



Board of Supervisors Memorandum

January 17, 2017

**Resolution No. 2017-_____
Formation of the Rocking K South Community Facilities District**

Introduction

Community Facilities Districts (CFDs) have been available to counties since the mid-2000s. The Great Recession stalled homebuilding, and many master planned developments remained vacant with little or no land improvements. There has been little or no demand for the County to consider the formation of such a district to help finance public infrastructure until now.

CFDs are a legally available means of financing infrastructure available to the development community. Several CFDs exist in Marana, including Dove Mountain, Saguaro Springs and Gladden Farms, as well in the Town of Sahuarita.

The developer may petition and the County must approve before the taxing district can be formed. It is desirable for the Board of Supervisors to sit as the Governing Board of the CFD in order to maintain control of tax levies and issuing debt.

For example, the developer of Rocking K South will build the infrastructure necessary to serve the master planned community. After inspection and acceptance, the CFD will purchase the infrastructure from the developer through the issuance of bonds. The amount of district debt will be limited to only the amount that can be supported by actual assessed value of the property. An additional \$0.30 in property tax rate is dedicated for maintenance and operations. CFDs will have a higher overall property tax rate; but with required disclosure, the potential homeowners will be made aware of the CFD at the time of purchase.

As I have stated before in previous communications, funding options for roadway improvements, maintenance and repair are very limited. A CFD is one of the few options available to developers and homeowners who would like to finance road improvements for local public roads in their homeowners' associations.

Background

Arizona counties are authorized to form CFDs under Title 48, Chapter 3, Article 6 of the Arizona Revised Statutes (A.R.S. §§ 48-701 through 48-725) (the "Act"). CFDs are separate political subdivisions that may be formed by the Board of Supervisors and governed by the Board of Supervisors; and these districts have the authority to acquire, operate and maintain public roads and other infrastructure. The acquisition of public infrastructure may be financed by general obligation debt issued by the CFD, and the general obligation debt may be repaid by a general obligation tax levy on property owners within the district. Similarly,

maintenance of the CFD's public roads and other infrastructure may be financed by a general obligation tax levy on property owners within the district.

CFDs are formed when landowners and electors within the proposed district petition a County and file a general plan for the district. The general plan defines and describes the district, including a general description of the public infrastructure to be acquired and the general areas to be improved. After reviewing the petition and general plan, the County may declare its intent to form a district. Following the County's declaration of intent to form are various public notices, hearings, and a formation election. If the district's formation is approved at election by a majority of landowners and registered voters within the proposed district, the County forms the district. If the petition is signed by all owners within the proposed district and there are no registered voters within the proposed district, the County may form the district without public notice, hearings, or a formation election.

Elections of the landowners and any registered voters within a district must be held in order to levy general obligation taxes and to issue general obligation debt.

Specific arrangements for the public infrastructure to be acquired by the district, the related general obligation tax levies and the related general obligation debt are documented in a community facilities district development agreement.

CFDs are separate legal entities. Counties are neither responsible nor liable for any of the costs of the district's public infrastructure, nor for any liability, debt or obligation of the CFD. In order to assist the Board of Supervisors in determining whether to establish a CFD and upon what terms, the County has established *Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts* (Attachment A).

The guidelines ensure the bonds will only be used for public infrastructure in 600-acre or greater master-planned communities. Bonds can only be issued in amounts not greater than what can be supported by the taxable net assessed value¹ multiplied by the Target Tax Rate (up to \$3.00) and will acquire infrastructure from the developer after it has been built and accepted. A maintenance fee tax rate of \$0.30 is added to help maintain the infrastructure. The construction of public infrastructure to be reimbursed by CFD debt must be completed within 25 years of the date of formation of the District. Potential homebuyers are required to be given notice of the CFD tax rate. To retain compliance with these guidelines, it is recommended that the Board of Supervisors sit as the governing board of the CFD and retain authority over the amount, timing and form of financing.

¹ Taxable net assessed value refers to the applicable net assessed value used for taxing purposes. For most property within a CFD, this refers to the net limited property value. However, for certain property such as a utility substation within the CFD, this could refer to the net full cash value.

Application

An application was submitted by the Rocking K Development Company for consideration of formation of a CFD (Attachment B). Rocking K was originally approved as a Specific Plan on December 18, 1990 and included lands situated north and south of Old Spanish Trail between Camino Loma Alta and the Valencia Road alignment. This application only covers the 2,047 acres of land south of Old Spanish Trail included in the Master Block plat dated September 15, 2009; 1,196 acres of land covered by the original specific plan and 851 acres of adjacent lands. Although the Master Block Plat was approved and recorded, no development of this community has occurred. Construction of Valencia Road to Old Spanish Trail is a condition of development, along with the other improvements.

The application was reviewed for compliance with the guidelines and included ownership information, general experience, a proposed plan, phasing and cost of infrastructure, and a feasibility plan. It was reviewed by staff for compliance with the existing Rocking K Specific Plan and development agreement, State Statute and the guidelines. Staff also conferred with bond counsel. After a conference with the applicants, a complete application was filed and the petition for formation was submitted.

Information for Board consideration includes the following:

1. Ownership. The land is owned by Fidelity National Title Agency, Inc. as Trustee of Trust No. 60,380, with the principal beneficiary being Rocking K Development Company. With 100 percent of the landowners requesting the petition, no election is required. A qualified Electors Report and Assessor's Report certified by the Assessor's Office have been received per State Statute. A title report was submitted to verify ownership.
2. Public Infrastructure. Infrastructure to be included for acquisition by the CFD includes the spine roads, onsite sewer, drainage, landscaping in the right of way, and public parks and trails. A detailed listing is contained in Attachment B. A phasing plan for the infrastructure was submitted and reviewed, and there were no conflicts with the existing development documents.
3. Maintenance. The CFD may levy a \$0.30 ad valorem tax rate per \$100 of assessed valuation to fund the operation, maintenance and administration (O and M) expenses of the District. Currently, Pima County does not collect any maintenance fees for infrastructure.
4. Financing and Risk Assessment. The applicant's financing plan is achievable and conforms to the *Policy Guidelines and Application Procedures for the Establishment of Community Facilities Districts*.

The applicant plans for the CFD to issue \$46.5 million of CFD general obligation debt to purchase \$39 million of infrastructure improvements. The district's general obligation debt would be repaid by a property tax on property owners within the district. The applicant's plan proposes issuing debt 21 times, beginning in 2020 and continuing through 2043. The planned cost of issuing debt is \$7.5 million, not including interest. Interest cost over the life of the debt is estimated to be an additional \$26 million.

The applicant's financing plan is based on selling an average of 260 homes per year at an average sales price of \$382,000 for 14 years, beginning in 2019. There is a significant financial risk if the district's debt is issued as planned without the homes selling for the planned price and at the planned rate. If this were to occur, the related property tax would not generate sufficient revenue to repay the district's debt. Similarly, the applicant's financing plan relies on the sold homes increasing five percent in taxable value each year during the 14-year sale period and then by two percent each year thereafter. Property taxes would not generate sufficient revenue to repay the district's debt if the sold homes' taxable value does not increase at this rate. To help protect against these risks, after formation of the CFD, a community facilities district development agreement will be executed by the County, the district, and the applicant limiting the timing and amount of debt.

To accomplish this, the community facilities development agreement will need to include several important provisions. All public infrastructure that will be acquired by the CFD and financed by debt must be completed within 25 years of the formation of the district. CFD debt must be issued within 15 years of the start of construction of the public infrastructure to be purchased. District debt will be limited to a maximum repayment term of 15 years, and the amount of district debt issued will be limited to the amount that can be supported by the actual assessed value of property within the district. Each time the CFD issues debt, the district's governing board will consider whether 100 percent of the assessed value can be relied upon to support the debt or whether a smaller portion, 85 percent for example, should be relied upon. Also, each time the CFD issues debt, the district's governing board will consider whether an agreement is necessary requiring the applicant to provide additional security for the debt, including paying any difference between the district's tax revenues and its debt service payments.

Additionally, to further reduce the taxpayers' risk, the community facilities district development agreement will require that public infrastructure be completed and accepted by the CFD before any district debt will be issued to finance the CFD's purchase of the public infrastructure from the applicant.

To help ensure the CFD's property taxes are not overly burdensome on the homebuyers, the community facilities district development agreement will limit the maximum district tax rate to \$3.00 per \$100 of taxable value. This \$3.00 limit will include any possible other

overlapping CFDs. The original target tax rate for this district will be \$2.30 for debt service and an additional \$0.30 for operating and maintenance costs. The district may increase the \$0.30 tax rate for future O and M costs. The applicant provided information showing that these tax rates are comparable to several other successful community facilities districts within Pima County. The applicant stated in the application that homes within the district will be competitively priced, including the effect of the district's additional taxes.

Petition

Upon meeting the application requirements, Rocking K Development Company has petitioned the Board of Supervisors to form a CFD known as Rocking K South Community Facilities District (Part of Attachment C).

Proposed Resolution

Approval of proposed Resolution No. 2017-____ (Attachment C) would result in the following:

1. Granting of the petition to form the proposed CFD;
2. Declaration that the County may form the proposed district without public notice, hearings, or a formation election because the petition was signed by the sole landowner and there are no registered voters within the proposed district;
3. Approval of the CFD's general plan (part of Attachment C);
4. Identification of the Board of Supervisors as the CFD's governing board, the County Administrator as the CFD's administrator, the County Treasurer as the CFD's treasurer, and the Clerk of the Board as the CFD's clerk; and
5. Direction for the proper filing, recording, and distribution of the resolution.

Resolution No. 2017-____ does not authorize the purchase of any public infrastructure from the developer. The proposed resolution also does not authorize a tax levy or debt issuance to finance the purchase of public infrastructure. Both the CFD's tax levy and debt authorization require elections, and these elections are planned to occur after the district is formed. If authorized, the CFD's tax, debt, and purchase of infrastructure from the applicant will be governed by a community facilities district development agreement that will be negotiated and executed after the CFD's formation.

Funding Options for New Public Facilities

Pima Prospers calls for Pima County to explore methods to fund and finance new public facilities that are legally available and to encourage planned development to increase the tax base and provide housing inventory for our community. On that basis, Resolution No. 2017-____ achieves these goals. This application is compliant with Pima Prospers land use designations and approval of the Community Facility District formation is compliant with the Cost of Development section of the comprehensive plan. A community facilities development agreement will ameliorate risk to the County and outline the terms of reimbursement in greater detail if the Board of Supervisors approves the resolution.

Recommendation

I recommend the Board of Supervisors approve Resolution No. 2017-____ for the Formation of the Rocking K South Community Facilities District.

Respectfully submitted,



C.H. Huckelberry
County Administrator

CHH/mjk – January 10, 2017

Attachments

c: Tom Burke, Deputy County Administrator for Administration
Carmine DeBonis, Jr., Interim Deputy County Administrator for Public Works
Nanette Slusser, Assistant County Administrator for Public Works
Keith Dommer, Director, Finance and Risk Management
Carla Blackwell, Interim Director, Development Services

ATTACHMENT A

POLICY GUIDELINES AND APPLICATION PROCEDURES FOR THE ESTABLISHMENT OF
COMMUNITY FACILITIES DISTRICTS

Arizona counties are authorized to form community facilities districts ("CFDs") under Title 48, Chapter 3, Article 6 of the Arizona Revised Statutes (A.R.S. §§ 48-701 through 48-725) (the "Act"). A CFD can issue bonds and use the proceeds to finance construction, acquisition, operation, and maintenance of public infrastructure that benefits the real property comprising the CFD. In order to assist the Board of Supervisors (the "Board") in determining whether or not to establish a CFD, and upon what terms, the Board has established these Policy Guidelines and Application procedures. A developer's compliance with these policies and procedures does not guarantee that the Board will establish a CFD or authorize it to issue bonds or take any other action; the Board has sole legislative discretion to determine whether public convenience and necessity requires formation of a proposed CFD, and with what terms and conditions.

1. General Policies

- A. Unless otherwise approved by the governing board as defined in A.R.S. 48-701, CFDs may only be utilized to finance the design and construction of arterial and collector roadways, public sewer transmission mains, public regional parks and any other public infrastructure required for master-planned communities and large commercial or industrial developments. Generally, no enhanced landscaping, land or right-of-way acquisition will be considered. However, a CFD may be utilized to provide an enhanced level of public infrastructure amenities and/or maintenance if authorized by the Board.
- B. The CFD will issue bonds to acquire from the developer public infrastructure originally financed by the developer. Bonds will be issued only after the infrastructure has been completed by the developer and accepted by the County.
- C. Public infrastructure financed by the CFD must conform to the County's Comprehensive Plan, Pima Prospers.
- D. Developer must pay all costs incurred by the County in connection with the application and formation. This includes paying for the cost of County staff time, and for all outside consultants utilized by the County, including but not limited to engineers, appraisers and attorneys. If authorized by the Board and allowed by law, all or part of such costs may be reimbursed to the developer from bond proceeds. All bond-issuance

costs will be paid from bond proceeds, including the cost of financial advisors, bond counsel, and County finance staff.

- E. The CFD must be at least 600 acres. An area should be governed by as few CFDs as possible, and a preference will be given to one master CFD.
- F. Unless otherwise agreed by the County, and pursuant to state statutes, the CFD will be governed by a board of directors comprised of the members of the Board. The day-to-day administrative responsibilities of the CFD will be performed, pursuant to an intergovernmental agreement between the CFD and the County, by County staff. The CFD will pay for all services provided by the County.
- G. The County will select all consultants it deems necessary in order to evaluate the application, conduct the formation proceedings, and issue bonds, including, but not limited to, special tax consultants, bond counsel, underwriter, appraiser, engineer.
- H. The CFD should be self-supporting both for construction and operations and maintenance. All administrative costs of the CFD, and the operation and maintenance of public infrastructure in the CFD, must be paid by the CFD, the developer, applicable homeowners' associations, or any combination of the foregoing, as may be acceptable to the Board.
- I. The Board will determine, in its sole and absolute discretion, the amount, timing and form of financing to be used by a CFD after reviewing the project feasibility report as required in the Act. Neither the property, the full faith and credit nor the taxing power of the County will be pledged to the payment of any CFD obligations.
- J. All public infrastructure will be acquired or constructed by the CFD using public procurement procedures in accordance with applicable laws, rules and regulations, and County policies.
- K. The CFD will not use bond proceeds or other CFD funds to purchase real property or right of way for public infrastructure if, under normal County policies or applicable law, the developer would be required to dedicate and convey that property to the County as a condition of development.
- L. The construction of public infrastructure to be reimbursed by CFD debt must be completed within 25 years of the date of formation of the District. Any debt issued for reimbursement of such public infrastructure must be issued within 15 years of the date construction was started. CFD bonds and any other debt obligations will have a maximum term of 15 years.
- M. CFD debt may be refinanced to take advantage of improved financial markets, but the length of the repayment period will not be extended beyond the original term. The

County will determine if any proposed refunding meets acceptable levels of savings to warrant proceeding.

- N. To help protect the CFD from possible declines in property values, the CFD board may consider limiting the percentage of taxable net assessed value¹ that may be used to determine the amount of debt that can be supported based on the Target Tax Rate. Additionally, a Tax Subsidy Agreement may also be required as described in the CFD Operations and Debt Financing section below.
- O. These Policy Guidelines and Application Procedures may be modified from time to time by the County. Any Applicant will be given the opportunity to propose alternative approaches to those provided herein, with the understanding that concerns of the County must be adequately addressed before County staff will recommend approval of a CFD to the County Board of Supervisors.

2. Contents of Application

All applications for the formation of a CFD must be submitted to the Pima County Development Services Department in an electronic format acceptable to the County. Each application must, at a minimum, contain the following:

A. Applicant Information

1. General Description. A general description of the Applicant, including its organizational structure. Include the names of all officers and corporate directors and principal owners/stockholders.
2. Contact(s). The name, address, phone number and other contact information of the primary contact for the Applicant, and of any legal representatives, engineers, architects, financial consultants and/or other consultants significantly involved with the Application.
3. Experience. A general description of the Applicant's experience with similar types of projects.
4. Financial Capability. Evidence (including financial statements if necessary) demonstrating the Applicant's ability and capacity to undertake the proposed development.

B. Proposed CFD

¹ Taxable net assessed value refers to the applicable net assessed value used for taxing purposes. For most property within a community facilities district this refers to the net limited property value. However, for certain property such as a utility substation within the CFD, this could refer to the net full cash value.

- A. Description and Purpose. A general description of the proposed CFD, its purpose, and a statement of how the proposed CFD is consistent with the County's objective of promoting development consistent with healthy community principles, enhancement of the local economy, and conservation values. Describe the degree to which the CFD is consistent with the County's Comprehensive Plan, Pima Prospers Land Use Map for the area.
- 1. Location. A description of the proposed CFD's general location within the County, an area site map illustrating the proposed boundaries, and a legal description. Include an analysis of the appropriateness of the CFD boundaries.
- 2. Ownership Interests. The identity and address of all persons or entities with any interest in property within the proposed CFD boundaries, including lien holders and purchasers under pending sales contracts, and the names and addresses of any qualified electors located within the proposed CFD boundaries. Include a certificate from the Pima County Assessor or, if not accurate, a current title report together with a certificate from the Pima County Elections Department, as supporting evidence. The application must be signed by all the owners of the land within the proposed CFD boundaries, as well as all qualified electors residing on the property.

C. Proposed Improvements

- 1. Estimated Costs. An estimate of the cost of each component of the infrastructure to be completed by the CFD, and projected operating, maintenance, and replacement costs.
- 2. Timetable. A timetable describing the scheduling, timing or phasing of the various components of the planned development. Each phase of the development should be shown separately.

D. Financing Plan and Feasibility Study

- 1. Source of Funds. A description of the sources and uses of funds for the public infrastructure and private development. This description should include the amount and type of any proposed bonds, as well as the sources of the financing for the private development, including any debt or equity.
- 2. Financial Feasibility Study. A financial feasibility study for the entire project broken into five-year phases. The study should include both public and private infrastructure costs.
- 3. User Impact. An analysis of how the proposed debt financing, operation and maintenance costs, user charges and other CFD costs will impact the ultimate end

users of the development, calculated as of the beginning, midway through and at the end of the market absorption period or based on the phasing of the project to be financed, as applicable. Describe, specifically, the projected property taxes and property tax rates, fees, charges and other costs that would be borne by property in the CFD. The analysis should also address the impact these costs will have on the marketability of the private development and a comparison of proposed tax rates and charges in adjoining and similar areas outside of the proposed CFD.

4. Market Analysis. A market absorption study for the private development in the CFD acceptable to the County. Include estimates of the revenue to be generated by the development and a market absorption calendar for the private development.
5. Operation and Maintenance Costs. A detailed description and a financial pro-forma of the estimated annual operation and maintenance costs of the public infrastructure, including for replacement reserves, if appropriate. List the specific entities, such as the CFD, Homeowners Associations, the developer, County, etc., that will be responsible for funding those on-going operation and maintenance costs.

E. Disclosure to Prospective Property Owners

A draft disclosure form that explains the expected and possible tax and other financial burdens of the CFD to prospective CFD landowners, which the developer will record, with the legal description of the CFD attached. Upon each sale of property in the CFD, the developer and property owner must file with the County a receipt, signed by the purchaser, that acknowledges the purchaser's receipt of the disclosure form. Developers are required to describe in their promotional material the financial and other relative impacts on the property owners in the CFD.

F. Development Agreements

Describe any agreements entered into between the County and the Applicant relating to the proposed development, and explain the impact of those agreements and whether they must be amended in any way if the CFD is formed. Attach copies of the agreements as an appendix.

H. Form of Resolution

Applicant will include, with the application, a draft form of a resolution declaring an intent to form a CFD, which includes all information required by A.R.S. § 48-702.

3. Application Procedures

- A. Administrative Fee. At the time of submission of the application, the applicant must pay a non-refundable application fee of \$50,000 to offset the costs incurred by the County in connection with the processing and review of the application and the formation of the CFD. If additional funds are required, the County will provide the applicant with an accounting of all costs incurred by the County, and applicant must deposit an additional \$25,000. All costs incurred to date must be paid by the applicant at least 14 days prior to the date of the meeting of the Board at which the application is to be considered.
- B. Conference. After the application fee and deposit are submitted, the Development Services Director will arrange an initial conference with the appropriate County staff for the purpose of reviewing the application for conformity with County policies.
- C. Supplemental Information. If County staff, at any time during the application process, requests additional information, the applicant must provide any and all supplemental information requested.
- D. Report. After reviewing the application, County staff, under the direction of the Finance Director and the Development Services Director, may prepare a report including recommendations relating to the CFD, an analysis of the impact of the formation of the CFD and its effects on the County. The report may provide a recommended disposition of the application and any additional requirements that will be placed on the developer and the CFD.
- E. Submission to the Board. When the application meets the requirements in this Policy, the application, along with any report and recommendations by County staff, and a proposed resolution declaring an intention to form a CFD, will be forwarded to the Board.
- F. Formation. If the Board approves an application for formation of a CFD and adopts a resolution declaring an intent to form a district, the developer and County staff will develop a list of tasks for formation of the CFD and will negotiate appropriate agreements among the County, the developer, and the CFD.
- G. All appropriate agreements and a resolution forming the CFD will be completed and submitted to the Board for approval within 180-days of the Board's resolution of intent. The resolution will contain all statutorily-required information. The appropriate agreements will authorize the issuance of bonds, if appropriate, and set a Target Tax Rate for the operating support of the CFD and payment of debt service. In no event shall the Target Tax Rate cause the CFD-related tax rate for both operating support and debt service, including any overlapping CFD's rates for both operating support and debt service, to exceed \$3.00 per \$100 of taxable net assessed value. The appropriate agreements will also call for an election for bond authorization and vote of the resident

electors (if any). Extensions of one 180 day period may be granted by the Development Services Director in conjunction with the Finance Director if conditions have not materially changed. Formations not completed within the required timeframe will be closed and the Applicant will be required to resubmit a new application for the CFD, as well as pay all application fees.

4. CFD Operations and Debt Financing

- A. Initial Expenses. The administrative fee paid by the Applicant will continue to be used to support operation of the CFD after its formation until such time as other revenues become available for such purposes, and the applicant will continue to supplement the fee from time to time as necessary.
- B. Debt. Pima County will only authorize general obligation debt for CFD financing. The Board will not authorize the issuance of debt obligations in an amount that might have a substantial direct or indirect negative impact on the debt or financing capabilities of the County, or that imposes an unreasonably high financial burden on future CFD residents and property owners, as determined by the Board in its sole legislative discretion.
- C. Debt Service Guaranty. A portion of the proceeds of each bond issue may, to the extent allowed by applicable law, be applied to fund a debt service reserve fund or used to pay for an acceptable reserve fund surety bond, insurance policy or other guarantee. If applicable law does not permit the funding of such a reserve fund, the Applicant or third parties may be required to provide amounts for such purpose under circumstances acceptable to the Board.
- D. Tax Subsidy Agreements.

Any written agreement from the Applicant or from a third party or parties on behalf of the Applicant (collectively, the "Obligated Party") to pay all or a portion of the debt service on any CFD general obligation bonds that is not paid by tax collections levied and received for such purpose (such as a letter of credit, standby contribution agreement, etc.) (the "Subsidy Payment Agreement") must comply with the following conditions, in addition to any other conditions required by the Board.

- a) The Subsidy Payment Agreement must constitute a valid, enforceable obligation of the Obligated Party, and the obligation to pay the Subsidy Amount (as defined below) cannot be subject to any set off, claim or encumbrance;
- b) The Obligated Party must be required to pay the portion of the debt service on the bonds sufficient to cause the actual tax rate per \$100 of taxable net assessed value levied for payment of the bonds plus the operating support tax rate to be

no greater than the Target Tax Rate established by the Board. Such amount paid by the Obligated party is the "Subsidy Amount";

- c) The Obligated Party must have an audited net worth at all times during the term of the Subsidy Payment Agreement of at least 5 times the principal amount of the subsidized bonds. If the net worth of the Obligated Party becomes less than the amount required, the Obligated Party must promptly provide the CFD with other collateral (such as a surety bond, letter of credit or cash) satisfactory to the CFD in the amount of any shortfall;
- d) The Subsidy Payment Agreement must provide for the annual payment of the Subsidy Amount pertaining to the next succeeding fiscal year not later than March 30th of each year; and
- e) The Subsidy Payment Agreement may not adversely affect the tax-exempt status of any related bonds and shall be delivered with all certificates and opinions required by the CFD.

5. Indemnity

The Applicant (or another party acceptable to the County and the CFD) must agree to indemnify the County and the CFD and their agents and employees, and hold them harmless for, from and against any and all liabilities, claims, costs and expenses including attorneys' fees, incurred in any challenge or proceeding to the formation, operation, administration of the CFD, the offer and sale of CFD bonds, the levying by the CFD of any tax, assessment or charge and the operation and maintenance of public infrastructure financed or owned by the CFD.

ATTACHMENT B

**APPLICATION
FOR FORMATION OF**

**ROCKING K SOUTH
COMMUNITY FACILITIES DISTRICT
(PIMA COUNTY, ARIZONA)**

SUBMITTED BY

**ROCKING K DEVELOPMENT CO., AN ARIZONA
CORPORATION**

December 16, 2016

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INTRODUCTION

This application is being submitted by Rocking K Development Co., an Arizona corporation (the “Applicant”), for the formation of the Rocking K South Community Facilities District of Pima County, Arizona (the “District”) pursuant to 49-701, *et seq.* Arizona Revised Statutes as amended (the “Act”). The Applicant proposes that the District finance certain public infrastructure relating to the development of a portion of Rocking K known as Rocking K South (the “Project”), a master-planned community located within Pima County, Arizona (the “County”).

Rocking K South is visualized as one of the preeminent master planned communities in Pima County. With its sensitivity to the environment, Rocking K South integrates the site’s abundant natural amenities as the foundation upon which to develop the community’s character and theme. Natural features are utilized to provide an open space and trail system that interconnects neighborhoods, schools, community parks, and neighborhood parks. The overall-planning concept is the creation of a Rocking K South community that preserves and enhances the natural attributes of the property to create an exceptional locale to live and play. It is envisioned that Rocking K South, with its diversity of housing, recreational and cultural opportunities, will be established as a distinct, complimentary and exceptional community in which to reside.

The District provides a financing mechanism for portions of certain public infrastructure through the issuance of District general obligation bonds and potentially special assessment bonds.

The District consists of approximately 2,047 acres. The Project is located south of Old Spanish Trail and west of Camino Loma Alta in Sections 16, 21, 22, 27, & 28 of Township 15-South, Range 16-East.

The District is anticipated to include approximately 3653 single-family residential homes as well as approximately 30,000 square feet of commercial/mixed-used development.

The total acreage of the District can generally be characterized as follows:

<u>Description</u>	<u>Approximate Acres</u>
Residential Units	1,263.5
Commercial	3.5
Parks/Open Space	65.0
Natural Open Space	700.0
Schools	15.0
Total	<u>2,047.0</u>

The Project is scheduled to break ground in 2018, with home closings anticipated to begin in 2019.

APPLICANT INFORMATION

General Description

The Applicant is an Arizona corporation. Fidelity National Title Agency Inc., as Trustee of Trust No. 60380, holds legal title to Rocking K South; the Applicant is a beneficiary of Trust No. 60380 and will direct the Trustee to sign all necessary documents associated with formation of the District.

The names of its officers and principal owners/stockholders are as follows:

President—David Goldstein
Vice-President, Secretary, Treasurer—Donald Diamond
Directors—Donald Diamond and David Goldstein
Principal Owner—Donald Diamond

Contact Information

The primary contact for the Applicant is:

David Goldstein
Diamond Ventures, Inc.
2200 East River Road, Suite 115
Tucson, Arizona 85718
(520) 577-0200

Consultants for Applicant are:

Kurt Freund
Nick Dodd
RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016
(602) 381-5365
(602) 381-5360

Dana Belknap
Gallagher & Kennedy
2575 E. Camelback Road
Phoenix, Arizona 85016
(602) 530-8348

Experience

Applicant is an affiliate of Diamond Ventures, Inc. (“DVI”). Formed in 1988 by Donald Diamond, DVI is a Tucson –based, diversified real estate and investment company with residential, commercial, retail and industrial holdings throughout Arizona and the Southwest. DVI is one of the largest land development companies in Arizona with projects in Pinal, Maricopa and Pima Counties. Examples of DVI’s experience with a variety of residential real estate projects including large master-planned communities, builder neighborhoods and exclusive custom home communities include:

Saddleback Heights

A 5,300-acre master-planned community offering 8,300 homesites, commercial development, golf entitlements, school sites, extensive bike and trail systems and ample open space and neighborhood parks, located near Lake Pleasant in Peoria, AZ, within the Phoenix metropolitan area.

Verano

A 3,000-acre master-planned community offering 9,900 homesites, commercial and industrial development, schools, parks and natural open space, located in southeast Tucson, AZ.

Smith Ranch

A 2,120-acre residential project with 710 homesites, offering abundant natural open space, located southeast of Tucson in Benson, AZ.

Hook M

A 716-acre master-planned community with 1,376 homesites, a 400-multi-family unit housing site, a school site and abundant open space, located in Tucson, AZ.

Mountain Vail

A 155-acre builder neighborhood with 550 homesites, K-8 school with a 7.5-acre park located in southeast Tucson, AZ.

Stone House

An exclusive community with 222 estate homesites, located in the Santa Cruz river valley near the Santa Rita Mountains, south of Tucson in Sahuarita, AZ.

RimStone

An exclusive community offering 42 custom homesites, with panoramic mountain views, situated within the red rocks of Sedona, AZ.

Villago

A 2,000-acre master-planned community with 6,000 homesites, commercial development, active open space, pedestrian trails, bicycle paths, a 10-acre lake, schools and parks, located in Casa Grande, AZ.

Continental Reserve

A 758-acre master-planned community with 1,800 single family homes, commercial development, natural open space, sports fields and courts, a K-6 school, park and hiking trails adjacent to Saguaro National Park West, located northwest of Tucson in Marana, AZ.

Silverado Hills

A 250-acre builder neighborhood with 483 homesites and natural open space, located in east Tucson, AZ.

Sycamore Park

A 220-acre builder neighborhood with 733 homesites, a central 7.5 acre neighborhood park, and soccer and baseball fields, located in Tucson, AZ.

Mesquite Ranch

A 160-acre builder neighborhood with 619 homesites, community amenities, neighborhood swimming pools and sports facilities, located in Tucson, AZ.

Pima Canyon

A custom-lot community with 298 homesites, dramatic city and mountain views, lush desert scenery and natural open space, located at the base of the Santa Catalina Mountains in Tucson, AZ.

Madera Reserve

A custom-lot community offering 304 homesites and spectacular views of the scenic Santa Rita Mountains, located south of Tucson in southern Pima County, AZ.

Coyote Ridge

A custom-lot community offering 109 homesites situated atop a ridge, offering breathtaking views of the Catalina Mountains, located north of Tucson in Oro Valley, AZ.

Tucson Mountain Reserve

A custom-lot community offering 124 homesites, located adjacent to the Saguaro National Park West in Tucson, AZ.

Casa Contenta

A custom-lot community offering 99 homesites in a secluded gated community, adjacent to Coconino National Forest with superb views of the towering red rocks in Sedona, AZ.

The Canyons

An exclusive gated enclave of 61 estate homesites, high in Tucson's Catalina Foothills adjacent to Coronado National Forest, offering dramatic city and mountain views, located in Tucson, AZ.

Financial Capability

The financing of the private development will flow from three sources as circumstances dictate, including third party institutional development loans, internal cash flow and equity capital provided as needed by the principals of the Applicant.

DESCRIPTION OF PROPOSED CFD

Description and Purpose

The District consists of approximately 2,047 acres of real property and is located all within the incorporated boundaries of the County. The land within the District encompasses all phases within the Project. The District provides a financing mechanism for portions of certain public infrastructure necessary for the Project through the issuance of District general obligation bonds. The approved land use entitlements for the Project are consistent with the County's Comprehensive Plan Map, which designates the Project as a "Planned Community." The Project and the use of the proposed District will promote orderly development consistent with growth management policies and zoning requirements by constructing infrastructure in phases in an area identified in the Comprehensive Plan for planned growth. The Project, with its focus on diversity of housing and recreational and cultural opportunities, is consistent with the County's healthy community principles, enhancement of the local economy, and conservation values.

Location

A map detailing the boundaries of the District and the Project is included as Appendix 1 and a legal description of the District is included as part of the Title Report included as Appendix 2. The District boundaries are appropriate by virtue that the boundaries reflect all of the land of all of the owners within the proposed District boundaries and the improvements to be financed by the District will primarily benefit residents within the District.

Ownership

Currently there are no residents or qualified electors living within the proposed District boundaries. Formation of the District is requested by a petition of 100% of the landowners of property within the District boundaries.

A Qualified Electors Report and an Assessor's Report will be submitted to the County at the appropriate time as formation of the District moves forward. In addition to the landowners, any lienholders of property within the District will sign the formation petition.

PROPOSED IMPROVEMENTS

Estimated Costs

The improvements listed below that are eligible for District financing represent costs associated with infrastructure that is significant not only to the Project but also to the region. The Public Infrastructure will be constructed in several phases over a period of approximately 15 years.

The Applicant will publicly procure all eligible Public Infrastructure in accordance with Title 34 and the County’s public procurement provisions.

Estimated Costs of Project Improvements:

Description	Total Estimated Cost	Costs Not Eligible for CFD Financing	Costs Eligible for CFD Financing	Costs to be reimbursed by CFD
Regional Improvements:				
Spine Roads	10,654,635	-	10,654,635	10,654,635
Valencia Rd & Old Spanish Trail	20,580,569	-	20,580,569	-
Old Spanish Trail (along District property frontage between spine roads)	2,796,800	-	2,796,800	2,796,800
Camino Loma Alta	1,437,500	-	1,437,500	1,437,500
Engineering	6,876,984	2,730,073	4,146,911	4,146,911
Surveying	451,575	179,269	272,306	272,306
On-Site Public Sewer	2,094,150	-	2,094,150	2,094,150
Private Water	9,039,805	9,039,805	-	-
Drainage	1,989,500	-	1,989,500	1,989,500
Dry Utilities	5,101,400	5,101,400	-	-
Landscaping in right of way	6,495,200	3,247,600	3,247,600	3,247,600
Public Parks, Trails, Monuments	12,376,300	-	12,376,300	12,376,300
Total Regional Improvements:	79,894,418	20,298,148	59,596,270	39,015,701
In-Tract Improvements:				
Production	69,880,000	34,940,000	34,940,000	-
Custom	7,950,000	7,950,000	-	-
Total In-Tract Improvements:	77,830,000	42,890,000	34,940,000	-
Total Improvements	157,724,418	63,188,148	94,536,270	39,015,701
NOTE: Estimated costs provided are approximate - actual costs will vary				

- (a) Certain of the improvements may be the subject of development/impact fees and in such case, may not be financed by the District.
- (b) Includes only public drainage improvements related to road development.
- (c) Certain of these improvements are eligible for CFD financing pursuant to Arizona law.
- (d) Replacement costs cannot be determined at this time, but will be determined by the District when necessary.
- (e) Operating and maintenance costs of the District-financed public infrastructure will be paid from the O&M tax levy; operation and maintenance of private improvements will be funded by the Applicant and/or HOA.

Estimated Costs of Project Improvements by Phase:

The estimated costs of project improvements by phase is set forth below. The phases described below tie to the Rocking K Conceptual Phasing Plan included as Appendix 3. It should be noted that the phasing plan is conceptual in nature and may change over time based upon market demands or other conditions.

PHASE 1: 480 Units				
Description	Total Estimated Cost	Costs Not Eligible for CFD Financing	Costs Eligible for CFD Financing	Costs to be reimbursed by CFD
Regional Improvements:				
Spine Roads	3,013,000	-	3,013,000	3,013,000
Valencia Rd & Old Spanish Trail	13,377,369	-	13,377,369	-
Old Spanish Trail (along District property frontage between spine roads)	-	-	-	-
Camino Loma Alta	1,437,500	-	1,437,500	1,437,500
Engineering	2,379,031	944,444	1,434,587	1,434,587
Surveying	156,218	62,017	94,202	94,202
On-Site Public Sewer	1,270,750	-	1,270,750	1,270,750
Private Water	3,321,430	3,321,430	-	-
Drainage	1,012,000	-	1,012,000	1,012,000
Dry Utilities	1,679,000	1,679,000	-	-
Landscaping in right of way	1,932,000	966,000	966,000	966,000
Public Parks, Trails, Monuments	3,350,640	-	3,350,640	3,350,640
Total Regional Improvements:	32,928,939	6,972,891	25,956,047	12,578,678
In-Tract Improvements:				
Production	9,600,000	4,800,000	4,800,000	-
Custom	-	-	-	-
Total In-Tract Improvements:	9,600,000	4,800,000	4,800,000	-
Total Improvements	42,528,939	11,772,891	30,756,047	12,578,678
NOTE: Estimated costs provided are approximate - actual costs will vary				

PHASE 2: 752 Units				
Description	Total Estimated Cost	Costs Not Eligible for CFD Financing	Costs Eligible for CFD Financing	Costs to be reimbursed by CFD
Regional Improvements:				
Spine Roads	1,207,500	-	1,207,500	1,207,500
Valencia Rd & Old Spanish Trail	-	-	-	-
Old Spanish Trail (along District property frontage between spine roads)	-	-	-	-
Camino Loma Alta	-	-	-	-
Engineering	1,013,156	402,210	610,946	610,946
Surveying	66,529	26,411	40,118	40,118
On-Site Public Sewer	570,400	-	570,400	570,400
Private Water	1,124,125	1,124,125	-	-
Drainage	86,250	-	86,250	86,250
Dry Utilities	603,750	603,750	-	-
Landscaping in right of way	805,000	402,500	402,500	402,500
Public Parks, Trails, Monuments	2,849,700	-	2,849,700	2,849,700
Total Regional Improvements:	8,326,409	2,558,996	5,767,414	5,767,414
In-Tract Improvements:				
Production	13,480,000	6,740,000	6,740,000	-
Custom	3,900,000	3,900,000	-	-
Total In-Tract Improvements:	17,380,000	10,640,000	6,740,000	-
Total Improvements	25,706,409	13,198,996	12,507,414	5,767,414
NOTE: Estimated costs provided are approximate - actual costs will vary				

PHASE 3: 801 Units				
Description	Total Estimated Cost	Costs Not Eligible for CFD Financing	Costs Eligible for CFD Financing	Costs to be reimbursed by CFD
Regional Improvements:				
Spine Roads	4,255,000	-	4,255,000	4,255,000
Valencia Rd & Old Spanish Trail	7,203,200	-	7,203,200	-
Old Spanish Trail (along property frontage between spine roads)	2,796,800	-	2,796,800	2,796,800
Camino Loma Alta	-	-	-	-
Engineering	2,016,609	800,567	1,216,041	1,216,041
Surveying	132,420	52,569	79,851	79,851
On-Site Public Sewer	138,000	-	138,000	138,000
Private Water	2,458,125	2,458,125	-	-
Drainage	575,000	-	575,000	575,000
Dry Utilities	1,786,583	1,786,583	-	-
Landscaping in right of way	2,382,110	1,191,055	1,191,055	1,191,055
Public Parks, Trails, Monuments	2,829,230	-	2,829,230	2,829,230
Total Regional Improvements:	26,573,076	6,288,899	20,284,177	13,080,977
In-Tract Improvements:				
Production	16,020,000	8,010,000	8,010,000	-
Custom	-	-	-	-
Total In-Tract Improvements:	16,020,000	8,010,000	8,010,000	-
Total Improvements	42,593,076	14,298,899	28,294,177	13,080,977
NOTE: Estimated costs provided are approximate - actual costs will vary				

PHASE 4: 695 Units				
Description	Total Estimated Cost	Costs Not Eligible for CFD Financing	Costs Eligible for CFD Financing	Costs to be reimbursed by CFD
Regional Improvements:				
Spine Roads	932,535	-	932,535	932,535
Valencia Rd & Old Spanish Trail	-	-	-	-
Old Spanish Trail (along property frontage between spine roads)	-	-	-	-
Camino Loma Alta	-	-	-	-
Engineering	882,225	350,232	531,993	531,993
Surveying	57,931	22,998	34,933	34,933
On-Site Public Sewer	69,000	-	69,000	69,000
Private Water	1,592,750	1,592,750	-	-
Drainage	86,250	-	86,250	86,250
Dry Utilities	466,268	466,268	-	-
Landscaping in right of way	621,690	310,845	310,845	310,845
Public Parks, Trails, Monuments	2,541,730	-	2,541,730	2,541,730
Total Regional Improvements:	7,250,378	2,743,092	4,507,286	4,507,286
In-Tract Improvements:				
Production	13,900,000	6,950,000	6,950,000	-
Custom	-	-	-	-
Total In-Tract Improvements:	13,900,000	6,950,000	6,950,000	-
Total Improvements	21,150,378	9,693,092	11,457,286	4,507,286
NOTE: Estimated costs provided are approximate - actual costs will vary				

PHASE 5: 592 Units				
Description	Total Estimated Cost	Costs Not Eligible for CFD Financing	Costs Eligible for CFD Financing	Costs to be reimbursed by CFD
Regional Improvements:				
Spine Roads	1,246,600	-	1,246,600	1,246,600
Valencia Rd & Old Spanish Trail	-	-	-	-
Old Spanish Trail (along District property frontage between spine roads)	-	-	-	-
Camino Loma Alta	-	-	-	-
Engineering	521,651	207,089	314,562	314,562
Surveying	34,254	13,598	20,656	20,656
On-Site Public Sewer	46,000	-	46,000	46,000
Private Water	543,375	543,375	-	-
Drainage	230,000	-	230,000	230,000
Dry Utilities	565,800	565,800	-	-
Landscaping in right of way	754,400	377,200	377,200	377,200
Public Parks, Trails, Monuments	345,000	-	345,000	345,000
Total Regional Improvements:	4,287,080	1,707,062	2,580,018	2,580,018
In-Tract Improvements:				
Production	10,660,000	5,330,000	5,330,000	-
Custom	2,950,000	2,950,000	-	-
Total In-Tract Improvements:	13,610,000	8,280,000	5,330,000	-
Total Improvements	17,897,080	9,987,062	7,910,018	2,580,018
NOTE: Estimated costs provided are approximate - actual costs will vary				

PHASE 6: 333 Units				
Description	Total Estimated Cost	Costs Not Eligible for CFD Financing	Costs Eligible for CFD Financing	Costs to be reimbursed by CFD
Regional Improvements:				
Spine Roads	-	-	-	-
Valencia Rd & Old Spanish Trail	-	-	-	-
Old Spanish Trail (along District property frontage between spine roads)	-	-	-	-
Camino Loma Alta	-	-	-	-
Engineering	64,312	25,531	38,781	38,781
Surveying	4,223	1,676	2,547	2,547
On-Site Public Sewer	-	-	-	-
Private Water	-	-	-	-
Drainage	-	-	-	-
Dry Utilities	-	-	-	-
Landscaping in right of way	-	-	-	-
Public Parks, Trails, Monuments	460,000	-	460,000	460,000
Total Regional Improvements:	528,535	27,208	501,328	501,328
In-Tract Improvements:				
Production	6,220,000	3,110,000	3,110,000	-
Custom	1,100,000	1,100,000	-	-
Total In-Tract Improvements:	7,320,000	4,210,000	3,110,000	-
Total Improvements	7,848,535	4,237,208	3,611,328	501,328
NOTE: Estimated costs provided are approximate - actual costs will vary				

Project Schedule

The following table depicts an estimated completion schedule for the project improvements by phase. This schedule is an estimate only and may change depending upon market demand or other conditions.

<u>Description</u>	<u>Estimated Start Date</u>	<u>Estimated Completion Date</u>
Phase 1	2018	2019
<ul style="list-style-type: none"> Valencia Road improvements from Houghton Road to Old Spanish Trail, including a bridge over Pantano Wash Old Spanish Trail and Camino Loma Alta intersection improvements Approximately 1.5 miles of Spine Road and associated drainage, landscaping and dry utilities Approximately 12 acres of parks Estimated 2.5 miles of on-site sewer On-site water system (well, booster, reservoir) and an estimated 4.2 miles of on-site distribution mains Subdivision improvements for approximately 480 lots 		

<p>Phase 2</p> <ul style="list-style-type: none"> • Camino Loma Alta widening and additional Old Spanish Trail and Camino Loma Alta intersection improvements • Approximately 2/3 miles of Spine Road and associated drainage landscaping and dry utilities • Approximately 10 acres of parks • Estimated 3/4 miles of on-site sewer • On-site water system (well) and an estimated 1/3 miles of on-site distribution mains • Subdivision improvements for approximately 752 lots 	2020	2021
<p>Phase 3</p> <ul style="list-style-type: none"> • Old Spanish Trail improvements from Valencia Road to Camino Loma Alta • Approximately 2 miles of Spine Road and associated drainage, landscaping and dry utilities • Approximately 9 acres of parks • Estimated ¼ miles of on-site sewer • On-site water system (booster, reservoir) and an estimated 2 miles of on-site distribution mains • Sub-division improvements for approximately 801 lots 	2024	2025
<p>Phase 4</p> <ul style="list-style-type: none"> • Approximately ½ miles of Spine Road and associated drainage, landscaping and dry utilities • Approximately 10 acres of parks • Estimated 1/8 miles of on-site sewer • On-site water system(well, reservoir, booster) and an estimated 1/3 miles of on-site distribution mains • Sub-division improvements for approximately 695 lots. 	2027	2028
<p>Phase 5</p> <ul style="list-style-type: none"> • Approximately 2/3 miles of Spine Road and associated drainage, landscaping and dry utilities • Estimated 1/10 miles of on-site sewer • An estimated 1.2 miles of on-site water distribution mains • Sub-division improvements for approximately 592 lots 	2029	2030
<p>Phase 6</p> <ul style="list-style-type: none"> • Sub-division improvements for approximately 333 lots. 	2031	2032

FINANCING PLAN

Capital financing plan

The capital financing plan includes the CFD plan of finance summarized below, as well as private funding sources, which may include, as circumstances dictate, third party institutional development loans, internal cash flow and equity capital provided as needed by the principals of the Applicant.

Formation and Authorization.

In response to a petition from the owners of 100% of the property within the District, it is requested that the County Board of Supervisors (the "Board") adopt a resolution forming the District in late 2016. After formation of the District, an election will be held authorizing \$45 million of District general obligation bonds to be issued in multiple series over time.

Proposed Debt.

The general obligation bonds would be issued in multiple series over time primarily when the assessed value of the property within the District is sufficient to support bond debt service given a tax rate of \$2.30 per \$100 of assessed valuation or at such time as the Applicant, at the option of the Applicant, provides collateral in amounts and type acceptable to the District governing board. The general obligation bond authorization anticipates costs related to the bond offerings and incidental costs as well as potential increases in infrastructure costs.

The estimated general obligation bond program for the District is included in Appendix 4 as Table Two. The proposed first issue of General Obligation Bonds (which may be a nominal amount) will be issued to enable the District Board to levy the \$2.30 tax rate for debt service and may occur prior to the first home closings in 2019.

Sale of the Bonds.

The general obligation bonds will initially be unrated and pursuant to the requirements of State statute and any County guidelines regarding the sale of such bonds. The general obligation bonds are expected to have final maturities of no more than 15 years. The general obligation bonds will be structured such that the target tax rate is not expected to exceed \$2.30 per \$100 of assessed value of the District. The Applicant will request the issuance of the general obligation bonds only after the assessed value of the property within the District has increased to support debt service on the general obligation bonds given a \$2.30 tax rate or at such time as the Applicant provides collateral in amounts and type acceptable to the District governing board.

Subsequent Bond Issues

As the District's tax base growth occurs, it is anticipated that the Applicant will request that the District issue subsequent series of general obligation bonds periodically.

Cost Study

A study of the public and private infrastructure costs, by phase, is included in the Project Improvements, above.

User Impact

At the \$2.80 tax rate level (\$2.30 for debt service and \$0.50 for the O&M expenses of the District) assuming a \$300,000 average home price, the District portion of a tax bill for a homeowner is approximately \$47 per month or \$563 annually. A.R.S. Section 32-2181, *et seq.* requires the disclosure of all property taxes to be paid by the homeowner in the Subdivision Public Report. Prior to the home sale, each homebuyer must be supplied a Subdivision Public Report, and the homebuyer must acknowledge by signature that they have read and accepted the Subdivision Public Report. In addition, each homebuyer will receive a form detailing the existence of the District, the tax rate and its financial impact and receipt of the form will be acknowledged in writing by the homeowner. A signed copy of the form will be kept on file with the County Clerk. The draft homebuyer disclosure form is attached as Appendix 6.

The debt burden on homeowners living in Rocking K South is consistent with comparable communities in the Pima County region. The table below provides a comparative analysis of the total debt burden for other community

facilities districts located within Pima County. A detailed summary of the table is located in Appendix 5. The table demonstrates that the debt burden on the homes within Rocking K South is consistent with comparable communities in Pima County. The projected taxes for Rocking K South as a percentage of the sales price is 1.41%.

Community Facilities District	Municipality	2016-17 Combined Tax Rate	Projected Future		Average Home Price	GO Taxes (a)	Assessment	Total Taxes	% of Home Price
			Debt Tax Rate Not Yet Levied	Debt Tax Rate Not Yet Levied					
Gladden Farms CFD	Marana	\$2.8000			\$250,000	\$3,372	\$ -	\$3,372	1.35%
Quailcreek CFD	Sahuarita	3.3000			\$300,000	\$3,235	\$ -	\$3,235	(b) 1.08%
Saguaro Springs CFD	Marana	0.3000	\$2.5000		\$250,000	\$3,372	\$ -	\$3,372	(c) 1.35%
Vanderbilt Farms CFD	Marana	0.3000	2.5000		\$250,000	\$3,372	\$ -	\$3,372	(c) 1.35%
Rancho Sahuarita CFD	Sahuarita	0.3000	4.6900		\$250,000	\$3,401	\$ -	\$3,401	(c) 1.36%
Gladden (Phase II) CFD	Marana	0.3000	2.5000		\$250,000	\$3,372	\$ -	\$3,372	(c) 1.35%
Rocking K South CFD	Pima County	2.8000			\$300,000	\$4,220	\$ -	\$4,220	1.41%

(a) Reflects total combined taxes of the District

(b) Public records indicate only an Elementary School District overlaps the Quail Creek CFD; All other CFD's have a Unified School District within their boundaries.

(c) Total taxes assumes the debt tax is levied in future years to cover the repayment of CFD bonds. In 2016-17, only \$0.30 O&M tax was levied.

Below is a summary of the overlapping tax rates of the property within the District including the proposed District levy:

<u>Overlapping Jurisdiction</u>	<u>2016-17 Primary Tax Rate</u>	<u>2016-17 Secondary Tax Rate</u>	<u>2016-17 Combined Tax Rate</u>
Pima County	\$4.7906	\$1.7371	\$6.5277
Pima County Community College District	1.3733	0.0000	1.3733
Vail Unified School District	4.5047	2.5476	7.0523
Rincon Valley Fire District*	0.0000	3.1951	3.1951
Rocking K South CFD**	0.0000	2.8000	2.8000
Other			0.0500
			<u>\$20.9984</u>

* It is anticipated the Fire District will overlap with the Rocking K South CFD.

** The tax rate for Rocking K South CFD is not levied for fiscal year 2016-17.

The following are comparative fiscal year 2016-17 combined tax rates for other community facilities districts in Pima County.

<u>Community Facilities Districts</u>	<u>Total Tax Rate</u>
Pima County Community Facilities Districts:	
Gladden Farms CFD (Marana)	\$20.1286
Quail Creek CFD (Sahuarita)*	\$16.0925
Saguara Springs CFD (Marana) **	\$20.1286
Vanderbuilt Farms CFD (Marana) **	\$20.1286
Gladden Farms (Phase II) CFD (Marana) **	\$20.1286
Rancho Sahuarita CFD (Sahuarita) **	\$20.3065

* Public records indicate only an Elementary School District overlaps the Quail Creek CFD; All other CFD's have a Unified School District within their boundaries.

** The rate shown assumes the future debt tax rate is levied.
In 2016/17, only the \$0.30 O&M tax was levied.

Included as Table Three in Appendix 4 is a breakdown of the tax rates for the previously listed community facilities districts.

The Applicant believes that the overall price and tax structure will make the homes within the Project a competitive home building product for prospective buyers in Pima County.

Market Analysis

The Applicant estimates build-out within the District to be approximately 3653 single-family residential homes and approximately 3.5 acres of commercial development. Please refer to Table One in Appendix 4 for the estimated single-family residential home absorption for the District. The Applicant expects the first home closings to occur in 2019. The District may request the Applicant to cause a market absorption study to be prepared in conjunction with a bond financing.

Operating and/or maintenance costs of the public infrastructure financed by the District

Any Public Infrastructure associated with the Project will be financed by the District and/or the Applicant and will be dedicated to the County upon completion. The District may levy a \$0.30 ad valorem tax rate per \$100 of assessed valuation to fund the operation, maintenance and administration (“O&M”) expenses of the District. After the third year, the District intends to hold an election that would increase the tax levied for O&M purposes from \$0.30 to \$0.50. Applying the \$0.30/\$0.50 ad valorem operations and maintenance tax rate over all of the estimated taxable real property contained within the District generates the revenue estimates depicted in the following table.

**Rocking K South Community Facilities District
Estimated O&M Revenues**

Fiscal Year	Estimated Net Assessed Limited Property Value*	Estimated O&M Revenues Generated by a \$0.30 / \$0.50 Tax Rate**
2015-16	\$21,133	
2016-17	21,556	\$65
2017-18	21,987	66
2018-19	22,427	67
2019-20	3,792,147	18,961
2020-21	10,095,361	50,477
2021-22	17,302,064	86,510
2022-23	24,692,091	123,460
2023-24	31,987,443	159,937
2024-25	40,350,016	201,750

- (1) The estimated assessed value is based upon the estimated absorption schedule and assumptions included in Appendix 4 as Table One.
- (2) For years 2016-17 through 2018-19 the District would levy the a \$0.30 tax rate for O&M purposes.
- (3) After the third year (2018-19), the District intends to hold an election that would increase the tax levied for O&M purposes from \$0.30 to \$0.50.

The ad valorem O&M tax shall be used by the District for District operation, maintenance, and administrative expenses.

Operating and/or maintenance cost of the infrastructure not financed by the District

The Applicant intends to finance the operating and/or maintenance costs of the infrastructure that is not financed with CFD bonds through financial contributions from the Applicant and/or by forming a homeowner’s association (“HOA”) for the Project that will assess all property owners within the Project a monthly fee to be utilized primarily for the maintenance of landscaped areas, neighborhood parks and other areas which are deeded and/or are to be the maintenance obligation of the HOA.

DISCLOSURE FORM

The draft homebuyer disclosure form is attached as Appendix 6.

DEVELOPMENT AGREEMENT

The Project is governed by the Amended and Restated Rocking K Development Agreement, recorded on November 21, 2011 in Sequence 20113251226, a copy of which is included as Appendix 7 (the "Agreement"). The Agreement does not require an amendment if the CFD is formed.

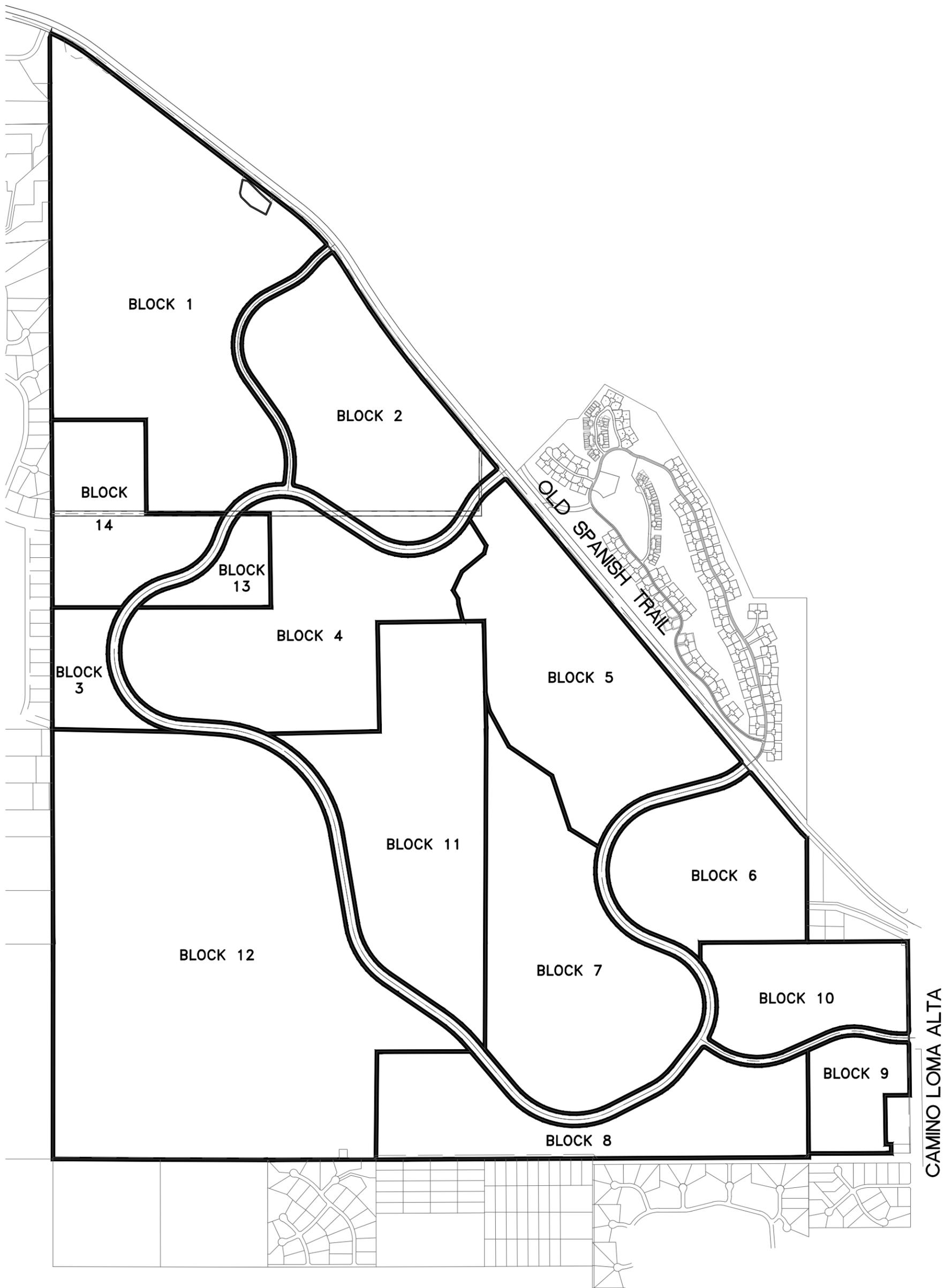
The Agreement provides for the timing and scope of construction of certain off-site roadway improvements, and the provision of development fee credits by the County for the Applicant's cost to design and construct eligible roadway improvements.

APPENDIX 1

DISTRICT MAP



SCALE: 1"=1200'



DISTRICT MAP
FOR
ROCKING K SOUTH

PSOMAS

333 E. Wetmore Road, Suite 450
Tucson, AZ 85705
(520) 292-2300 (520) 292-1290 fax
www.psomas.com

DATE: 01/28/2016 PROJ NO: 7ROC130201

1 OF 1

APPENDIX 2

**TITLE REPORT AND
LEGAL DESCRIPTION OF PROPERTY**

Blocks 1 thru 14 of ROCKING K SOUTH, a subdivision of Pima County, Arizona as recorded in Book 64 of Maps and Plats at Page 85.



Fidelity National Title Insurance Company

Title No.: **AZ-FCOP-IMP-N/A-1-16-51005105**

CONDITION OF TITLE REPORT

Fidelity National Title Insurance Company, a California corporation,
herein called the Company,

SUBJECT TO THE TERMS, LIMITATIONS AND CONDITIONS OF THE APPLICATION FOR THIS CONDITION OF TITLE REPORT, WHICH APPLICATION, OR COPY THEREOF, IS ATTACHED HERETO AND MADE A PART HEREOF

REPORTS

To the party named in Schedule A, that as disclosed by the Title Instruments, the ownership of and the defects liens and encumbrances against the Interest in the Land are as shown in Schedule B.

Any claim or other notice to the Company shall be in writing and shall be addressed to the Company at the issuing office or to:

*Fidelity National Title Insurance Company Claims Center
PO Box 45023
Jacksonville, Florida, 32232-5023
Attn: Claims Administration*

THIS REPORT IS NOT VALID AND THE COMPANY SHALL HAVE NO LIABILITY HEREUNDER UNLESS THE APPLICATION REFERRED TO ABOVE, OR COPY THEREOF, IS ATTACHED HERETO.

Countersigned by:

Natalie Bombardieri

Authorized Signature



By:

Randy Quirk

Randy Quirk, President

Attest:

Michael Gravelle

Michael Gravelle, Secretary

CONDITION OF TITLE REPORT

SCHEDULE A

Fee: **\$0.00**

Date of Report: **January 26, 2016 at**

1. Name of Party:

Rocking K

2. The Interest referred to in the Application is:

A FEE

3. The Land referred to in the Application is described as follows:

See Exhibit A attached hereto and made a part hereof.

Issuing agent for Fidelity National Title Insurance Company

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF PIMA, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

Blocks 1 to 14, inclusive, of ROCKING K SOUTH, Pima County, Arizona, according to the plat of record in the office of the County Recorder, Pima County, Arizona in Book 64 of Maps and Plats at page 85.

APN:

CONDITION OF TITLE REPORT

SCHEDULE B

Fidelity National Title Insurance Company reports that Title Instruments, on the date hereof, disclose:

1. Ownership of the Interest is in the name of:

Fidelity National Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. 60,380

2. The following defects, liens and encumbrances (which are not necessarily shown in their order of priority) against the Interest:

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the year 2016 and as to the second half 2015, as to APN: 205-95-0140, (Block 12)

2. Reservations, exceptions and provisions contained in the patent from the United States of America, and in the acts authorizing the issuance thereof, recorded

Recorded: July 23, 1900, Book 31, Page 517, of Deeds
Recorded: June 23, 1910, in Book 48, Page 146, of Deeds
Recorded: October 11, 1912, in Book 52, Page 411, of Deeds
Recorded: April 1, 1921, in Book 79, Page 319, of Deeds
Recorded: February 19, 1931, in Book 150, Page 573, of Deeds
Recorded: February 1, 1933, in Book 168, Page 323, of Deeds
Recorded: July 9, 1937, in Book 201, Page 155, of Deeds; and
Recorded: May 24, 1950, in Docket 253, Page 279

3. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: The Tucson Gas, Electric Light and Power Company
Purpose: electric lines and appurtenant facilities
Recorded: July 27, 1956, Docket 1015, Page 79
Affects: the easement is not specifically defined, except by the reference to the ownership document.

4. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Tucson Gas and Electric Company
Purpose: electric lines and appurtenant facilities
Recorded: August 17, 1956, Docket 1023, Page 70
Affects: the easement is not specifically defined, except by the reference to the ownership document

5. The fact that the offer of a dedication to the public for highway purposes in the Deeds of Dedication referred to below were never accepted by Pima County.

Recorded: May 11, 1960 in Docket 1606, Pages 557 and 558; and
Recorded; June 10, 1960 in Docket 1623, Page 29.
Affects: Section 21.

NOTE: A Southwest Gas Company pipeline lies within this area.

SCHEDULE B
(Continued)

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Tucson Gas and Electric Company
Purpose: electric lines, poles and appurtenances
Recorded: December 5, 1972, Docket 4393, Page 524
Affects: Section 16.

7. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Tucson Gas & Electric Company
Purpose: electric lines, poles and appurtenances
Recorded: December 20, 1972, Docket 4404, Page 140
Affects: Section 21

8. The matters contained in the Declaration of Limited Well Use Restrictions

Recorded: November 15, 1985 in Docket 7661, Page 1839; and
Rerecorded: March 5, 1986 in Docket 7734, Page 908

9. The matters contained in the Declaration of Special Covenant and Restriction

Recorded: November 15, 1985 in Docket 7661, Page 1869; and
Rerecorded; March 5, 1986 in Docket 7734, Page 944

10. Reservations, exceptions and provisions contained in the patent from the State of Arizona, or in the acts authorizing the issuance thereof, as follows:

Recorded: June 20, 1986 in Docket 7810, Page 48.
Affects: Section 16.

11. Reservations, exceptions and provisions contained in the patent from the State of Arizona, or in the acts authorizing the issuance thereof, as follows:

Recorded: May 12, 1989 in Docket 8536, Page 2429.
Affects: Section 27

12. Any rights of way or easements for existing utilities or other rights of way over those portions of said land lying within the public right of way abandoned by resolution or ordinance

Recorded: September 21, 1989, in Docket 8627, Page 709
Affects: the abandoned rights of way in Spanish Hills Subdivision.

SCHEDULE B
(Continued)

13. A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby
- Amount: None stated; secures the performance of an agreement
Dated: September 21, 1990
Trustor: William A. Estes, Jr. and Shirley A. Estes, husband and wife
Trustee: Fidelity National Title Agency, Inc., an Arizona corporation
Beneficiary: Donald R. Diamond and Joan E. Diamond, husband and wife, Rincon Valley Properties, Inc., an Arizona corporation, and Rincon Valley Holdings Limited Partnership. an Arizona limited partnership
Recorded: October 9, 1990, in Docket 8879, Page 1905
- Recorded October 9, 1990, in Docket 8889, Page 1851
A Partial Release and Reconveyance of the Deed of Trust
Recorded: March 24, 1999 in Docket 11010, Page 303
14. The matters contained in the Rocking K Specific Plan
- Recorded: February 20, 1992 in Docket 9230, Page 887.
- Amendments to the Plan, in the instruments
Recorded: December 17, 1996 in Docket 10443, Page 2194; and
Recorded: September 22, 1997 in Docket 10635, Page 1545
- THEREAFTER Amended and Restated Rocking K Developmnet Agreement
Recorded: November 21, 2011 at Sequence No. 2011-3251226.
15. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: U.S. West Communications, Inc.
Purpose: communication and other facilities
Recorded: April 6, 1992, Docket 9263, Page 639
16. The matters set forth in the Declaration of Conditions, Covenants and Restrictions Running With the Land, in favor of Pima County and Pima County Flood Control District
- Recorded: May 8, 1992 in Docket 9287, Page 539.
17. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: Pima County Flood Control District
Purpose: drainage
Recorded: February 8, 1994, Docket 9725, Page 670
Affects: Section 16.
18. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: Samuel S. Sneller, and his successors and assigns
Purpose: ingress and egress and utilities
Recorded: September 9, 1994, Docket 9874, Page 1288

SCHEDULE B
(Continued)

19. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: Fidelity National Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. 10,615
Purpose: water line
Recorded: July 14, 1995, Docket 10085, Page 1122
20. The matters contained in the Easement Agreement for ingress and egress
- Recorded: September 7, 1995 in Docket 10123, Page 1982.
Affects: Section 28.
21. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: Saguaro Water Company
Purpose: water line
Recorded: March 15, 1996, Docket 10252, Page 2433
Affects: Section 27.
22. The matters contained in the Certificate of Purchase from the State of Arizona
- Recorded: July 22, 1998 in Docket 10843, Page 2637.
Affects: The Northwest quarter of the Southeast quarter of Section 27.
23. Any matters which would be disclosed by a search of the records of the State Land Department of Arizona.
- Affects: The Northwest quarter of the Southeast quarter of Section 27.
24. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: Tucson Electric Power Company
Purpose: electric lines and appurtenant facilities
Recorded: June 26, 2000, Docket 11327, Page 1374
Affects: Section 16.
25. The matters set forth on the Spanish Hills Abandonment Plat, Lot 1
- Recorded: December 15, 2000 in Book 54 of Maps, Page 35.
- A Declaration of Scrivener's Error which purports that the public right of way for Voyager Road dedicated on the map should be 45.00 feet wide instead of 75.00 feet wide, as shown on and dedicated by the map. Nothing is found in the records indicating Pima County has concurred.

SCHEDULE B
(Continued)

26. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Tucson Electric Power Company
Purpose: electric lines and appurtenant facilities
Recorded: May 18, 2001, Docket 11552, Page 2534
Affects: Section 16.

27. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Tucson Electric Power Company
Purpose: electric lines and appurtenant facilities
Recorded: May 18, 2001, Docket 11552, Page 2542
Affects: Section 16

28. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Tucson Electric Power Company
Purpose: electric lines and appurtenant facilities
Recorded: May 2, 2002, Docket 12043, Page 3411
Affects: Section 28.

29. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Tucson Electric Power Company
Purpose: electric lines and appurtenant facilities
Recorded: May 7, 2002, Docket 12045, Page 5745
Affects: Section 28.

30. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Pima County
Purpose: sewer lines, manholes and appurtenances
Recorded: June 4, 2003, Docket 12064, Page 1535
Affects: Section 27.

31. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Pima County
Purpose: sewer lines, manholes and appurtenances
Recorded: June 4, 2003, Docket 12064, Page 1539
Affects: Section 27.

32. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.

Granted to: Pima County
Purpose: sewer lines, manholes and appurtenances
Recorded: September 9, 2003, Docket 12131, Page 2623
Affects: Section 27.

SCHEDULE B
(Continued)

33. Easement(s) for the purpose(s) shown below and rights incidental thereto as granted in a document.
- Granted to: Tucson Electric Power Company
Purpose: electric lines and appurtenant facilities
Recorded: March 10, 2004, Docket 12255, Page 907
Affects: Section 28.
34. Any matters arising by reason of Pima County Board of Supervisors Resolution and Order No. 2008 14 authorizing the execution of a transportation improvement agreement between Pima County and Rocking K Development Company for roadway improvements recorded January 22, 2008 in Docket 13226, page 4538
35. Any matters arising by reason of Pima County Board of Supervisors Ordinance 2008 41 recorded April 22, 2008 in Docket 13290, page 1859.
36. Right of way for the purpose(s) stated below as set forth in document recorded October 16, 1962 in Docket 2003, Page 352
- Purpose(s): electric distribution line
37. The effect of Resolution and Order No. 2009 56 of the Pima County Board of Supervisors recorded April 21, 2009 in Docket 13541, Page 1963.
38. Agreement to Construct and Maintain Landscaped Berms recorded June 20, 2012 at Sequence No. 2012-1720991.
39. An Assurance Agreement for Completion of subdivision improvements (third party trust) between
- Trustee: Fidelity National Title Agency, Inc., an Arizona corporation, as Trustee under Trust No. 60,380
Beneficiary:
1. FIDELITY NATIONAL TITLE AGENCY, INC., an Arizona corporation
Trustee under Trust No. 10,871
 2. FIDELITY NATIONAL TITLE AGENCY, INC., an Arizona corporation
Trustee under Trust No. 10,773
 3. FIDELITY NATIONAL TITLE AGENCY, INC., an Arizona corporation
Trustee under Trust No. 10,730
 4. FIDELITY NATIONAL TITLE AGENCY, INC., an Arizona corporation
Trustee under Trust 30,096
 5. CHICAGO TITLE NSURANCE COMPANY, a Missouri Corporation
under Trust 12,099
 6. AURIGA PROPERTIES NC., an Arizona corporation
 7. TUCSON MOUNTAN NVSTORS, L.L.C., an Arizona limited liability
 8. ROCKING K HOLDINGS LIMITED PARTNERSHIP, an Arizona limited partnership
 9. RINCON VALLEY HOLDINGS LIMITED PARTNERSHIP, an Arizona

SCHEDULE B
(Continued)

Partnership

10. ROCKING K DEVELOPMENT CO., an Arizona corporation

Agency: Pima County

Recorded in Docket 13648 at page 90

THEREAFTER Assurance Agreement for Construction of Subdivision Improvments (Third Party Trust)
TIME EXENSION

Recorded February 11, 2015 at Sequence No. 2015-0420210

40. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording No.: September 22, 2009 in Docket 13648 at page 114

Thereafter Consent recorded September 22, 2009 in Docket 13648 at page 138.

Said instrument also provides for the levy of assessments, the lien of which is stated to be subordinate to the lien of a first mortgage or first deed of trust made in good faith or for value

TAX NOTE:

The following are the applicable tax codes covered by this report:

205-95-0010	ROCKING K SOUTH BLOCK 1
205-95-0020	ROCKING K SOUTH BLOCK 2 EXC ELY TRI PTN
205-95-0030	ROCKING K SOUTH BLOCK 2 ELY TRI PTN BLOCK 2
205-95-0040	ROCKING K SOUTH BLOCK 3
205-95-0050	ROCKING K SOUTH BLOCK 4
205-95-0060	ROCKING K SOUTH SOUTH NLY TRI PTN BLOCK 5
205-95-0070	ROCKING K SOUTH BLOCK 5 EXC NLY TRI PTN
205-95-0080	ROCKING K SOUTH BLOCK 6
205-95-0090	ROCKING K SOUTH BLOCK 7
205-95-0100	ROCKING K SOUTH BLOCK 8
205-95-0110	ROCKING K SOUTH BLOCK 9
205-95-0120	ROCKING K SOUTH BLOCK 10
205-95-0130	ROCKING K SOUTH BLOCK 11
205-95-0140	ROCKING K SOUTH BLOCK 12
205-95-0150	ROCKING K SOUTH BLOCK 13
205-95-0160	ROCKING K SOUTH BLOCK 14

3. The following matters are disclosed by name only and the Company, without additional information, is unable to determine whether any or all of these matters are defects, liens or encumbrances against the Interest:

NONE

APPENDIX 3

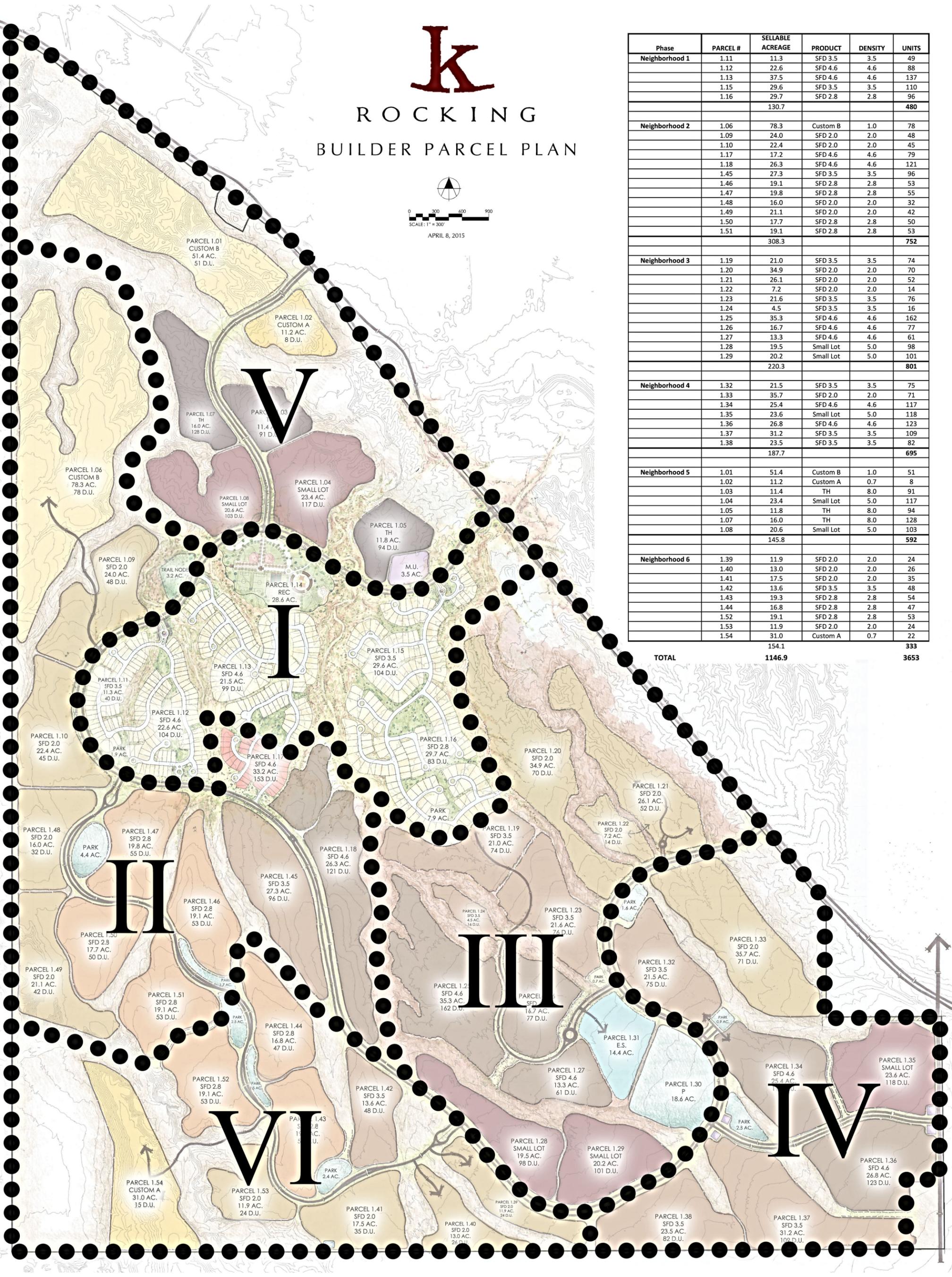
ROCKING K CONCEPTUAL PHASING PLAN



ROCKING BUILDER PARCEL PLAN



Phase	PARCEL #	SELLABLE ACREAGE	PRODUCT	DENSITY	UNITS
Neighborhood 1	1.11	11.3	SFD 3.5	3.5	49
	1.12	22.6	SFD 4.6	4.6	88
	1.13	37.5	SFD 4.6	4.6	137
	1.15	29.6	SFD 3.5	3.5	110
	1.16	29.7	SFD 2.8	2.8	96
		130.7			480
Neighborhood 2	1.06	78.3	Custom B	1.0	78
	1.09	24.0	SFD 2.0	2.0	48
	1.10	22.4	SFD 2.0	2.0	45
	1.17	17.2	SFD 4.6	4.6	79
	1.18	26.3	SFD 4.6	4.6	121
	1.45	27.3	SFD 3.5	3.5	96
	1.46	19.1	SFD 2.8	2.8	53
	1.47	19.8	SFD 2.8	2.8	55
	1.48	16.0	SFD 2.0	2.0	32
	1.49	21.1	SFD 2.0	2.0	42
	1.50	17.7	SFD 2.8	2.8	50
1.51	19.1	SFD 2.8	2.8	53	
		308.3			752
Neighborhood 3	1.19	21.0	SFD 3.5	3.5	74
	1.20	34.9	SFD 2.0	2.0	70
	1.21	26.1	SFD 2.0	2.0	52
	1.22	7.2	SFD 2.0	2.0	14
	1.23	21.6	SFD 3.5	3.5	76
	1.24	4.5	SFD 3.5	3.5	16
	1.25	35.3	SFD 4.6	4.6	162
	1.26	16.7	SFD 4.6	4.6	77
	1.27	13.3	SFD 4.6	4.6	61
	1.28	19.5	Small Lot	5.0	98
	1.29	20.2	Small Lot	5.0	101
		220.3			801
Neighborhood 4	1.32	21.5	SFD 3.5	3.5	75
	1.33	35.7	SFD 2.0	2.0	71
	1.34	25.4	SFD 4.6	4.6	117
	1.35	23.6	Small Lot	5.0	118
	1.36	26.8	SFD 4.6	4.6	123
	1.37	31.2	SFD 3.5	3.5	109
	1.38	23.5	SFD 3.5	3.5	82
			187.7		
Neighborhood 5	1.01	51.4	Custom B	1.0	51
	1.02	11.2	Custom A	0.7	8
	1.03	11.4	TH	8.0	91
	1.04	23.4	Small Lot	5.0	117
	1.05	11.8	TH	8.0	94
	1.07	16.0	TH	8.0	128
	1.08	20.6	Small Lot	5.0	103
			145.8		
Neighborhood 6	1.39	11.9	SFD 2.0	2.0	24
	1.40	13.0	SFD 2.0	2.0	26
	1.41	17.5	SFD 2.0	2.0	35
	1.42	13.6	SFD 3.5	3.5	48
	1.43	19.3	SFD 2.8	2.8	54
	1.44	16.8	SFD 2.8	2.8	47
	1.52	19.1	SFD 2.8	2.8	53
	1.53	11.9	SFD 2.0	2.0	24
	1.54	31.0	Custom A	0.7	22
			154.1		
TOTAL		1146.9			3653



APPENDIX 4

**SCHEDULES – PLAN OF FINANCE AND
COMPARATIVE TAX RATES**

**Rocking K South Community Facilities District
(Pima County, Arizona)**

**TABLE 2 - APPENDIX 4: Variable Annual NALPV Growth and \$2.30 Tax Rate - 15 Year Terms
Estimated \$46,575,000 Bond Program**

Fiscal Year (7/15)	Estimated Net Assessed Limited Property Valuation from Residential Absorptions	Estimated Net Assessed Limited Property Valuation w/Growth (1)	% Change	\$1,525,000 General Obligation Bonds Series 2020 Dated: 8/20/2020		\$995,000 General Obligation Bonds Series 2021 Dated: 8/20/2021		\$1,955,000 General Obligation Bonds Series 2022 Dated: 8/20/2022		\$1,070,000 General Obligation Bonds Series 2023 Dated: 8/20/2023		\$1,875,000 General Obligation Bonds Series 2024 Dated: 8/20/2024		\$1,555,000 General Obligation Bonds Series 2025 Dated: 8/20/2025		\$2,020,000 General Obligation Bonds Series 2026 Dated: 8/20/2026		\$1,645,000 General Obligation Bonds Series 2027 Dated: 8/20/2027		\$2,600,000 General Obligation Bonds Series 2028 Dated: 8/20/2028		\$1,670,000 General Obligation Bonds Series 2029 Dated: 8/20/2029		\$2,970,000 General Obligation Bonds Series 2030 Dated: 8/20/2030		
				Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal
2017		\$21,133																								
2018		21,556	2.00%																							
2019		21,987	2.00%																							
2020		22,427	2.00%																							
2021	\$3,768,599	3,792,147	16809.22%	\$0	\$82,604																					
2022	6,113,606	10,095,361	166.22%	75,000	91,500	\$0	\$53,896																			
2023	6,701,935	17,302,064	71.39%	75,000	87,000	50,000	59,700	\$0	\$105,896																	
2024	6,524,924	24,692,091	42.71%	80,000	82,500	50,000	56,700	95,000	117,300	\$0	\$57,958															
2025	6,060,747	31,987,443	29.55%	85,000	77,700	55,000	53,700	100,000	111,600	50,000	64,200	\$0	\$101,563													
2026	6,763,202	40,350,016	26.14%	90,000	72,600	55,000	50,400	105,000	105,600	55,000	61,200	90,000	112,500	\$0	\$84,229											
2027	6,896,345	49,263,862	22.09%	95,000	67,200	60,000	47,100	110,000	99,300	60,000	57,900	95,000	107,100	75,000	93,300	\$0	\$109,417									
2028	6,764,009	58,491,064	18.73%	105,000	61,500	65,000	43,500	120,000	92,700	60,000	54,300	100,000	101,400	80,000	88,800	95,000	121,200	\$0	\$89,104							
2029	7,268,091	68,683,708	17.43%	110,000	55,200	65,000	39,600	125,000	85,500	65,000	50,700	105,000	95,400	85,000	84,000	100,000	115,500	80,000	98,700	\$0	\$140,833					
2030	7,395,323	79,513,216	15.77%	115,000	48,600	70,000	35,700	130,000	78,000	70,000	46,800	115,000	89,100	90,000	78,900	110,000	109,500	85,000	93,900	125,000	156,000	\$0	\$90,458			
2031	7,518,348	91,007,225	14.46%	125,000	41,700	75,000	31,500	140,000	70,200	75,000	42,600	120,000	82,200	95,000	73,500	115,000	102,900	90,000	88,800	130,000	148,500	80,000	100,200	\$0	\$160,875	
2032	7,622,466	103,180,052	13.38%	130,000	34,200	80,000	27,000	150,000	61,800	75,000	38,100	125,000	75,000	100,000	67,800	120,000	96,000	95,000	83,400	140,000	140,700	85,000	95,400	140,000	178,200	
2033	6,978,804	115,317,858	11.76%	140,000	26,400	85,000	22,200	155,000	52,800	80,000	33,600	135,000	67,500	105,000	61,800	130,000	88,800	100,000	77,700	150,000	132,300	90,000	90,300	150,000	169,800	
2034	7,142,932	128,226,684	11.19%	145,000	18,000	90,000	17,100	165,000	43,500	85,000	28,800	140,000	59,400	110,000	55,500	135,000	81,000	105,000	71,700	155,000	123,300	95,000	84,900	160,000	160,800	
2035		130,791,217	2.00%	155,000	9,300	95,000	11,700	175,000	33,600	90,000	23,700	150,000	51,000	115,000	48,900	145,000	72,900	110,000	65,400	165,000	114,000	100,000	79,200	170,000	151,200	
2036		133,407,042	2.00%			100,000	6,000	185,000	23,100	95,000	18,300	160,000	42,000	125,000	42,000	155,000	64,200	115,000	58,800	175,000	104,100	105,000	73,200	180,000	141,000	
2037		136,075,183	2.00%					200,000	12,000	100,000	12,600	170,000	32,400	130,000	34,500	165,000	54,900	125,000	51,900	185,000	93,600	115,000	66,900	190,000	130,200	
2038		138,796,686	2.00%							110,000	6,600	180,000	22,200	140,000	26,700	170,000	45,000	130,000	44,400	195,000	82,500	120,000	60,000	200,000	118,800	
2039		141,572,620	2.00%									190,000	11,400	150,000	18,300	180,000	34,800	140,000	36,600	210,000	70,800	125,000	52,800	210,000	106,800	
2040		144,404,072	2.00%											155,000	9,300	195,000	24,000	150,000	28,200	220,000	58,200	135,000	45,300	225,000	94,200	
2041		147,292,154	2.00%													205,000	12,300	155,000	19,200	235,000	45,000	140,000	37,200	240,000	80,700	
2042		150,237,997	2.00%															165,000	9,900	250,000	30,900	150,000	28,800	255,000	66,300	
2043		153,242,757	2.00%																	265,000	15,900	160,000	19,800	265,000	51,000	
2044		156,307,612	2.00%																			170,000	10,200	285,000	35,100	
2045		159,433,764	2.00%																						300,000	18,000
2046		162,622,439	2.00%																							
2047		165,874,888	2.00%																							
2048		169,192,386	2.00%																							
2049		172,576,234	2.00%																							
2050		176,027,758	2.00%																							
2051		179,548,314	2.00%																							
2052		183,139,280	2.00%																							
2053		186,802,065	2.00%																							
2054		190,538,107	2.00%																							
2055		194,348,869	2.00%																							
2056		198,235,846	2.00%																							
2057		202,200,563	2.00%																							
2058		206,244,574	2.00%																							
2059		210,369,466	2.00%																							
2060		214,576,855	2.00%																							
2061		218,868,392	2.00%																							
				<u>\$1,525,000</u>	<u>\$856,004</u>	<u>\$995,000</u>	<u>\$555,796</u>	<u>\$1,955,000</u>	<u>\$1,092,896</u>	<u>\$1,070,000</u>	<u>\$597,358</u>	<u>\$1,875,000</u>	<u>\$1,050,163</u>	<u>\$1,555,000</u>	<u>\$867,529</u>	<u>\$2,020,000</u>	<u>\$1,132,417</u>	<u>\$1,645,000</u>	<u>\$917,704</u>	<u>\$2,600,000</u>	<u>\$1,456,633</u>	<u>\$1,670,000</u>	<u>\$934,658</u>	<u>\$2,970,000</u>	<u>\$1,662,975</u>	

(1) Estimated based on proposed residential absorptions and average home prices, as provided by the Developer.
(2) Interest rates estimated at 6.0% for all future bond issuances.
(3) Debt tax rate of estimated \$2.30 and assumes a tax collection rate 95% (i.e. 5% delinquency).

**Rocking K South Community Facilities District
(Pima County, Arizona)**

**TABLE 2 - APPENDIX 4: Variable Annual NALPV Growth and \$2.30 Tax Rate - 15 Year Terms
Estimated \$46,575,000 Bond Program**

\$2,155,000 General Obligation Bonds Series 2031 Dated: 8/20/2031		\$2,715,000 General Obligation Bonds Series 2032 Dated: 8/20/2032		\$2,705,000 General Obligation Bonds Series 2033 Dated: 8/20/2033		\$5,340,000 General Obligation Bonds Series 2036 Dated: 8/20/2036		\$3,215,000 General Obligation Bonds Series 2038 Dated: 8/20/2038		\$1,480,000 General Obligation Bonds Series 2039 Dated: 8/20/2039		\$2,880,000 General Obligation Bonds Series 2040 Dated: 8/20/2040		\$2,415,000 General Obligation Bonds Series 2041 Dated: 8/20/2041		\$2,060,000 General Obligation Bonds Series 2042 Dated: 8/20/2042		\$1,730,000 General Obligation Bonds Series 2043 Dated: 8/20/2043		Total Combined Debt Service	Debt Tax Rate (3)	District Revenues at \$2.30 Tax Rate & 95% Collections (3)	Estimated Revenue (Shortfall)/ Excess
Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)	Principal	Interest (2)												
																				\$0	\$0.00	\$462	\$462
																				-	0.00	471	471
																				-	0.00	480	480
																				-	0.00	490	490
																				82,604	2.29	82,858	254
																				220,396	2.30	220,594	188
																				377,596	2.30	378,050	454
																				539,458	2.30	539,522	64
																				698,763	2.30	698,926	163
																				881,529	2.30	881,648	119
																				1,076,317	2.30	1,076,415	99
																				1,277,504	2.30	1,278,030	526
																				1,500,433	2.30	1,500,739	306
																				1,736,958	2.30	1,737,364	405
																				1,987,975	2.30	1,988,508	533
																				2,254,329	2.30	2,254,484	155
																				2,519,563	2.30	2,519,695	133
																				2,801,721	2.30	2,801,753	32
																				2,855,000	2.30	2,857,788	2,788
																				2,914,400	2.30	2,914,944	544
																				2,973,150	2.30	2,973,243	93
																				3,030,700	2.30	3,032,708	2,008
																				3,093,146	2.30	3,093,362	216
																				3,155,067	2.30	3,155,229	162
																				3,217,900	2.30	3,218,334	434
																				3,282,513	2.30	3,282,700	188
																				3,347,783	2.30	3,348,354	571
																				3,379,208	2.21	3,415,321	136,113
																				3,192,700	2.11	3,483,628	290,928
																				100,000	123,600	\$0	\$93,708
																				105,000	117,600	85,000	103,800
																				110,000	111,300	85,000	98,700
																				115,000	104,700	95,000	93,600
																				125,000	97,800	100,000	87,900
																				130,000	90,300	105,000	81,900
																				140,000	82,500	110,000	75,600
																				150,000	74,100	115,000	69,000
																				155,000	65,100	125,000	62,100
																				165,000	55,800	130,000	54,600
																				175,000	45,900	140,000	46,800
																				185,000	35,400	145,000	38,400
																				195,000	24,300	155,000	29,700
																				205,000	14,700	165,000	20,400
																				210,000	12,600	175,000	10,500
																				-	0.00	4,596,573	4,596,573
																				-	0.00	4,688,504	4,688,504
																				-	0.00	4,782,274	4,782,274
																				-	0.00	\$75,150,737	\$75,150,737
\$2,155,000	\$1,209,629	\$2,715,000	\$1,521,063	\$2,705,000	\$1,502,821	\$5,340,000	\$2,993,150	\$3,215,000	\$1,802,846	\$1,480,000	\$828,067	\$2,880,000	\$1,612,200	\$2,415,000	\$1,353,913	\$2,060,000	\$1,152,583	\$1,730,000	\$966,708	\$72,642,112			

TABLE 3 - APPENDIX 4

	Rocking K CFD	Quail Creek CFD	Gladden Farms CFD	Vanderbilt Farms CFD	Saguaro Springs CFD	Gladden Farms (Phase II) CFD	Rancho Sahuarita CFD
Primary							
State and County	\$6.1639	\$6.1639	\$6.1639	\$6.1639	\$6.1639	\$6.1639	\$6.1639
Elementary School District (b)	-	2.0077	-	-	-	-	-
High School District	-	-	-	-	-	-	-
Unified School District	4.5047	-	4.5020	4.5020	4.5020	4.5020	4.4380
City/Town	-	-	-	-	-	-	-
CFD	-	-	-	-	-	-	-
Other	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Total Primary	\$10.7186	\$8.2216	\$10.7159	\$10.7159	\$10.7159	\$10.7159	\$10.6519
Secondary							
State and County	\$1.7356	\$1.7356	\$1.7356	\$1.7356	\$1.7356	\$1.7356	\$1.7356
Elementary School District	-	0.4549	-	-	-	-	-
High School District	-	-	-	-	-	-	-
Unified School District	2.5476	-	1.8851	1.8851	1.8851	1.8851	2.9290
City/Town	-	-	-	-	-	-	-
CFD	2.8000 (a)	3.3000	2.8000	0.3000	0.3000	0.3000	0.3000
Other	3.1951	2.3804	2.9920	2.9920	2.9920	2.9920	-
Total Secondary	\$10.2783	\$7.8709	\$9.4127	\$6.9127	\$6.9127	\$6.9127	\$4.9646
Expected Future Debt Tax Rate				\$2.5000	\$2.5000	\$2.5000	\$4.6900
Total Tax Rate	\$20.9969	\$16.0925	\$20.1286	\$20.1286	\$20.1286	\$20.1286	\$20.3065

(a) Assumes the maximum tax rate after the O&M portion is increased to \$0.50 in fiscal year 2020.

(b) Public records indicate only an Elementary School District overlaps the Quail Creek CFD; All other CFD's have a Unified School District with their boundaries.

APPENDIX 5

**ESTIMATED TOTAL DEBT BURDEN
COMPARATIVE TAX RATE ANALYSIS**

TABLE 1 - APPENDIX 5

Rocking K South CFD	
Target Tax Rate (includes O&M)	\$2.80
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$563
CFD GO Monthly Tax Amount	\$47

CFD Combined Tax Rate	\$20.9969
Total GO Annual Payments	\$4,220
Total Assessment Annual Payments	\$0

Rocking K South CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$4,220
Combined Monthly Payments	\$352
Taxes and Assessment as % of Sales Price:	1.41%

Gladden Farms CFD	
Target Tax Rate (includes O&M)	\$2.80
Average Home Price	\$250,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$16,750
CFD GO Annual Tax Amount	\$469
CFD GO Monthly Tax Amount	\$39

CFD Combined Tax Rate	\$20.1286
Total GO Annual Payments	\$3,372
Total Assessment Annual Payments	\$0

Gladden Farms CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$3,372
Combined Monthly Payments	\$281
Taxes and Assessment as % of Sales Price:	1.35%

Saguaro Springs CFD	
Target Tax Rate (includes O&M)	\$2.80
Average Home Price	\$250,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$16,750
CFD GO Annual Tax Amount	\$469
CFD GO Monthly Tax Amount	\$39

CFD Combined Tax Rate	\$20.1286
Total GO Annual Payments	\$3,372
Total Assessment Annual Payments	\$0

Saguaro Springs CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$3,372
Combined Monthly Payments	\$281
Taxes and Assessment as % of Sales Price:	1.35%

Quail Creek CFD	
Target Tax Rate (includes O&M)	\$3.30
Average Home Price	\$300,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$20,100
CFD GO Annual Tax Amount	\$663
CFD GO Monthly Tax Amount	\$55

CFD Combined Tax Rate	\$16.0925
Total GO Annual Payments	\$3,235
Total Assessment Annual Payments	\$0

Quail Creek CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$3,235
Combined Monthly Payments	\$270
Taxes and Assessment as % of Sales Price:	1.08%

Gladden Farms (Phase II) CFD	
Target Tax Rate (includes O&M)	\$2.80
Average Home Price	\$250,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$16,750
CFD GO Annual Tax Amount	\$469
CFD GO Monthly Tax Amount	\$39

CFD Combined Tax Rate	\$20.1286
Total GO Annual Payments	\$3,372
Total Assessment Annual Payments	\$0

Gladden Farms (Phase II) CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$3,372
Combined Monthly Payments	\$281
Taxes and Assessment as % of Sales Price:	1.35%

Vanderbilt Farms CFD	
Target Tax Rate (includes O&M)	\$2.80
Average Home Price	\$250,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$16,750
CFD GO Annual Tax Amount	\$469
CFD GO Monthly Tax Amount	\$39

CFD Combined Tax Rate	\$20.1286
Total GO Annual Payments	\$3,372
Total Assessment Annual Payments	\$0

Vanderbilt Farms CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$3,372
Combined Monthly Payments	\$281
Taxes and Assessment as % of Sales Price:	1.35%

Rancho Sahuarita CFD	
Target Tax Rate (includes O&M)	\$4.99
Average Home Price	\$250,000
Average Home Selling Price	67%
Assessment Ratio	10%
Assessor Secondary Value	\$16,750
CFD GO Annual Tax Amount	\$836
CFD GO Monthly Tax Amount	\$70

CFD Combined Tax Rate	\$20.3065
Total GO Annual Payments	\$3,401
Total Assessment Annual Payments	\$0

Rancho Sahuarita CFD	
Average Assessment Amount per Lot	N/A
Interest Rate on Bonds	N/A
Amortization on Bonds (approx. years)	N/A
CFD Assessment Annual Payment	\$0
CFD Assessment Monthly Payment	\$0

Combined Annual Payments	\$3,401
Combined Monthly Payments	\$283
Taxes and Assessment as % of Sales Price:	1.36%

APPENDIX 6

HOMEOWNER DISCLOSURE FORM

ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT

DISCLOSURE STATEMENT

Buyer(s): _____
Parcel: _____
Lot: _____
Homebuilder: _____

BACKGROUND

On September 30, 1988, the Arizona Community Facilities District Act became effective. This provision in State law was created to allow Arizona municipalities to form community facilities districts for the primary purpose of financing the acquisition, construction, installation, operation and/or maintenance of public infrastructure improvements, including water and sewer improvements.

The home you are purchasing is within the Rocking K South Community Facilities District (the "CFD"), which was formed on _____, 2017, by the Board of Supervisors of Pima County. An election was held on _____, 2017, at which time the then owners of the property within the CFD voted to authorize up to \$45,000,000 of unlimited, *ad valorem* property tax supported bonds to be issued over time by the CFD to finance the acquisition or construction of certain public infrastructure. The infrastructure has been or will be dedicated to the County after acquisition or construction of such infrastructure by the CFD. The County will operate and maintain such infrastructure.

AD VALOREM TAXES OF THE CFD

General obligation bonds and the CFD operation and maintenance expenses are paid from ad valorem property taxes. It is currently estimated that the payment of the general obligation bonds and the CFD expenses will add approximately \$2.80 to the property tax rate; however, such tax rate increase could vary depending upon factors including the financing amount and terms, and the amount of the assessed valuation of property within the CFD for tax purposes. Payment of general obligation bonds and expenses are included as part of your regular Pima County property tax statement and are in addition to taxes levied by other political subdivisions.

BENEFITS TO RESIDENTS

The bond issues by the CFD will benefit all property owners and other residents within the CFD by providing such infrastructure. This benefit was taken into account by the Developer in connection with establishing the price of the lot on which your home is to be located. Each property owner in the CFD will participate in the repayment of the bonds in the form of a property tax in addition to the current property taxes assessed by other governmental entities. This added tax is currently deductible for purpose of calculating federal and state income taxes.

EXAMPLE OF FINANCINGS' COSTS TO HOMEOWNER

The following illustrates the additional annual tax liability imposed by the CFD, based on varying residential values within the CFD and a \$2.80 tax rate:

Home Sales Price	Estimated General Obligation and Expense Payment (1,2)
\$	\$
\$	\$
\$	\$
\$	\$

*Assumptions:

1. Market value is not the same as limited property value as reported by the County Assessor, which is typically __% of market value.
2. Assumes residential property assessment ratio will remain at 10%.

Additional information regarding the description of infrastructure improvements to be financed by the CFD, bond issue public disclosure documents and other documents and agreements (including a copy of this Disclosure Statement) are available for review in the City Clerk's office.

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

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

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

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

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

APPENDIX 7

DEVELOPMENT AGREEMENTS

F. ANN RODRIGUEZ, RECORDER
Recorded By: JCC
DEPUTY RECORDER
305

P0230
PIMA CO CLERK OF THE BOARD
PICKUP



SEQUENCE: 20113251226
NO. PAGES: 16
AAG 11/21/2011 18:00
PICK UP
AMOUNT PAID: \$0.00

When Recorded Return to:
Pima County Development Services Department
Attn: Janet Emel
Public Works Building, 2nd Floor
201 North Stone Avenue
Tucson, AZ 85701

AMENDED AND RESTATED ROCKING K DEVELOPMENT AGREEMENT

THIS AMENDED AND RESTATED ROCKING K DEVELOPMENT AGREEMENT (the "**Agreement**") by and between the COUNTY OF PIMA, ARIZONA, a body politic of the State of Arizona (the "**County**") and ROCKING K DEVELOPMENT CO., an Arizona corporation ("**Developer**") (collectively, "**the Parties**"), is entered into this ____ day of _____, 201__.

RECITALS

A. Rocking K Development Co. is the developer of that certain master planned community commonly known as Rocking K (the "**Property**"), which is generally located south of Saguaro National Park and surrounds the Old Spanish Trail in Pima County, Arizona, and is depicted on **Exhibit A** attached hereto and incorporated by this reference. The Property consists of approximately 4,500 acres of real property that is currently built or planned for residential and mixed-use development.

B. The Pima County Board of Supervisors approved the Rocking K Specific Plan, Co23-90-1, (the "**Specific Plan**") by Ordinance No. 1990-129 on December 18, 1990 and the First Amendment to Rocking K Specific Plan, Co23-96-2, by Ordinance 1997-69 on September 16, 1997.

C. The Rocking K Phase One Development Agreement (the "**Development Agreement**") was recorded on February 18, 1992 in Docket 9228, Page 558, and subsequently rerecorded at Docket 9230, Page 896 to provide for obligations and phasing for infrastructure for the Specific Plan. The First Amendment to the Development Agreement (the "Amended Development Agreement") was recorded on December 17, 1996 in Docket 10443, Page 2194, to adjust boundaries, modify land uses and infrastructure plans accordingly.

D. The Specific Plan and the Development Agreement require the Developer to construct certain off-site roadway improvements, including the extension of Valencia Road from Houghton to Old Spanish Trail and improvements to Old Spanish Trail (the "**Valencia Road**").

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Improvements”). The Development Agreement requires the Developer to phase and sequence the construction of the Valencia Road Improvements based upon the number of Equivalent Dwelling Units (“**EDUs**”) on the Property as it is developed.

E. On April 8, 2003, the County adopted amended Roadway Development Impact Fees by Ordinance 2003-40 (the “**Roadway Impact Fees**”) pursuant to A.R.S. § 11-1102. The Property is included in the Roadway Impact Fees’ Rincon Valley Benefit Area (the “**Rincon Valley Benefit Area**”). The Rincon Valley Benefit Area Plan identifies the Valencia Road Improvements and certain portions of the Off-Site Roadway Improvements (defined below) as projects eligible for expenditure of Roadway Impact Fees.

F. On January 15, 2008, the Parties entered into the Rocking K Development Agreement (Valencia Road Improvements) (the “**Valencia Road Development Agreement**”) recorded on January 22, 2008 in Sequence 20080140926. The purpose of the Valencia Road Development Agreement was to establish the scope of work for the Valencia Road Improvements and identify the mechanisms by which the funding of the portion of the Valencia Road Improvements located in the County would be implemented.

G. The Developer has submitted and the County has approved an Off-Site Improvement Analysis for Rocking K prepared by Psomas (Project No. 7ROC100101) dated February 2011 (the “**Traffic Report**”). A copy of the Traffic Report and the County approval letter is on file in the Rocking K Specific Plan File, Co23-96-2, in the Development Services Department. The Traffic Report details all of the off-site roadway improvements that are required to be constructed by Developer in connection with the development of the Property, which include but are not limited to the Valencia Road Improvements (the “**Off-Site Roadway Improvements**”). The Traffic Report also contains certain required phasing, sequencing and dwelling unit triggers for the construction of the Off-Site Roadway Improvements which are based upon actual traffic and safety needs and which differ than those currently set forth in the Development Agreement, the amended Development Agreement and the Valencia Road Development Agreement.

H. The Parties desire to enter into this Amended and Restated Rocking K Development Agreement to establish the scope of work for the Off-Site Improvements and the revised phasing, sequencing and dwelling unit triggers for the construction of the Off-Site Roadway Improvements as set forth in the Traffic Report and identify the mechanisms by which the funding of the portion of the Off-Site Roadway Improvements located in the County will be implemented.

I. The Parties acknowledge that performance by Developer under this Agreement effectuates only a portion of the public improvements identified and required by the Specific Plan and does not serve to satisfy all the requirements of the Specific Plan.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises, terms, covenants and conditions set forth herein, the Parties hereto state, confirm and agree as follows:

1. **Authority.** The Parties are entering into this Agreement pursuant to A.R.S. 11-1101.
2. **Incorporation of Recitals and Exhibits.** The Recitals stated above and the exhibits attached hereto are incorporated by this reference into this Agreement.
3. **Amendment/Restatement of Development Agreement.** This Amended and Restated Agreement supersedes and replaces in its entirety the Rocking K Phase One Development Agreement (1992), the First Amendment to Rocking K Phase One Development Agreement (1996) and Rocking K Development Agreement (Valencia Road Improvements) (2008).
4. **Off-Site Roadway Improvements.**
 - 4.1 Developer shall construct the Off-Site Roadway Improvements as shown in the Traffic Report, depicted on **Exhibit B**. Developer shall design, engineer and construct the Off-Site Roadway Improvements (the “**Off-Site Roadway Improvements Work**”) in accordance with City (where applicable) and County design standards. Before construction, the Developer shall submit the design plans for the Off-Site Roadway Improvements to the County for review and approval. The County has substantially approved the construction plans for the Valencia Road portion of the Off-Site Roadway Improvements Work as prepared by MMLA PSOMAS. The cost of the Off-Site Roadway Improvements Work includes, but is not necessarily limited to, right-of-way acquisition, design fees, and all costs of construction, such as construction materials, supplies, supervision and labor and reimbursable expenses, and excavation, grading and haul costs associated with the Off-Site Roadway Improvements Work.
 - 4.2 The County shall inspect the Off-Site Roadway Improvements located in the unincorporated County (the “**County Off-Site Roadway Improvements**”) and, if the County finds that the County Off-Site Roadway Improvements were completed in substantial conformance with the approved plans and in compliance with all applicable County standards, the County shall approve the County Off-Site Roadway Improvements. County shall not withhold its approval of the County Off-Site Roadway Improvements unreasonably.
 - 4.3 Upon completion of the County Off-Site Roadway Improvements, the Developer’s engineer shall provide to the County as-built drawings and shall certify that the County Off-Site Roadway Improvements were constructed in accordance with the approved plans.
 - 4.4 The developer shall dedicate any rights-of way necessary for construction of the off-site improvements to Pima County at no cost to the County.

- 4.5 The Developer shall, at the completion of construction, provide the County a warranty from the contractor stating that the County Off-Site Roadway Improvements will be free from any material defect for a period of two years from the date the County accepts maintenance of the last County Off-Site Roadway Improvements completed by the Developer. The warranty shall run to the benefit of the Developer and the County.
- 4.6 Upon County inspection and approval of the County Off-Site Roadway Improvements, the County shall accept the County Off-Site Roadway Improvements for maintenance and shall maintain the County Off-Site Roadway Improvements at no cost to the Developer.
- 4.7 The Parties agree that, under A.R.S. §28-6713(G) et seq., the Developer can perform the County Off-Site Roadway Improvements on a negotiated contract basis in lieu of obtaining public bids for the construction and it shall not be a requirement that the County Off-Site Roadway Improvements be publicly bid in order for the same to be dedicated to and accepted by the County. The Developer shall be diligent in negotiating the costs for the County Off-Site Roadway Improvements that are reasonable and consistent with the cost of work of similar nature within the County. The Developer shall provide the County with a copy of the contractor's estimate of total costs for review prior to the notice to proceed to the construction. Notwithstanding the foregoing, the Developer agrees that should a bidding process be desired, the Developer shall bid the construction.
- 4.8 The Developer shall provide in the contract with the Developer's contractor that the contractor shall defend and indemnify the County to the same extent as the Developer, and shall also require that the County be named as an additional insured in any insurance policy contract.

5. **Off-Site Roadway Impact Fee Credits.**

- 5.1 Impact fees collected from within the Property shall be held in the Rincon Valley Benefit Area account but shall be allocated to the Property (the "Rocking K Collected Roadway Impact Fees"). As Developer designs and constructs eligible County Off-Site Roadway Improvements, the Rocking K Collected Roadway Impact Fees shall be used to reimburse Developer for such eligible costs. If there are not sufficient Rocking K Collected Roadway Impact Fees to pay the full cost to design and construct the eligible County Off-Site Roadway Improvements, then Developer shall be entitled, at its election, to either: (i) reimbursement from future Rocking K Collected Roadway Impact Fees; or (ii) credits against the Roadway Impact Fees for such costs pursuant to A.R.S. § 11-1102. The amount of credit shall not exceed the amount of the Roadway Impact Fees assessed to and collected from the Property. Credits shall be granted on a first come, first served basis as building permits are requested

at the then current amount of the Roadway Impact Fee. If the Roadway Impact Fee changes, credits granted to later building permits shall equal the new Roadway Impact Fee. The total amount of reimbursement or credits shall not exceed the total eligible costs.

6. **Timing of Off-Site Roadway Improvements Work**

6.1 Notwithstanding anything to the contrary in the Development Agreement, the Developer shall be required to construct the Off-Site Roadway Improvements in phases and based upon triggers as set forth in the Traffic Report. The Developer may begin the initial phase of the Off-Site Roadway Improvements at any time after the Parties execute this Agreement but shall not be required to begin the initial phase until the triggers set forth in the Traffic Report. Once the Developer begins construction of the each phase of the Off-Site Roadway Improvements as set forth in the Traffic Report, the Developer shall complete construction of that phase within a reasonable amount of time, not to exceed two (2) years. In order to facilitate the Developer's construction of the Off-Site Roadway Improvements within the designated timeframe, the County shall make all reasonable effort to review and approve the plans for the County Off-Site Roadway Improvements in an expeditious manner consistent with standard County plan review procedure. The Developer and the County acknowledge and agree that the timing for completion of construction of the Off-Site Roadway Improvements could be delayed for reasons beyond the control of the Developer, such as delays caused by the City or utility companies.

7. **No Moratorium.** No future moratorium or ordinance, resolution or other land use rule, regulation or limitation on development of the Property, or any portion thereof, shall apply to the development of the Property during the term hereof except as may be necessary to (i) comply with any state or federal laws or regulations, provided that if any such state or federal law or regulation prevents or precludes compliance with any provisions of this Agreement, such affected provision shall be modified as may be necessary in order to comply with such state or federal law or regulation, or (ii) alleviate or otherwise contain a legitimate, bona fide threat to the health or safety of the general public, in which event any ordinance, rule or regulation to be imposed in an effort to contain or alleviate such threat may be imposed only after public hearing and comment and shall not, in any event, be imposed arbitrarily. Nothing in this Agreement shall be interpreted to restrict any development rights obtained by Rocking K pursuant to common law based on investment in the Property.

8. **Appointment of Representatives.** County and Developer each shall designate and appoint a representative to act as a liaison between County and its various departments and Developer. The initial representative for the County shall be the County Manager, and the initial representative for Developer shall be its Project Manager as identified by Developer from time to time in writing to the County.

The representatives shall be available at all reasonable times to discuss and review the performance of the parties to this Agreement and the development of the Property pursuant to the Specific Plan.

9. **Effective Date and Term.** The effective date of this Agreement (the “**Effective Date**”) is the date the Agreement is signed by the County. The term of this Agreement is twenty (20) years from the effective date..
10. **Binding Effect; Recording.** All of the provisions of this Agreement shall inure to the benefit of and be binding upon the Parties, their successors and assigns pursuant to A.R.S. § 11-1101 and the laws of the State of Arizona. All provisions hereof shall inure to the benefit of and be binding upon successors and assigns of the Parties hereto. The Developer’s rights and obligations hereunder may be assigned to any person or entity that has acquired the Property or any portion thereof by written instrument expressly assigning such rights and obligations. The Developer shall notify the County prior to the effective date of any such assignment. Within ten (10) days of the execution hereof, this Agreement shall be recorded in the office of the Pima County Recorder for Pima County, Arizona.
11. **Representations.** The Developer represents, warrants and covenants to the County that the Developer has full power and authority to enter into this Agreement and any other documents contemplated by this Agreement and to carry out its obligations hereunder and there under, and the persons executing this Agreement on behalf of the Developer are duly authorized so to do.
12. **Waiver.** No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the County or the Developer of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.
13. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all parties may be physically attached to a single document.
14. **Notices.** Any notice to be given or served (and any election to be made or delivered) upon any party hereto in connection with this Agreement must be in writing and shall be deemed to have been given and received (or made and delivered) three (3) days after a Certified or Registered letter containing such notice (or selection), properly addressed, with postage prepaid, is deposited in the United States mail; and if given otherwise than by Registered or Certified mail, it shall be deemed to have been given (or made) when delivered to and received by the party to whom it is addressed. Such notice shall be given to the parties at the following addresses:

If to Developer:

Diamond Ventures, Inc.
2200 E. River Road, Suite 115
Tucson, AZ 85718
Attn: Robert Tucker

With a copy to:

Diamond Ventures, Inc.
2200 E. River Road, Suite 115
Tucson, AZ 85718
Attn: Chad Kolodisner

If to County:

Pima County Dept. of Transportation
Public Works Building, 4th Floor
201 North Stone Avenue
Tucson, Arizona 85701
Attn: Priscilla Cornelio

With a copy to:

Pima County Attorney's Office
Civil Division
32 North Stone
Tucson, Arizona 85701
Attn: Regina Nassen

A party may change the address at which the party shall receive notice pursuant to this Agreement by giving written notice of such new address in the same manner as any other notice shall be given in accordance with this section.

15. **Captions and Recitals.** The article and section headings appearing in this Agreement are inserted as a matter of convenience and are for reference purposes only, and in no way control or affect the meaning or construction of any of the provisions hereof. The recitals set forth at the beginning of this Agreement are hereby acknowledged and incorporated as though fully set forth herein.
16. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written, are hereby superseded and merged herein.
17. **Governing Law.** This Agreement shall be construed and interpreted under the laws of Arizona and is subject to the provisions of A.R.S. § 38-511.
18. **No Partnership; Third Parties.** It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between the parties hereto. No term or provision of this

Agreement is intended to, or shall be for the benefit of any person, firm, organization or corporation and no such other person, firm, organization or corporation not a party hereto shall have any right or cause of action, except as specifically set forth herein.

19. **Default.** In the event of any default or other non-performance of any term or provision of this Agreement, the non-defaulting party shall be entitled to all remedies at law or in equity, including the right to enforce this Agreement by action for specific performance or to file an action for damages, which rights and remedies shall be cumulative and not exclusive.
20. **Attorney's Fees.** If any party defaults hereunder, the defaulting party shall pay the other party's reasonable attorney's fees, expert witness fees, deposition and trial transcript costs and costs of court or other similar costs or fees paid or incurred by the other party by reason of or in connection with the default (whether or not legal or other proceedings are instituted). In the event any party hereto finds it necessary to bring an action at law or other proceeding against any other party to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Agreement or by reason of any breach hereunder, the party prevailing in any such action or other proceeding shall be paid all costs and reasonable attorney's fees by the other party, and in the event any judgment is secured by such prevailing party, all such costs and attorney's fees shall be included in any such judgment, attorney's fees to be set by the court and not by the jury.
21. **Further Assurance.** Each party agrees to execute such further documents, instruments and other writing and to perform such acts as either party may reasonably request in order to fully effectuate the purpose of this Agreement.
22. **Construction.** The terms and provisions of this Agreement represent the results of negotiations between the County and the Developer, each of which has been represented by counsel of its own choosing, and none of which have acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and no party shall be deemed to have drafted this Agreement for purposes of construing any portion of this Agreement for or against any party.
23. **Severability.** If any provision, other than the financing provisions, of this Agreement is declared void or unenforceable, such declaration shall have no effect on those portions of the Agreement not declared void. If the financing provisions of this Agreement are declared void or unenforceable, this Agreement shall terminate.
24. **Effect of Annexation.** If the Property is annexed into the City's corporate limits, the Parties acknowledge that (a) Developer shall have no obligation to pay the Roadway Impact Fee to the County for development that is permitted for



SCALE: 1" = 300'

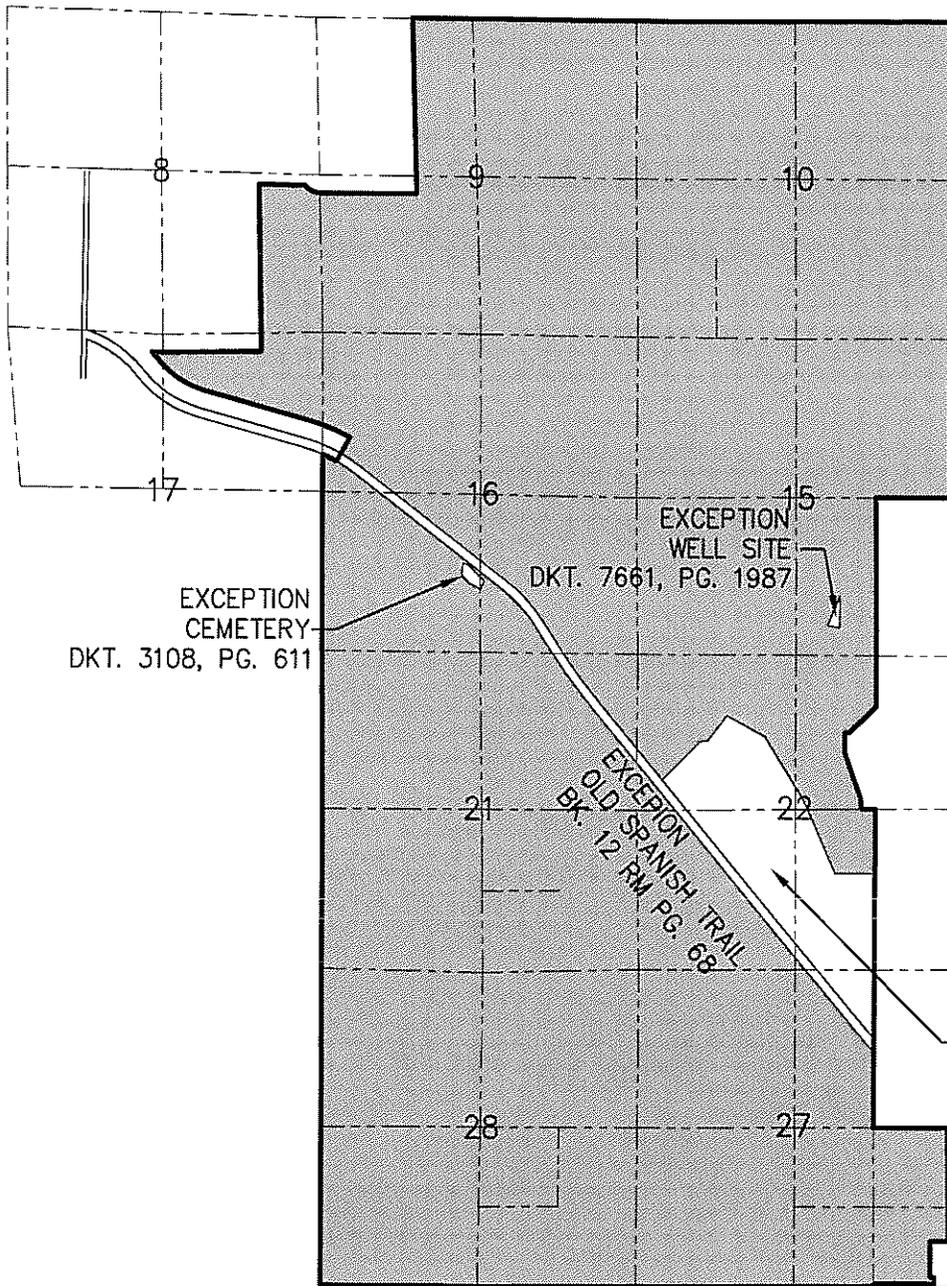


EXHIBIT A
VALENCIA ROAD DEVELOPMENT
AGREEMENT BOUNDARY

A PORTION OF SECTIONS 8 THRU 10, 15 THRU 17,
 21, 22, 27 AND 28, TOWNSHIP 15 SOUTH, RANGE 16 EAST,
 GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA

PSOMAS

800 E. Wetmore Road, Suite 110
 Tucson, AZ 85719
 (520) 292-2300 (520) 292-1290 fax
 www.psomas.com

90072-174

DATE: Dec. 07 • DRAWN BY: mrf

E:\90072\174\legal\lx-ig-all.dwg ddanehy Thu, 18 Aug 2011, 1:12pm

EXHIBIT A

LEGAL DESCRIPTION Valencia road development agreement boundary

Portions of Sections 8 thru 10, 15 thru 17, 21, 22, 27 and all of Section 28, Township 15 South, Range 16 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

BEGINNING at the southwest corner of said Section 28;

THENCE upon the west line of said Section 28, N 00°02'32" E a distance of 2632.38 feet to the west one-quarter corner;

THENCE continuing upon said west line, N 00°13'39" W a distance of 2636.91 feet to the southwest corner of Section 21;

THENCE upon the west line of said Section 21, N 00°00'22" E a distance of 2644.00 feet to the west one-quarter corner;

THENCE continuing upon said west line, N 00°25'00" W a distance of 1150.12 feet;

THENCE continuing upon said west line, N 00°23'42" W a distance of 1483.50 feet to the southwest corner of Section 16;

THENCE upon the west line of said Section 16, N 00°12'49" W a distance of 2640.72 feet to the west one-quarter corner;

THENCE continuing upon said west line, N 00°12'33" W a distance of 622.43 feet to the southwesterly right-of-way of Old Spanish Trail, recorded in Book 12 of Road Maps at Page 68, records of Pima County, Arizona, lying on the arc of a non-tangent curve concave southwesterly, a radial line of said curve through said point having a bearing of N 23°52'53" E;

THENCE southeasterly upon the arc of said right-of-way curve, to the right, having a radius of 2514.23 feet and a central angle of 5°46'44" for an arc length of 253.58 feet to a non-tangent line;

THENCE N 29°40'05" E a distance of 451.00 feet to a point on the arc of a non-tangent curve concave southwesterly a radial line of said curve through said point having a bearing of N 29°39'41" E

THENCE northwesterly upon the arc of said curve, to the left, having a radius of 2965.23 feet and a central angle of 13°55'19" for an arc length of 720.51 feet to a non-tangent line;

THENCE N 74°14'49" W a distance of 1825.62 feet to a point on the arc of a non-tangent curve concave northeasterly a radial line of said curve through said point having a bearing of S 15°44'04" W;

THENCE northwesterly upon the arc of said curve, to the right, having a radius of 1533.86 feet and a central angle of 35°47'51" for an arc length of 958.33 feet to a point of reverse curvature of a tangent curve concave southwesterly;

THENCE northwesterly upon the arc of said curve, to the left, having a radius of 2285.86 feet and a central angle of 3°45'02" for an arc length of 149.63 feet to a non-tangent line;

THENCE S 87°31'44" E a distance of 179.05 feet;

THENCE N 89°04'21" E a distance of 1642.60 feet;

THENCE N 01°11'25" W a distance of 2774.10 feet;

THENCE S 88°41'14" E a distance of 765.37 feet to a point on the arc of a non-tangent curve concave northeasterly, a radial line of said curve through said point having a bearing of S 54°20'51" W;

THENCE southeasterly upon the arc of said curve, to the left, having a radius of 301.00 feet and a central angle of 55°55'03" for an arc length of 293.76 feet to a non-tangent line;

THENCE S 01°34'12" E a distance of 0.16 feet;

THENCE S 89°41'13" E a distance of 1609.82 feet;

THENCE N 01°43'33" W a distance of 2943.36 feet to the north line of said Section 9;

THENCE upon said north line, N 89°56'10" E a distance of 998.85 feet;

THENCE continuing upon said north line, S 89°20'47" E a distance of 2747.82 feet to the northwest corner of said Section 10;

THENCE upon the north line of said Section 10, N 89°39'08" E a distance of 2649.62 feet;

THENCE continuing upon said north line, N 89°39'56" E a distance of 2650.50 feet to the northeast corner of said Section 10;

THENCE upon the east line of said Section, S 00°34'06" E a distance of 2644.76 feet;

PSOMAS #90072-174

THENCE continuing upon said east line, S 00°32'47" E a distance of 2641.74 feet to the northeast corner of said Section 15;

THENCE upon the north line of said Section 15, S 89°35'15" W a distance of 75.00 feet;

THENCE parallel with and 75.00 feet west of the east line of said Section 15, S 00°06'39" E a distance of 2642.13 feet to the north line of the southeast one-quarter of said Section;

THENCE upon said north line, S 89°36'48" W a distance of 1246.87 feet to the east line of the of the west one-half of said Section 15;

THENCE upon the east line, S 00°33'08" E a distance of 2629.85 feet to the north line of the said Section 22

THENCE upon the east line of the west one-half of the northeast one-quarter of said Section 22, S 00°23'28" E a distance of 849.15 feet;

THENCE S 44°53'47" W a distance of 616.52 feet;

THENCE S 89°10'41" W a distance of 80.00 feet;

THENCE S 00°09'18" E a distance of 342.07 feet;

THENCE S 19°30'04" E a distance of 797.54 feet;

THENCE S 05°29'14" E a distance of 179.69 feet to the north line of the southeast one-quarter of said Section 22;

THENCE upon said north line, N 89°23'20" E a distance of 227.76 feet to the east line of the west one-half of the southeast one-quarter of said Section;

THENCE upon said east line, S 00°02'45" W a distance of 2662.25 to the north line of said Section 27;

THENCE upon the east line of the west one-half the northeast one-quarter of said Section 27, S 00°03'41" E a distance of 1361.77 feet;

THENCE continuing upon said east line, S 00°03'37" E a distance of 1271.91 feet to the center-east one-sixteenth corner;

THENCE upon the south line of said northeast one-quarter of Section 27, N 89°40'11" E a distance of 1230.30 feet to the west right-of-way of Camino Loma Alta, recorded in Book 10 Road Maps at Page 23, records of Pima County, Arizona;

PSOMAS #90072-174

THENCE upon said west right-of-way, S 00°46'01" E a distance of 1885.68 feet to the northeast corner of the parcel of land recorded in Docket 11525 at Page 3494, records of Pima County, Arizona;

THENCE upon the north line of said Parcel, S 89°42'34" W a distance of 300.01 feet to the northwest corner of said Parcel;

THENCE upon the west line of said Parcel, S 00°46'01" E a distance of 600.02 feet to the southwest corner of said Parcel;

THENCE upon the south line of said Parcel, N 89°42'46" E a distance of 65.00 feet to the northwest corner of the parcel of land recorded in Docket 11907 at Page 4667, records of Pima County, Arizona;

THENCE upon the west line of said Parcel recorded in Docket 11907 at Page 4667, S 00°46'01" E a distance of 110.00 feet to the north right-of-way of Voyager Road recorded in Book 54 of Maps & Plats at Page 35 and Scriveners Error Docket 11690 at Page 267, records of Pima County, Arizona;

THENCE upon said north right-of-way, S 89°42'31" W a distance of 1010.65 feet to the east line of the southwest one-quarter of the southeast one-quarter of said Section 27;

THENCE upon said east line, S 00°26'02" E a distance of 45.00 feet to the south line of said Section 27;

THENCE upon said south line, S 89°41'08" W a distance of 1321.75 feet to the south one-quarter corner;

THENCE continuing upon said south line of Section 27, S 89°41'27" W a distance of 2641.96 feet to the southeast corner of Section 28;

THENCE upon the south line of said Section 28, S 89°44'29" W a distance of 1326.67 feet to the east one-sixteenth corner;

THENCE continuing upon said south line, S 89°45'10" W a distance of 1326.47 feet to the south one-quarter corner;

THENCE continuing upon said south line of Section 28, N 89°44'59" W a distance of 1311.39 feet to the west one-sixteenth corner;

THENCE continuing upon said south line, N 89°42'09" W a distance of 1312.99 feet to the **POINT OF BEGINNING**.

PSOMAS #90072-174

EXCEPTING THEREFROM:

The Academy Village, recorded in Book 50 of Maps and Plats at Page 84, records of said Pima County.

FURTHER EXCEPTING:

Old Spanish Trail Right-of-way, recorded in Book 12 Road Maps at Page 68, records of said Pima County.

FURTHER EXCEPTING:

Cemetery, recorded in Docket 3108 at Page 611, records of said Pima County,

FURTHER EXCEPTING:

Well Site, recorded in Docket 7661 at Pages 1716 & 1987 records of said Pima County.

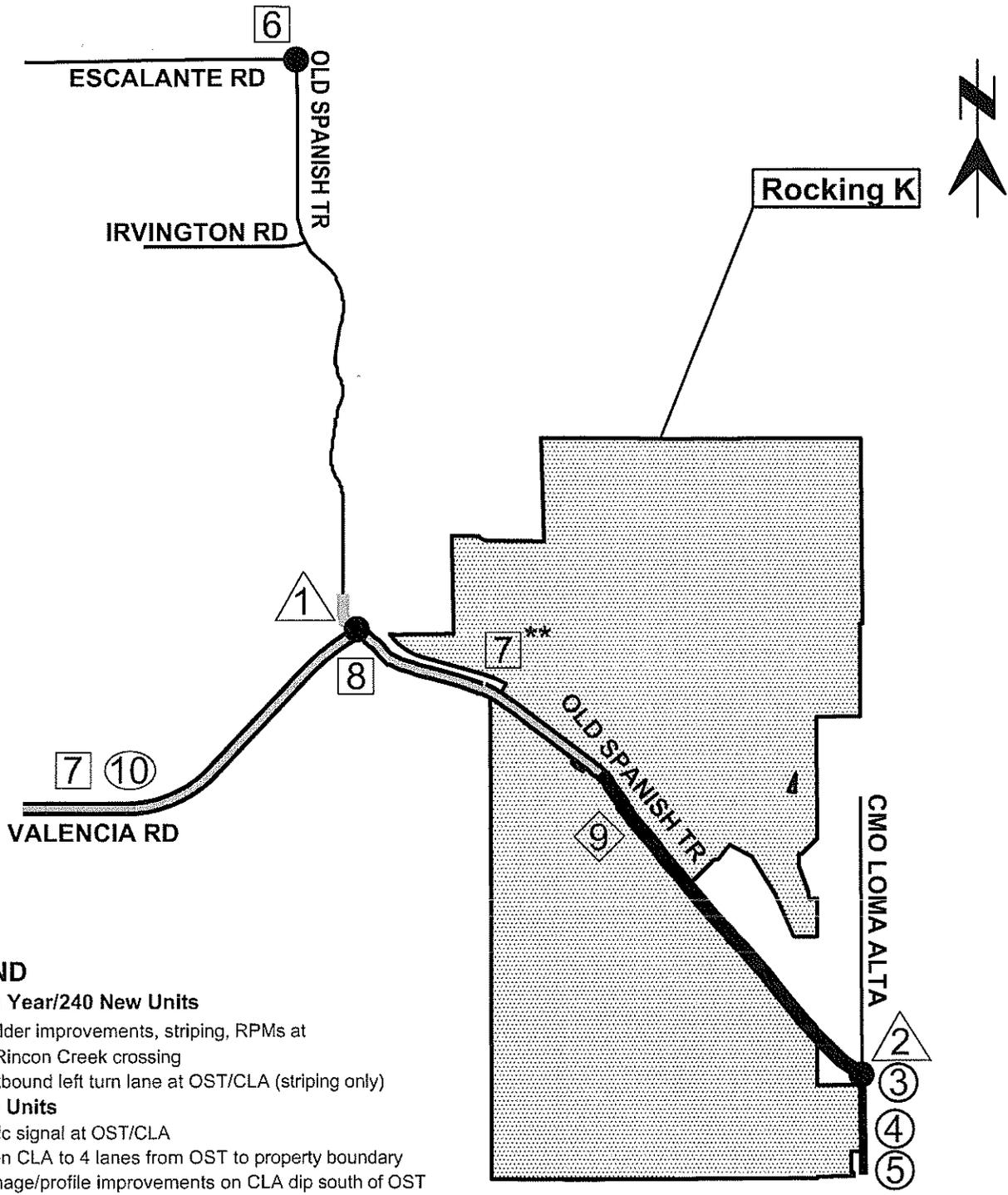
Total acreage after removal of exceptions:
4546 +/- acres.

See attached Exhibit B

Prepared by:
PSOMAS



Ernest Gomez AZ. R.L.S. 27739



LEGEND

Opening Year/240 New Units

- ▲ Shoulder improvements, striping, RPMs at Rincon Creek crossing
- ▲ Westbound left turn lane at OST/CLA (striping only)

480 New Units

- ③ Traffic signal at OST/CLA
- ④ Widen CLA to 4 lanes from OST to property boundary
- ⑤ Drainage/profile improvements on CLA dip south of OST

1,440 New Units

- ⑥ Eastbound right turn lane at OST/Escalante*
- ⑦ Construct Valencia Road extension as 2-lane roadway**
- ⑧ Traffic signal at OST/Valencia

1,920 New Units

- ⑨ Widen OST to 4 lanes from Valencia Road to CLA

3,840 New Units

- ⑩ Widen Valencia Road to 4 lanes

▨ 2-lane roadway
 ▬ 4-lane roadway

* If necessary to avoid LOS E prior to construction of Valencia Road extension
 **1.2 mi of improvements on OST (east of Valencia Road) can be constructed with this phase or with improvement #9 at 1,920 new units (per Traffic Report)

**ROCKING K
 DEVELOPMENT
 AGREEMENT**

**EXHIBIT B
 OFF-SITE ROADWAY
 IMPROVEMENTS**

**PSOMAS
 AUGUST 2011**

ATTACHMENT C

RESOLUTION NO. 2017-__

RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, DECLARING ITS INTENT AND ORDERING AND DECLARING FORMATION OF THE ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, as follows:

Section 1. Findings. This Board of Supervisors (this "Board") of Pima County, Arizona (the "County"), hereby makes the following findings:

A. Fidelity National Title Agency, Inc., an Arizona corporation, in its capacity as trustee under Trust No. 60,380 and not in its corporate capacity (the "Trust"), on behalf of the trust's beneficiaries as represented by Rocking K Development Company, an Arizona corporation ("Rocking K" and, together with the Trust, the "Petitioner"), has submitted a petition (the "Petition") attached hereto as Appendix I and incorporated herein, asking this Board to adopt this Resolution declaring and ordering formation of a community facilities district pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes (A.R.S. §§ 48-701 through 48-725) ("the Act"), to be known as the "Rocking K South Community Facilities District" (the "District").

B. The District is to be composed of the land described on Exhibit "A" to the Petition (the "Land") and shown on the map attached as Exhibit "B" to the Petition, each of which is made a part hereof for all purposes. The Land contains an area of approximately 2,047 acres, more or less, wholly within the unincorporated areas of the County and not within a county island.

C. The formation of the District may result in the levy of ad valorem taxes to pay for the District's construction or acquisition of improvements, for operation and maintenance of those improvements if determined by the District, and for administration of the District.

D. There is on file with the Clerk of this Board a general plan for the District entitled "General Plan for the Proposed Rocking K South Community Facilities District," a copy of which is attached as Exhibit "C" to the Petition, setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved (the "General Plan").

E. The purposes for which the District is to be formed are as described in the Petition and the General Plan and are purposes for which a community facilities district created pursuant to the Act may be lawfully formed.

F. The public convenience and necessity require the adoption of this Resolution and formation of the District.

G. The Petitioner represents that the Land is wholly owned by the Petitioner and that there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, any residents on the Land; that Petitioner has therefore waived any and all requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the adoption of the Resolution and formation of the District; and that this Board may, and Petitioner has requested that this Board in fact, adopt this Resolution to declare the District formed without complying with such provisions for posting, publication, mailing, notice, hearing or election.

Section 2. Granting of Petition; Formation of District. The Petition is hereby granted, and the District is hereby formed as a district pursuant to the terms and provisions of, and with the powers and authority established by, the Act, subject to any restrictions and modifications set forth in this Resolution, with jurisdiction over the Land. As the Petition is signed by the sole owner of all the Land and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the Land, requirements of posting, publication, mailing, notices, hearing and election otherwise required by the Act with respect to formation of the District are hereby found to be unnecessary. The area included within the District shall consist of the Land. The County shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District.

Section 3. Approval of the General Plan. The General Plan is hereby approved in all respects.

Section 4. District Board and Officers. The governing board of the District will be comprised of the members of this Board, ex officio. The County Administrator will serve as the District Administrator of the District; the County Treasurer will serve as the District Treasurer; and the Clerk of this Board will serve as the District Clerk.

Section 5. Dissemination of this Resolution. The Clerk is hereby directed to file and record with the County Recorder a copy of this Resolution and the General Plan, and provide copies of those documents to the Arizona Department of Real Estate, as required by A.R.S. § 48-718, and deliver a copy of this Resolution to the County Assessor.

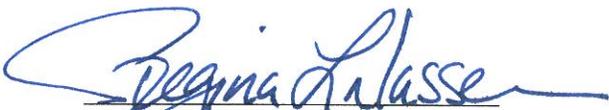
PASSED AND ADOPTED by the Board of Supervisors of Pima County,
Arizona, this ___ day of _____, 2017.

Chair, Board of Supervisors

ATTEST:

Clerk, Board of Supervisors

APPROVED AS TO FORM:



Deputy County Attorney
REGINA NASSEN

ATTACHMENT 1
TO RESOLUTION FORMING
ROCKING K SOUTH COMMUNITY FACILITIES DISTRICT
COPY OF PETITION, WITH ALL EXHIBITS

terms and provisions of the Act; and the County shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District.

7. All information and documentation provided in the Application for Formation of Rocking K South Community Facilities District, dated December 16, 2016, which Rocking K previously submitted to the County, and all statements in this Petition, are true, complete, and accurate in all material respects.
8. Any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the adoption of the Resolution are waived, and the Board may, on receipt of this Petition, adopt the Resolution to declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election.

The Petitioner respectfully requests that this Petition be filed as provided by law; that the Board adopt the Resolution and declare and order the District formed pursuant to the provisions of the Act, but without complying with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the adoption of the Resolution and formation of the District; and that the Board take and direct such other acts as the Board deems proper, necessary and appropriate for the purposes of organizing the District and executing the purposes for which the District is organized.

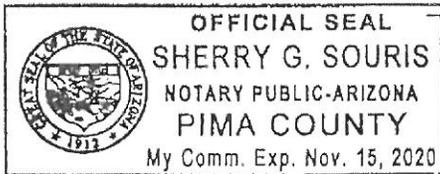
FIDELITY NATIONAL TITLE AGENCY, INC., an
Arizona corporation, as trustee of Trust No. 60,380 ,
and not in its corporate capacity

By: *Martha L. Hill*
Martha L. Hill, Trust Officer

STATE OF ARIZONA)
)ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 3rd day of
JANUARY, 2017, by Martha L. Hill, Trust Officer of Fidelity National Title Agency,
Inc., an Arizona corporation.

My commission expires:



Notary Public

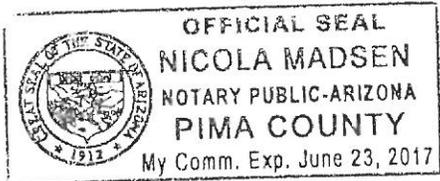
ROCKING K DEVELOPMENT COMPANY, INC., an Arizona corporation, on behalf itself and all beneficiaries of the Trust

By: 
David Goldstein, President

STATE OF ARIZONA)
)ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 3rd day of JANUARY, 2017, by DAVID GOLDSTEIN, the PRESIDENT of Rocking K Development Co., an Arizona corporation.

My commission expires: June 23, 2017



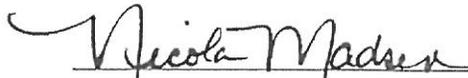

Notary Public

EXHIBIT A
TO PETITION FOR FORMATION OF ROCKING K SOUTH CFD

Legal Description of the Land to be Included in the CFD

Blocks 1 through 14 of Rocking K South, a subdivision of Pima County, Arizona, as recorded in Book 64 of Maps and Plats, at Page 85, in the office of the Pima County Recorder.

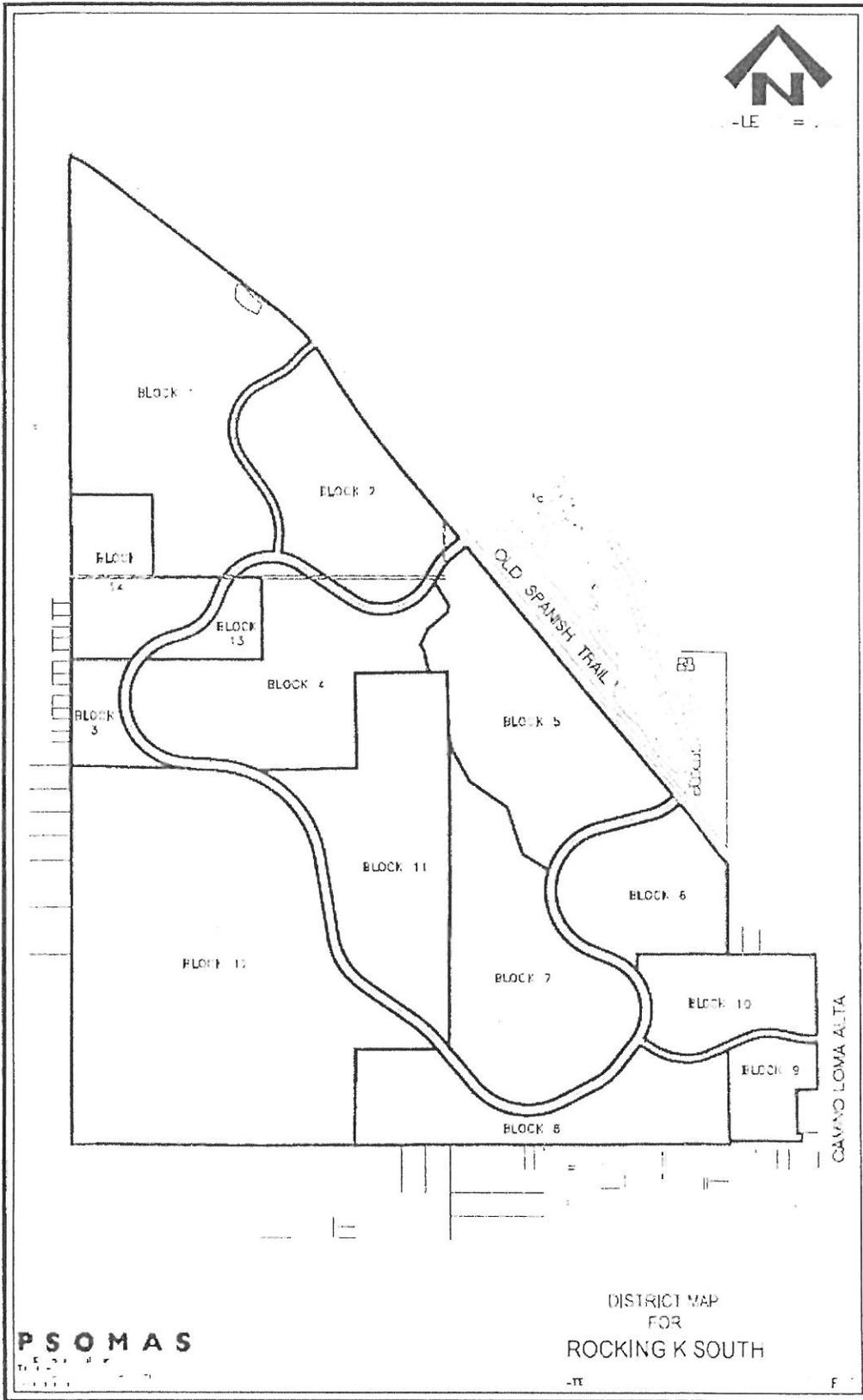
**EXHIBIT B
TO PETITION FOR FORMATION OF ROCKING K SOUTH CFD**

Map Showing The Land To Be Included In The CFD

53835 / 00438599 / v3

B-1

010-8395-1091/4



53835 / 00438599 / v3

B-2

010-8395-1091/4

EXHIBIT C
TO PETITION FOR FORMATION OF ROCKING K SOUTH CFD

General Plan For The Proposed Rocking K South CFD

When recorded, please return to:

Andrew Flagg
Deputy County Attorney
Pima County Attorney's Office
32 North Stone Avenue, Suite 2100
Tucson, Arizona 85701-1412

**GENERAL PLAN FOR THE PROPOSED
ROCKING K SOUTH
COMMUNITY FACILITIES DISTRICT**

RECORDED
171000337020000000
RFB

**GENERAL PLAN FOR THE PROPOSED
ROCKING K SOUTH
COMMUNITY FACILITIES DISTRICT**

TO: CLERK, PIMA COUNTY, ARIZONA

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

GENERAL AREA TO BE IMPROVED WITHIN THE DISTRICT:

All that area in the parcels described in Exhibit A attached hereto and made a part hereof for all purposes shall comprise the area to be benefitted.

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

All "public infrastructure" described in Exhibit B attached hereto and made a part hereof for all purposes and "public infrastructure purposes" (as such terms are defined in Section 48-701, Arizona Revised Statutes). The public infrastructure improvements shall be constructed in public rights-of-way or easements located both within and outside the Rocking K South Community Facilities District and within the area described in Exhibit A hereto, and shall result in a beneficial use principally to the area described in Exhibit A hereto.

Dated: January 3, 2017

ROCKING K DEVELOPMENT CO., an Arizona corporation

By: 

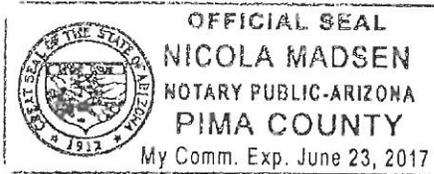
Name: DAVID GOLDSTEIN

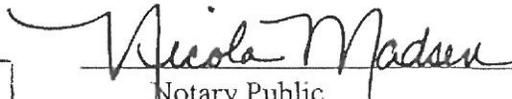
Title: PRESIDENT

STATE OF ARIZONA)
)ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 3rd day of January, 2017, by David Goldstein, the PRESIDENT of Rocking K Development Co., an Arizona corporation.

My commission expires: June 23, 2017




Notary Public

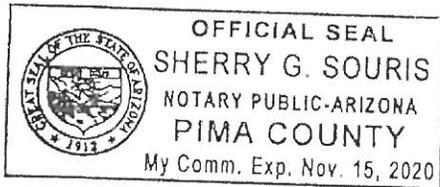
FIDELITY NATIONAL TITLE AGENCY INC., an
Arizona corporation as Trustee under Trust No. 60380
and not in its corporate capacity

By: Martha L Hill
Name: MARSHA L. HILL
Title: TRUST OFFICER

STATE OF ARIZONA)
)ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 3rd day of
JANUARY, 2017, by Martha L. Hill, Trust Officer for Fidelity National Title Agency,
Inc., an Arizona corporation.

My commission expires:



[Signature]

Notary Public

ATTACHMENTS:

- EXHIBIT A—General Area to be Improved within the District
- EXHIBIT B—General Description of Public Infrastructure Improvements for which the District
is Proposed to be Formed

EXHIBIT A

GENERAL AREA TO BE IMPROVED WITHIN THE DISTRICT

Blocks 1 thru 14 of ROCKING K SOUTH, a subdivision of Pima County, Arizona as recorded in Book 64 of Maps and Plats at Page 85.

EXHIBIT B

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

- (a) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge.
- (b) Drainage and flood control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge.
- (c) Water systems for domestic, industrial, irrigation, municipal or fire protection purposes, including production, collection, storage, treatment, transport, delivery, connection and dispersal, but not including facilities for agricultural irrigation purposes unless for the repair or replacement of existing facilities when required by other improvements permitted by this article.
- (d) Highways, streets, roadways and parking facilities, including all areas for vehicular use for travel, ingress, egress and parking.
- (e) Areas for pedestrian, equestrian, bicycle or other nonmotor vehicle use for travel, ingress, egress and parking.
- (f) Pedestrian malls, parks, recreational facilities other than stadiums, and open space areas for the use of members of the public for entertainment, assembly and recreation.
- (g) Landscaping, including earthworks, structures, lakes and other water features, plants, trees and related water delivery systems.
- (h) Public buildings, public safety facilities and fire protection facilities.
- (i) Lighting systems.
- (j) Traffic control systems and devices, including signals, controls, markings and signage.
- (k) Equipment, vehicles, furnishings and other personalty related to the items listed in this paragraph.
- (l) Operation and maintenance of the items listed in clauses (a) through and including (k) above.