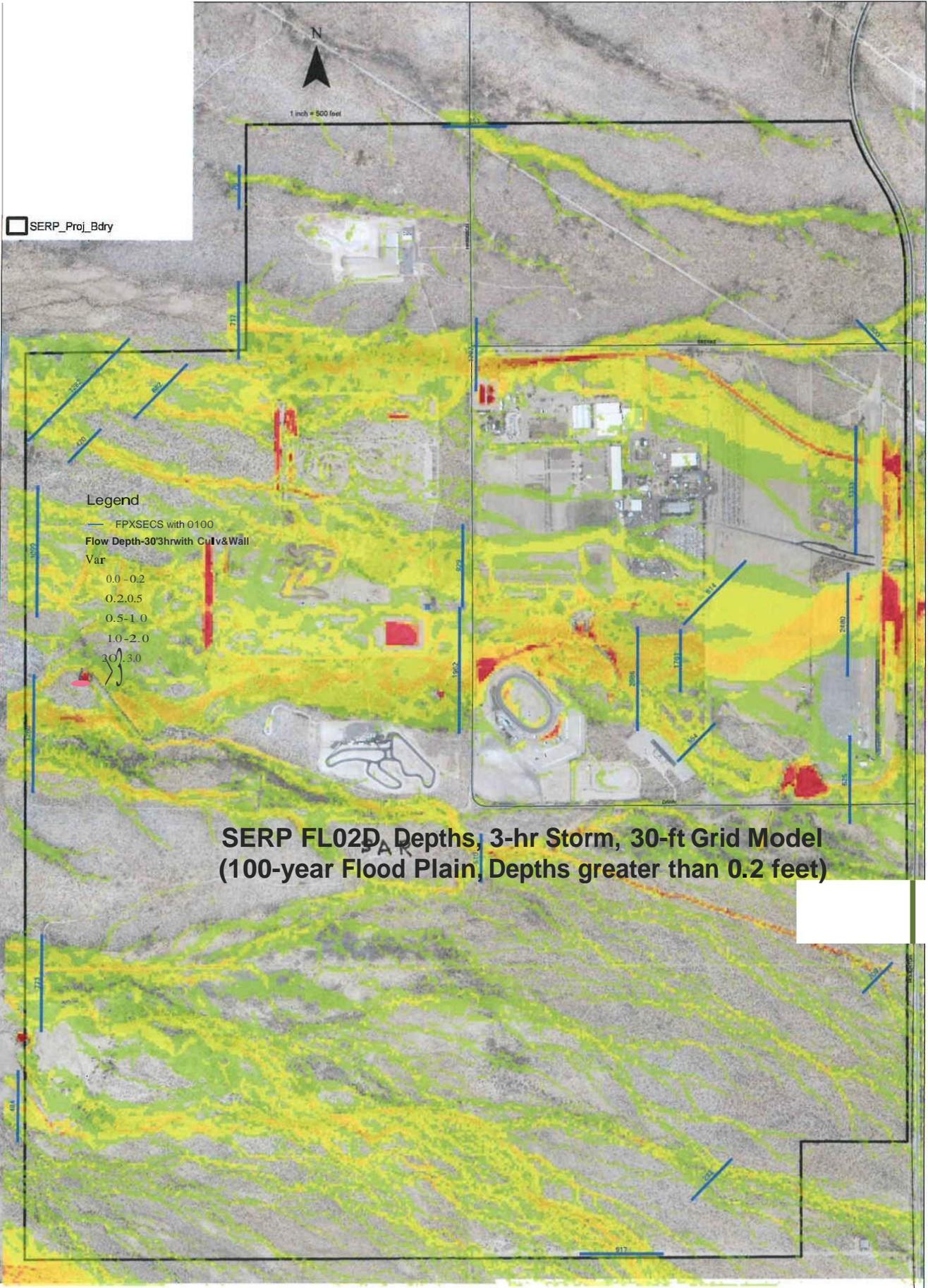
Using the results of the existing-condition FLO-2D analysis, two exhibits were prepared to illustrate the potential impact the 100-year flood will have on the project site, as shown on the 2011 aerial photograph. The first exhibit (Figure 5, Sheet 1 of 2) shows the areas of inundation where the depth is greater than 0.2 feet. The second exhibit (Figure 5, Sheet 2 of 2) shows the area of inundation where the depth is greater than 1.0 feet. Both exhibits also show the 100-year discharge at several locations within the park boundary. The first existing-condition floodplain exhibit clearly shows that the majority of the site is subject to shallow sheet flooding during the 100-year event. However, the second exhibit shows that existing improvements will not be subjected to major flooding (i.e., flooding depths greater than 1.0 feet) during the 100-year event. The high flood hazard areas are for the most part limited to the undeveloped portions of the project site. For this reason, a master drainage or mitigation plan is not warranted. Using the existing-condition FLO-2D model as the basis for planning and design, future improvements can accommodate existing runoff and minimize their impact on the existing flood plain.

Using the concept plan information shown on Figure 3 in conjunction with updated information obtained from individual stakeholders, two revised concept plans were prepared to illustrate the impact that the 100-year flood event will have on the Southeast Regional Park as currently envisioned. One of the revised plans incorporates Master Plan Option 1 for the Pima County Fairgrounds, as presented in Reference 1, and one incorporates Option 2. Figure 6, Sheet 1 of 2 shows Option 1 and Figure 6, Sheet 2 of 2 shows Option 2. To avoid clutter, the corresponding floodplain overlays only show the outline or footprint of the proposed improvements. Figure 7 shows Option 1 under shallow-sheet flow conditions (Sheet 1 of 2) and where the depths of flow are greater than one foot (Sheet 2 of 2). Figure 8 shows Option 2 under the same two flow conditions (Sheets 1 of 2 and 2 of 2, respectively).

Floodplain map follows on the next page.

NOTE: the entire report is available upon request for the Department of Economic Development & Tourism

JE Fuller/Hydrology & Geomorphology, Inc.



**SERP FL02D, Depths, 3-hr Storm, 30-ft Grid Model
(100-year Flood Plain, Depths greater than 0.2 feet)**

EXHIBIT E

Pima County Profile

Population

Pima County has a population of nearly one million residents. American Community Survey data from 2011 placed Pima County's population at 989,569.

Age

Arizona is the nation's seventh-youngest state. The median age in the City of Tucson is 32.5 and in Pima County it is 37.1, according to the 2010 American Community Survey.

Workforce

There are more than 475,000 people in Tucson's civilian labor force. It is estimated there are more than 1,200 high-tech businesses employing 50,000 people, and growth in the high-tech and "clean" manufacturing continues. This represents just one of the trends that will positively affect the Tucson region's workforce by educating current inhabitants and training an influx of new young, educated workers. The majority of the population lives in the eastern half of the county, which contains all of the five incorporated jurisdictions, two Native American tribal reservation areas and a large, urbanized unincorporated area. Approximately 85 percent of the county's land is federal, state or Native American owned (U.S. 2010 Census).

County Size

Pima County consists of 9,189 square miles in south central Arizona ranging in elevation from 1,200 feet to the 9,185 foot peak of Mount Lemmon.

Location

Pima County is one of the larger counties in Southern Arizona bordering Mexico.

Quality of Life Overview

The greater Tucson region offers an unparalleled quality of life for today's young professionals. With about 1 million people living in an expansive stretch of awe-inspiring and lush desert landscape, Tucson is accomplishing a goal that many growing cities have abandoned -- an ecologically sound and culturally sophisticated approach to growth and development.

In Tucson, opportunities abound for local businesses as well as for those looking to build new futures. Tucson's quality of life only enhances its regional business climate.

With so many mountains, canyons, lakes, golf courses, and other natural and man-made recreational amenities, the region is a great place to enjoy year-round hiking, biking, boating, camping, golf, tennis - and even snow skiing in season! It's not surprising that Tucson has been named the No. 1 Adventure City by Men's Journal.

Tucson is often called a “real cycling Mecca... for the United States.” With its growing multi-use trails, including a 55 miles continuous scenic loop of low-stress river ways and greenways around the periphery of Tucson the Loop is just over half complete with 23 miles of continuous path from downtown on the Santa Cruz River up to the Rillito River, which extends as far east as Craycroft Road. Connections to the Pantano Wash, the Harrison Greenway, Julian Wash and back to the Santa Cruz are in the works. Visitors on foot, bikes, skates and horses are all welcome. If it doesn't have a motor, it's good to go on The Loop! Good infrastructure with roads, good climbs and nice flats has earned a Gold certification from the League of American Bicyclists. The creation of bike lanes is integrated into almost every major road project, which is helpful and creates a safe environment for both the cyclist and motorist.

The area offers a full range of other activities, too, from culture to casinos to Cats -- that is, the Pac-12 University of Arizona Wildcats, and its newest addition, Professional Soccer. Tucson is also an ideal springboard to all kinds of other adventure and exploration. Just a day trip away are deep-sea fishing in the Sea of Cortes, San Diego's major attractions, Phoenix, and the grandest of them all, the Grand Canyon.

Learn more about the region's Desert Adventure Lifestyle and activities by going to www.visitucson.org.

Community Landmarks

Pima County has many distinctive natural and cultural landmarks. It lies at an ecological crossroad where habitats and species from the neo-tropics meet the Rocky Mountains and the Sonoran Desert. The diversity in flora, fauna, and geology is spectacular. The area encompasses five impressive mountain ranges—the Catalina's, Rincon, Santa Rita, Tucson Mountain, and the Tortolita Mountains. It contains one of North America's longest inhabited areas - the Santa Cruz River valley. It is rich in pre-Columbian archeology, history and historic routes such as the De Anza Trail, as well as the living cultures of Native American tribes. Just south of Tucson is the Mission of San Xavier del Bac, founded in 1697 by Father Kino and still in use today. Within Pima County are two cactus forests—Saguaro National Park to the northeast and Organ Pipe Cactus National Monument in the southwestern portion. The San Xavier, Pascua Yaqui and Tohono O'odham reservations make up a large portion of the county.

Transportation-related Highlights

Pima County is completing transportation projects that were approved as part of the \$2.1 billion Regional Transportation Authority 20-year plan. The RTA is in its 7th year and has completed more than 500 projects across the region. Projects include roadway, safety, transit, and environmental and economic improvements.

Completions:

- 11 roadway projects
- 123 intersection improvements
- 46 pedestrian crossings
- 63 bus pullouts
- 58 signalization improvements
- 105 miles of sidewalks
- 180 miles of bikeways

Roadway projects under construction:

- Magee Road, Mona Lisa – La Cañada
- Magee/Cortaro Farms, Mona Lisa – Thornydale
- Sahuarita Road, Phase II
- La Cañada, Ina to River
- Grant Road at Oracle
- 22nd & Kino Overpass
- Downtown Links: St. Mary's section
- Houghton Road, Irvington to Valencia
- La Cholla Blvd, Magee to Overton (Cañada del Oro wash bridge)

Working with the Arizona Department of Transportation (ADOT) Pima County has also been involved in a multi-year I-10 Widening Project that is three-quarters done and on schedule. Substantial progress has also been made in widening I-10 from Tucson to Phoenix and back.

Economy:

A variety of activities help drive Pima County's economy. Foremost among these are high-technology activities, the federal government, tourism, retail trade and other service operations. Pima County is the home to a major military installation, Davis-Monthan Air Force Base, prominent companies in the high tech and aerospace industries and major medical and research facilities. The University of Arizona, ranked among the top 20 public research universities nationwide, is located in Pima County as well as one of the largest community colleges in the nation—Pima Community College. In 2012, The University of Arizona was one of the largest public sector employers with 10,681 employees. The University is an integral part of the local economy and receives almost a half billion dollars in research grants each year.

The remaining large employers represent a balanced mix of health care, retail trade,

education, government, and military entities with Raytheon Missile Systems being the county's largest private employer.

Pima County is committed to responsible growth. The county's Sonoran Desert Conservation Plan is mindful of the factual correlation between growth and the consumption of natural resources, giving high priority to preserving and protecting the county's most important natural resources.

Recently the Pima County Board of Supervisors adopted a new Economic Development Action Plan for the entire county that creates new transportation infrastructure as well as revitalizes our tourism promotion efforts through the development of one-of-kind education programming through capital investment. All of these projects have a central theme that will create catalysis to new job creation. This plan is an action agenda that avoids the long-term strategic planning platitudes and broad generalizations that sound good but do not achieve a great deal.

This report also recommends fostering a collaborative environment in which the private sector, local governments, educational institutions and nonprofit agencies work together to stabilize and expand the local economy. To read the entire action plan passed by the Board of Supervisors please go to:

http://www.pima.gov/administration/documents/pdfs/PC_ED_Action_Plan_2012-10-17.pdf.

EXHIBIT F

SERP Archaeology Sensitivity Zone



EXHIBIT G

SERP Habitat Model - Plant (Pineapple Cactus)

