PRESCOTT CITY COUNCIL VOTING MEETING AGENDA

*AMENDED

PRESCOTT CITY COUNCIL
REGULAR VOTING MEETING
TUESDAY, JANUARY 27, 2009
3:00 P.M.

Council Chambers
201 S. Cortez Street
Prescott, AZ 86303
(928) 777-1100

The following Agenda will be considered by the Prescott City Council at its Regular Voting Meeting pursuant to the Prescott City Charter, Article II, Section 13. Notice of this meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02.

- **CALL TO ORDER**
- **INTRODUCTIONS**
- **INVOCATION**: Father John Peck, Prescott Orthodox Christian Church
- **PLEDGE OF ALLEGIANCE**: Councilwoman Lopas to introduce the Civil Air Patrol Cadets
- **ROLL CALL**:

MAYOR AND CITY COUNCIL:

Mayor Wilson
Councilman Bell
Councilman Lamerson
Councilwoman Lopas
Councilman Luzius
Councilman Roecker
Councilwoman Suttles

- **SUMMARY OF CURRENT OR RECENT EVENTS**

I. PUBLIC COMMENT

A. Carol Wilson re day laborers on Lincoln/Grove.

B. Frank Creelman re 1) performance of Police Department; 2) criminal damage & threat to kill someone by citizen; 3) traffic circulation during parades; and 4) Chief Oaks' attendance at court case.

C. Citizens Water Advocacy Group representative on "Who will pay for the Big Chino Pipeline?"

II. PRESENTATIONS

A. Update on the Big Chino Water Ranch Project by Jim Holt.

B. Introduction of new businesses.

C.* Presentation by El Salvador's Honorary Consul~~t~~ Enrique Melendez on ~~Suchitoto~~ **El Salvador** Update.

D. Presentation of Disney commercial.

III. CONSENT AGENDA

CONSENT ITEMS A THROUGH F LISTED BELOW MAY BE ENACTED BY ONE MOTION. ANY ITEM MAY BE REMOVED AND DISCUSSED IF A COUNCILMEMBER SO REQUESTS.

A. Authorize payment to SirsiDynix for maintenance costs associated with the automated library system operated by the City on behalf of the Yavapai Library Network in the amount of $81,352.22.

B. Adopt Resolution No. 3930-0936 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the City of Prescott to enter into a new Delegation Agreement (Development Agreement) with Arizona Department of Environmental Quality (ADEQ) authorizing the Prescott Fire Department to continue issuing open burn permits within the City, and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

C. Granite Dells Ranch Holdings:

1. Adopt Resolution No. 3932-0938 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona approving a Procedural Pre-Annexation Agreement and Agreement to Provide Temporary Construction Easement and Dedicate Right-of-way with Granite Dells Ranch Holdings, LLC, and authorizing the Mayor and staff to take any and all necessary steps to accomplish the above.

2. Adopt Resolution No. 3934-0940 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona accepting a Temporary Construction Easement and Mining Easement from Granite Dells Ranch Holdings, LLC, and authorizing the Mayor and staff to take any and all necessary steps to accomplish the above.

D. Approve a professional services agreement with Granite Basin Engineering, Inc. for design of the FY09 Small Water Main Upgrades and Sewer Mainline Replacement Project, in an amount not to exceed $325,000.00.

E. Tax Code Changes:

1. Adopt Resolution No. 3933-0939 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, declaring as a public record that certain document filed with the city clerk and entitled "THE 2008 AMENDMENTS TO THE TAX CODE OF THE CITY OF PRESCOTT."

2. Adopt Ordinance No. 4690-0933 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, relating to the privilege license tax; adopting "THE 2008 AMENDMENTS TO THE TAX CODE OF THE CITY OF PRESCOTT" by reference; establishing an effective date; providing for severability and providing penalties for violations.

F. Approve the Minutes of the Prescott City Council Study Session of January 6, 2009; the Workshop of January 13, 2009; and the Regular Voting Meeting of January 13, 2009.

IV. REGULAR AGENDA

A. Authorization of payment to Dell, Inc. in the amount of $60,340.52 to purchase 45 new computers for the Prescott Public Library.

B. Approve a Grant Participant Agreement with Arizona State Parks to accept a Trails Heritage Fund grant in the amount of $64,570.00.

C. Approval of a five-year funding Agreement with Prescott Community Access Channel.

V. ADJOURNMENT

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____ at _____ ___.m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

_____
Elizabeth A. Burke, City Clerk, MMC

I-C

Presentation to Prescott City Council
January 27, 2009
Citizens Water Advocacy Group
by Howard Mechanic, Chair of the Public Policy Committee

Who will pay for the Big Chino Pipeline?

What if Prescott put on a party for potential annexation areas, and no one showed up? More to the point: What if Prescott builds the Big Chino Pipeline, but there are no impact fees from annexations to support it for many years, or ever?

The City does not need Big Chino water to serve growth within its existing limits. That's because currently Prescott has more than twice the amount of water in its portfolio than is needed to build on all city lots not having water rights. Since Big Chino water is not needed to provide for growth within the city, the only potential growth that would need Big Chino water would occur in annexation areas.

Only if potential annexation areas agree to take the water and are required to pay impact fees will there be a guarantee that Prescott can sell the water. Absent this assured financing and the possibility that the project becomes a "pipeline to nowhere," Prescott's citizens could be left holding a gigantic "bag."

Prescott is allocating 20% of the cost of the project to current citizens for safe yield, and citizens are paying that share through their current water rates. Eighty percent of the cost is to be paid by growth. The Citizens Water Advocacy Group (CWAG) believes this allocation is reasonable.

The potential annexation areas include two large tracts:

1. About 10,000 acres owned by Cavan Real Estate Investments east of US 89.
2. About 14,000 acres west of US 89, of which the vast majority is owned by either the Deep Well Ranch or the Arizona Land Department (State Trust Lands).

These lands do not have the assured water supply legally necessary for construction of subdivisions. If these areas were annexed, Big Chino water would provide the necessary water for about 13,000 homes on about 10,000 acres, substantially increasing the value of those lands. If the increase in value were as little as $30,000 per acre, the value of the10,000 acres would increase by $300 million. Because the owners of these lands are looking at a substantial financial gain it is only fair that they, not us, take an appropriate amount of risk and guarantee payment for the pipeline.

Until now, the city has determined that the 80% that should be paid by growth will come from impact fees. However, if some or all of the potential annexation areas are not

annexed, where will the needed money come from? Prescott can solve this dilemma by approaching the potential annexation area owners with a proposal: If you want the water, you need to guarantee the payments. If none of the owners will guarantee the payments, we won't proceed with the pipeline for now.

Consider the problem we face if we build the pipeline before getting such commitments! We will have monthly bills to repay either investors or bondholders. Prescott, meaning us, will have to pay even though the water isn't used by anyone. These landowners will have us over the proverbial water barrel. Prescott will be begging them to agree to be annexed and to start building homes. Landowners could force Prescott into pre-annexation development agreements on terms favorable to themselves and detrimental to residents.

If a private investor comes forth to build and operate the pipeline without requiring guarantee of the 80% from ratepayers or taxpayers, then there is much less risk for our citizens (and there would be almost no risk if we also have an enforceable mitigation plan as CWAG calls for).

If Prescott is intent on building the pipeline, now is the time to find out who wants to use Big Chino water and make sure they commit to pay for it. Prescott and Prescott Valley are rushing this project – they are talking about contracting for the construction in a few months. Their schedule brings considerable risk for current residents. We won't need Big Chino water for many years. We need to slow down and make sure we do this right.

CWAG's Position on the Big Chino Water Ranch Pipeline Project

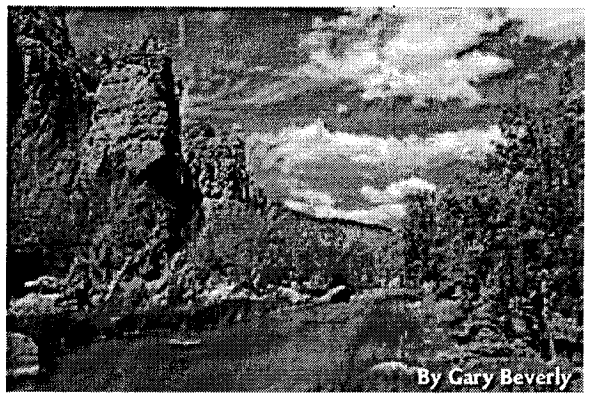
Citizens Water Advocacy Group

Why the City of Prescott and the Town of Prescott Valley Should not Prematurely Risk $200 Million on the Big Chino Pipeline

After more than six years of careful study of our local water situation, the Citizens Water Advocacy Group (CWAG) has concluded that the Big Chino Water Ranch Pipeline Project is seriously flawed and should not go forward unless the following key issues are resolved:

- **Alternative Sources** – All alternative sources of water have not been fully explored; there is a regional study underway now that will identify long-term options
- **Mitigation Plan** – The Pipeline Project does not include a workable mitigation plan
- **Lack of Near-Term Need** – Big Chino water won't be needed soon. Why rush the project?
- **Financial Plan** – An equitable payment plan is not in place; current ratepayers are at risk of being forced to underwrite more than their fair share of the cost of the Pipeline Project
- **Threatened Lawsuits** – Salt River Project has already filed suit against this project and other lawsuits are pending; litigation could drag on for years at taxpayer expense

Alternative Sources – All possible alternative sources of water must be explored. Currently a U.S. Bureau of Reclamation (USBR) study is underway to identify the area's future water demands and outline various options to augment water supplies. Prescott and Prescott Valley are paying a substantial share of the cost of this comprehensive study, which is expected to be completed in about three years (well before imported water from any source will be needed by Prescott or Prescott Valley). This study could reveal that the Big Chino Water Ranch Pipeline Project is not the best option. Proceeding with plans to build the Big Chino Water Ranch Pipeline before the USBR study is finished does not make sense.



Downstream Verde River view near Duff Springs

Mitigation Plan – A workable and scientific mitigation plan must be in place in advance of pumping to prevent the Upper Verde River from eventually suffering a debilitating loss of baseflow. A mitigation plan can incorporate a formal Habitat Conservation Plan to eliminate liability under the federal Endangered Species Act. To date no scientific mitigation or Habitat Conservation Plan is being considered. Instead, the cities are offering unsupported and erroneous mitigation claims, a monitoring plan and a promise to do something if reduction in river flow is demonstrated.

Lack of Near-Term Need – CWAG has done the math and shown that, if the city continues to allocate 200 acre-feet per year to new development as it has been doing for ten years, Prescott currently has enough water in its portfolio for 16 years of growth. According to a Central Arizona Partnership study, Prescott Valley has enough water to grow until 2031. Although it would be desirable to apply imported water for safe yield now, the Prescott communities have not prepared a plan to achieve safe yield and the Arizona Department of Water Resources (ADWR) does not require that safe yield be achieved until 2025. Therefore, Big Chino water will not be needed by the City of Prescott or Prescott Valley until at least 2025.

Financial Plan - Prescott's financing for the Pipeline Project is based on growth paying 80% of the costs and, because the project will help us reach safe yield, ratepayers paying 20%. Prescott currently has more than twice the amount of water in its portfolio than is needed to build on all city lots. Therefore, the only subdivision growth that requires the pipeline water will be tracts the city can annex. To ensure the 80% payment, owners of these potential annexation tracts must agree to pay that share prior to annexation. Under no circumstances should local taxpayers guarantee full payment to either a private financial partner or bondholders for the cost of building or operating the pipeline, or ever be obligated to pay more than 20% of the cost of the project.

Threatened Lawsuits – Prescott's right to import water from the Big Chino aquifer is apparently going to be tested in court by SRP, the Center for Biological Diversity and perhaps others (SRP has already filed). These lawsuits could drag on for years at taxpayer expense. But if all stakeholders agree to abide by an approved mitigation and Habitat Conservation Plan, these lawsuits would likely disappear.

CONCLUSION:

Despite claims to the contrary by elected officials, there is no economic or human safety need that dictates building the Big Chino Pipeline now. The Big Chino Pipeline decision should be postponed until the issues and concerns listed above are resolved.

(All reports and opinion papers used to establish CWAG's position on the Big Chino Pipeline can be accessed at www.cwagAZ.org. Please address your questions or comments about this issue to info@cwagAZ.org).

PO Box 13145 • Prescott, AZ 86304 • www.cwagAZ.org• info@cwagAZ.org

CWAG advocates sustainable long-term water use in the combined Upper Verde River Watershed and Prescott Active Management Area by educating the public and encouraging responsible governmental decision making.

III-C

PROCEDURAL PRE-ANNEXATION AGREEMENT AND AGREEMENT TO PROVIDE TEMPORARY CONSTRUCTION EASEMENT AND DEDICATE RIGHT OF WAY

This Procedural Pre-Annexation Agreement And Agreement to Dedicate Right Of Way ("**Agreement**") is entered into this ____ day of _____, 2009, by and between the CITY OF PRESCOTT, Arizona, an Arizona municipal corporation ("**City**"), GRANITE DELLS RANCH HOLDINGS, LLC., an Arizona limited liability company ("**Owner**") (collectively, the "**Parties**").

RECITALS

A. Owner holds fee simple title to approximately 387.26 net acres of land ("**Annexation Property**"), which is located in Yavapai County, Arizona ("**County**"), and is legally described in the attached **Exhibit "A"**, and depicted in attached **Exhibit "A-1"**. The Annexation Property is situated at the planned intersection of State Highway 89A and Granite Dells Parkway. Owner intends to develop the Annexation Property together with certain adjacent property owned by Owner and already within the City, which, together with the Annexation Property is hereinafter referred to as the "**Property**." The Property is encumbered by a Deed of Trust recorded at Book _____, Page __ in the official records of Yavapai County (the "**Deed of Trust**") in favor of the lienholder identified in the Consent appearing at the end of this Agreement ("**Lienholder**").

B. Subject to the terms and conditions of this Agreement, Owner may desire to annex the Annexation Property into the City's municipal limits and process applications in the City requesting a General Plan Amendment (the "**GPA**") and rezoning ("**Rezoning**") with respect to the Property.

C. City may desire to annex the Annexation Property in accordance with A.R.S. § 9-471 and is willing to process Owner's request for annexation and applications for the GPA and Rezoning (the "**GPA & Rezoning Applications**") in accordance with applicable law and the terms and conditions of this Agreement.

D. The Parties have determined it may be in their best mutual interest to annex the Annexation Property into City's municipal limits and, subject to the final and effective adoption of the proposed annexation and translational zoning ordinance(s), for Owner to concurrently process the GPA & Rezoning Applications in the City rather than the County.

E. The Parties are entering into this Agreement in order to facilitate annexation of the Annexation Property for future development and to provide for a procedure to prevent the proposed annexation from becoming effective if the Owner's GPA & Rezoning Applications are not approved subject to conditions that are acceptable to the Owner and Lienholder.

F. The prospective annexation is subject to City of Prescott Proposition 400 (November 2005) and subsequent City council policy as set forth in Resolution 3735 (February 14, 2006). Proposition 400 requires a ¾ majority vote of the City Council for annexation approval, a 60 day public comment period which commences at the time of a formal hearing by

the City Planning and Zoning Commission on the master plan for the proposed development, and that all effluent (treated wastewater) go to permanent recharge of the groundwater aquifer.

G. The Parties neither desire, nor intend, that this Agreement shall in any way affect, hinder or interfere with the ability of City's governing body (the "**City Council**") (i) to approve or deny the annexation and/or GPA & Rezoning Applications and/or (ii) to impose reasonable conditions of approval in connection with the approval of the GPA & Rezoning Applications.

H. In anticipation of completing the Annexation, GPA and Rezoning, the Owner had previously agreed to dedicate 25 acres of the Property to the State of Arizona (the "**State**") and the City (without the payment of financial consideration by the State or the City) in the preferred location of the Highway 89A/ Granite Dells Parkway interchange ("**Interchange**") and related roadway improvements south of Highway 89A (together, the "**Interchange Improvements**"). Final plans for the Interchange Improvements now require dedication of approximately 37 acres and Owner has agreed to dedicate the additional acreage with out financial consideration as well. The property to be dedicated by Owner (hereinafter, the "**Dedication Area**") is comprised of the 89A ROW and City ROW described below. In addition, Owner has agreed to grant to the City and its contractor(s) a temporary construction easement and right of entry over and across that larger portion of the Property (inclusive of the Dedication Area) legally described in the attached **Exhibit "B"**, and depicted in attached **Exhibit "B-1"** (the "**TCE Area**").

I. The Dedication Area is comprised of two (2) components depicted on **Exhibit "C"** and referred to herein as: (1) the "**89A ROW**" (being the area to ultimately be dedicated to the State of Arizona ("**State**") for incorporation into its managed system of state highways), which is legally described in the attached **Exhibit "C-1"**, and (2) the "**City ROW**" (being the area to be dedicated to the City to accommodate the southerly extension of Granite Dells Parkway, the easterly extension of Centerpointe Drive East, and additions to the Peavine Trail), which is legally described in the attached **Exhibit "C-2"**,.

NOW, THEREFORE, in consideration of the foregoing premises and agreements herein, the Parties hereto state, confirm and agree as follows:

AGREEMENT

1. Incorporation of Recitals. The foregoing recitals are hereby incorporated into this Agreement as though fully restated.

2. Initiation of Annexation Processes. Upon Owner's request, City agrees to initiate proceedings to annex the Annexation Property into City's municipal limits and to issue an annexation petition to Owner. Concurrent with an annexation ordinance for the Annexation Property (the "**Annexation Ordinance**") being introduced for consideration by the City Council, City will also introduce for consideration by the City Council an ordinance for City's proposed initial zoning classification for the Property (the "**Equivalency Zoning Ordinance**") (collectively, the "**Annexation and Equivalency Ordinances**"). The "Equivalency Ordinance" is also referred to as translational zoning and will be adopted pursuant to A.R.S. § 9-471(L).

3. GPA & Rezoning Application and Effectiveness. Owner agrees to submit the GPA & Rezoning Applications to City for the GPA & Rezoning approval. City agrees to process such applications in accordance with applicable law and the terms and conditions of this Agreement. If Owner makes application for the Rezoning prior to the Annexation and Equivalency Ordinances being introduced to the City Council for its consideration, then City shall schedule, advertise and conduct hearings before the City's Planning & Zoning Commission and the City Council so that the GPA and Rezoning Applications are considered by the City Council concurrent with or immediately following the Annexation and Equivalency Ordinances. If the City Council approves the GPA & Rezoning Applications and finally adopts the GPA and Rezoning Ordinance, then the effective date of the GPA and Rezoning Ordinance shall be established as being after the effective date of the Annexation and Equivalency Ordinances, as determined by reference to paragraph 4 below.

4. Annexation and Equivalency Ordinances Adoption and Effectiveness. City agrees that at any time prior to the City Council's adoption of the Annexation Ordinance, Owner may withdraw the annexation petition for the Annexation Property. In the event the City Council adopts the Annexation Ordinance and Equivalency Ordinances and such Ordinances are not timely rescinded by the City Council or challenged by referendum, the Annexation and Equivalency Ordinances will become effective thirty (30) calendar days after being adopted by the City Council as outlined in A.R.S § 9-471. In the event (a) the Owner withdraws its annexation petition, (b) the City Council denies Owner's Rezoning Application before the Annexation and Equivalency Ordinances have become final and effective, or (c) the Annexation Ordinance, the Equivalency Zoning Ordinance and/or the Rezoning Ordinance are challenged by reconsideration or referendum, the City Council shall (by Motion for Reconsideration or other appropriate means) schedule, advertise and conduct a City Council hearing to rescind the Annexation and Equivalency Ordinances prior to the effective date of the Annexation and Equivalency Ordinances; provided that (I) in the case of (c) above (a challenge by reconsideration or referendum), nothing herein shall prohibit Owner and City from mutually agreeing to jointly oppose any such challenge, but absent such mutual agreement, the City Council shall move to rescind the Annexation and Equivalency Ordinances prior to the effective date of the Annexation and Equivalency Ordinances; and (II) in the case of (b) above, the City Council will not consider rescission of the Annexation and Equivalency Ordinances if Owner formally objects to such rescission. Other than as specifically set forth in the immediately preceding sentence, the City agrees that at such hearing (for reconsideration or otherwise), City shall use all best efforts to ensure its legislative repeal of the Annexation Ordinance and the Equivalency Zoning Ordinance.

5. No Effect on GPA & Rezoning Applications. The Parties agree that nothing in this Agreement shall affect the ability of the City Council to approve or deny the GPA & Rezoning Applications and/or to impose conditions on the City's approval of the GPA & Rezoning Applications.

6. No Requirement to Proceed. The Parties agree that nothing in this Agreement shall require any of the Parties to proceed with the proposed annexation, the proposed GPA & Rezoning and/or development of the Property.

7. Proposition 207 Waivers. On or before the Annexation and Equivalency Ordinances are placed on the City Council's agenda for introduction and tentative approval, Owner shall provide to City a completed "Proposition 207 Waiver" applicable to the Annexation and Equivalency Ordinances in the form attached hereto as **Exhibit "D"**. Owner shall also provide to City a separate completed Proposition 207 Waiver form acceptable to City's legal counsel in connection with the GPA & Rezoning. In the event the Annexation and Equivalency Ordinances and/or the GPA and Rezoning Ordinance are not approved, or are rescinded, repealed or otherwise of no effect, the Parties shall take such steps as are required to release or rescind any applicable Proposition 207 Waiver, and such waiver shall be deemed null and void and of no further force or effect. However, such release or rescission shall not apply to the annexation, development agreement and equivalency processes undertaken pursuant to this Agreement.

8. Temporary Construction Easement and Agreement to Dedicate Right Of Way.

a. Temporary Construction Easement. As and when required by the City in order for it to prosecute construction of the Interchange Improvements, Owner and the City shall execute and deliver a temporary construction easement granting to the City and its contractors and agents the right to enter upon the TCE Area for purposes of (i) constructing the Interchange Improvements, (ii) staging equipment and materials for such construction, and (iii) to the extent available in sufficient quantities and qualities, mining fill dirt, sand and aggregate for use in such construction, all in accordance with an easement agreement in the form attached hereto as **Exhibit "E"** (the "**TCE Easement**").

b. Agreement To Dedicate to State. Subject to paragraph 8.(e) below, upon completion of the Interchange Improvements and the Arizona Department of Transportation's acceptance of that portion thereof constructed with the 89A ROW, Owner shall grant a transportation easement to the State over, under and across said 89A ROW without consideration from the State beyond those agreements of the State set forth in the Right Of Way Agreement to be entered into between the State and Owner in the form presently agreed to between such parties ("**ROW Agreement**"), which among other things, contemplates no monetary consideration being paid to Owner by the State for the transportation easement, or for Owner's subsequent agreement to dedicate fee title to the State upon the satisfaction of certain conditions set forth in such ROW Agreement.

c. Agreement to Dedicate to City. Subject to paragraph 8.(e) below, upon completion of the Interchange Improvements and the acceptance by the City's Public Works Department of that portion thereof constructed within the proposed City ROW, Owner shall dedicate in fee title to the City fee title the City ROW, subject to completion of the Annexation.

d. Consideration From City. The City shall not be required to pay any monetary or other consideration to Owner for the TCE Easement or the dedications to be provided pursuant to subparagraphs b. and c. immediately above, other than the non-monetary performances required by City under the TCE Easement and the City's agreement to process the Annexation, GPA and Rezoning described herein in good faith and without undue delay.

e. Undue Delay in Commencement or Completion of Interchange Improvements. In the event the City has not commenced construction of the Interchange Improvements by _____ 2009, or following commencement, fails to diligently prosecute the Interchange Improvements to completion in accordance with the final plans and specifications, Owner shall have the right to terminate the TCE Easement, whereupon it shall be relieved of any further obligations under paragraphs 8. (b) and (c) above

9. Miscellaneous.

a. Good Standing; Authority. Each of the Parties represents and warrants to the other that it is duly formed and validly existing under the laws of Arizona and that the individual(s) executing this Agreement on behalf of their respective Party is authorized and empowered to bind the Party on whose behalf each such individual is signing.

b. Default and Remedies. In the event City is in default hereunder, Owner shall have all remedies available at law or in equity (including expedited equitable relief) or under this Agreement, and notwithstanding any suggestion to the contrary in, or by virtue of Owner's execution of, the Proposition 207 Waivers.

c. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Arizona. This Agreement shall be deemed made and entered into in Yavapai County, Arizona.

d. Waiver. No waiver by any Party of a breach of any of the terms or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term or condition contained herein.

e. Severability. In the event that any phrase, clause, sentence, paragraph, or other portion of the Agreement shall be illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in full force and effect to the fullest extent permissible by law and the Parties will negotiate diligently in good faith for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

f. Notices. All notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been fully delivered upon personal delivery or as of the second business day after mailing by United States Mail, postage prepaid, by Certified Mail, return receipt requested, addressed as follows:

To City: City Manager
City of Prescott
P.O. Box 2059
Prescott, AZ 86302

Copy to: City Attorney
City of Prescott
221 S. Cortez

Chandler, AZ 86302

To Owner: Granite Dells Ranch Holdings, LLC
1533 North Pima Road, Suite 305
Scottsdale, AZ 85260
Attn: Jeff Market

Copy to: Gregory W. Huber, P.C.
3031 Dollar Mark Way, Suite A
Prescott, AZ 86305
Attn: Gregory W. Huber

Copy to Lienholder

_____

_____

Any parties' address for purposes of notice hereunder may be changed by such party giving notice of such new address to the other parties in writing.

g. Time of Essence. Time is of the essence of this Agreement.

h. Effective Date. This Agreement is entered into effective as of the date of full execution by the Parties.

i. Entire Agreement. This Agreement constitutes the entire Agreement between the Parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations and understandings of the Parties hereto, oral or written, are hereby superseded and merged herein.

j. Amendments. This Agreement may be amended only by a written agreement fully executed by the Parties.

10. Waiver Of Jury Trial. The parties hereto expressly covenant and agree that in the event of a dispute arising from this Agreement, each of the parties hereto waives any right to a trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court.

11. Applicable Laws and Attorneys' Fees. The parties hereto expressly covenant and agree that in the event of litigation arising from this Agreement, neither party shall be entitled to an award of attorneys' fees, either pursuant to the Agreement, pursuant to ARS Section 12-341.01(A) and (B), or pursuant to any other state or federal statute.

12. Indemnification. The Owner hereby agrees to indemnify and hold harmless the City, its departments and divisions, its employees and agents, from any and all claims, liabilities, appeals, expenses or lawsuits (including the costs of defense of any lawsuits or appeals) asserted

by third parties which either (a) challenge the validity of this Agreement or any GPA or Rezoning approved hereunder, or (b) allege negligent acts or negligent omissions on he part of Owner in relationship to any actions undertaken or allegedly undertaken by Owner pursuant to this agreement. Owner covenants to defend any and all claims, lawsuits, and appeals challenging this agreement at its sole cost and expense, including but not limited to attorneys fees, and costs, including any attorneys fees and costs incurred by the City should it elect or be required to defend itself, its agents, officers or assigns for any acts taken pursuant to this agreement.

13. Remedies. The parties further agree that there shall be no monetary damage remedy for breach of any provisions of this agreement and that the sole remedies for any breach shall be specific performance and/or declaratory judgment. The parties agree to meet and attempt to resolve any dispute in good faith prior to initiating any legal process, to participate in accelerated arbitration and to make good faith efforts to expeditiously resolve any dispute during such process, which process is set forth in exhibit in order to promptly and expeditiously to resolve any disputes. Further, in the event of an appeal from such arbitration process, the parties agree to utilize all good faith efforts to ensure expeditious resolution of any litigation, including participation in expeditious provisional remedies if available.

14. Successors. All of the provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto, provided, however, the Owner's rights and obligations hereunder may only be assigned to a person or entity that has acquired the Property or a portion thereof. Upon transfer of the Property by Owner, the new owner shall automatically become the Owner hereunder and the old Owner shall be released from this Agreement for that portion of the Property that has been transferred.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates written above.

CITY OF PRESCOTT, an Arizona municipal corporation

By: _____
Mayor
Date: _____

ATTESTED TO:

_____
City Clerk

APPROVED BY:

_____
City Attorney

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2009, by _____, in his capacity as Mayor of the City of Prescott, Arizona.

_____
Notary Public

My Commission Expires:

_____

Granite Dells Ranch Holdings, LLC,
an Arizona limited liability company

By: _____
Its: _____
Date: _____

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2009, on behalf of the Granite Dells Ranch Holdings, LLC, by _____, its _____.

_____
Notary Public

My Commission Expires:

_____

List of Exhibits

Exhibit "A" Legal Description of Annexation Property

Exhibit "A-1" Map Depicting Annexation Property

Exhibit "B" Legal Description of TCE Area

Exhibit "B-1" Map Depicting TCE Area

Exhibit "C" Map Depicting 89A ROW & City ROW

Exhibit "C-1" Legal Description of 89A ROW

Exhibit "C-2" Legal Description of City ROW

Exhibit "D" Prop 207 Waiver

Exhibit "E" TCE Easement

Consent of Lienholder

The undersigned ("Lienholder") hereby consents to Owner's entry into the foregoing agreement ("Agreement") and hereby evidences and confirms

(a) its agreement to assume and perform the TCE Easement and dedication obligations described in Section 8 above in the event Lienholder has succeeded Owner in title to the Property at any time prior to full performance of Owner's obligations under the Agreemnt, and

(b) its agreement to subordinate the lien of the Deed of Trust to the rights of the City under the TCE Easement;

provided that other than its undertakings pursuant to clause (a) above, Lienholder is not assuming or otherwise agreeing to be bound by the obligations of Owner hereunder or under any other agreement or instrument related to the Property and to which the Owner and City are or may become parties, absent an express written assumption of such obligations signed by Lienholder; and

provided further, that Lienholder hereby reserves the right and power to approve the final terms, conditions and stipulations imposed upon the Property in connection with any GPA Amendment, Rezoning or Annexation approved pursuant the Agreement to the extent such terms, conditions and stipulations were not contemplated in Owner's related applications to the City, and (2). any development agreement to be entered into in connection therewith completion of the Annexation.

Granite Dells Ranch of Yavapai County, Arizona, Inc., an Arizona corporation

By: _____
Name: _____
Title: _____

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2009, on behalf of Granite Dells Ranch of Yavapai County, Arizona, Inc., an Arizona corporation, by _____, its _____.

_____
Notary Public

My Commission Expires:

Point of Rocks Ranch Company, Inc., an Arizona corporation

By:_____
Name:_____
Title: _____

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2009, on behalf of Point of Rocks Ranch Company, Inc., an Arizona corporation, by _____, its _____.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT "A"

ANNEXATION OF A PORTION OF SECTION 31-15N-1W

A portion of Section 31, Township 15 North, Range 1 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

BEGINNING at an aluminum disk marked "AZTEC ENGINEERING - 2001," at the northeast corner of said Section 31;

THENCE South 00°20'39" West, along the east line of said Section 31, a distance of 5304.59 feet to a 1 inch capped pipe, RLS number 33861 at the southeast corner of said Section 31;

THENCE North 89°36'51" West, along the south line of said Section 31, a distance of 3657.18 feet to a point on the westerly right of way line of Side Road, as described in Book 4545 Official Records, Page 558, Yavapai County Recorders Office;

THENCE North 13°39'12" East, along said westerly right of way line, a distance of 2717.38 feet to a point on the east-west quarter line of said Section 31, as shown in Book 47 Maps and Plats, Page 95, Yavapai County Recorders Office;

THENCE North 89°34'12" West, along the right of way line of said Side Road, a distance of 51.36 feet;

THENCE North 13°39'12" East, along said right of way line of Side Road, a distance of 89.55 feet to a point on the southerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office;

THENCE South 88°46'35" East, along said southerly right of way line, a distance of 102.40 feet;

THENCE North 13°39'12" East, a distance of 562.93 feet to a point on the northerly right of way line of said State Route number 89A;

THENCE along a non-tangential curve, along said northerly right of way line, concave to the south, having a radius of 4275.00 feet, a central angle of 01°22'06", an arc length of 102.09 feet, a chord bearing North 87°58'01" West

and a chord length of 102.09 feet to a point on said westerly right of way line of Side Road;

THENCE North 13°39'12" East, along said westerly right of way line, a distance of 82.54 feet to a point on the westerly abandoned railroad right of way line of the Atchison, Topeka and Santa Fe Railway, also known as the Peavine Trail, as described in Book 4545 Official Records, Page 558, Yavapai County Recorders Office;

THENCE continuing North 13°39'12" East, along said westerly abandoned railroad right of way line, a distance of 488.21 feet;

THENCE along a non-tangential curve, along said westerly abandoned railroad right of way line, concave to the west, having a radius of 615.65 feet, a central angle of 49°03'33", an arc length of 527.15 feet, a chord bearing North 10°49'01" West and a chord length of 511.19 feet;

THENCE North 35°19'36" West, along said westerly abandoned railroad right of way line, a distance of 1138.06 feet;

THENCE North 54°40'24" East, along said westerly abandoned railroad right of way line, a distance of 70.00 feet;

THENCE North 35°20'20" West, along said westerly abandoned railroad right of way line, a distance of 20.79 feet to a point on the north line of said Section 31;

THENCE South 89°21'39" East, along said north line, a distance of 3518.94 feet to the POINT OF BEGINNING.

Containing 16,869,113.01 square feet or 387.26 acres, more or less.

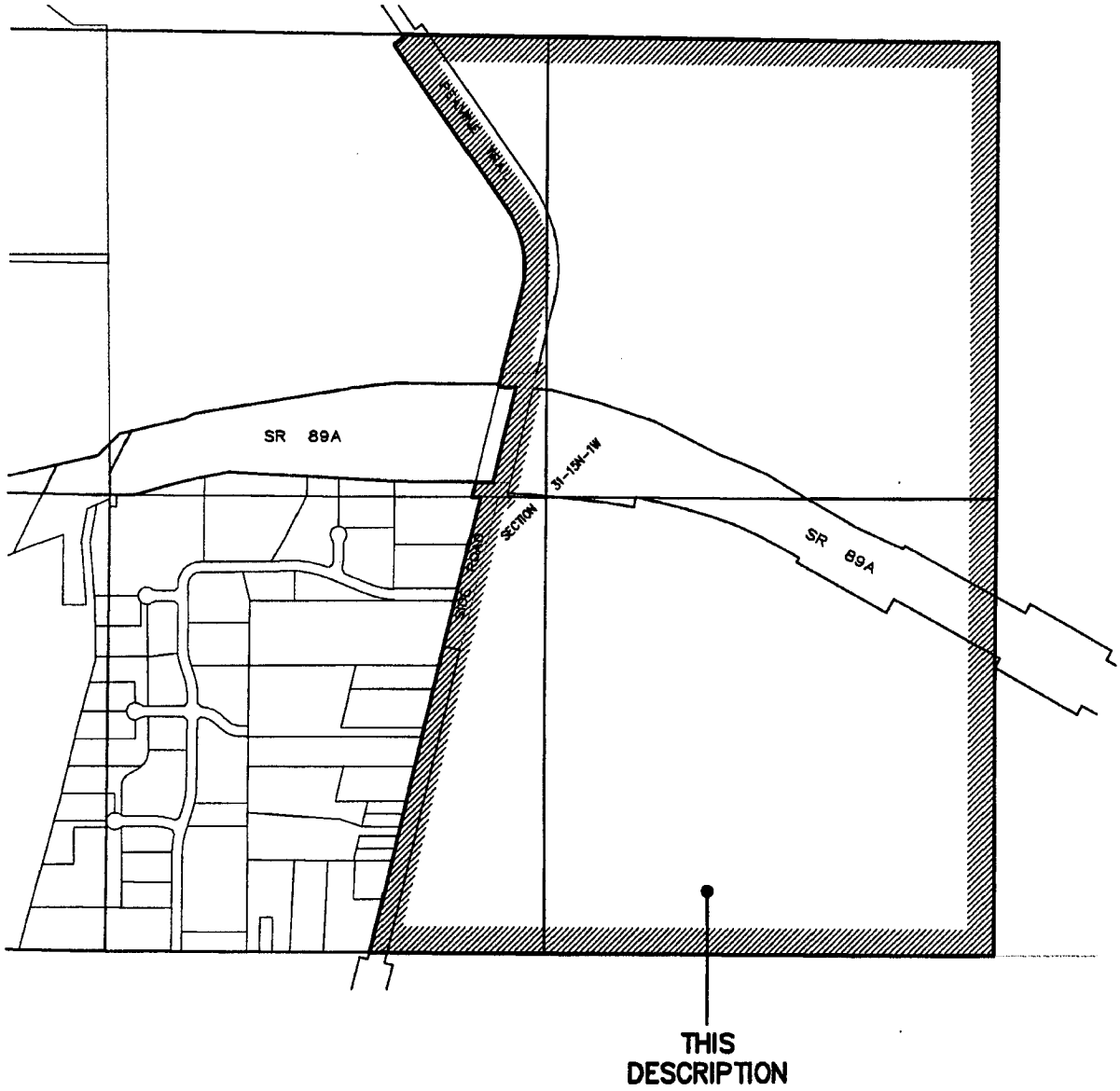
REGISTERED LAND SURVEYOR
CERTIFICATE NO.
46473
JASON
O'BRIEN
Date Signed 12-9-08
ARIZONA, U.S.A.

Expires: 6-30-10

MAP TO ACCOMPANY LEGAL DESCRIPTION

EXHIBIT A-1

ANNEXATION OF A PORTION OF SECTION 31-15N-1W



LE #631-01

EXHIBIT B
Temporary Construction Easement

TCE NORTH

An easement for temporary construction purposes lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence North 00°20'38" East, along the east line of said Section 31, a distance of 2088.55 feet to the northerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office and the TRUE POINT OF BEGINNING;

Thence North 60°42'57" West, along said northerly right of way line, a distance of 599.78 feet;

Thence South 29°30'31" West, along said northerly right of way line, a distance of 21.12 feet;

Thence North 64°54'48" West, along said northerly right of way line, a distance of 300.75 feet;

Thence North 59°38'47" West, along said northerly right of way line, a distance of 611.74 feet;

Thence North 68°10'34" West, along said northerly right of way line, a distance of 336.22 feet;

Thence North 63°36'34" West, along said northerly right of way line, a distance of 395.83 feet;

Thence North 71°41'21" West, along said northerly right of way line, a distance of 355.71 feet;

Thence North 75°51'13" West, along said northerly right of way line, a distance of 205.94 feet;

Thence North 75°58'26" East, a distance of 265.34 feet;

Thence South 50°49'27" East, a distance of 203.07 feet;

Thence North 70°06'45" East, a distance of 1402.14 feet;

Thence North 78°44'24" East, a distance of 717.68 feet;

Thence South 89°39'22" East, a distance of 111.02 feet to the east line of said Section 31;

Thence South 00°20'38" West, along said east line, a distance of 1727.17 feet to the TRUE POINT OF BEGINNING.

Containing 1,998,315.40 square feet or 45.88 acres, more or less.

TCE SOUTH

An easement for temporary construction purposes lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence North 00°20'38" East, along the east line of said Section 31, a distance of 1339.53 feet to the TRUE POINT OF BEGINNING;

Thence North 89°39'22" West, a distance of 325.95 feet;

Thence South 55°57'49" West, a distance of 1118.62 feet;

Thence North 80°45'58" West, a distance of 454.73 feet;

Thence North 34°59'39" West, a distance of 581.58 feet;

Thence North 54°02'26" West, a distance of 1287.31 feet to a point on the easterly right of way line of Side Road, as shown in Book 47 Maps and Plats, Page 95, Yavapai County Recorders Office;

Thence North 13°38'14" East, along said right of way line, a distance of 662.37 feet;

Thence South 89°48'18" East, along said right of way line, a distance of 51.42 feet;

Thence North 13°30'04" East, along said right of way line, a distance of 25.25 feet to the southerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office;

Thence along a non-tangential curve, along said southerly right of way line, concave to the south, having a radius of 3665.00 feet, a central angle of 04°06'13", an arc length of 262.49 feet, a chord bearing South 85°30'01" East and a chord length of 262.43 feet;

Thence along a non-tangential curve, along said southerly right of way line, concave to the south, having a radius of 3840.00 feet, a central angle of 07°18'18", an arc length of 489.59 feet, a chord bearing South 82°52'42" East and a chord length of 489.25 feet;

Thence North 10°54'08" East, along said southerly right of way line, a distance of 60.06 feet;

Thence along a non-tangential curve, along said southerly right of way line, concave to the southwest, having a radius of 3907.88 feet, a central angle of 08°55'42", an arc length of 608.95 feet, a chord bearing South 74°45'10" East and a chord length of 608.34 feet;

Thence along a non-tangential curve, along said southerly right of way line, concave to the southwest, having a radius of 3791.17 feet, a central angle of 05°55'30", an arc length of 392.04 feet, a chord bearing South 63°37'53" East and a chord length of 392.04 feet;

Thence South 60°58'18" East, along said southerly right of way line, a distance of 41.54 feet;

Thence South 29°15'12" West, along said southerly right of way line, a distance of 30.01 feet;

Thence South 60°44'03" East, along said southerly right of way line, a distance of 599.99 feet;

Thence North 29°17'08" East, along said southerly right of way line, a distance of 90.01 feet;

Thence South 60°43'09" East, along said southerly right of way line, a distance of 665.72 feet to the east line of said Section 31;

Thence South 00°20'38" West, along said east line, a distance of 406.20 feet to the TRUE POINT OF BEGINNING.

Containing 3,489,130.03 square feet or 80.10 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
46473
JASON
O'BRIEN
Date Signed 12-17-09
ARIZONA, U.S.A.

Expires 6-30-10

EXHIBIT B1
MAP TO ACCOMPANY
LEGAL DESCRIPTION

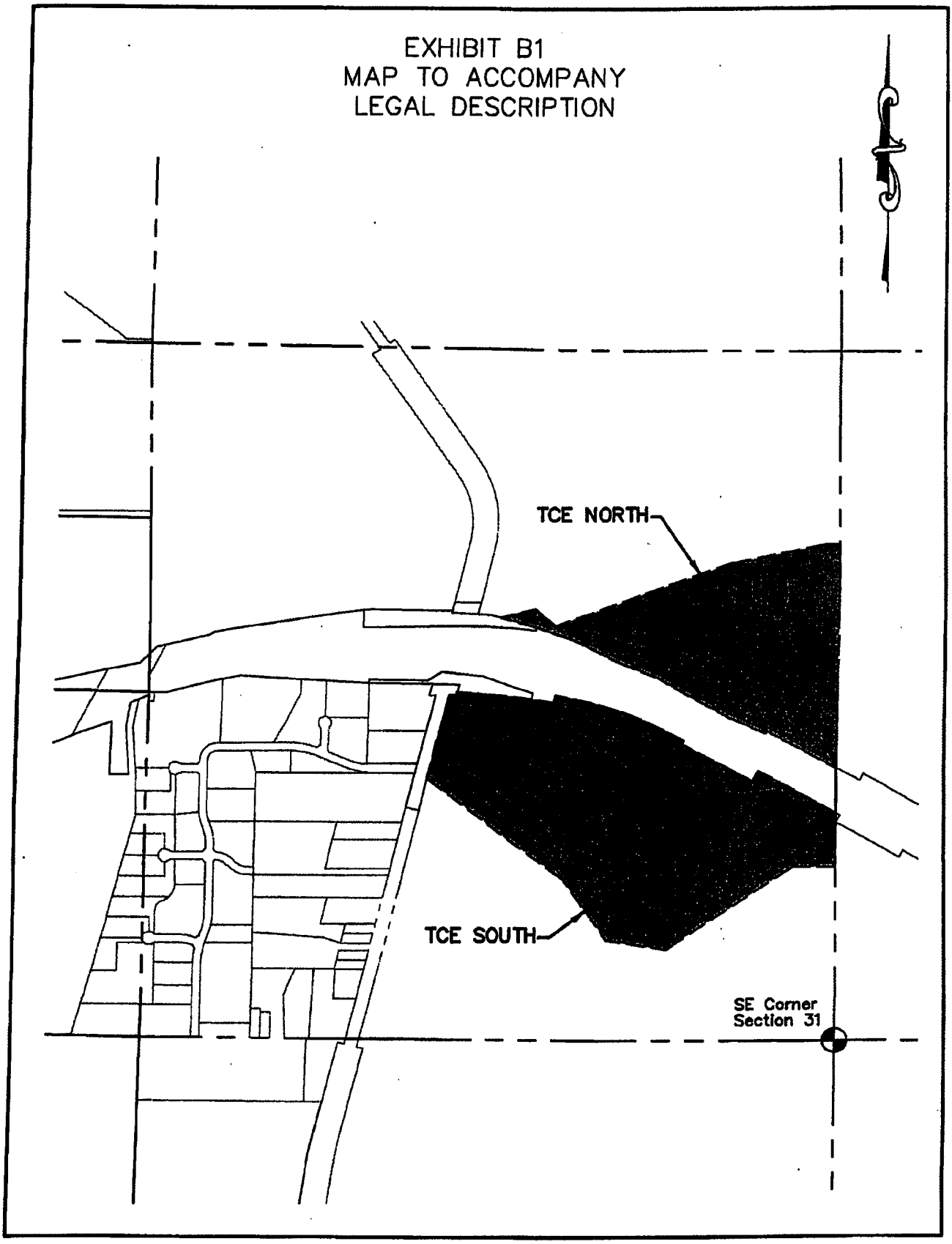


EXHIBIT C
DEDICATION AREA
GRANITE DELLS RANCH

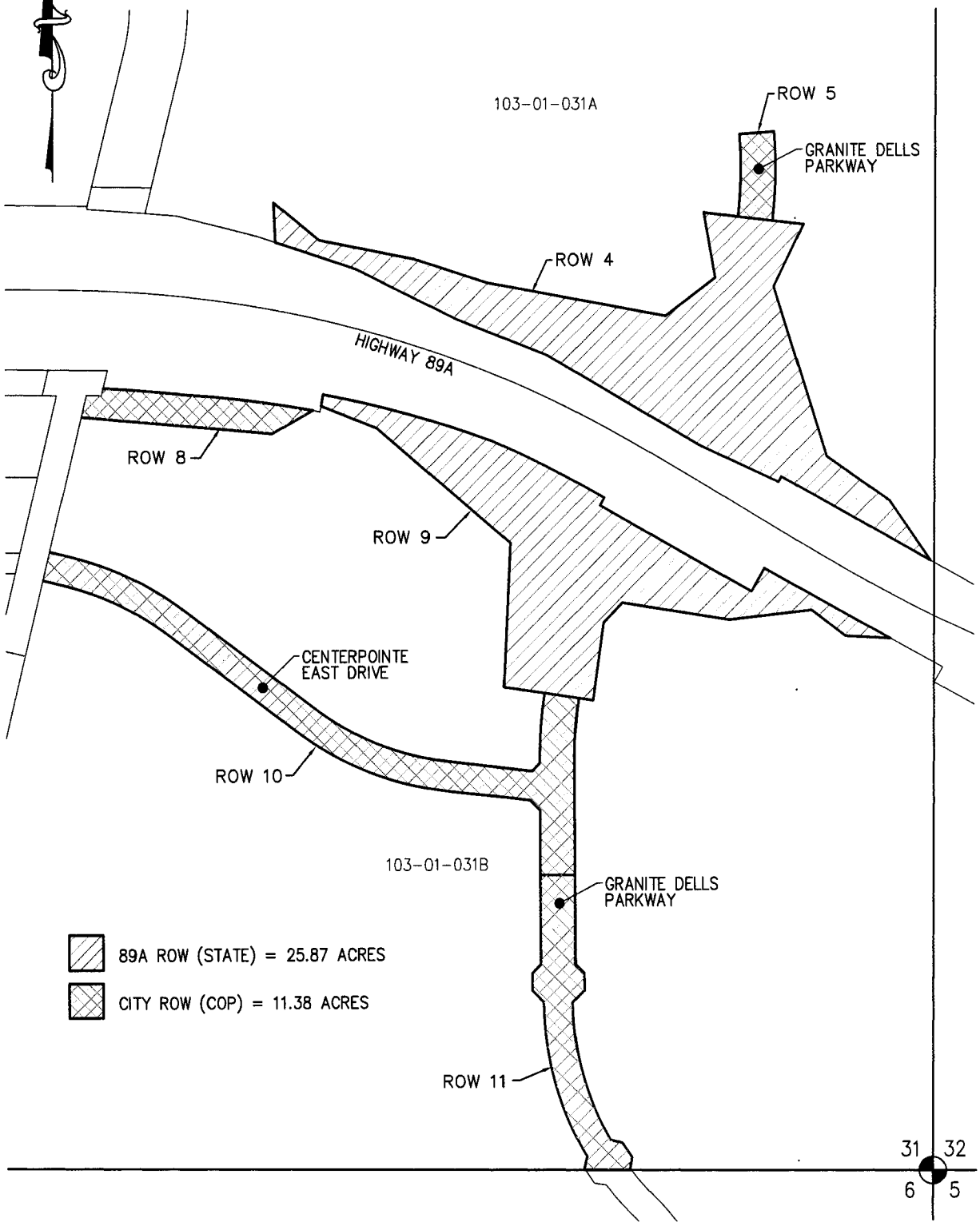


EXHIBIT C-1
89A ROW
LEGAL DESCRIPTIONS

EXHIBIT ROW 4
Arizona Department of Transportation Right of Way

A parcel of land lying within a portion of Section 31, Township 15 North Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the Northeast corner of Section 31 from which the Southeast Corner bears South 00°20'39" West, 5,304.14 feet;

Thence South 00° 20' 39" West, 3,215.92 feet, along the East line of Section 31, to the Northerly Right of Way line of Highway 89A;

Thence North 60° 42' 57" West, 13.95 feet, along said Right of Way, said point also being the **POINT OF BEGINNING;**

Thence North 60° 42' 57" West, 585.84 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 440+00 150 LT;

Thence South 29° 30' 31" West, 21.12 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 440+00 130 LT;

Thence North 64° 54' 48" West, 300.75 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 437+00 106.98 LT;

Thence North 59° 38' 47" West, 611.74 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 431+00 135 LT;

Thence North 68° 10' 34" West, 336.22 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 427+74.65 135 LT;

Thence North 63° 36' 34" West, 395.83 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 424+00 200.98 LT;

Thence North 71° 41' 21" West, 287.03 feet;

Thence North 03° 08' 20" West, 136.42 feet;

Thence South 50° 49' 27" East, 203.07 feet;

Thence South 78° 43' 21" East, 336.59 feet;

Thence South 72° 08' 19" East, 264.49 feet;

Thence South 79° 20' 30" East, 400.12 feet;

Thence South 79° 20' 30" East, 230.30 feet;

Thence North 52° 38' 54" East, 218.01 feet;

Thence North 10° 01' 16" West, 226.72 feet;

Thence South 83° 04' 57" East, 117.94 feet;

Thence South 83° 04' 57" East, 2.00 feet;

Thence South 83° 04' 57" East, 116.04 feet;

Thence South 83° 04' 57" East, 2.00 feet;

Thence South 83° 04' 57" East, 106.31 feet;

Thence South 25° 41' 39" West, 236.12 feet;

Thence South 17° 07' 51" East, 125.31 feet;

Thence South 17° 03' 09" East, 487.21 feet;

Thence South 54° 46' 18" East, 262.17 feet;

Thence South 34° 47' 04" East, 249.44 feet to the **POINT OF BEGINNING;**

Said described parcel contains 628,291 square feet or 14.42 acres, more or less, subject to any and all easements, reservations, restrictions and conveyances of record.

REGISTERED LAND SURVEYOR
CERTIFICATE NO
35138
TIMOTHY P.
O'NON
Date Signed 12/10/08
ARIZONA, U.S.A.

Timothy P. O'Non

EXHIBIT ROW 9
Arizona Department of Transportation Right of Way

A parcel of land lying within a portion of Section 31, Township 15 North Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the Northeast corner of Section 31 from which the Southeast Corner bears South 00°20'39" West, 5,304.14 feet;

Thence South 00° 20' 39" West, 3,215.92 feet, along the East line of Section 31, to a point on the northerly line of the ADOT Right of Way of Highway 89A;

Thence South 60° 42' 57" East, 200.20 feet, along said Right of Way to a found Aluminum Cap in Concrete stamped ADOT STA 448+00 150 LT;

Thence South 29° 17' 28" West, 300.01 feet, to a point on the southerly line of the ADOT Right of Way of Highway 89A;

Thence North 60° 43' 09" West, 206.57 feet, said point also being the **POINT OF BEGINNING;**

Thence North 86° 39' 16" West, 153.84 feet;

Thence North 52° 28' 05" West, 146.07 feet;

Thence South 83° 32' 31" West, 283.93 feet;

Thence North 80° 47' 35" West, 374.45 feet;

Thence South 43° 38' 26" West, 94.54 feet;

Thence South 08° 14' 59" West, 270.94 feet;

Thence North 81° 28' 29" West, 50.02 feet;

Thence North 81° 28' 29" West, 2.00 feet;

Thence North 81° 28' 29" West, 116.04 feet;

Thence North 81° 28' 29" West, 2.00 feet;

Thence North 81° 28' 29" West, 141.77 feet;

Thence North 02° 45' 09" East, 427.87 feet;

Thence North 02° 45' 09" East, 67.61 feet;

Thence North 49° 48' 13" West, 279.63 feet;

Thence North 49° 48' 13" West, 324.65 feet;

Thence North 68° 24' 10" West, 208.25 feet;

Thence North 10° 54' 08" East, 40.05 feet to the beginning of a non-tangential curve;

Thence Southeasterly along said curve 610.07 feet, having a radius of 3901.21 feet, through a central angle 08° 56' 37", and whose chord bears South 74° 45' 10" East, 608.96 feet, also the beginning of a non-tangential curve.

Thence Southeasterly along said curve 392.04 feet , having a radius of 3791.17 feet, through a central angle 05° 55' 30", and whose chord bears South 63° 37' 53" East, 391.87 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 434+58.66 210 RT, also the beginning of a non-tangential curve.

Thence South 60° 58' 18" East, 41.54 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 435+00 210 RT;

Thence South 29° 15' 12" West, 30.01 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 435+00 240 RT;;

Thence South 60° 44' 03" East, 599.99 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 441+00 240 RT;

Thence North 29° 17' 08" East, 90.01 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 441+00 150 RT;

Thence South 60° 43' 09" East a distance of 493.44 feet to the **POINT OF BEGINNING;**

Said described parcel contains 498,937 square feet or 11.45 acres, more or less, subject to any and all easements, reservations, restrictions and conveyances of record.

REGISTERED LAND SURVEYOR
CERTIFICATE NO
35138
TIMOTHY P.
O'NON
Date Signed 11/13/08
ARIZONA U.S.A.

Timothy P. O'Non

Expires: 9/30/09

EXHIBIT C-2
CITY ROW
LEGAL DESCRIPTIONS

EXHIBIT ROW 5
City of Prescott Right of Way

A parcel of land lying within a portion of Section 31, Township 15 North Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the Northeast corner of Section 31 from which the Southeast Corner bears South 00°20'39" West, 5,304.14 feet;

Thence South 00° 20' 39" West, 3,215.92 feet, along the East line of Section 31, to the Northerly Right of Way line of Highway 89A;

Thence North 60° 42' 57" West, 13.95 feet, along said Right of Way;

Thence North 34° 47' 04" West, 249.44 feet;

Thence North 54° 46' 18" West, 262.17 feet;

Thence North 17° 03' 09" West, 487.21 feet;

Thence North 17° 07' 51" West, 125.31 feet;

Thence North 25° 41' 39" East, 236.12 feet;

Thence North 83° 04' 57" West, 106.31 feet;

Thence North 83° 04' 57" West, 2.00 feet, said point also being the **POINT OF BEGINNING;**

Thence North 83° 04' 57" West, 116.04 feet to the beginning of a non-tangential curve said line being radial;

Thence northeasterly 283.68 feet along said curve having a radius of 1,442.45 feet, through a central angle of 11° 16' 05", and whose chord bears North 01° 17' 01" East for, 283.22 feet

Thence, North 85° 38' 58" East, 116.04 feet to the beginning of a non-tangential curve,

Thence southwesterly along a parallel curve 306.50 feet along said curve having a radius of 1,558.48 feet, through a central angle of 11° 16' 05", and whose chord bears South 01° 17' 01" West for, 306.01 feet to the **POINT OF BEGINNING.**

Said described parcel contains 34,241 square feet or 0.79 acres, more or less, subject to any and all easements, reservations, restrictions and conveyances of record.

REGISTERED LAND SURVEYOR
CERTIFICATE NO
35138
TIMOTHY P.
O'NON
Date Signed 11/13/08
ARIZONA, U.S.A.

Timothy P. O'Non

Expires: 9/30/09

EXHIBIT ROW 8
City Of Prescott Right of Way

A parcel of land lying within a portion of Section 31, Township 15 North Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the Northeast corner of Section 31 from which the Southeast Corner bears South 00°20'39" West, 5,304.14 feet;

Thence South 00° 20' 39" West, 3,215.92 feet, along the East line of Section 31, to a point on the northerly line of the ADOT Right of Way of Highway 89A;

Thence South 60° 42' 57" East, 200.20 feet, along said Right of Way to a found Aluminum Cap in Concrete stamped ADOT STA 448+00 150 LT;

Thence South 29° 17' 28" West, 300.01 feet, to a point on the southerly line of the ADOT Right of Way of Highway 89A;

Thence North 60° 43' 09" West, 206.57 feet;

Thence North 60° 43' 09" West, 493.44 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 441+00 150 RT;

Thence South 29° 17' 08" West, 90.01 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 441+00 240 RT;

Thence North 60° 44' 03" West, 599.99 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 435+00 240 RT;

Thence North 29° 15' 12" East, 30.01 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 435+00 210 RT;

Thence North 60° 58' 18" West, 41.54 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 434+58.66 210 RT, to the beginning of a non-tangential curve;

Thence Northwesterly along said curve 392.04 feet , having a radius of 3791.17 feet, through a central angle 05° 55' 30" and whose chord bears North 63° 37' 53" West, 391.87 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 434+58.66 210 RT, to the beginning of a non-tangential curve.

Thence Northwesterly along said curve 608.96 feet, having a radius of 3901.21 feet, through a central angle of 08° 56' 37", and whose chord bears North 74° 45' 10" West, 608.34 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 424+00 247.25 RT, to a point of intersection with a non-tangential line.

Thence South 10° 54' 08" West, 40.05 feet;

Thence South 10° 54' 08" West, 20.01 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 424+03.80 307.15 RT;

Thence Northwesterly along said curve 25.45 feet, having a radius of 3840.00 feet, through a central angle of 00° 22' 47", and whose chord bears North 79° 24' 57" West, 25.45 feet, to a point of intersection with a tangential curve, said point also being the **POINT OF BEGINNING**;

Thence South 60° 58' 46" West, 158.26 feet;

Thence North 85° 02' 32" West, 658.97 feet;

Thence North 13° 38' 14" East, 75.42 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 415+23.98 361.40 RT;

Thence South 89° 48' 18" East, 51.42 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 415+80.43 359.92 RT;

Thence North 13° 30' 04" East, 25.25 feet, to a found Aluminum Cap in Concrete stamped ADOT STA 415+85.85 355 RT to a point of intersection with a non-tangential curve;

Thence Southeasterly along said curve 262.49 feet, having a radius of 3665.00 feet, through a central angle of 04° 06' 13", and whose chord bears South 85° 30' 01" East, 262.43 feet, to a point of intersection with a non-tangential line;

Thence continuing along said curve 314.73 feet, having a radius of 3840.00 feet, through a central angle of 04° 41' 45", and whose chord bears South 84° 10' 58" East, 314.64 feet, to a point of intersection with a non-tangential curve, to a found Aluminum Cap in Concrete stamped ADOT STA 418+72.25 335 RT;

Thence continuing along said curve 149.41 feet, having a radius of 3840.00 feet, through a central angle of 02° 13' 45", and whose chord bears South 80° 43' 13" East, 149.40 feet, to a point of intersection with a tangential curve;

Said described parcel contains 74,173 square feet or 1.70 acres, more or less, subject to any and all easements, reservations, restrictions and conveyances of record.

REGISTERED LAND SURVEYOR
CERTIFICATE NO
35138
TIMOTHY P.
O'NON
Date Signed 12/10/08
ARIZONA U.S.A.

Timothy P. O'Non

EXHIBIT ROW 10
City of Prescott Right of Way

A parcel of land lying within a portion of Section 31, Township 15 North Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the Northeast corner of Section 31 from which the Southeast Corner bears South 00°20'39" West, 5,304.14 feet;

Thence South 00° 20' 39" West, 3,215.92 feet, along the East line of Section 31, to a point on the northerly line of the ADOT Right of Way of Highway 89A;

Thence South 60° 42' 57" East, 200.20 feet, along said Right of Way to a found Aluminum Cap in Concrete stamped ADOT STA 448+00 150 LT;

Thence South 29° 17' 28" West, 300.01 feet, to a point on the southerly line of the ADOT Right of Way of Highway 89A;

Thence North 60° 43' 09" West, 206.57 feet;

Thence North 86° 39' 16" West, 153.84 feet;

Thence North 52° 28' 05" West, 146.07 feet;

Thence South 83° 32' 31" West, 283.93 feet;

Thence North 80° 47' 35" West, 374.45 feet;

Thence South 43° 38' 26" West, 94.54 feet;

Thence South 08° 14' 59" West, 270.94 feet;

Thence North 81° 28' 29" West, 50.02 feet;

Thence North 81° 28' 29" West, 2.00 feet, said point also being the **POINT OF BEGINNING**;

Thence Southwesterly 215.41 feet along said curve, having a radius of 1442.45 feet, through a central angle of 08° 33' 22" and whose chord bears South 04° 14' 50" West 215.21 feet to a point of intersection with a non-tangential line.

Thence North 89° 58' 09" East, 2.00 feet to the beginning of a non-tangential curve,

Thence Southeasterly 2.12 feet along said curve, having a radius of 1440.45 feet, through a central angle of 00° 05' 03" and whose chord bears South 00° 04' 23" East, 2.12 feet to a point of intersection with a non-tangential line.

Thence South 00° 06' 55" East, 388.91 feet;

Thence South 89° 53' 05" West, 120.04 feet;

Thence North 00° 06' 55" West, 222.55 feet;

Thence North 45° 06' 55" West, 48.09 feet;

Thence North 83° 24' 58" West, 300.24 feet to the beginning of a non-tangential curve,

Thence Northwesterly 559.26 feet along said curve, having a radius of 1050.32 feet, through a central angle of 30° 30' 28" and whose chord bears North 68° 09' 44" West, 552.67 feet to a point of intersection with a non-tangential line.

Thence North 52° 54' 30" West, 363.91 feet;

Thence North 52° 54' 30" West, 189.71 feet to the beginning of a curve,

Thence Northwesterly 389.54 feet along said curve, having a radius of 950.29 feet, through a central angle of 23° 29' 11" and whose chord bears North 64° 39' 05" West, 386.82 feet to a point of intersection with a non-tangential line.

Thence North 76° 23' 41" West, 81.06 feet to a point on Yavapai County Right of Way;

Thence North 13° 38' 14" East, 100.03 feet;

Thence South 76° 23' 41" East, 81.00 feet to the beginning of a non-tangential curve,

Thence Northwesterly 430.55 feet along said curve, having a radius of 1050.32 feet, through a central angle of 23° 29' 11" and whose chord bears South 64° 39' 05" East, 427.54 feet to a point of intersection with a non-tangential line.

Thence South 52° 54' 30" East, 169.70 feet;

Thence South 52° 54' 30" East, 383.91 feet to the beginning of a curve,

Thence Southeasterly 506.00 feet along said curve, having a radius of 950.29 feet, through a central angle of 30° 30' 28" and whose chord bears South 68° 09' 44" East, 500.04 feet to a point of intersection with a non-tangential line.

Thence South 83° 24' 58" East, 295.69 feet;

Thence North 44° 53' 05" East, 37.98 feet;

Thence North 00° 06' 55" West, 7.92 feet;

Thence North 89° 58' 09" East, 2.00 feet to the beginning of a non-tangential curve,

Thence Northeasterly 232.73 feet along said curve, having a radius of 1558.48 feet, through a central angle of 08° 33' 22" and whose chord bears North 04° 14' 50" East, 232.52 feet to a point of intersection with a non-tangential line.

Thence South 81° 28' 29" East, 116.04 feet to the **POINT OF BEGINNING**;

Said described parcel contains 264,513 square feet or 6.07 acres, more or less, subject to any and all easements, reservations, restrictions and conveyances of record.

REGISTERED LAND SURVEYOR
CERTIFICATE NO
35138
TIMOTHY P.
O'NON
Date Signed 11/13/08
ARIZONA, U.S.A.

Timothy P. O'Non

Expires: 9/30/09

EXHIBIT ROW 11
City of Prescott Right of Way

A parcel of land lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence, North 89°36'53" West, along the South line of said Section 31, a distance of 1037.76 feet to the TRUE POINT OF BEGINNING;

Thence along a non-tangent curve, concave to the northeast, having a radius of 950.00 feet, a central angle of 00°19'28", an arc length of 5.38 feet, a chord bearing of North 37°44'57" West and a chord length of 5.38 feet;

Thence, North 09°40'30" East, a distance of 41.41 feet;

Thence, North 33°58'05" West, a distance of 60.00 feet;

Thence, North 77°36'39" West, a distance of 41.41 feet;

Thence along a non-tangent curve, concave to the northeast, having a radius of 950.00 feet, a central angle of 30°09'06", an arc length of 499.93 feet, a chord bearing of North 15°16'23" West and a chord length of 494.19 feet;

Thence, North 44°53'05" East, a distance of 56.57 feet;

Thence, North 00°06'55" West, a distance of 60.00 feet;

Thence, North 45°06'55" West, a distance of 42.43 feet;

Thence, North 00°06'55" West, a distance of 304.06 feet;

Thence, South 89°53'05" West, a distance of 120.00 feet;

Thence, South 00°06'55" East, a distance of 304.06 feet;

Thence, South 44°53'05" West, a distance of 42.43 feet;

Thence, South 00°06'55" East, a distance of 60.00 feet;

Thence, South 45°06'55" East, a distance of 56.57 feet;

Thence along a non-tangent curve, concave to the northeast, having a radius of 1050.00 feet, a central angle of 30°30'15", an arc length of 559.02 feet, a chord bearing of South 15°26'30" East and a chord length of 552.44 feet;

Thence, South 12°15'36" West, a distance of 43.33 feet;

Thence, South 33°58'05" East, a distance of 5.23 feet to a point in the south line of said Section 31;

Thence, South 89°36'53" East, a distance of 159.67 feet to the TRUE POINT OF BEGINNING.

Containing 122,972.79 square feet or 2.82 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
46473
JASON
O'BRIEN
Date Signed 12-9-08
ARIZONA, U.S.A.
Expires: 6-30-10

12/08/08
LE #630-01
Exhibit ROW11.doc

EXHIBIT "D"

CONSENT TO CONDITIONS/WAIVER FOR DIMINUTION OF VALUE

Owner agrees and consents to all conditions imposed by the Prescott City Council, the Prescott Planning and Zoning Commission, and all agencies, officers and employees of the City of Prescott in conjunction with the approval of _____ the "Agreement") and the underlying annexation and re-zoning of the Property, and agrees to and does knowingly waive any and all rights to compensation for diminution in value of the Property pursuant to Arizona Revised Statutes § 12-1134 that may now or in the future exist as a result of the terms and conditions of the Agreement and the underlying annexation and rezoning of the Property by the City, as well as those contained in any subsequent preliminary and final plat or other governmental actions in effectuating such conditions, terms or agreements with respect to the Property. The scope of this waiver is limited to claims for compensation that might otherwise be asserted under A.R.S. Section 12-1134.

EXHIBIT "E"

WHEN RECORDED RETURN TO:

Gregory W. Huber, P.C.
3031 Dollar Mark Way, Suite A
Prescott, Arizona 86305
Attention: Gregory W. Huber

TEMPORARY CONSTRUCTION AND MINING EASEMENT

THIS TEMPORARY CONSTRUCTION AND MINING EASEMENT ("Easement Agreement") is made as of the _____ day of _____, 2009 by and between **GRANITE DELLS RANCH HOLDINGS, L.L.C.**, an Arizona limited liability company ("**Grantor**") and **THE CITY OF PRESCOTT,** an Arizona municipal corporation ("**Grantee**") (collectively, the "**Parties**" or "**parties**").

RECITALS:

A. Grantor is the owner of that certain real property located in Yavapai County, Arizona, more particularly described and depicted on **Exhibit A** attached hereto (the "**TCE Parcel**"). The TCE Parcel is encumbered by a Deed of Trust in favor of the lienholder identified in the Consent and Subordination appearing at the end of this Easement Agreement ("**Lienholder**"). Lienholder is intended by the parties to be a third party beneficiary of this Easement Agreement.

B. Pursuant to that certain Procedural Pre-Annexation Agreement and Agreement To Dedicate dated _____, 2008 and recorded on _____, 2008 in Book ___, Page___ of the Official Records of Yavapai County, Arizona (the "**Pre-Annexation Agreement**"), Grantor has agreed to make available to Grantee the TCE Parcel for purposes of (1) access over and across that portion of the TCE Parcel for the convenience of Grantee and its contractors and agents in the construction of the Highway 89A/ Granite Dells Parkway interchange, the southerly extension of Granite Dells Parkway and the easterly extension of Centerpointe Drive East as generally depicted on the map appearing as **Exhibit B** attached hereto (the "**Interchange**"), and (2) for the mining, extraction and export of fill dirt and aggregate from those portions of the TCE Parcel legally described and depicted as the "Borrow Areas" on **Exhibit C** attached hereto (the **"Borrow Areas"**) for the Grantee's use in constructing the Interchange (the "**Extraction Activities**"). Capitalized terms used in this Easement Agreement and not otherwise defined shall have the meaning stated in the Pre-Annexation Agreement. The TCE Parcel and the Borrow Areas are sometimes referred to herein collectively as the **"TCE Parcel"**.

NOW, THEREFORE, in consideration of the premises above and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, covenant and agree for themselves and their successors and assigns as follows:

1. **Grant of Easements.** Grantor grants to Grantee, for the use and benefit of the Grantee,

and its employees, agents, contractors, subcontractors, invitees and licensees: (a) a non-exclusive temporary construction easement in, on, over, through, and across the TCE Parcel, for use in the construction of the Interchange and for temporary storage of construction vehicles, equipments and materials during the course of such construction (the "**TC Easement**"), together with (b) a temporary, non-exclusive easement in, on, over, through and across the Borrow Areas for the purpose of mining and extracting from the Grantor Property fill dirt and aggregate and the transportation of such fill dirt and aggregate to the Interchange for use in the completion thereof (the "**Mining Easement**"); in both instances, subject to the Grantee's continuing strict adherence to the terms, conditions and requirements of this Easement Agreement.

2. **Grantee's Use of TCE Parcel Generally.** Grantee's use of the TCE Parcel in exercising its rights under the TC Easement and the Mining Easement is subject to the following:

(a) **Legal Compliance.** Grantee shall comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations and orders, whether currently in effect, or effective after commencement of the term of this Easement Agreement and pertaining to its activities on the TCE Parcel. Specifically, Grantee shall comply with all applicable federal, state, and local laws, regulations, and permit requirements related to (i) Grantee's operations under this Agreement; (ii) wells, reservoirs, canals, ditches, washes, and streams; (iii) production, use, and storage of water; and (iv) environmental matters. Grantee shall immediately notify Grantor and, at Grantee's sole expense, promptly commence the remediation of any release or spill of a Hazardous Substance on the Easement Agreement to the satisfaction of Grantor and any interested governmental authority. As used herein, "Hazardous Substance" shall mean, without limitation, any flammable, explosive, corrosive, or ignitable material, characteristic waste, listed waste, solid waste, sludge, radon, radioactive material, asbestos, polychlorinated biphenyls, petroleum and petroleum-based wastes, methane gas, hazardous materials, hazardous wastes, hazardous or toxic substances or, related materials, mixtures or derivatives having the same or similar characteristics and effects, as defined in, listed under, or regulated by any federal, state, or local environmental statutes, ordinances, laws or regulations, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 *et seq.*), the Emergency Planning and Community Right to Know Act (42 U.S.C. § 11001 *et seq.*), the Resource, Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Clean Water Act (33 U.S.C. § 1251 *et seq.*), and the Safe Drinking Water Act (42 U.S.C. § 300f *et seq.*), including all amendments, modifications, and successor legislation thereto.

(b) **Licenses and Permits.** Prior to initiating the operations contemplated by this Agreement, Grantee shall, at its sole cost and expense, acquire all licenses, permits, and other governmental approvals necessary to conduct the activities and operations hereunder, including, but not limited to, any required federal, state, and local permits with respect to air and water quality, reservations contained in any patent from the United States of America or the State of Arizona, or mineral materials under the jurisdiction of the U.S. Department of the Interior. Grantee shall be solely responsible for all royalties (if any), costs, expenses, and fees associated with any such licenses, permits, and other approvals. In connection with this Agreement, Grantee shall promptly provide to Grantor and Lienholder copies of all submittals to, and all licenses, permits, and other approvals from, governmental authorities.

(c) **Safety.** Grantee shall maintain all areas of operation, equipment, facilities, and storage areas in a reasonable and workmanlike manner in accordance with good construction and mining standards. Grantee shall take such other precautions as may be reasonably necessary in the industry to safeguard its activities and operations on the TCE Parcel and to prevent the occurrence of bodily harm and damage to property.

(d) **Dust Control.** Grantee shall use its best efforts to control dust on the TCE Parcel in commercially reasonable manner.

(e) **Flood Control; Water Quality.** To the extent related to Grantee's Extraction Activities on the TCE Parcel, Grantee shall be responsible for satisfying all federal, state, and local flood control requirements for the Borrow Areas and implementing additional measures to satisfy such rules and requirements. Grantee shall have no such responsibility with respect to flood control matters other than those caused by or relating to actions or inactions of Grantee. Grantee shall ensure that its activities and operations are carried out in manner that minimizes flood risk. Sediment release due to mining operations shall be minimized to mitigate downstream impact and any adverse impacts on water quality.

(f) **Reclamation Requirements.** Grantee shall be responsible for satisfying all federal, state, and local reclamation requirements including, without limitation, the requirements of Title 27 of the Arizona Revised Statutes, relating to all aggregate mining activities and operations on the TCE Parcel. Such obligations of Grantee shall include, without limitation, compliance with A.R.S. Title 27 regarding (i) filing all necessary plans of reclamation (and required updates thereto) with the Office of the Arizona State Mine Inspector, and providing Grantee with a copy of all items so filed; (ii) satisfaction of all reclamation requirements under all applicable laws; and (iii) financial assurances related to reclamation.

(g) **Waste.** Other than as provided herein, Grantee shall not harm, damage or destroy the TCE Parcel, commit waste, create nuisance, nor commit or allow any act that would injure the TCE Parcel. Grantee shall not cause or permit any hazardous or toxic materials or substances to be brought upon, stored, kept, used or discharged on or about the TCE Parcel, except in compliance with all applicable laws, rules, statutes and regulations.

(h) **No Unreasonable Interference.** Grantee shall conduct its mining and construction activities in such a way as to not unreasonably interfere with use of the TCE Parcel by Grantor. Grantor and Lienholder shall have the right to access the TCE Parcel at any time, provided they do not unreasonably interfere with the Grantee's mining and construction activities.

(i) **Right of Inspection.** Upon twenty-four (24) hours prior notice to Grantee, Grantor or Lienholder, or their authorized representatives (and if requested by Grantee, accompanied by an employee of Grantee) shall have the right, but not the obligation, to observe and inspect Grantee's activities and operations on the TCE Parcel during normal business hours, or at such other times with the consent of Grantee, which consent shall not be unreasonably withheld, provided that Grantor or Lienholder or their representatives shall comply with all safety-related requirements of the Mine Safety Health Administration and Grantee's rules and policies, and provided that Grantor and Lienholder and their authorized representative may not

conduct any inspection in a manner that interferes with or disrupts Grantee's operations on the TCE Parcel. Any such inspection shall be made by Grantor or Lienholder or their representatives at their sole risk.

(j) **Liens.** Grantee shall keep the TCE Parcel free and clear of all liens and encumbrances for labor done or work performed and for materials furnished in connection with all of Grantee's operations on the TCE Parcel.

(k) **Taxes.** Grantee shall be responsible for, and shall indemnify and hold Grantor and Lienholder harmless for, from, and against, any and all taxes and assessments attributable to Grantee's personal property situated on the TCE Parcel, and all gross proceeds taxes, privilege taxes, sales taxes, or like taxes now or hereafter levied or assessed by the United States, the State of Arizona, any municipal corporation, or any subdivision or instrumentality thereof, with respect to Grantee's property and operations situated or conducted on the TCE Parcel.

(l) **Records and Reports.** Grantee shall establish and maintain in the manner and for the term required by law, all records of exploration, development, excavation, processing, and refining activities and operations on the TCE Parcel, and shall provide access to such records to Owner and Lienholder upon five (5) business days prior written notice.

3. **Grantee's Rights And Obligations Under TC Easement.**

(a) **Scope of Grantee's Rights.** Grantee's activities under the TC Easement shall be limited to (a) any investigations, surveying and similar activities conducted within the TCE Parcel in connection with planning the construction of the Interchange, (b) construction activities pertaining to the Interchange, including without limitation installation of the Interchange Improvements within the TCE Parcel, (c) stabilization of disturbed areas, and (d) the temporary storage of construction vehicles, equipments and materials during the course of such construction.

(b) **Grantee's General Obligations.** Prior to commencement of any operation within the TCE Parcel, and at all times during the continuation of Grantee activities within the TCE Parcel, Grantee shall have secured and shall continuously maintain in force all insurance required pursuant to Section 8 hereof, and all licenses, permits, and other governmental approvals required with respect to the Grantee's activities within the TCE Parcel, including without limitation those licenses, permits and approvals required pursuant to Sections 2(a) and(b) hereof or any other provision of this Easement Agreement.

4. **Grantee's Rights And Obligations Under Mining Easement.**

(a) **Scope of Grantee's Rights.** Grantee's activities under the Mining Easement shall be limited to (a) any investigations, surveying and similar activities conducted within the Borrow Areas in connection with planning the mining operations or the rough grading operations to be conducted pursuant to sub-paragraph 4(c) below, and (b) activities pertaining to the purposes of the Mining Easement.

(b) **Grantee's General Obligations.** Prior to commencement of any operation within the Borrow Areas, and at all times during the continuation of Grantee activities within the

Borrow Areas, Grantee shall have secured and shall continuously maintain in force all insurance required pursuant to Section 8 hereof, and all licenses, permits, and other governmental approvals required with respect to the Grantee's activities within the Borrow Areas, including without limitation those licenses, permits and approvals required pursuant to Sections 2(a) and 2(b) hereof or any other provision of this Easement Agreement.

(c) **Mining and Finish Plan.**

(i) **Mining And Finish Plan.** As part of the Grantee's final contracting process with the contractor or contractors engaged to construct the Interchange Improvements, the contract documents shall include an agreed-to plan for the Extraction Activities within the Borrow Areas (the "**Mining And Finish Plan**") which (A) identifies in detail those areas within each of the Borrow Areas where actual Extraction Activities shall occur (each, an "**Extraction Area**"), (B) stipulates the approximate volume of fill dirt and aggregate to be removed from each such Extraction Area, and (C) stipulates the finished grade to be provided by Grantee within each Borrow Area following completion of the Extraction Activities, which in no event shall be lower than the minimum finish elevation stipulated on **Exhibit "B"** with respect to each such Borrow Area ("**Finished Area Grading Specifications**"). Grantee shall provide Grantor prior notice of, and the opportunity to participate in, all meetings with Grantee's contractor(s) regarding development of the Mining And Finish Plan.

(ii) **Activities Within Extraction Areas.** Grantee's activities on each extraction Area shall be in substantial conformance with the Mining And Finish Plan and in accordance with the City of Prescott Construction Site Erosion and Sediment Control (COP-CSESC) Ordinance and the Arizona Department of Transportation (ADOT) Statewide Permit under the Arizona Pollutant Discharge Elimination System (APDES) Program and satisfy all re-vegetation/remediation requirements in accordance with the Mining And Finish Plan (each a **"Finished Area")**, and in accordance with the COP-CSESC ordinance and the ADOT Statewide Permit under the APDES program and give written notice of each completion to Grantor and Lienholder (each a **"Completion Notice").**

(iii) **Objection Notice.** From its receipt of a Completion Notice, Grantor and Lienholder shall have fifteen (15) business days in which to inspect each such Finished Area, to acknowledge each Finished Area's compliance with the Mining And Finish Plan, and to accept the Finished Area and its condition, which acknowledgement and acceptance shall not be unreasonably withheld. If neither Grantor or Lienholder have provided to Grantee a written objection (each a **"Finished Area Objection"**) to the subject Finished Area's compliance with the Mining And Finish Plan within such 15 business day period, Grantor and Lienholder shall be deemed to have acknowledged such Finished Area's compliance with the finish specifications in the Mining And Finish Plan and to have accepted the same.

(iv) **Reasonable Correction of Finished Area Defects.** Upon Grantee's receipt of each Finished Area Objection, Grantee shall use its reasonable and best efforts to correct any and all identified grading defects in the subject Finished Area.

5. **Term**. The term of the TC Easement and Mining Easement shall commence upon the date of recordation of this instrument in the official records of Yavapai County, Arizona, and shall terminate as and when provided in Section 6 below.

6. **Termination of Easement Agreement.** This Easement Agreement and the TC Easement and Mining Easement may be terminated by Grantor by recordation of a written notice of termination if the City has not commenced construction of the Interchange Improvements by _____, 2009. Absent a termination pursuant to the preceding sentence, this Easement Agreement shall terminate upon the earlier to occur of (a) completion of the Interchange, as evidenced by the opening of the Interchange to public traffic, or (b) June 30, 2011. Upon written request by Grantor or Lienholder at any time following such completion or other termination, Grantee will execute and acknowledge a termination of this Easement Agreement for recordation in the Yavapai County records; provided, however that such termination shall be exclusive to the Grantee's rights of access and use established hereunder, and shall in no way cause termination of any rights that Grantor or Lienholder may have against Grantee with respect to the Grantee's indemnity obligations hereunder.

7. **No Public Rights.** Nothing in this Easement Agreement is intended to create, nor shall be deemed or construed to create, any rights in the general public to use the TCE Parcel.

8. **Grantee Insurance Requirements.** Prior to commencing any mining, excavation and/or construction activities on the TCE Parcel, and continuing thereafter through the end of the term hereof, Grantee shall secure and continuously maintain and keep in force and effect: Commercial General Liability Insurance, including provisions for property damage and personal injury coverage, with a broad form of comprehensive general liability endorsement of single limits of no less than Five Million and No/100 Dollars ($5,000,000.00) per occurrence, for bodily injury, death, personal liability, and property damage liability on an occurrence and not a claims-made basis.

In connection with the acquired insurance required under this Easement Agreement, Grantee shall:

(1) purchase policies of insurance that shall include each of Grantor and Lienholder as an "Additional Insured";

(2) deliver to Grantor and Lienholder a current Certificate of Insurance for all insurance carried by Grantee as required by or in connection with this Agreement;

(3) purchase policies of insurance that require that the carrier not modify or terminate any coverage without thirty (30) days prior written notice to Grantor and Lienholder;

(4) be responsible for paying any premiums, deductibles, or any other expenses associated with such coverage; and

(5) carry insurance only with highly rated, reliable companies authorized to do business in the State of Arizona.

9. **Grantee General Indemnity.** Grantee shall fully indemnify, defend and hold Grantor

and Lienholder (and their successors and assigns) harmless for, from and against any and all claims, fines, penalties, actions, suits, proceedings, costs, expenses, losses, damages, judgments and liabilities, including reasonable attorneys' fees, which arise out of or are incurred in connection with the use of the TCE Parcel by Grantee (and its employees, contractors, agents, representatives, guests, invitees, tenants, licensees, visitors, successors and assigns), including, but not limited to any breach of any of the covenants set forth in Sections 2, 3 and 4 of this Easement Agreement and liabilities arising from claims of personal injury, wrongful death or property damage unless caused by or attributable to the negligence or wrongful act of Grantor or Lienholder, or their respective employees, contractors, affiliates, officers, directors, agents, or representatives. Grantee's obligations under this Section 9 shall continue in full force and effect regardless of termination of the Easement Agreement and shall not be limited by any insurance maintained hereunder. Grantee acknowledges that by virtue of its status as a third-party beneficiary of this Easement Agreement and its continuing interest in the Property, Lienholder shall have the right to independently enforce full performance of Grantee's obligations under this Agreement and the foregoing indemnity, regardless of whether or not it has acquired title to the TCE Parcel.

10. **Further Instruments.** Grantee and Grantor, at the request of the other party, shall promptly execute and deliver such additional documents or instruments as the other party shall reasonably request to carry out the intent and terms of this Easement Agreement.

11. **Waiver.** The waiver by any party of any right granted to it in this Easement Agreement shall not be deemed to be a waiver of any other right granted in this Easement Agreement, nor shall same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived.

12. **Attorneys' Fees.** The prevailing party in any litigation arising out of this Easement Agreement shall be entitled to the recovery of its reasonable attorneys' fees, expert witness fees, litigation related expenses, and court costs in such litigation or proceeding from the other party.

13. **Entire Agreement.** This Easement Agreement, together with any exhibits attached hereto, and together with the Pre-Annexation Agreement, is intended to be and constitutes the entire agreement between the parties with respect to the matters stated herein as of the date of execution and it may be amended only as provided herein. Evidence of prior negotiations or understandings between the parties shall not vary or contradict the provisions of this Easement Agreement.

14. **Notices.** All notices shall be in writing and delivered as provided in the Pre-Annexation Agreement.

15. **Headings.** The paragraph headings in this Easement Agreement are inserted for the purpose of reference only and shall not limit, define, or expand the provisions of this Easement Agreement or any one of them.

16. **Governing Law; Venue.** This Easement Agreement and any documents executed in connection with or pursuant to this Easement Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. Grantor and Grantee agree that the proper

venue for any legal proceedings arising out of this Easement Agreement shall be Yavapai County, Arizona.

17. **Not Partners.** Neither this Easement Agreement, nor any other agreement referred to herein or entered into in connection herewith, and no activity of Grantor or Grantee in connection with this transaction shall constitute Grantor and Grantee as partners or joint venturers for any purposes whatsoever.

18. **Counterparts.** This Easement Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall together constitute one and the same instrument.

19. **Construction.** This Easement Agreement is the result of negotiations between the parties and accordingly shall not be construed for or against either party regardless of which party drafted this Easement Agreement.

20. **Non-Waiver.** No delay or failure by either party to exercise any right under this Easement Agreement and no partial or single exercise of that right shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

21. **Assignment.** Grantee, its successors and assigns as permitted in this Section, may assign its rights hereunder, in full, and delegate its obligations hereunder, in full, only to the licensed general contractor responsible for the construction of the Interchange. Immediately following an assignment hereunder, the assigning party shall provide notice to Grantor and Lienholder, along with a copy of the agreement under which the assignee assumes the obligations of Grantee hereunder. No such assignment and assumption (whether by the City or an intervening contractor), shall have the effect of releasing the City (or intervening contractor) from its obligations hereunder, including without limitation the indemnity obligations set forth in Section 9 hereof. Other than as stated herein, neither party shall assign all or any portion of its rights and or delegate its obligations under this Easement Agreement without the other party's prior written consent, which consent may not be unreasonably withheld, delayed or conditioned.

22. **Binding Effect; Enforcement.** As to the TC Easement and the Mining Easement, this Easement Agreement shall run with the land, shall be a burden upon the TCE Parcel and every part thereof, and shall be binding upon and enforceable against Grantor and any person or entity having any interest in the TCE Parcel, or any part thereof. This Easement Agreement shall inure to the benefit of Grantor, and any person or entity having any interest in the TCE Parcel or any part thereof, shall run to the benefit of the TCE Parcel and every part thereof, and shall be enforceable by Grantor and any person or entity having an interest in the TCE Parcel. Without limiting the foregoing, all persons or entities that hold fee title to the TCE Parcel or any portion thereof shall be subject to, bound by and benefited by the provisions of this Easement Agreement, without any requirement that the rights and obligations of the Grantor must be assigned and delegated to or assumed by such person or entity.

23. **NO REPRESENTATIONS OR WARRANTIES REGARDING QUALITY OR QUANTITIES OF FILL DIRT OR AGGREGATE.** GRANTEE ACKNOWLEDGES THAT GRANTOR HAS MADE NO REPRESENTATIONS OR WARRANTIES REGARDING THE

QUANTITIES OF FILL DIRT AND AGGREGATE AVAILABLE WITHIN THE BORROW AREAS, OR AS TO WHETHER SUCH MATERIALS WOULD MEET THE STANDARDS REQUIRED FOR INCORPORATION INTO THE CONSTRUCTION OF THE INTERCHANGE. GRANTEE COVENANTS AND AGREES THAT IN ADVERTISING THE INTERCHANGE CONSTRUCTION PROJECT FOR BIDS, A COPY OF THIS AGREEMENT SHALL BE INCLUDED IN ALL BID PACKAGES PROVIDED TO PROSPECTIVE BIDDERS, TOGETHER WITH AN EXPRESS DISCLAIMER OF ANY REPRESENTATIONS OR WARRANTIES AS TO AVAILABLE QUANTITIES OR QUALITY OF MATERIALS THAT MAY BE AVAILABLE FROM THE BORROW AREAS HEREUNDER.

_____

Grantee's Initial

IN WITNESS WHEREOF, this Easement Agreement is executed as of the day and year first above written.

GRANTEE:

CITY OF PRESCOTT,
an Arizona municipal corporation

By:_____

_____

Its:_____

Date:_____, 2009

Attest:

_____
City Clerk

Approved as to form:

_____
City Attorney

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, by _____, in his capacity as Mayor of the City of Prescott, Arizona.

_____
Notary Public

My Commission Expires:

_____

GRANTOR:

GRANITE DELLS RANCH HOLDINGS, LLC,
an Arizona limited liability company

By: _____

Its: _____

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2009, on behalf of the Granite Dells Ranch Holdings, LLC, by _____, its _____.

_____
Notary Public

My Commission Expires:

_____

Consent & Subordination of Lienholder

Granite Dells Ranch of Yavapai County, Arizona, Inc., an Arizona corporation and Point of Rocks Ranch Company, Inc., an Arizona corporation (collectively, "Lienholder") are collectively the beneficiary under a Deed of Trust recorded at Book ____, Page __ in the official records of Yavapai County (the "**Deed of Trust**") which encumbers the Grantor Property as security for Grantor's obligations to Lienholder under the documentation pursuant to which Grantor acquired the Grantor Property from Lienholder.

Lienholder hereby consents to the foregoing Easement Agreement and agrees that its rights under the Deed of Trust shall be subordinate to the rights of the Grantee under the Easement Agreement. In furtherance of such subordination, Lienholder acknowledges and agrees that upon its exercise of any remedial rights under the Deed of Trust which result in Lienholder succeeding to the right of possession and/ or control of the Grantor Property, so long as Grantee is in compliance with its obligations under this Easement Agreement, Lienholder shall honor all rights of Grantee under the Easement Agreement.

Notwithstanding the foregoing, nothing herein shall prohibit Lienholder from exercising all rights and remedies available to Grantor under the terms of the Easement Agreement or at law or in equity upon the occurrence and continuation of a default by Grantee in the performance of its obligations under the Easement Agreement.

Lienholder acknowledges that Grantee is relying upon this Consent & Subordination in its entering into the Easement Agreement and commencing construction of the Interchange Improvements within the TCE Area.

Granite Dells Ranch of Yavapai County, Arizona, Inc., an Arizona corporation

By: _____
Name: _____
Title: _____

Point of Rocks Ranch Company, Inc., an Arizona corporation

By: _____
Name: _____
Title: _____

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2008, on behalf of the Granite Dells Ranch of Yavapai County, Arizona, Inc., an Arizona corporation, by _____, its _____.

_____
Notary Public

My Commission Expires:

_____

STATE OF ARIZONA)
) ss.
County of Yavapai)

The foregoing instrument was acknowledged before me this _____ day of _____, 2009, on behalf of the Point of Rocks Ranch Company, Inc., an Arizona corporation, by _____, its _____.

_____
Notary Public

My Commission Expires:

_____

List of Exhibits

A **TCE Parcel**

B **Map Depicting Interchange and Minimum Finish Elevations Within Borrow Areas**

C **Map and Legal Descriptions of Borrow Areas**

EXHIBIT A
Temporary Construction Easement

TCE NORTH

An easement for temporary construction purposes lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence North 00°20'38" East, along the east line of said Section 31, a distance of 2088.55 feet to the northerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office and the TRUE POINT OF BEGINNING;

Thence North 60°42'57" West, along said northerly right of way line, a distance of 599.78 feet;

Thence South 29°30'31" West, along said northerly right of way line, a distance of 21.12 feet;

Thence North 64°54'48" West, along said northerly right of way line, a distance of 300.75 feet;

Thence North 59°38'47" West, along said northerly right of way line, a distance of 611.74 feet;

Thence North 68°10'34" West, along said northerly right of way line, a distance of 336.22 feet;

Thence North 63°36'34" West, along said northerly right of way line, a distance of 395.83 feet;

Thence North 71°41'21" West, along said northerly right of way line, a distance of 355.71 feet;

Thence North 75°51'13" West, along said northerly right of way line, a distance of 205.94 feet;

Thence North 75°58'26" East, a distance of 265.34 feet;

Thence South 50°49'27" East, a distance of 203.07 feet;

Thence North 70°06'45" East, a distance of 1402.14 feet;

Thence North 78°44'24" East, a distance of 717.68 feet;

Thence South 89°39'22" East, a distance of 111.02 feet to the east line of said Section 31;

Thence South 00°20'38" West, along said east line, a distance of 1727.17 feet to the TRUE POINT OF BEGINNING.

Containing 1,998,315.40 square feet or 45.88 acres, more or less.

TCE SOUTH

An easement for temporary construction purposes lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence North 00°20'38" East, along the east line of said Section 31, a distance of 1339.53 feet to the TRUE POINT OF BEGINNING;

Thence North 89°39'22" West, a distance of 325.95 feet;

Thence South 55°57'49" West, a distance of 1118.62 feet;

Thence North 80°45'58" West, a distance of 454.73 feet;

Thence North 34°59'39" West, a distance of 581.58 feet;

Thence North 54°02'26" West, a distance of 1287.31 feet to a point on the easterly right of way line of Side Road, as shown in Book 47 Maps and Plats, Page 95, Yavapai County Recorders Office;

Thence North 13°38'14" East, along said right of way line, a distance of 662.37 feet;

Thence South 89°48'18" East, along said right of way line, a distance of 51.42 feet;

Thence North 13°30'04" East, along said right of way line, a distance of 25.25 feet to the southerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office;

Thence along a non-tangential curve, along said southerly right of way line, concave to the south, having a radius of 3665.00 feet, a central angle of 04°06'13", an arc length of 262.49 feet, a chord bearing South 85°30'01" East and a chord length of 262.43 feet;

Thence along a non-tangential curve, along said southerly right of way line, concave to the south, having a radius of 3840.00 feet, a central angle of 07°18'18", an arc length of 489.59 feet, a chord bearing South 82°52'42" East and a chord length of 489.25 feet;

Thence North 10°54'08" East, along said southerly right of way line, a distance of 60.06 feet;

Thence along a non-tangential curve, along said southerly right of way line, concave to the southwest, having a radius of 3907.88 feet, a central angle of 08°55'42", an arc length of 608.95 feet, a chord bearing South 74°45'10" East and a chord length of 608.34 feet;

Thence along a non-tangential curve, along said southerly right of way line, concave to the southwest, having a radius of 3791.17 feet, a central angle of 05°55'30", an arc length of 392.04 feet, a chord bearing South 63°37'53" East and a chord length of 392.04 feet;

Thence South 60°58'18" East, along said southerly right of way line, a distance of 41.54 feet;

Thence South 29°15'12" West, along said southerly right of way line, a distance of 30.01 feet;

Thence South 60°44'03" East, along said southerly right of way line, a distance of 599.99 feet;

Thence North 29°17'08" East, along said southerly right of way line, a distance of 90.01 feet;

Thence South 60°43'09" East, along said southerly right of way line, a distance of 665.72 feet to the east line of said Section 31;

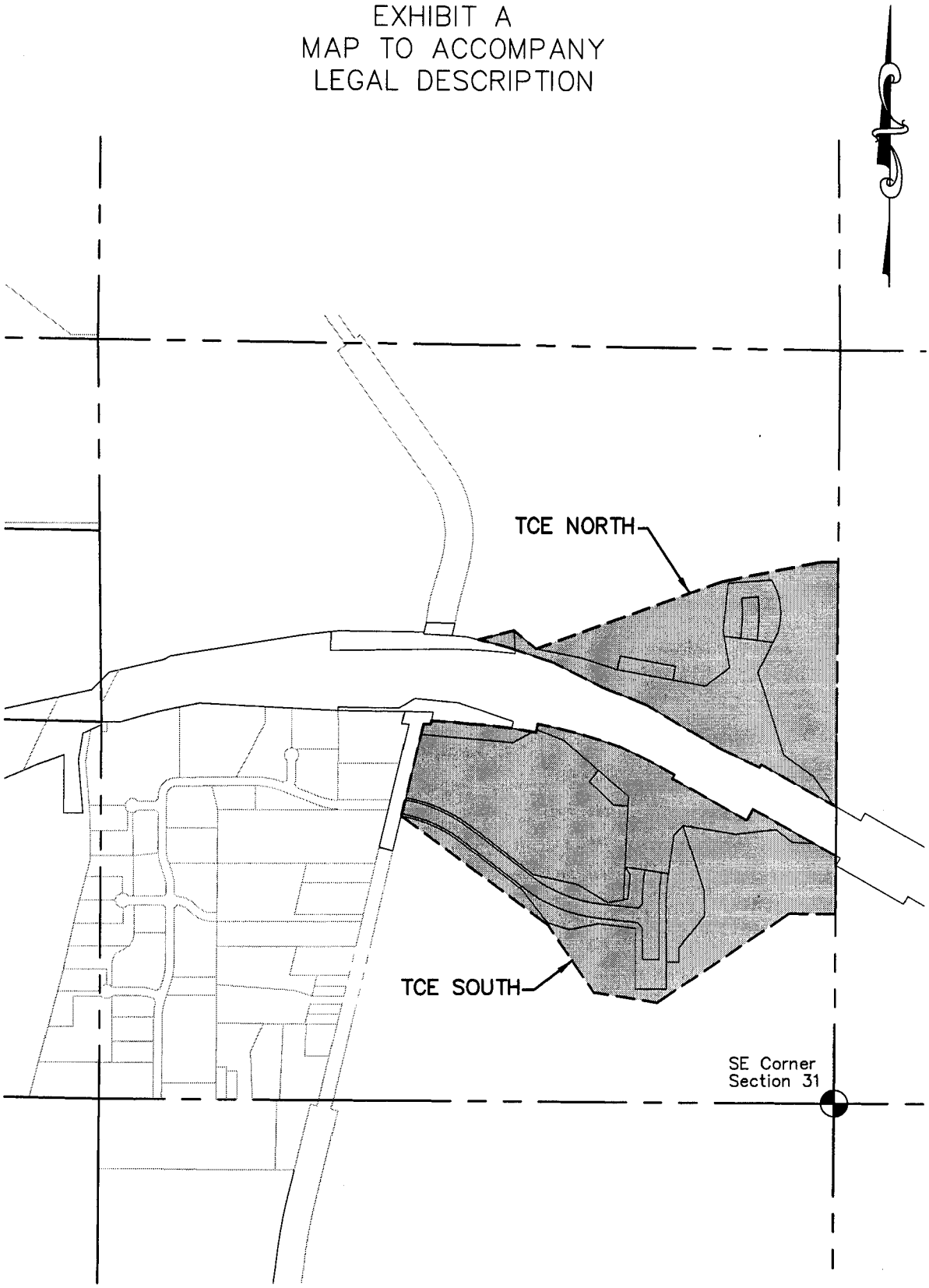
Thence South 00°20'38" West, along said east line, a distance of 406.20 feet to the TRUE POINT OF BEGINNING.

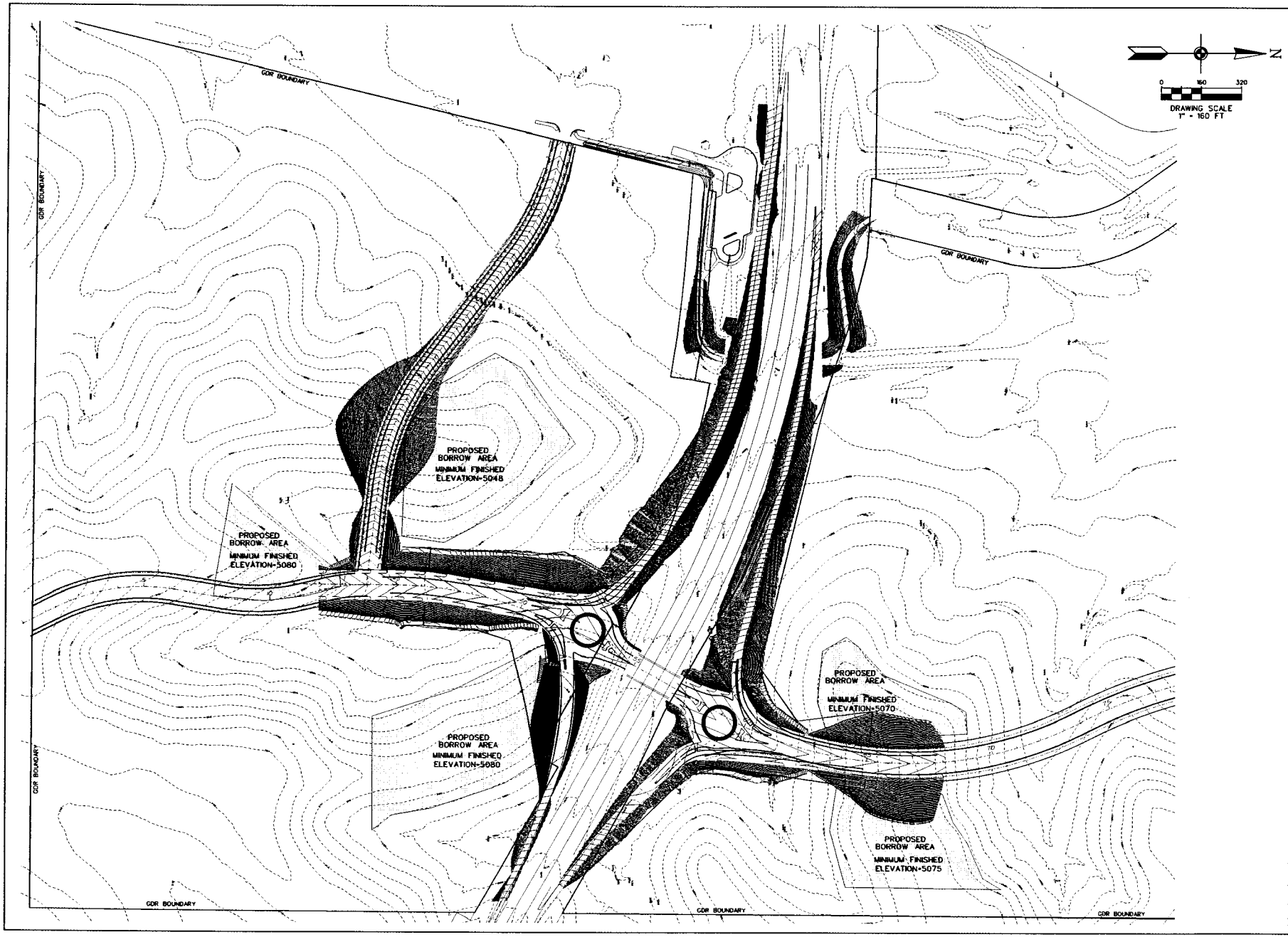
Containing 3,489,130.03 square feet or 80.10 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
48473
JASON
O'BRIEN
Date Signed
ARIZONA, U.S.A.

Expires 6-30-10

EXHIBIT A
MAP TO ACCOMPANY
LEGAL DESCRIPTION





CALL TWO WORKING DAYS BEFORE YOU DIG
BLUESTAKE
DIAL 811

NO.	DATE	REVISIONS

LYON ENGINEERING
Civil Engineers • Land Surveyors
3623 CROSSINGS DRIVE
PRESCOTT, AZ 86305
(928) 776-1750

SHEET DESCRIPTION: EXHIBIT B

PROJECT: GRANITE DELLS RANCH

DRAWN: SAL
DESIGN: XXX
DATE: 9/18/08
JOB NO.: 631-01

FOR EXHIBIT USE ONLY

SHEET NO. 1 OF 1 SHEETS

EXHIBIT C
BORROW N-1
Borrow Area Easement

A borrow area easement lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence North 00°20'38" East, along the east line of said Section 31, a distance of 2088.55 feet to the northerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office;

Thence North 60°42'57" West, along said northerly right of way line, a distance of 13.95 feet;

Thence North 04°55'42" West, a distance of 1111.17 feet;

Thence North 00°38'59" East, a distance of 613.97 feet;

Thence South 78°44'24" West, a distance of 717.68 feet to the TRUE POINT OF BEGINNING;

Thence continuing South 78°44'24" West, a distance of 86.92 feet;

Thence South 29°37'40" West, a distance of 70.43 feet;

Thence South 22°45'49" West, a distance of 275.94 feet;

Thence South 46°54'51" West, a distance of 159.70 feet;

Thence South 39°00'43" West, a distance of 59.00 feet;

Thence South 31°29'15" East, a distance of 108.87 feet;

Thence South 84°09'24" East, a distance of 199.49 feet;

Thence North 73°21'34" East, a distance of 108.41 feet;

Thence North 20°10'14" East, a distance of 30.29 feet;

Thence North 07°43'53" East, a distance of 176.85 feet;

Thence North 00°21'50" West, a distance of 182.79 feet;

Thence North 03°38'28" West, a distance of 183.59 feet to the TRUE POINT OF BEGINNING.

Containing 136,831.21 square feet or 3.14 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
46473
JASON
O'BRIEN
Date Signed 12-18-08
ARIZONA, U.S.A.
Expires: 6-30-10

EXHIBIT C
BORROW N-2
Borrow Area Easement

A borrow area easement lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence North 00°20'38" East, along the east line of said Section 31, a distance of 2088.55 feet to the northerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office;

Thence North 60°42'57" West, along said northerly right of way line, a distance of 13.95 feet;

Thence North 04°55'42" West, a distance of 1111.17 feet to the TRUE POINT OF BEGINNING;

Thence North 00°38'59" East, a distance of 613.97 feet;

Thence South 30°49'40" West, a distance of 83.79 feet;

Thence South 66°03'34" West, a distance of 153.01 feet;

Thence South 56°24'02" West, a distance of 101.71 feet;

Thence South 69°18'57" West, a distance of 121.57 feet;

Thence South 00°43'56" East, a distance of 181.64 feet;

Thence South 06°56'58" West, a distance of 235.00 feet;

Thence South 81°28'09" East, a distance of 176.03 feet;

Thence North 75°04'07" East, a distance of 234.21 feet to the TRUE POINT OF BEGINNING.

Containing 194,869.28 square feet or 4.47 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
46473
JASON
O'BRIEN
Date Signed 12-18-08
ARIZONA, U.S.A.
Expires: 6-30-10

EXHIBIT C
BORROW S-1
Borrow Area Easement

A borrow area easement lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence North 00°20'38" East, along the east line of said Section 31, a distance of 1745.73 feet to the southerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office;

Thence North 60°43'09" West, along said right of way line, a distance of 172.28 feet;

Thence South 20°01'56" West, a distance of 519.96 feet;

Thence South 55°57'49" West, a distance of 1118.62 feet;

Thence North 80°45'58" West, a distance of 454.73 feet;

Thence North 34°59'39" West, a distance of 581.58 feet;

Thence North 54°35'58" East, a distance of 346.53 feet to the TRUE POINT OF BEGINNING;

Thence North 67°23'13" West, a distance of 380.30 feet;

Thence North 30°04'07" West, a distance of 242.05 feet;

Thence North 29°46'45" East, a distance of 120.34 feet;

Thence North 55°00'29" East, a distance of 368.32 feet;

Thence South 43°20'11" East, a distance of 395.71 feet;

Thence South 28°31'41" East, a distance of 257.58 feet;

Thence South 08°17'50" West, a distance of 168.89 feet;

Thence North 87°49'19" West, a distance of 259.57 feet to the TRUE POINT OF BEGINNING.

Containing 314,982.64 square feet or 7.23 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
46473
JASON
O'BRIEN
Date Signed 12-18-08
ARIZONA, U.S.A.
Expires: 6-30-10

EXHIBIT C
BORROW S-2
Borrow Area Easement

A borrow area easement lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence North 00°20'38" East, along the east line of said Section 31, a distance of 1745.73 feet to the southerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office;

Thence North 60°43'09" West, along said right of way line, a distance of 172.28 feet;

Thence South 20°01'56" West, a distance of 519.96 feet;

Thence South 55°57'49" West, a distance of 1118.62 feet to the TRUE POINT OF BEGINNING;

Thence North 80°45'58" West, a distance of 454.73 feet;

Thence North 39°58'27" East, a distance of 553.72 feet;

Thence North 87°21'06" West, a distance of 56.32 feet;

Thence South 14°22'53" East, a distance of 140.18 feet;

Thence South 07°19'35" East, a distance of 163.81 feet;

Thence South 05°20'35" West, a distance of 202.52 feet to the TRUE POINT OF BEGINNING.

Containing 132,157.37 square feet or 3.03 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
46473
JASON
O'BRIEN
Date Signed 12-18-09
ARIZONA, U.S.A.
Expires: 6-30-10

EXHIBIT C
BORROW S-3
Borrow Area Easement

A borrow area easement lying within a portion of Section 31, Township 15 North, Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

(The basis of bearings for this description is South 89°36'53" East as measured between a found USGS brass cap at the Southwest corner of said Section 31 and a found 1" rebar at the Southeast corner of said Section 31.)

Commencing at a found 1" rebar at the Southeast corner of said Section 31;

Thence North 00°20'38" East, along the east line of said Section 31, a distance of 1745.73 feet to the southerly right of way line of State Route number 89A, as shown in Book 40 Maps and Plats, Page 2, Yavapai County Recorders Office;

Thence North 60°43'09" West, along said right of way line, a distance of 172.28 feet;

Thence South 20°01'56" West, a distance of 519.96 feet to the TRUE POINT OF BEGINNING;

Thence North 90°00'00" West, a distance of 451.45 feet;

Thence North 17°59'23" West, a distance of 330.67 feet;

Thence North 26°49'16" West, a distance of 406.39 feet;

Thence North 85°58'18" East, a distance of 82.60 feet;

Thence South 89°48'14" East, a distance of 169.44 feet;

Thence South 79°53'47" East, a distance of 221.62 feet;

Thence South 32°33'29" East, a distance of 146.64 feet;

Thence South 18°57'15" East, a distance of 303.70 feet;

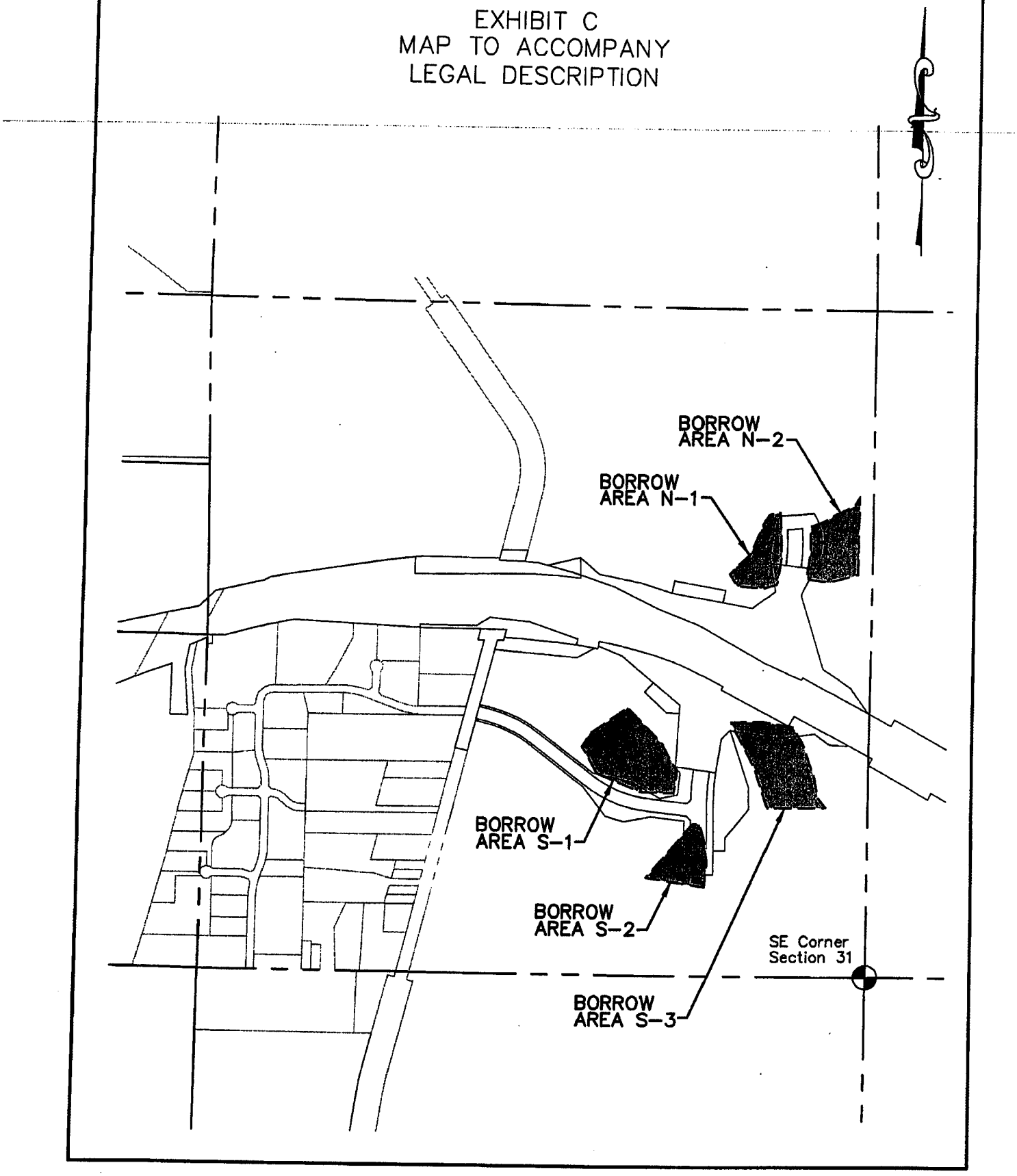
Thence South 10°18'17" East, a distance of 155.70 feet;

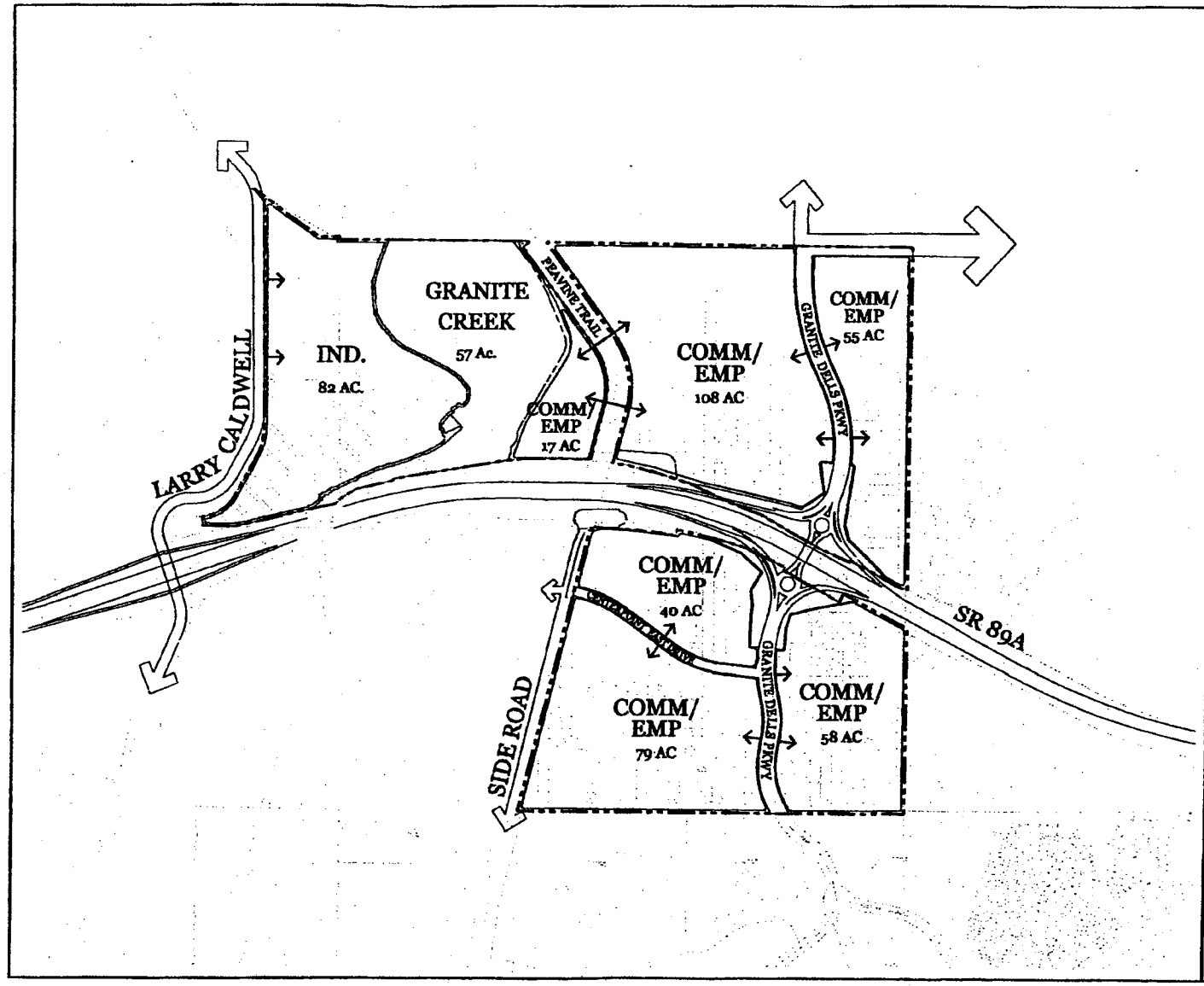
Thence South 37°43'48" East, a distance of 100.51 feet to the TRUE POINT OF BEGINNING.

Containing 299,199.43 square feet or 6.87 acres, more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
46473
JASON
O'BRIEN
Date Signed 12-18-08
ARIZONA, U.S.A.
Expires: 6-30-10

EXHIBIT C
MAP TO ACCOMPANY
LEGAL DESCRIPTION





GRANITE DELLS RANCH, INC.

CITY OF PRESCOTT, ARIZONA

EXHIBIT D

PRELIMINARY DEVELOPMENT PLAN

LEGEND

- INDUSTRIAL LIGHT
- COMMERCIAL/EMPLOYMENT
- OPEN SPACE
- ACCESS POINTS
- PEAVINE TRAIL

NOTES

1. GRANITE CREEK OPEN SPACE IS APPROXIMATE. ACTUAL OPEN SPACE LIMITS WILL BE DETERMINED AT THE TIME OF DEVELOPMENT.
2. GROSS ACERAGE FOR DEVELOPMENT PARCELS ARE APPROXIMATE.

SCALE: 1"=400'

NORTH

DATE: 03-19-08
JOB: 0475
BY: FR
REV: 09-22-08

urban design studio
land planning - landscape architecture

LOCATION MAP