

Pursuant to A.R.S. §38-431.02, notice is hereby given that the Board of Directors of the Villages at Vigneto Revitalization District #2 will hold the following meeting which will be open to the public:

**NOTICE AND AGENDA
FOR MEETING
OF THE BOARD OF DIRECTORS OF
THE VILLAGES AT VIGNETO REVITALIZATION DISTRICT #2**

**Thursday, November 15, 2018
On or about 7:00 p.m. MST
at
The City of Benson Community Center
705 W. Union Street
Benson, Arizona 85602**

Vicki L. Vivian, CMC, District Clerk

Agenda

The Board will consider and may act on any or all of the following items:

1. Call to order
2. Selection of Officers (Chair and Vice Chair) of the Board of Directors
3. Authorization to enter into the Development Agreement with the City of Benson
4. Discussion about a budget for Fiscal Year 2019-2020, and possible direction to the District Treasurer (currently, the City Finance Director) to prepare said budget in accordance
5. Confirmation that the general plan (part of the formation application) is on file with the Clerk, and action to ratify an intent to conduct District activities consistent therewith
6. Discussion about a necessary election for the Board of Directors, including but not limited to:
 - A. the place at which said Election will be held;
 - B. the date of said Election;
 - C. the hours during which polls will be open;
 - D. and discussion of when and where the Notice of Election will be posted
 - E. discussion of date for canvass of Election
 - F. Call of Election and Adoption of Notice of Election
 - G. Discussion and Adoption of form of registration lists, ballots, poll lists, election returns and other election documents
7. Adjournment

POSTED this 13th day of November, 2018

Executive Sessions – Upon a vote of the majority of the Board of Directors, the Board may enter into Executive Sessions pursuant to Arizona Revised Statutes §38-431.03 (A)(3) to obtain legal advice on matters listed on the Agenda.

When recorded, please return to:

City of Benson
120 W. 6th Street
Benson, Arizona 85602
Attention: City Clerk

DEVELOPMENT
AND INTERGOVERNMENTAL AGREEMENT
FOR
THE VILLAGES AT VIGNETO REVITALIZATION DISTRICT NO. 2
(BENSON, ARIZONA)
by and among
CITY OF BENSON, ARIZONA,
THE VILLAGES AT VIGNETO COMMUNITY REVITALIZATION NO. 2
(BENSON, ARIZONA)
and
EL DORADO BENSON LLC

THIS DISTRICT DEVELOPMENT, AND INTERGOVERNMENTAL AGREEMENT (VILLAGES AT VIGNETO REVITALIZATION DISTRICT NO. 2) (“Agreement”), is entered into, effective as of _____, 2017 (the “Effective Date”) by and among the City of Benson, Arizona, a political subdivision of the State of Arizona (“City”), The Villages at Vigneto Revitalization District No. 2, a municipal corporation and political subdivision of the State of Arizona (“District”), and El Dorado Benson LLC, an Arizona limited liability company (“EDB”) (each a “Party” and collectively the “Parties”).

1. Background and Purpose.

- 1.1. The City Council, on _____, 2017, (the “Formation Date”), pursuant to a petition signed by all of the landowners, formed the District under A.R.S. §§ 46-6801 through 48-6819 (the Act”).
- 1.2. The District is comprised of the real property described and depicted in the attached **Exhibit A** (the “Property”).
- 1.3. The Board of Directors of the District (the “District Board”) intends to call an election to authorize the District Board to:
 - A. Annually levy, assess and collect an ad valorem property tax against all taxable property in the District at a rate sufficient to pay debt service on any issued and outstanding Bonds (the “Debt Service Tax”).
 - B. Annually levy, assess and collect an ad valorem property tax at a rate of up to \$0.30 per \$100.00 of net assessed value against all taxable property in the District to pay the operational expenses of the District (the “O/M Tax”).
- 1.4. This Agreement is a “development agreement” under the Act and A.R.S. § 9-500.05 and, as between the District and the City, an “intergovernmental agreement” under A.R.S. §§ 11-951 through 11-955.
- 1.5. This Agreement, among other things, establishes EDB’s obligations to pay for certain costs of the District and provide certain indemnities to the District and the City.
- 1.6. This Agreement also sets forth some parameters and conditions pertaining to the use of the proceeds of any assessment bonds as described in Section 8 (“Assessment Bonds”), and revenue bonds as described in Section 9 (“Revenue Bonds”) (collectively, “District Bonds”) for public infrastructure and public infrastructure purposes, as described in the CFD Act (each, a “Project”) and amounts which will be collected with respect to the O/M Tax in the future.
- 1.7. Further, the City and the District may contract for services and enter into agreements with one another for joint or cooperative action pursuant to A.R.S. § 11-951 through 11-954 and 41-2631 through 41-2634.
- 1.8. This Agreement is consistent with the City’s General Plan, as applicable to the Property on the Effective Date.

2. District Expenses.

2.1. Definition. “District Expenses” means the costs associated with (i) the repair and maintenance of public infrastructure constructed or financed by the District and not conveyed to the City; (ii) staff; and (iii) supplies and services, including, but not limited to, independent financial advisors, attorneys, bond counsel, underwriters, and engineers. District Expenses may be incurred by the District or by the City on behalf of the District, in the sole discretion of the District Board or District Manager or his designees, as appropriate. District Expenses expressly include the annual or semi-annual premium costs and expenses incurred in obtaining a policy or policies of insurance in the form and coverage amounts determined by the District Manager exercising his sole and absolute discretion, providing for comprehensive liability coverage for, from and against the City and the District, its directors, officers, agents and employees against any losses, claims, damages or liabilities, directly or indirectly, arising from or related to activities or administration of the District, including but not limited to, any losses, claims, damages or liabilities related to the offer and sale of District Bonds.

2.2. Payment of District Expenses. The District will, to the extent of available funds, on an annual or other administratively convenient basis, pay for District Expenses from the proceeds of the O/M Tax and the District Shortfall payments made by EDB under paragraph 2.3.

2.3. Shortfalls. For each fiscal year, EDB will pay to the District any amount by which that year’s District Expenses exceed the amount of O/M Tax receipts (a “District Shortfall”), provided that the District has levied or will levy for that entire fiscal year the O/M Tax at the maximum authorized rate.

A. EDB, or, if approved by the District Manager in his sole discretion, in lieu of EDB, a homeowners association or similar association (an “HOA”), will, on or before July 1 each year, pay the District the amount of the District Shortfall projected in the adopted District Budget for the fiscal year beginning on July 1, and add or subtract (as appropriate) any amount by which the actual shortfall in the fiscal year that ended June 30 of the previous calendar year exceeded or was less than the amount actually paid by EDB for that year.

B. The District may set off any overdue District Shortfall payments against funds otherwise owed by the District to EDB.

3. Indemnification.

3.1. Indemnified Parties. As used in this Section, “Indemnified Parties” means the City, the District, all City and District elected officials, officers, and employees, and any outside staff hired by the City who perform what otherwise would be an in-house municipal function with respect to the sale of District Bonds and District operations.

3.2. EDB Indemnity. Except as set forth in the next paragraph, EDB will indemnify, defend, and hold each Indemnified Party harmless for, from and against any and all losses, claims, damages or liabilities, joint or several, arising in whole or in part from any

alleged action or inaction related to the formation, District elections, activities or administration of the District or the carrying out of the provisions of this Agreement. This includes, but is not limited to, anything related to (i) the levy or collection of the ad valorem property tax against all taxable property in the District at a rate sufficient to pay debt service on any issued and outstanding bonds; (ii) the offer or sale of bonds, including any claim asserting that an untrue statement or alleged untrue statement of a material fact set forth in any offering document relating to the issuance of bonds, or any amendment or supplement thereto, or that arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements therein (in light of the circumstances in which they were made) not misleading in any material respect; (iii) any alleged violation of state and federal laws that regulate the issuance and sale of securities; and (iv) any contract for public infrastructure or any approved, completed, or accepted public infrastructure, including claims of any contractor, vendor, subcontractor or supplier.

3.3. Exclusions. The above indemnity obligation is not applicable to any loss, claim, damage or liability to the extent that it:

- A. Is caused by the gross negligence or willful misconduct of the Indemnified Party seeking indemnification.
- B. Is covered by insurance (excluding any self-insurance or coverage provided pursuant to any insurance contracts obtained by the City in the course of its normal business and not specifically for District purposes) that names the District as an insured or beneficiary. Notwithstanding the limitation of this paragraph, EDB will indemnify and defend the Indemnified Party to the extent that such coverage is insufficient to fully do so, but that obligation is secondary to and in excess of the primary insurance, risk retention or other indemnification options or remedies of the Indemnified Party.
- C. Arises from an alleged or actual construction defect in any accepted Project that was not known to EDB and is discovered one (1) year or more following acceptance by the City or District.
- D. Is caused by a breach of this Agreement by the District, City or other Indemnified Party.
- E. Arises from any District administrative activity, tax or assessment levy, or offer or sale of Bonds, that is not related to any activity of EDB, to infrastructure that was not constructed by EDB, or to infrastructure that was the subject of an approved Report submitted by EDB.

3.4. Defense; Notification.

- A. An Indemnified Party will promptly notify EDB after receiving any written claim or threat of legal action against the Indemnified Party that is covered by the above indemnity obligation. The notification will be in writing and include a copy of the claim or threat. If an Indemnified Party fails to give the required notice, EDB's

liability on its indemnity will be reduced by, and only by, the amount of any damages attributable to that failure.

- B. If a legal action is commenced against an Indemnified Party, EDB may, or if requested by the Indemnified Party will, participate in the action or defend the Indemnified Party with counsel satisfactory to the Indemnified Party and EDB. Except as provided below, EDB will not be liable for the litigation expenses, including attorney fees, if an Indemnified Party retains its own counsel after EDB notifies the Indemnified Party that EDB is electing to assume the party's defense.
- C. EDB will, however, pay litigation expenses, including attorney fees for counsel retained by an Indemnified Party, if EDB does not provide counsel when the Indemnified Party asks it to do so, or if an Indemnified Party reasonably concludes that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to EDB (in which case EDB shall not have the right to direct the defense of such action on behalf of such Indemnified Party).

3.5. District Indemnity. To the extent permitted by applicable law, the District will indemnify, defend and hold harmless the City and each individual Indemnified Party (the "District Indemnified Parties") for, from and against any and all liabilities, claims or demands for injury or death to persons or damage to property arising from, in connection with, or relating to the performance of this Agreement. The District is not, however, obligated to indemnify the District Indemnified Parties with respect to damages caused by the gross negligence or willful misconduct of the District Indemnified Parties. This indemnity obligation is secondary to EDB's obligations under Section 3.2 above.

4. Tax-Exempt Status of Bonds. No Party will knowingly take, or cause to be taken, any action that would cause interest on any Bond to be includable in gross income for federal income tax purposes of the Internal Revenue Code of 1986, as amended.

5. District Notification to City. The District agrees to undertake the following actions:

5.1. Provide reasonable access to the City of all financial information of the District upon request of the City;

5.2. Notify the City as to any vacancy on the District Board as soon as practicable, but no later than 7 business days after such vacancy occurs;

5.3. Provide the City with the names and contact information for the District Manager and the District Attorney and notify the City as to any changes to such personnel;

5.4. Notify the City as to any threatened or pending litigation with the potential for liability in excess of \$50,000;

5.5. Provide the City with at least 30 days' notice of intent to issue District Bonds, together with the District underwriter's preliminary offering prospectus, so that the City may

determine compliance with the terms of this Agreement. The City must raise any concerns about whether the intended issuance of District Bonds complies with the terms of this Agreement within 21 days from receipt of the District's notice of intent.

6. Acquisition Projects. With regard to the first Assessment Bonds issued and subsequent Assessment Bonds issued during a ten-year period after issuance of the first Assessment Bonds in the District (the "Acquisition Period"), the District may use such Assessment Bonds only to acquire Projects constructed by EDB and for which EDB intends to preserve the ability to finance with the proceeds of District Bonds. The District may only approve and construct Projects itself from the proceeds of Assessment Bonds issued after expiration of the Acquisition Period.
7. Restriction on District Bond Sales. The District shall not issue Assessment Bonds or any series of the Revenue Bonds in a "public sale" (as such term is used in the CFD Act) unless the Assessment Bonds or Revenue Bonds, as applicable, shall receive one of the four highest investment grade ratings by a nationally recognized bond rating agency. In the case of a sale other than a "public sale" (as such term is used in the CFD Act), the Assessment Bonds or Revenue Bonds shall be sold to entities, who the District Board determines, in its sole discretion, possess the necessary sophistication to evaluate the risks associated with an investment in the Assessment Bonds or Revenue Bonds, as applicable, and with restrictions on subsequent transfer thereof under such terms as the District Board shall, in its sole discretion, approve. Further, the District and the City shall coordinate on all issues of Revenue Bonds to be repaid by utility revenues of either the City or the District.
8. Assessment Bonds. The District Board shall, from time to time and in its sole discretion, take all such reasonable action necessary for the District to levy Assessments and to issue and sell, pursuant to the provisions of the CFD Act and this Agreement, Assessment Bonds. Developer shall submit data and other information pertaining to the expected average full cash value of the improved residential parcel, such as comparable sales prices, per foot construction costs, or independent estimates or appraisals.
 - 8.1. The assessments may be levied pursuant to the procedures prescribed by Section 48-6815, Arizona Revised Statutes, as amended, as nearly as practicable and except as otherwise provided by the District Board, upon all of the assessed property in an amount equal to the Financeable Amount based on the benefits to be received by and as allocated to the assessed property and shall be collected pursuant to the procedures prescribed by Sections 48-599 and 48-600, Arizona Revised Statutes, as amended, as nearly as practicable. At the request of EDB, the District shall enter into an intergovernmental agreement with the Cochise County Treasurer's Office to collect assessment payments as part of the regular Cochise County tax billing process.
 - 8.2. EDB and any land owners shall accept the assessments which are in an amount not more than the Financeable Amount against the assessed property and have the assessments allocated and recorded against the assessed property; provided, however, that the District Board may modify the assessments after the assessments have been assessed to correspond to subsequent changes, modifications or subdividing of the assessed property

but in no case shall the aggregate total of all assessments be reduced below a total necessary to provide for debt service for the corresponding Assessment Bonds.

- 8.3. In the event of nonpayment of any of the assessments, the procedures for collection thereof and sale of the applicable portion of the assessed property prescribed by Sections 48-601 through 48-607, Arizona Revised Statutes, as amended, shall apply, as nearly as practicable, except that neither the District nor the Municipality is required to purchase any of the assessed property at the sale if there is no other purchaser.
- 8.4. Assessments on single family residential lots may be prepaid at any time and the Assessment Bonds secured by such assessments shall provide for redemption on any interest payment date, without penalty or premium, unless the District approves different prepayment terms, such approval shall be deemed granted if different prepayment terms are set forth in approved bond proceedings. To prepay in whole or in part the applicable portion of any of the assessments, the following shall be paid in cash to the District: (I) the interest on such portion to the next date Assessment Bonds may be redeemed plus (II) the unpaid principal amount of such portion rounded up to the next highest multiple of \$1,000 plus (III) any premium due on such redemption date with respect to such portion plus (IV) any administrative, engineering or other fees charged by the District with respect thereto.
- 8.5. EDB and any land owners hereby acknowledge that lenders and other parties involved in financing future improvements on the assessed property (including mortgages for single family residences) may require that liens associated with the assessments (or applicable portions thereof) be paid and released prior to accepting a lien with respect to any such financing.
- 8.6. At the time of a sale other than a "public sale" (as such term is used in the CFD Act), of the Assessment Bonds, an appraisal prepared by an MAI appraiser must show that the overall bulk, wholesale value of parcels comprising the assessed property with all of the Infrastructure described in the Report, and to be financed by the Assessment Bonds and/or for which performance bonds have been obtained, in place as of the date of valuation has a value to lien ratio at least three (3) times as much as the principal amount of the Assessment Bonds assessed to such parcel. In the case of a "public sale" (as such term is used in the CFD Act) of Assessment Bonds, an appraisal prepared by an MAI appraiser must show that the overall bulk, wholesale value of parcels comprising the Assessed Property with all of the Infrastructure described in the Report, and to be financed by the Assessment Bonds and/or for which performance bonds have been obtained, in place as of the date of valuation has a value to lien ratio at least four (4) times as much as the principal amount of the assessment bonds assessed to such parcel.
- 8.7. If requested in the feasibility report submitted by EDB and determined to be necessary in the sole discretion of the District Board, the "sale proceeds" of the sale of the Assessment Bonds shall include an amount sufficient to fund a reserve fund, which shall be a reserve to secure payment of debt service on the Assessment Bonds, in an amount not to exceed the maximum amount permitted by the Internal Revenue Code of 1986, as

amended, and the Treasury Regulations applicable thereto. Payment from such reserve shall not effect a reduction in the amount of the assessments, and any amount collected with respect to the assessments thereafter shall be deposited to such reserve to the extent the assessments are so paid therefrom.

- 8.8. For purposes of this Section 9, “Financeable Amount” means with regard to any Project, the total of amounts necessary to pay (1) the total of all construction costs paid pursuant to construction contracts for any such Project, plus any increases to such contract amount for approved change orders, less any approved change orders decreasing the contract amount (2) (i) all other amounts related to the cost of the Project (including the cost of plans and specifications) as the District Board deems reasonable, (ii) all relevant issuance costs related to any Assessment Bonds, (iii) capitalized interest for a period not in excess of that permitted by the Act and federal law and (iv), if requested by the Developer and approved by the District Board, in its sole discretion, an amount necessary to fund a debt service reserve fund in an amount not in excess of that permitted by the CFD Act and federal law as described elsewhere herein.
9. Revenue Bonds. At the request of EDB, the District Board will hold a hearing on the question of authorizing the District Board to issue Revenue Bonds to provide monies for any public infrastructure purposes consistent with the general plan. Such District Board approval will not unreasonably be withheld.
 - 9.1. The District Board may pledge to the payment of its Revenue Bonds any revenues of the District or revenues to be collected by the City in trust for the District and returned to the District. The District shall prescribe fees and charges, and shall revise them when necessary, to generate revenue sufficient, together with any monies from the sources described in Section 48-717, Arizona Revised Statutes, to pay when due the principal and interest of all Revenue Bonds for the payment of which revenue has pledged. The establishment or revision of rates, fees and charges will be identified and noticed concurrently with the annual budget process.
 - 9.2. Revenue Bonds will be supported by a minimum debt service coverage ratio of either (a) one hundred ten percent (110%) in 12 of the prior 18 months or (b) one hundred ten percent (110%) of projected revenues (as confirmed by an external accountant or financial advisor approved by the District and the City) as compared to maximum annual debt service of the proposed Revenue Bonds, and/or other security as deemed appropriate by the District Board. To the extent that the revenues collected by the District in any fiscal year are in excess of that required to meet that fiscal year’s outstanding Revenue Bond debt service obligations (“Excess Funds”), the Excess Funds will be paid to EDB to reimburse EDB for unreimbursed eligible public infrastructure costs that are the of the type for which the Revenue Bonds were issued. To the extent that EDB has been fully reimbursed for all applicable eligible public infrastructure costs, the excess funds will be utilized for other lawful purposes as outlined in the bond indenture.

10. District Development Agreement. The District and EDB shall enter into an additional development agreement that addresses, among other things, the public procurement process for Projects, the submittal of feasibility reports by EDB and the processing and consideration thereof by the District, conveyance of Projects to the District and subsequent dedication of such Projects to the City, and any other matters determined by the District Board.

11. Remedies. EDB agrees that the restrictions contained in this agreement are material terms of the City's contemporaneous adoption of a Resolution forming the special taxing district; should the District sell bonds that differ from those contemplated by the parties at the time EDB applied to form the special taxing district at issue or should the District otherwise not require EDB to comply with the terms of this agreement, the City would suffer irreparable harm. EDB further agrees that an award of damages is insufficient to compensate the City for any material non-compliance with the requirements of this agreement. Should the District fail to enforce the terms of this Development Agreement or fail to comply with its obligations to the City hereunder, the City therefore shall have the right to pursue (a) injunctive relief in order to prevent any violation of the requirements of this agreement regarding District operations or the bonds the District may sell or (b) such other relief including, but not limited to, a writ of mandamus to enforce the District's obligations. Nothing in this Agreement shall prevent the City from seeking or obtaining in a court of competent jurisdiction, without the necessity of posting bond therefore any injunction, a provisional remedy or other emergency relief to require compliance with the requirements of this agreement, including any restrictions it contains regarding the types of bonds the District may sell or the value to debt ratios required herein.

12. Successors; Assignments.

12.1. Binding Agreement. Each Party's rights and obligations under this Agreement will inure to the benefit of, and be binding upon, its legal representatives, successors and assigns.

12.2. Right to Assign. No Party may assign its rights or obligations under this Agreement to another without the prior written consent of the other Parties, who may not unreasonably withhold that consent. Notwithstanding the foregoing, EDB may assign its rights and obligations under this Agreement to an affiliated entity without the prior written consent of the City and the District, but that assignment will not operate as a release of EDB unless the District consents to such a release in writing.

12.3. Sale of Individual Lots. Unless prohibited by law, this Agreement will automatically terminate as to, and will not constitute a title condition or encumbrance on, any individual lot upon conveyance of that lot to an individual purchaser (not as part of a bulk sale). In this Section, "lot" means any lot upon which a home or commercial building has been completely constructed and with respect to which a certificate of occupancy has been issued, that is shown on a recorded subdivision plat that has been approved by the City. Any title insurer may rely on this Section when issuing any commitment or policy of title insurance to the purchaser of any individual lot.

13. Cooperative Purchasing Authorized.

- 13.1. This Agreement shall cover the procurement of all materials and services which, in the opinion of the City Procurement Director and the District Procurement Director, can be obtained by cooperative procurement and will result in an opportunity for savings to the City and/or the District in the cost of the item to be procured and/or in the procurement effort expended.
- 13.2. Providing that each participant is identified in a solicitation intended for cooperative use, the City and District may acquire materials and services under such contract upon the determination of their respective procurement directors that the contract was awarded following procurement through competitive procedures reasonably similar to those set forth in the entities' respective procurement codes.
- 13.3. Should the respective procurement directors agree to engage in cooperative purchasing, the directors may develop lists of materials and/or services which will be put out to bid by each entity.
- 13.4. In the discretion of their respective procurement directors, the City and the District may engage in joint evaluation of bids or may mutually agree to accept the independent evaluation of the other.
- 13.5. City and District shall each determine in its own interests whether to award a bid on any materials or services, and in the event either decides to award a bid it shall award its own bid. Each entity shall be responsible for issuing its own job orders or purchase orders for materials and services against joint bids or contracts.
- 13.6. This Agreement is not intended to require that any vendor provide services to either entity unless such a term is stated in the solicitation.
- 13.7. Neither the City nor the District is under an obligation to perform services for one another except as may be provided in the Act or in a separate agreement.
- 13.8. Each entity acknowledges that it is solely responsible for its own budget and any budgetary responsibility for ordering materials or services against joint bids or contracts, including any expenses arising from such orders. This Agreement does not authorize the transfer of any funds between the City and District.
- 13.9. The requirements of this Section 13 shall be effective from the date this Agreement is effective through January 15, 2022. Either entity's procurement director may terminate the rights of the other entity to engage in cooperative purchasing by providing the Clerk of the other entity with written notice of termination at any time. Termination will only be effective, however, against future solicitations for materials and services, and either party may continue to order against existing joint bids or contracts in accordance with the terms of its own award and contract with the vendor.
- 13.10. EDB acknowledges that it has no rights under the provisions of this Section. The terms of this section are not intended to and do not supplant State or local procurement requirements. Neither shall the provisions of this Section be construed as to give rise to

any claim or claims by persons or entities other than those expressly identified in this Section.

14. Entire Agreement. This Agreement sets forth the entire understanding of the parties as to the matters addressed, as of the date this Agreement is executed. It is intended to reflect the mutual intent of the Parties, and will not be strictly construed against any Party.
15. Amendment. This Agreement cannot be altered or otherwise amended except by an instrument in writing signed by each of the Parties, except that an amendment signed by only EDB and the District will be effective as between them EDB and the District, provided it does not amend any right, benefit or obligation of the City.
16. Applicable Law. This Agreement will be governed by and interpreted in accordance with the laws of the State of Arizona.
17. Waiver. The waiver by any Party hereto of any right granted to it under this Agreement shall not be deemed to be a waiver of any other right granted in this Agreement nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived under or by this Agreement.
18. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, but all of which taken together shall constitute one of the same instrument.
19. Conflict of Interest. The City and the District each have the right, within three years after its execution, cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City or the District, is, at any time during that three-year period, an employee or agent of EDB in any capacity or a consultant to EDB with respect to the subject matter of this Agreement. In addition, the City and District may each recoup from EDB any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of that entity. EDB has not taken and will not take any action that would give rise to a right of cancellation under this paragraph.
20. Term. Unless terminated earlier by agreement of the Parties, this Agreement will automatically terminate on December 31, 2093, or on such earlier date as all authorized Bonds have been issued and then paid in full, or such later date as any Bonds outstanding as of December 31, 2093, are paid in full.
21. Notices.
 - 21.1. All notices, certificates or other communications under this Agreement will be sufficiently given and will be deemed to have been received 48 hours after deposit in the United States mail in registered or certified form with postage fully prepaid addressed as follows:

If to City:

City of Benson
120 W. 6th Street

Benson, Arizona 85602
Attention: City Manager
Facsimile: (520) 586-3375

With a copy to: Benson City Manager
120 W. 6th Street
Benson, Arizona 85602
Attention: City Manager

If to District:

With a copy to:

If to EDB: El Dorado Benson LLC
8501 N. Scottsdale Rd., Suite 120
Scottsdale, Arizona 85253
Facsimile: (602) 955-3543

With a copy to: Dana Stagg Belknap, Esq.
Gallagher & Kennedy
2575 East Camelback Road
Phoenix, Arizona 85015
(602) 530-8500

21.2. Any Party, by notice given in compliance with this Section, may designate different addresses to which subsequent notices, certificates or other communications must be sent.

22. Severability. If a court finds that a provision of this Agreement is invalid or unenforceable, that will not invalidate or render unenforceable any other provision of the Agreement.

23. Other Obligations. This Agreement does not relieve any Party of any obligation or responsibility imposed upon it by law, and the provisions of this Agreement shall not affect the Parties' rights and obligations contained in The Villages at Vigneto Development Agreement, recorded on June 2, 2016 in the Records of the Cochise County Recorder as Document Number 2016-09416.

23.1. This Development Agreement shall not become effective until the Mayor & Council adopt a Resolution forming The Villages at Vigneto Revitalization District No. 2.

24. Recordation. No later than ten (10) days after this Agreement is executed and delivered by each of the Parties, EDB will on behalf of the City and the District record a copy of this Agreement with the County Recorder of Cochise County, Arizona.

25. Force Majeure. No Party will be in default due to a failure to observe or perform any restriction or obligation under this Agreement if the failure is due to *Force Majeure*, so long as the Party uses its best efforts to remedy with all reasonable dispatch the event or condition causing such inability and such event or condition can be cured within a reasonable amount of time. “*Force Majeure*” means any condition or event not within the control of a party obligated to perform hereunder, including, without limitation, “acts of God”; strikes, lock-outs, or other disturbances of employer/employee relations; acts of public enemies; orders or restraints of any kind of the government of the United States or any state thereof or any of their departments, agencies, or officials, or of any civil or military authority; insurrection; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; subsidence; fires; hurricanes; storms; droughts; floods; arrests; restraints of government and of people; explosion; and partial or entire failure of utilities. Failure of a Party to settle strikes, lock-outs and other disturbances of employer/employee relations or to settle legal or administrative proceedings by acceding to the demands of an opposing party, in either case when such course is in the judgment of the Party unfavorable to the Party, does not constitute failure to use its best efforts to remedy such a condition or event.
26. Legislative Acts. Notwithstanding any provision of this Agreement to the contrary, neither the District nor the City is required to do anything under this Agreement that requires a formal act of that entity’s governing board until such formal act is taken. This Agreement in no way acquiesces to or obligates the City or the District Board to perform a legislative act.
27. Default.
- 27.1. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any term or provision of this Agreement for a period of thirty (30) days after written notice from any other Party of the failure or delay constitutes a default under this Agreement; provided, however, that if the failure or delay is such that more than thirty (30) days would reasonably be required to perform such action, then the Party will have such additional time as is reasonably necessary to perform or comply so long as the Party commences performance or compliance within the 30-day period and diligently proceeds to complete such performance or fulfill such obligation.
- 27.2. The default notice must specify the nature of the alleged default and the manner in which said default may be satisfactorily cured, if possible. In the event the default is not timely cured as provided above, any non-defaulting Party may exercise any legal rights or remedies for the default.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGES FOLLOW.]

IN WITNESS WHEREOF, the officers of the City and of the District have duly affixed their signatures and attestations, and the officers of EDB their signature, all as of the day and year first written above.

City

By: _____
Mayor

Date: _____

ATTEST:

City Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the City who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the City.

DISTRICT

By: _____
Chair of the District Board of Directors

STATE OF ARIZONA)
) ss.
COUNTY OF COCHISE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____ as Chair of the Board of Directors of The Villages at Vigneto Revitalization District No. 2, an Arizona revitalization district.

Notary Public

(Affix Seal Here)

ATTEST:

District Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the District, who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the District.

EDB

El Dorado Benson LLC, an Arizona limited liability company

By: El Dorado Holdings, Inc.,
an Arizona corporation

Its: Administrative Agent

By _____

Its _____

Date: _____

STATE OF ARIZONA)
)ss.
COUNTY OF COCHISE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, as Administrative Agent of El Dorado Holdings, Inc., a corporation under the laws of the State of Arizona, on behalf of El Dorado Benson LLC, an Arizona limited liability company.

My commission expires:

Notary Public

EXHIBIT A

The Property

DESCRIPTION OF REVITALIZATION DISTRICT 2 (RD-2)

Those portions of Sections 3, 4, 5, 7, 8, 9, 10, 17, 18, Township 18 South, Range 20 East, Gila and Salt River Meridian, and Section 33, Township 17 South, Range 20 East, Gila and Salt River Meridian, all in Cochise County, Arizona described as follows:

BEGINNING at the Northeast corner of said Section 3;

Thence South 00 degrees 13 minutes 48 seconds West, 2628.45 feet along the East line of said Section 3 to the East Quarter corner thereof;

Thence South 00 degrees 04 minutes 57 seconds West, 2638.43 feet along said East line of Section 3 to the Southeast corner thereof, also being the Northeast corner of said Section 10;

Thence South 00 degrees 07 minutes 46 seconds West, 1619.55 feet along the East line of said Section 10 to an intersection with an existing drainage;

Thence the following courses along said existing drainage;

Thence South 75 degrees 40 minutes 21 seconds West, 1456.66 feet;

Thence North 81 degrees 41 minutes 27 seconds West, 612.55 feet;

Thence South 59 degrees 44 minutes 29 seconds West, 349.86 feet;

Thence North 42 degrees 36 minutes 39 seconds West, 230.87 feet;

Thence North 48 degrees 08 minutes 07 seconds West, 131.95 feet;

Thence South 37 degrees 46 minutes 36 seconds West, 91.24 feet;

Thence South 46 degrees 34 minutes 18 seconds West, 302.64 feet;

Thence South 45 degrees 34 minutes 17 seconds West, 317.71 feet;

Thence South 85 degrees 33 minutes 00 seconds West, 385.90 feet;

Thence North 68 degrees 33 minutes 20 seconds West, 187.10 feet;

Thence North 30 degrees 30 minutes 54 seconds West, 178.79 feet;

Thence South 68 degrees 01 minutes 10 seconds West, 154.53 feet;

Thence South 29 degrees 33 minutes 22 seconds West, 100.96 feet;

Thence South 04 degrees 52 minutes 10 seconds West, 272.06 feet;

Thence South 17 degrees 31 minutes 17 seconds West, 89.86 feet;
Thence South 73 degrees 29 minutes 44 seconds West, 342.58 feet;
Thence South 84 degrees 04 minutes 58 seconds West, 309.14 feet;
Thence North 50 degrees 33 minutes 54 seconds West, 255.37 feet;
Thence South 73 degrees 27 minutes 01 seconds West, 388.52 feet;
Thence North 73 degrees 16 minutes 25 seconds West, 289.39 feet;
Thence North 46 degrees 20 minutes 28 seconds West, 105.77 feet;
Thence North 72 degrees 45 minutes 58 seconds West, 101.10 feet;
Thence South 70 degrees 30 minutes 18 seconds West, 123.73 feet;
Thence South 31 degrees 00 minutes 33 seconds West, 440.58 feet;
Thence North 58 degrees 24 minutes 16 seconds West, 310.66 feet;
Thence South 73 degrees 15 minutes 29 seconds West, 256.78 feet;
Thence North 71 degrees 39 minutes 29 seconds West, 353.26 feet;
Thence North 87 degrees 00 minutes 47 seconds West, 880.51 feet;
Thence South 61 degrees 22 minutes 55 seconds West, 266.89 feet;
Thence South 74 degrees 50 minutes 37 seconds West, 146.51 feet;
Thence South 52 degrees 54 minutes 30 seconds West, 111.58 feet;
Thence South 73 degrees 56 minutes 59 seconds West, 321.02 feet;
Thence North 89 degrees 06 minutes 33 seconds West, 270.12 feet;
Thence South 76 degrees 01 minutes 59 seconds West, 244.37 feet;
Thence South 27 degrees 51 minutes 45 seconds West, 208.97 feet;
Thence South 11 degrees 48 minutes 46 seconds East, 177.85 feet;
Thence South 22 degrees 24 minutes 06 seconds West, 372.69 feet;
Thence South 61 degrees 59 minutes 05 seconds West, 296.61 feet;

Thence South 83 degrees 25 minutes 31 seconds West, 1212.17 feet;
Thence South 69 degrees 18 minutes 17 seconds West, 229.11 feet;
Thence North 85 degrees 48 minutes 33 seconds West, 150.93 feet;
Thence South 79 degrees 20 minutes 49 seconds West, 231.40 feet;
Thence North 89 degrees 06 minutes 26 seconds West, 245.49 feet;
Thence South 73 degrees 18 minutes 43 seconds West, 163.03 feet;
Thence South 79 degrees 41 minutes 17 seconds West, 286.85 feet;
Thence South 70 degrees 03 minutes 37 seconds West, 476.85 feet;
Thence South 44 degrees 26 minutes 50 seconds West, 347.78 feet;
Thence South 63 degrees 37 minutes 21 seconds West, 181.58 feet;
Thence South 58 degrees 00 minutes 12 seconds West, 102.39 feet;
Thence South 35 degrees 54 minutes 30 seconds West, 149.92 feet;
Thence South 59 degrees 59 minutes 00 seconds West, 220.61 feet;
Thence North 85 degrees 10 minutes 43 seconds West, 185.96 feet;
Thence South 49 degrees 43 minutes 20 seconds West, 96.40 feet;
Thence South 27 degrees 37 minutes 15 seconds West, 220.38 feet;
Thence South 40 degrees 29 minutes 42 seconds West, 377.70 feet;
Thence South 77 degrees 36 minutes 09 seconds West, 417.96 feet;
Thence South 65 degrees 41 minutes 17 seconds West, 162.28 feet;
Thence North 61 degrees 05 minutes 39 seconds West, 197.48 feet;
Thence North 75 degrees 19 minutes 35 seconds West, 155.11 feet;
Thence South 74 degrees 04 minutes 53 seconds West, 135.63 feet;
Thence South 32 degrees 49 minutes 20 seconds West, 76.70 feet;
Thence South 67 degrees 35 minutes 45 seconds West, 123.71 feet;

Thence South 28 degrees 40 minutes 17 seconds West, 124.55 feet;
Thence South 52 degrees 53 minutes 13 seconds West, 372.69 feet;
Thence North 68 degrees 26 minutes 31 seconds West, 379.77 feet;
Thence North 38 degrees 34 minutes 25 seconds West, 242.07 feet;
Thence North 74 degrees 46 minutes 26 seconds West, 177.73 feet;
Thence South 81 degrees 55 minutes 11 seconds West, 202.79 feet;
Thence North 73 degrees 50 minutes 14 seconds West, 142.98 feet;
Thence North 81 degrees 13 minutes 05 seconds West, 104.85 feet;
Thence North 66 degrees 36 minutes 09 seconds West, 297.43 feet;
Thence North 41 degrees 39 minutes 30 seconds West, 192.04 feet;
Thence North 88 degrees 10 minutes 36 seconds West, 246.62 feet;
Thence South 70 degrees 26 minutes 59 seconds West, 302.39 feet;
Thence South 75 degrees 45 minutes 27 seconds West, 426.37 feet;
Thence North 77 degrees 57 minutes 49 seconds West, 272.79 feet;
Thence North 66 degrees 13 minutes 21 seconds West, 361.42 feet to a point on the East right-of-way of State Route 90;

Continue along the said East right-of-way of State Route 90 the following courses;

Thence North 00 degrees 02 minutes 48 seconds East, 123.01 feet to the intersection with the line common to said Sections 7 and 18;

Thence North 00 degrees 02 minutes 13 seconds East, 3348.26 feet to an intersection with existing drainage;

Thence the following courses along said existing drainage;

Thence North 35 degrees 59 minutes 15 seconds East, 71.98 feet;

Thence North 23 degrees 40 minutes 36 seconds East, 143.21 feet;

Thence North 56 degrees 47 minutes 37 seconds East, 138.59 feet;

Thence North 65 degrees 55 minutes 52 seconds East, 122.93 feet;
Thence North 64 degrees 19 minutes 50 seconds East, 276.12 feet;
Thence North 55 degrees 22 minutes 17 seconds East, 40.65 feet;
Thence North 34 degrees 03 minutes 44 seconds East, 86.80 feet;
Thence North 05 degrees 37 minutes 31 seconds East, 68.68 feet;
Thence North 37 degrees 17 minutes 53 seconds East, 154.80 feet;
Thence North 44 degrees 18 minutes 50 seconds East, 92.77 feet;
Thence North 31 degrees 01 minutes 44 seconds East, 156.75 feet;
Thence North 52 degrees 36 minutes 12 seconds East, 107.79 feet;
Thence North 67 degrees 40 minutes 36 seconds East, 191.44 feet;
Thence South 70 degrees 55 minutes 51 seconds East, 105.53 feet;
Thence South 70 degrees 15 minutes 30 seconds East, 145.97 feet;
Thence North 88 degrees 44 minutes 54 seconds East, 89.15 feet;
Thence North 71 degrees 37 minutes 39 seconds East, 50.95 feet;
Thence South 85 degrees 49 minutes 38 seconds East, 201.73 feet;
Thence South 89 degrees 55 minutes 04 seconds East, 226.97 feet;
Thence North 83 degrees 40 minutes 48 seconds East, 214.30 feet;
Thence North 26 degrees 19 minutes 47 seconds East, 246.55 feet;
Thence North 38 degrees 05 minutes 55 seconds East, 129.88 feet;
Thence North 72 degrees 14 minutes 45 seconds East, 100.20 feet;
Thence North 74 degrees 29 minutes 57 seconds East, 73.06 feet;
Thence North 87 degrees 16 minutes 29 seconds East, 135.06 feet;
Thence North 58 degrees 08 minutes 52 seconds East, 168.89 feet;
Thence North 27 degrees 26 minutes 09 seconds East, 50.55 feet;

Thence North 00 degrees 05 minutes 15 seconds East, 77.89 feet;
Thence North 64 degrees 30 minutes 40 seconds East, 194.38 feet;
Thence North 46 degrees 57 minutes 57 seconds East, 294.67 feet;
Thence North 59 degrees 01 minutes 55 seconds East, 388.00 feet;
Thence North 44 degrees 04 minutes 45 seconds East, 357.07 feet;
Thence North 13 degrees 17 minutes 24 seconds East, 288.12 feet;
Thence North 18 degrees 16 minutes 45 seconds East, 160.11 feet;
Thence North 54 degrees 06 minutes 04 seconds East, 163.64 feet;
Thence North 68 degrees 22 minutes 41 seconds East, 267.80 feet;
Thence North 20 degrees 02 minutes 06 seconds East, 73.82 feet;
Thence North 49 degrees 20 minutes 13 seconds East, 159.69 feet;
Thence North 71 degrees 13 minutes 38 seconds East, 132.56 feet;
Thence North 73 degrees 38 minutes 07 seconds East, 297.47 feet;
Thence North 86 degrees 09 minutes 29 seconds East, 80.23 feet;
Thence North 84 degrees 16 minutes 14 seconds East, 165.53 feet;
Thence North 65 degrees 11 minutes 55 seconds East, 284.93 feet;
Thence North 82 degrees 35 minutes 18 seconds East, 186.90 feet;
Thence North 48 degrees 33 minutes 53 seconds East, 290.73 feet;
Thence North 47 degrees 32 minutes 28 seconds East, 317.29 feet;
Thence North 82 degrees 49 minutes 52 seconds East, 204.15 feet;
Thence North 48 degrees 23 minutes 00 seconds East, 458.34 feet;
Thence North 48 degrees 55 minutes 30 seconds East, 251.52 feet;
Thence North 59 degrees 21 minutes 11 seconds East, 166.03 feet;
Thence South 84 degrees 43 minutes 30 seconds East, 223.92 feet;

Thence South 86 degrees 07 minutes 05 seconds East, 270.60 feet;
Thence North 70 degrees 12 minutes 37 seconds East, 189.43 feet;
Thence North 24 degrees 33 minutes 15 seconds East, 340.85 feet;
Thence North 66 degrees 32 minutes 03 seconds East, 632.60 feet;
Thence North 51 degrees 36 minutes 19 seconds East, 203.81 feet;
Thence North 73 degrees 07 minutes 20 seconds East, 365.03 feet;
Thence North 49 degrees 24 minutes 21 seconds East, 389.28 feet;
Thence North 37 degrees 06 minutes 52 seconds East, 315.65 feet;
Thence North 69 degrees 03 minutes 42 seconds East, 189.06 feet;
Thence North 83 degrees 32 minutes 20 seconds East, 249.51 feet;
Thence North 69 degrees 14 minutes 45 seconds East, 182.38 feet;
Thence North 32 degrees 34 minutes 08 seconds East, 101.02 feet;
Thence South 88 degrees 25 minutes 10 seconds East, 182.02 feet;
Thence North 74 degrees 05 minutes 59 seconds East, 294.77 feet;
Thence North 64 degrees 48 minutes 35 seconds East, 199.70 feet;
Thence North 62 degrees 37 minutes 56 seconds East, 123.35 feet;
Thence North 82 degrees 55 minutes 26 seconds East, 142.40 feet;
Thence North 50 degrees 44 minutes 30 seconds East, 239.03 feet;
Thence North 30 degrees 35 minutes 58 seconds East, 90.41 feet;
Thence North 66 degrees 00 minutes 14 seconds East, 77.91 feet;
Thence North 39 degrees 04 minutes 33 seconds East, 235.09 feet;
Thence North 15 degrees 16 minutes 55 seconds East, 146.11 feet;
Thence North 07 degrees 15 minutes 47 seconds East, 129.45 feet;
Thence North 39 degrees 53 minutes 19 seconds East, 250.31 feet;

Thence North 09 degrees 53 minutes 21 seconds East, 62.03 feet;

Thence North 01 degrees 58 minutes 57 seconds East, 118.77 feet;

Thence North 19 degrees 00 minutes 54 seconds East, 109.22 feet;

Thence North 49 degrees 59 minutes 18 seconds East, 169.07 feet;

Thence North 45 degrees 39 minutes 27 seconds East, 233.02 feet;

Thence North 77 degrees 27 minutes 14 seconds East, 102.64 feet;

Thence South 82 degrees 50 minutes 46 seconds East, 323.03 feet;

Thence North 65 degrees 49 minutes 59 seconds East, 174.13 feet;

Thence North 11 degrees 01 minutes 33 seconds East, 152.59 feet;

Thence North 66 degrees 53 minutes 32 seconds East, 155.11 feet;

Thence North 88 degrees 09 minutes 16 seconds East, 364.88 feet;

Thence North 64 degrees 29 minutes 38 seconds East, 120.55 feet to a point on the East line of said Section 33;

Thence South 00 degrees 54 minutes 17 seconds West, 812.69 feet along the East line of said Section 33 to the Southeast corner thereof, also being the Northwest corner of said Section 3;

Thence South 89 degrees 56 minutes 45 seconds East, 2645.46 feet along the North line of said Section 3 to the North Quarter corner thereof;

Thence South 89 degrees 58 minutes 54 seconds East, 2654.11 feet along said

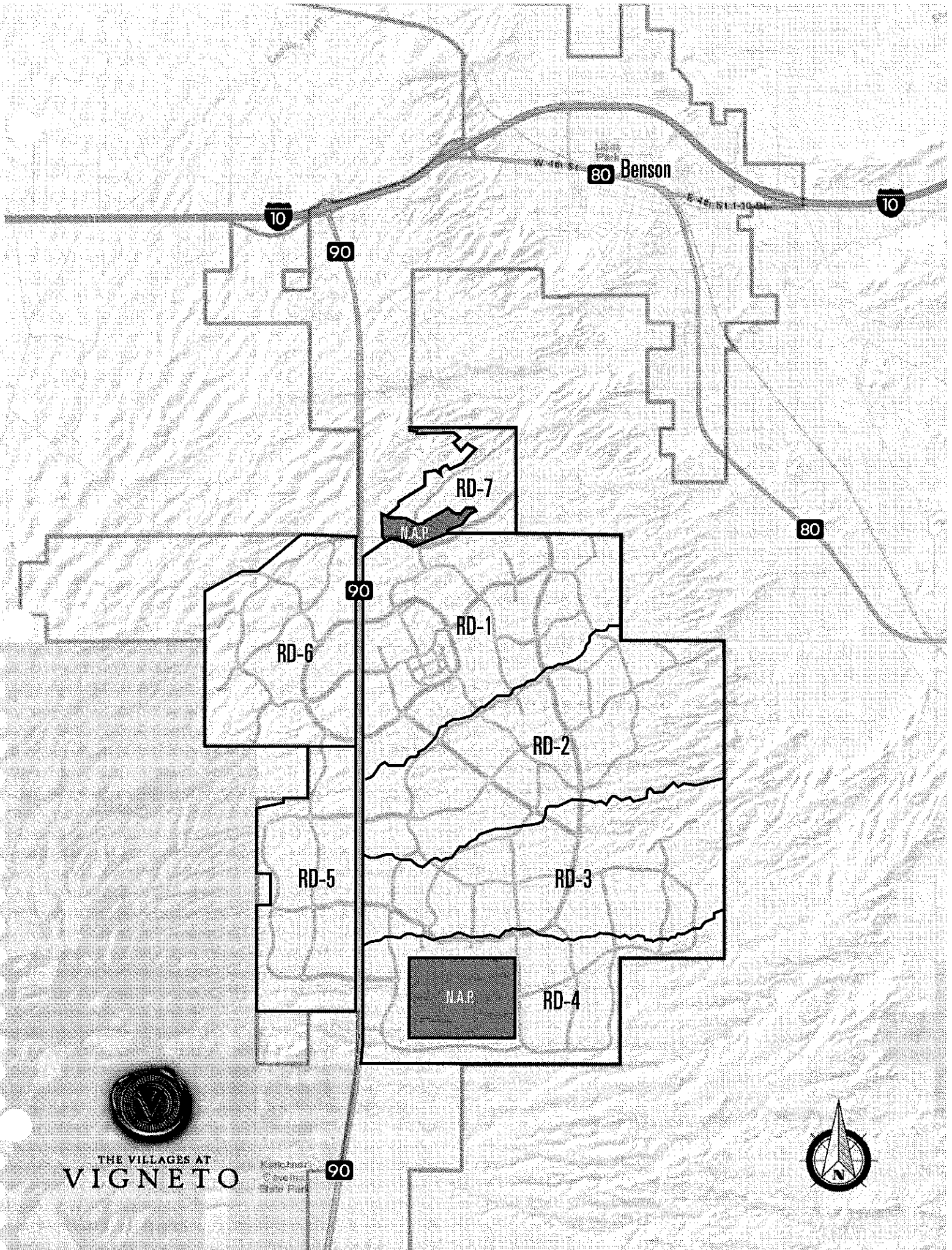
North line of Section 3 to the Northeast corner of said Section 3 and POINT OF BEGINNING.

Containing 2500 square feet (0.0574 acres), more or less

Net area of RD-2 is 123,423,046 square feet (2,833.403 acres) more or less.



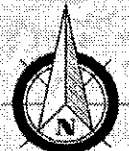
EXPIRES 3/31/2018



THE VILLAGES AT
VIGNETO

Karlheinz
Cavello
Lato Park

90



TITLE, QUALIFIED ELECTORS AND COUNTY ASSESSORS REPORT

Title reports for the Property within each of the proposed District boundaries are attached as **Exhibit C**. There are no qualified electors residing within the proposed District boundaries. The Qualified Electors Report from the Cochise County Elections Department for the Property is attached as **Exhibit D**. An Ownership Report from the Cochise County Assessor’s Office is attached as **Exhibit E**.

REAL PROPERTY INTEREST / LIEN HOLDERS

At present, there are no lien holders and/or financial encumbrances on the Property. See the title reports included as **Exhibit C** for additional details.

APPROPRIATENESS OF BOUNDARIES AND PUBLIC NEED AND BENEFIT

All of the Property located in the Districts is contained within the City’s boundaries and the City has approved Applicant’s CMP governing the Project. The CMP approved by the City is consistent with the City’s General Plan. Pursuant to the CMP and the Agreement, the Applicant and the City have agreed on the general framework for provision of Public Improvements including installation of utilities, rights-of-way, water and storm-water and other necessary public improvements. The Applicant has committed to assisting the City in the provision of fire protection and emergency services and law enforcement as increased level of services become necessary or desirable.

2.3 DESCRIPTION OF PUBLIC INFRASTRUCTURE

A general description of the types of public infrastructure to be financed by the District, including the estimated construction or acquisition costs of the public infrastructure, the annual operation and maintenance costs of public infrastructure such as traffic control, water, or wastewater and the governmental approvals that will be required for the public infrastructure improvements to be constructed and operated.

PUBLIC INFRASTRUCTURE

The purpose of the Districts is to finance, construct, and/or acquire Public Infrastructure pursuant to the terms of the Act and as contemplated by the Agreement. The Agreement describes the Applicant’s commitment to traffic control, water, wastewater and other Public Improvements necessary or desirable for the Project and the City’s procedures for government approvals for these Public Improvements.

The estimated costs of construction for the Public Infrastructure and Public Infrastructure Purposes (as defined in the Act) are in 2017 current dollars (uninflated) and are expected to increase over time with inflation. A description of and cost estimates for construction of each Public Infrastructure Project are based on the best information available at the time of Application is shown below and are attached as **Exhibit F**.

**The Villages at Vigneto
Revitalization Districts
No. 1, No. 2, No. 3, No. 4, No. 5, No. 6 and No. 7
Estimated Construction Costs for Private and Public Infrastructure
and Private and Public Infrastructure Purposes**

Description	RD 1	RD 2	RD 3	RD 4	RD 5	RD 6	RD 7	Total
Infrastructure	\$ 171,741,071	\$ 195,301,001	\$ 165,340,222	\$ 109,746,000	\$ 92,166,205	\$ 115,455,677	\$ 33,747,196	\$ 883,497,372
Lot Costs	\$ 135,838,958	\$ 154,473,733	\$ 130,776,193	\$ 86,803,827	\$ 72,899,052	\$ 91,319,908	\$ 26,692,415	\$ 698,804,087
Amenities	\$ 36,539,848	\$ 41,552,488	\$ 35,177,995	\$ 23,349,698	\$ 19,609,398	\$ 24,564,496	\$ 7,180,096	\$ 187,974,019
Total	\$ 344,119,876	\$ 391,327,222	\$ 331,294,411	\$ 219,899,525	\$ 184,674,656	\$ 231,340,081	\$ 67,619,706	\$ 1,770,275,477

Source: Applicant

Note: All costs are in 2017 dollars and are likely to increase over time with inflation.

The Project's construction costs are anticipated to be financed through GO Bonds, SA Bonds, Revenue Bonds, and Developer Contributions as shown below.

**The Villages at Vigneto
Revitalization Districts
No. 1, No. 2, No. 3, No. 4, No. 5, No. 6 and No. 7
Anticipated Public Infrastructure Financing Sources**

Description	Total Costs	Sources of Funding			
		GO Bonds (1)	SA Bonds	Revenue Bonds	Developer Contributions
RD 1	\$ 344,119,876	\$ 65,198,630	\$ 88,532,494	\$ 35,964,123	\$ 154,424,630
RD 2	\$ 391,327,222	\$ 74,142,764	\$ 100,677,634	\$ 40,897,784	\$ 175,609,041
RD 3	\$ 331,294,411	\$ 62,768,654	\$ 85,232,858	\$ 34,623,728	\$ 148,669,171
RD 4	\$ 219,899,525	\$ 41,663,236	\$ 56,574,045	\$ 22,981,798	\$ 98,680,446
RD 5	\$ 184,674,656	\$ 34,989,361	\$ 47,511,664	\$ 19,300,431	\$ 82,873,200
RD 6	\$ 231,340,081	\$ 43,830,820	\$ 59,517,383	\$ 24,177,456	\$ 103,814,423
RD 7	\$ 67,619,706	\$ 12,811,559	\$ 17,396,674	\$ 7,066,966	\$ 30,344,507
Total	\$ 1,770,275,477	\$ 335,405,024	\$ 455,442,750	\$ 185,012,287	\$ 794,415,417

Source: Applicant

(1) Proceeds to be provided through Community Facilities District general obligation bonds.

Note: Costs, Bond amounts, and Developer Contributions are shown in 2017 dollars and are likely to increase over time due to inflation.

The Public Infrastructure financed through the RDs will comply with all public procurement requirements applicable to the construction and/or acquisition of eligible Public Infrastructure in accordance with the State of Arizona's Public Procurement Code ARS Title 34.

Anticipated utility and service providers for the Project set forth on the following page.

**The Villages at Vigneto
Revitalization Districts
No. 1, No. 2, No. 3, No. 4, No. 5, No. 6 and No. 7
Utility Providers**

Utility Description	Provider
Water Service	City of Benson
Sewer Service	City of Benson
Electrical Service	Sulphur Springs Valley Electric Co-Op
Gas Service	Southwest Gas
Cable Service	To Be Determined
Telephone Service	To Be Determined
Police/Fire Service	City of Benson
Trash Service	TBD

Source: Applicant

The Public Infrastructure constructed or acquired by the Districts shall be dedicated to the City or such other political subdivision as shall be determined by the parties in accordance with the terms of the Agreement, City ordinances or State law as applicable. The City’s obligation to reimburse the District or Applicant for the cost of construction of the Public Infrastructure or for any Public Infrastructure Purpose is limited to funds collected from the special assessments and/or fees and charges levied on the Property by the Districts, unless otherwise expressly provided by the parties. Upon acceptance of the Public Infrastructure by the City or other public or quasi-public governmental entity or agency, the Districts and/or the Applicant shall have no further obligation to repair and/or maintain such Public Infrastructure unless expressly agreed to herein or by separate agreement by the District or Applicant.

Obligations for maintenance of Public Improvements which do remain the responsibility of the Districts described in the paragraph above, if any, may be financed in accordance with Section 48-6817 of the Act and/or as provided in Section 2.6 below.

Operational costs of the recreational amenities may be funded through a combination of amenity fees, HOA dues and daily public usage fees as appropriate. Unless otherwise agreed, the City will have no continuing obligation related to on-going operations of the recreational facilities.

2.4 INFRASTRUCTURE AND DEVELOPMENT SCHEDULE

A proposed project schedule for commencement and completion of (a) the public infrastructure and (b) the private development.

DEVELOPMENT SCHEDULE

The Applicant anticipates that construction of Public Infrastructure will begin in the fourth quarter of 2017 and continue over a twenty (20) year period subject to market conditions.

Estimated annual absorption information relating to the Project and the respective District(s) is set forth in **Exhibit G**.

Exhibit F
The Villages at Vigneto
Community Facilities District
No. 1, No. 2 and No. 3
Estimated Public Infrastructure Costs

Description	CFD 1	CFD 2	CFD 3	Total Costs
Infrastructure	\$ 675,875,489	\$ 115,455,677	\$ 92,166,205	\$ 883,497,372
Lot Costs	\$ 534,585,127	\$ 91,319,908	\$ 72,899,052	\$ 698,804,087
Amenities	\$ 143,800,124	\$ 24,564,496	\$ 19,609,398	\$ 187,974,019
Total	\$ 1,354,260,740	\$ 231,340,081	\$ 184,674,656	\$ 1,770,275,477

ELECTION NOTICE

To all property owners and qualified electors of The Villages at Vigneto Revitalization District #2 (the "District"):

Pursuant to the provisions of Sections 48-6817 and 48-6818 of the Arizona Revised Statutes, notice is hereby given that on December 12, 2018, an election (the "Election") will be held at the place set out below for the purpose of electing three property owners to serve on the board of directors of the District (the "Board"). Real property owners in the District as shown on the property tax assessment roll who are qualified to vote pursuant to Section 48-6818 of the Arizona Revised Statutes are eligible to vote in the Election. The property owners elected to the Board will hold office for a term of four (4) years or until their successors are qualified and elected.

Voting at the Election shall be by paper ballots and other ballot forms. The Election will be held on December 12, 2018.

The polling place will be Benson City Hall, 120 W. 6th Street, Benson, Arizona, 85602.

The polls will be open from 9:00 a.m. to 4:00 p.m. MST.

A general plan for the District is on file with the District Clerk (currently, the City Clerk).

The election register denoting the names of the holders of the lands within the District, the number of acres held by each and the number of votes which they are entitled to cast will constitute the register for the Election and will be on file with the District Clerk (currently, the City Clerk) no later than December 12, 2018. The District Clerk (currently, the City Clerk) will make available at the above-described polling place, a registration list or copy thereof listing all registered electors entitled to use such polling place.

NOTICE is given that on December 13, 2018, that being a day no later than fourteen (14) days after the Election, the Board of Directors of the District will meet at the City of Benson Community Center, 705 W. Union Street, Benson, Arizona, 85602 at or about 10:00 a.m. to canvass the returns and declare the results of the Election.

ELIGIBLE VOTERS
REVITALIZATION DISTRICT #2

El Dorado Benson, L.L.C.	
Property Owners of Property Owned by Tenants in Common Chris Grogan Eric Hollensbe Dennis Krahn Mike Reinbold	
TOTAL	

OFFICIAL BALLOT FOR
THE VILLAGES AT VIGNETO REVITALIZATION DISTRICT #2
BOARD OF DIRECTORS ELECTION

December 12, 2018

Vicki Vivian, CMC
District Clerk (currently, City Clerk)

Please vote for 3 directors from the 4 candidates listed below. Write in the number of votes you are casting for 3 of the 4 below listed candidates where indicated.

El Dorado Benson, L.L.C. (the “Company”), the owner of 2,833 acres of real property in The Villages at Vigneto Revitalization District #2, is entitled to cast 19,831 votes for each of the 3 candidates. In other words, El Dorado Benson, L.L.C. should write the number 19,831 to the right of the name of the first candidate it is voting for, 19,831 to the right of the name of the second candidate it is voting for and 19,831 to the right of the third candidate it is voting for.

Candidate	Votes Cast in Favor Of
Chris Grogan	
Eric Hollensbe	
Dennis Krahn	
Mike Reinbold	

I declare, certify, verify and state under penalty of perjury that the foregoing is true and correct. On behalf of the above discussed property owner for the above described property, I hereby cast the votes to which this property owner is entitled in accordance with the boxes marked above.

As authorized officer of El Dorado Benson, L.L.C.

Executed on _____, 2018

Stub for Official Ballot of El Dorado Benson, L.L.C.

OFFICIAL BALLOT FOR
THE VILLAGES AT VIGNETO REVITALIZATION DISTRICT #2
BOARD OF DIRECTORS ELECTION

December 12, 2018

Vicki Vivian, CMC
District Clerk (currently, City Clerk)

Please vote for 3 directors from the 4 candidates listed below. Write in the number of votes you are casting for 3 of the 4 below listed candidates where indicated.

_____, the owner of _____ acres of real property in The Villages at Vigneto Revitalization District #2, is entitled to cast _____ votes for each of the 3 candidates. In other words, _____ should write the number _____ to the right of the name of the first candidate it is voting for, _____ to the right of the name of the second candidate it is voting for, _____ to the right of the third candidate it is voting for.

Candidate	Votes Cast in Favor Of
Chris Grogan	
Eric Hollensbe	
Dennis Krahn	
Mike Reinbold	

I declare, certify, verify and state under penalty of perjury that the foregoing is true and correct. On behalf of the above discussed property owner for the above described property, I hereby cast the votes to which this property owner is entitled in accordance with the boxes marked above.

As authorized officer of _____

An authorized representative of the above described
property owner

Executed on _____, 2018

Stub for Official Ballot of _____

OFFICIAL BALLOT FOR
THE VILLAGES AT VIGNETO REVITALIZATION DISTRICT #2
BOARD OF DIRECTORS ELECTION

December 12, 2018

Vicki Vivian, CMC
District Clerk (currently, City Clerk)

Please vote for 3 directors from the 4 candidates listed below. Write in the number of votes you are casting for 3 of the 4 below listed candidates where indicated.

The property owner(s) of the Parcel owned by Tenants in Common, attached as Exhibit A2, the owner(s) of .057 acres of real property in The Villages at Vigneto Revitalization District #2, is entitled to cast 1 vote for each of the 3 candidates. In other words, the property owner(s) should write the number 1 to the right of the name of the first candidate he is voting for, 1 to the right of the name of the second candidate he is voting for, 1 to the right of the third candidate he is voting for.

Candidate	Votes Cast in Favor Of
Chris Grogan	
Eric Hollensbe	
Dennis Krahn	
Mike Reinbold	

I declare, certify, verify and state under penalty of perjury that the foregoing is true and correct. On behalf of the above discussed property owner for the above described property, I hereby cast the votes to which this property owner is entitled in accordance with the boxes marked above.

An authorized representative of the above described
property owner(s)

Executed on _____, 2018

Stub for Official Ballot of El Dorado Benson, L.L.C.

Exhibit A(2)

DESCRIPTION OF TENANTS IN COMMON PARCEL
IN REVITALIZATION DISTRICT 2 (RD-2)

That portion of the Northeast Quarter of Section 3, Township 18 South, Range 20 East, Gila and Salt River Meridian, Cochise County, Arizona described as follows:

COMMENCING at the Northeast corner of said Section 3;

THENCE South 00 degrees 13 minutes 48 seconds West, 1137.14 feet along the East line of said Section 3 to the POINT OF BEGINNING of a rectangular parcel 50 feet on each side;

THENCE continue along said East line South 00 degrees 13 minutes 48 seconds West, 50.00 feet;

THENCE North 89 degrees 46 minutes 12 seconds West, 50.00 feet;

THENCE North 00 degrees 13 minutes 48 seconds East, 50.00 feet;

THENCE South 89 degrees 46 minutes 12 seconds East, 50.00 feet to the said East line and POINT OF BEGINNING.

ELECTION REGISTER

POLL LIST

REVITALIZATION DISTRICT #2

PROPERTY OWNER	ACRES OWNED	NUMBER OF VOTES ENTITLED TO CAST
El Dorado Benson, L.L.C.		
TENANTS IN COMMON		
Chris Grogan Eric Hollensbe Dennis Krahn Mike Reinbold	.057	1
TOTAL		