WHEN RECORDED RETURN TO:

Gust Rosenfeld P.L.C.
ATTN: James T. Giel
One East Washington Street, Suite 1600
Phoenix, Arizona 85004-2553

DEVELOPMENT, FINANCING PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT

FOR

CADENCE COMMUNITY FACILITIES DISTRICT (CITY OF MESA, ARIZONA)

by and among

CITY OF MESA, ARIZONA,

CADENCE COMMUNITY FACILITIES DISTRICT (CITY OF MESA, ARIZONA),

and

PPGN HOLDINGS, LLLP

Dated November 19, 2015

DISTRICT DEVELOPMENT, FINANCING PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT
FOR
CADENCE COMMUNITY FACILITIES DISTRICT
(CITY OF MESA, ARIZONA)

THIS DISTRICT DEVELOPMENT, FINANCING PARTICIPATION; WAIVER AND INTERGOVERNMENTAL AGREEMENT FOR CADENCE COMMUNITY FACILITIES DISTRICT (City of Mesa, Arizona), dated November 19, 2015 (hereinafter referred to as this "*Agreement*"), by and among the City of Mesa, Arizona, a municipality duly incorporated and validly existing pursuant to the laws of the State of Arizona (hereinafter referred to as the "*Municipality*"); Cadence Community Facilities District (City of Mesa, Arizona), a community facilities district formed by the Municipality, and duly organized and validly existing, pursuant to the laws of the State of Arizona (hereinafter referred to as the "*District*"); and PPGN Holdings, LLLP, a limited liability partnership duly organized and validly existing pursuant to the laws of the State of Delaware (hereinafter referred to as the "*Developer"*), acting on behalf of and with the consent of the undersigned owners of the land within the District (hereinafter referred to as , collectively, the "*Landowners*").

W I T N E S S E T H:

WHEREAS, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "*Act*"), and A.R.S. § 9-500.05, as amended, the Municipality, the District, the Developer and the Landowners may and are entering into this Agreement as a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for "public infrastructure" (as such term is defined in the Act) and the financing of public infrastructure and subsequent reimbursements or repayments over time; and

WHEREAS, with regard to the real property described in Exhibit A hereto (hereinafter referred to as the "*Property*") which makes up the real property included within the District and the Municipality, the District and the Developer, acting on behalf of and with the consent of the Landowners, have determined to specify certain matters in this Agreement, relating to the acquisition, construction, financing, operation and maintenance of public infrastructure, including matters relating to the construction or acquisition of certain public infrastructure, by the District, the acceptance thereof by the Municipality and the reimbursement or repayment of the Developer with respect thereto, all pursuant to the Act, such public infrastructure being necessary for the Developer to develop the Property prior to the time at which the District can itself pay for the construction or acquisition thereof; and

WHEREAS, the District is located near Phoenix-Mesa Gateway Airport and the various surrounding commercial and industrial sites, which is expected to become a significant jobs center within the Municipality and development of the Property in the District is expected to provide workforce housing to support such jobs; and

WHEREAS, the District is immediately adjacent to Eastmark Community Facilities District No. 1 ("Eastmark") and homeowners within the District are expected to have amenities similar to homeowners within Eastmark and be taxed similarly for the payment of debt service on bonds and operation and maintenance expenses of the District (as described herein) reflecting such amenities; and

WHEREAS, this Agreement as a "development agreement" is consistent with the "general plan" of the Municipality, as defined in A.R.S. § 9-461, as amended, applicable to the Property on the date this Agreement is executed; and

WHEREAS, to perform and finance certain "public infrastructure purposes" (as such term is defined in the Act) the District Board is expected to call an election to be held in and for the District, pursuant to the Act, to authorize for a period of twenty-five (25) years the District Board to: (i) in its sole discretion, issue certain general obligation bonds of the District, in the amount of forty-five million dollars ($45,000,000), provided, however, the Developer shall not request the issuance of more than forty million five hundred dollars ($40,500,000) to provide monies for certain "public infrastructure purposes" (as such term is defined in the Act) described in the General Plan of the District expected to be approved by the Municipality and the District (hereinafter referred to as the "*General Obligation Bonds*") and to annually levy, assess and collect an ad valorem property tax against all taxable property in the District, unlimited as to rate or amount therefor, to pay debt service on the General Obligation Bonds, and (ii) to annually levy, assess and collect an ad valorem tax in an amount up to $0.30 per $100.00 of net assessed limited property valuation against all taxable property in the District (hereinafter referred to as the "*O/M Tax*") to provide for amounts to pay the administrative, operation and maintenance expenses of the District; and

WHEREAS, the District Board, pursuant to the Act and the procedures prescribed by A.R.S. §§ 48-576 through 48-589, as amended, as nearly as practicable, or such other procedures as the District board provides, may in its sole discretion levy assessments of the costs of any public infrastructure purpose on any land in the District based on the benefit determined by the District Board to be received by such land (hereinafter referred to as "Assessments"); and

WHEREAS, if the District Board, in its sole discretion, adopts a resolution levying a special assessment on property in the District, pursuant to the Act, special assessment lien bonds of the District (herein referred to as the "Assessment Bonds") may be issued and sold to provide monies for certain "public infrastructure purposes" (as such term is defined in the Act) described in the General Plan of the District; and

WHEREAS, this Agreement, together with the CFD Guidelines (as hereafter defined) shall set forth some parameters and conditions pertaining to the use of the proceeds of any General Obligation Bonds, Assessment Bonds and amounts which will be collected with respect to the O/M Tax in the future; and

WHEREAS, pursuant to the Act, the District is entering into this Agreement with the Developer with respect to, among other things, the expenditure of monies for public infrastructure purposes by the Developer and, if the District in its sole discretion, sells General Obligation Bonds or Assessment Bonds, the reimbursement of all or part of such expenditures, and the security for, and disbursement and investment of proceeds of, the General Obligation Bonds and the Assessment Bonds; and

WHEREAS, the Municipality has adopted Community Facility District Guidelines and Application Procedures for the Establishment of Community Facility Districts (the "CFD Guidelines") to establish certain requirements and procedures applicable to all community

facility districts within the Municipality, including the District except as otherwise provided in this Agreement; and

WHEREAS, pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes ("*A.R.S.*"), as amended, the District and the Municipality are entering into the specified sections of this Agreement as an "intergovernmental agreement" with one another for joint or cooperative action for services and to jointly exercise any powers common to them and for the purposes of the planning, design, inspection, ownership, control, maintenance, operation or repair of "public infrastructure," including particularly to provide for the acceptance by the Municipality of certain public infrastructure constructed or acquired by the District; and

WHEREAS, nothing contained in this Agreement is intended to limit the District Board in exercising its sole discretion at any time with respect to the approval or rejection of a feasibility report or the issuance of General Obligations Bonds or Assessment Bonds;

NOW, THEREFORE, in the joint and mutual exercise of their powers, in consideration of the above premises and of the mutual covenants herein contained and for other valuable consideration, and subject to the conditions set forth herein, the parties hereto agree that:

ARTICLE I

DEFINED TERMS; MISCELLANEOUS MATTERS RELATING TO USE THEREOF

Section 1.1. (a) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section have the meanings assigned to them in this Section and include, as appropriate, the plural as well as the singular:

"*Acquisition Project*" means each Project constructed by the Developer pursuant to a Construction Contract and which the Developer intends to preserve the ability to finance with the proceeds of District Bonds, and excludes Infrastructure that is a Construction Project approved by the District Board as described in Section 2.1.

"*Act*" means Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended.

"*Agreement*" means this District Development, Financing Participation, Waiver and Intergovernmental Agreement for Cadence Community Facilities District (City of Mesa, Arizona), dated November 19, 2015, by and among the Municipality, the District and the Developer, as amended from time to time.

"*Assessed Property*" means all or a portion of the real property within the District subject to, from time to time an Assessment.

"*Assessment Bonds*" means any series of special assessment lien revenue bonds of the District authorized to be sold and issued by the District as described in this Agreement and the Act, payable from amounts collected from the Assessments.

"*Assessment Diagram*" means the assessment diagram to be prepared by the District Engineer and the Superintendent of Streets showing the parcels and lots subject to Assessments.

"*Assessment District*" means the Assessed Property described in the Assessment Diagram which is benefited by the Work upon which Assessments will be levied.

"*Assessments*" means, as to be originally levied and as thereafter reallocated as described herein, the "not to exceed" proportionate share of costs and expenses of the Work levied against each parcel or lot of the Assessed Property pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes.

"*Bonds*" means, as applicable, any Assessment Bonds or any General Obligation Bonds issued by the District.

"*Certificate of the Engineers*" means a certificate of the Developer's Engineer and the District Engineer in substantially the form of Exhibit C hereto.

"*Community Plan*" means the Community Plan for the Property adopted by the Municipality on September 10, 2012 as Ordinance No. 5115, together with any amendment thereto approved by the City in the manner required by Community Plan and City Code.

"*Construction Contract*" means a construction or acquisition contract for a Project procured and awarded pursuant to the Public Bid Requirements.

"*Construction Cost*" means an amount equal to the sum of the amounts paid by the Developer or the District for (1) the cost of any Plans and Specifications which have been approved pursuant to Section 2.6 of this Agreement and comply with Section 5.3 (including the costs of the review of such design by the District Engineer), (2) construction of the Project pursuant to the Construction Contract for such Project (such amount to be equal to the contract amount plus any increases to such contract amount approved as described in Section 3.5 less any change orders decreasing the contract amount), (3) independent third party inspection and supervision of performance under such Construction Contract, and (4) other miscellaneous or incidental costs for such Project attributable to construction of the Project approved by the District Engineer and as certified in the Certificate of the Engineers for that Project.

"*Construction Project*" means each Project which is a part of Infrastructure constructed by the District as described in Section 2.1.

"*Conveyance*" means a conveyance for a Segment in substantially the form of Exhibit D hereto.

"*Developer's Engineer*" means any firm of professional engineers procured using Public Procurement Requirements and hired by the Developer after approval thereof by the District Manager to perform the services required therefrom for the purposes hereof.

"*Disclosure Statement*" means the disclosure statement substantially in the form of Exhibit E hereto or such other form agreed to by the Developer and the Municipality.

"*District*" means Cadence Community Facilities District, a community facilities district formed by the Municipality, and organized and existing, pursuant to the laws of the State.

"*District Board*" means the board of directors for the District.

"*District Budget*" means the annual budget of the District adopted by the District Board for each Fiscal Year.

"*District Consulting Costs*" means the costs and expenses incurred by the District as described in Section 1.3 of this Agreement.

"*District Engineer*" means such engineer as is appointed or designated, from time to time, on behalf of the District by the District Manager.

"*District Expenses*" means the expenses and costs of the operation and administration of the District including: the expenses and costs billed to the District by the Municipality for services relating directly or indirectly to the District, including but not limited to overhead incurred by the Municipality in providing services to the District; the expenses and costs of administering and operating the District, including the District Consulting Costs; District Insurance Expense and the costs, time and expenses of staff and overhead incurred by the District; the costs of issuance and administration of Bonds not paid with the proceeds of Bonds; and District Initial Expenses not paid pursuant to Section 9.3 of this Agreement.

"*District Indemnified Party*" means the Municipality and each council member, director, trustee, member, officer, official, counsel or employee thereof or of the District.

"*District Insurance Expense*" means 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.

"*District Manager*" means the City Manager, or designee, serving independently from the City as the manager of the District.

"*Estimate*" means the estimate of the Financeable Amount indicated in the Report.

"*Financeable Amount*" means, with regard to any Project, the total of amounts necessary to pay (1) the total of all Construction Costs or Segment Prices due pursuant to Construction Contracts for any such Project, and (2) (i) all other amounts indicated in this Agreement (including the cost of Plans and Specifications), (ii) all relevant issuance costs related to any 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 Act and federal law as described elsewhere herein.

"Fiscal Year" means the twelve (12) month period beginning on July 1 of any year and ending on June 30 of the following year.

"*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 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 the opposing party or parties, in either case when such course is in the judgment of the party hereto unfavorable to such party, shall not constitute failure to use its best efforts to remedy such a condition or event.

"*General Obligation Bonds*" means any series of general obligation bonds of the District authorized to be sold and issued by the District.

"*Indemnified Party*" means the Municipality and the District and each council member, legislator, director, trustee, partner, member, officer, official, independent contractor, counsel or employee thereof and each person, if any, who controls the Municipality and/or the District within the meaning of the Securities Act.

"*Infrastructure*" means, collectively, the public infrastructure described in the General Plan of the District.

"*Initial Expenses*" means, the expenses and costs incurred by the District and the Municipality in connection with the formation and initial operation of the District and budgeted District Expenses specifically allocated to the Initial Expenses.

"*Intergovernmental Agreement Act*" means Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended.

"*Land Development Agreement*" means the Pre-Annexation Development Agreement, adopted by the Municipality and recorded October 2, 2012, as Instrument No. 2012-0894682, official records of Maricopa County, Arizona, but not including any subsequent amendments thereto except for any amendments approved as expressly provided in Section 2.1 of this Agreement.

"*Municipality*" means the City of Mesa, Arizona, a municipality incorporated and existing pursuant to the laws of the State. "*O/M Expenses*" means the District Expenses and all expenses and costs of the operation and maintenance of any Project consisting of (1) that portion of the costs, if any, of the operation and maintenance of any public infrastructure that exceed the approximate amount of the costs paid by the Municipality for the operation and maintenance of

similar public infrastructure owned by the Municipality, (2) any public infrastructure, which under the Land Development Agreement, will be the responsibility of the Developer, or if applicable, an HOA (as defined in Section 9.2(b) hereof), following the dedication and acceptance by the Municipality, and (3) any public infrastructure following the dedication and acceptance by the Municipality.

"*O/M Tax*" means an ad valorem tax levied at the rate of $0.30 per $100.00 of net assessed limited valuation against all real and personal taxable property in the District.

"*Plans and Specifications*" means the plans and specifications for a Project which shall be prepared and reviewed in accordance with the same standards and requirements imposed by the Municipality for plans and specifications for construction projects similar to the Project or the Acquisition Project, as applicable.

"*Project*" means each project which is a part of the Infrastructure on a project-by-project basis and includes both Acquisition Projects and Projects which are the subject of a Construction Contract in the name of the District.

"*Property*" means the real property described in Exhibit A to this Agreement.

"*Public Procurement Requirements*" means the public procurement and award processes established pursuant to Title 34 of the Arizona Revised Statutes, as amended from time to time, and the procurement policies of the Municipality pertaining to projects of the Municipality similar to the Infrastructure.

"*Replacement Reserve Amount*" means an amount calculated using generally acceptable accounting practices based on the useful life of the various assets composing the Projects established by the Internal Revenue Code of 1986, as amended, to be used to replace such assets.

"*Report*" means the study of the feasibility and benefits required by the Act for the applicable Project or Acquisition Project.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Segment*" means a completed, discrete, functional portion of a Project as determined by the District Engineer and the District Manager, in their sole discretion.

"*Segment Price*" means an amount equal to the sum of the amounts paid by the Developer or the District for (1) the Plans and Specifications for the Segment if approved by the District Board as described in Section 2.6 and Section 5.3 of this Agreement, (including the costs of the review of such design by the District Engineer), (2) construction of the Segment pursuant to the Construction Contract for such Segment (such amount to be equal to the contract amount plus any increases to such contract amount approved as described in Section 3.5 less any change orders decreasing the contract amount), (3) independent third party inspection and supervision of performance under such Construction Contract, (4) the fair market value of any real property required for public purposes, other than right-of-way, utility, access easements or other land typically required to be dedicated by developers of infrastructure similar to the Project, if

included in a Report approved by the District Board, in its sole discretion, and (3) other miscellaneous or incidental costs for such Segment attributable to construction of the Segment approved by the District Engineer and as certified in the Certificate of the Engineers for that Segment. If any cost component described in the preceding sentence is procured or otherwise determined with reference to the Project of which the Segment is a part, without reference to particular Segments (e.g., Plans and Specifications), such cost shall be proportionately allocated among the Segments comprising the Project in a manner approved by the District Manager for purposes of determining the applicable Segment Price.

"*State*" means the State of Arizona.

"*Total Debt Service*" means, collectively, amounts for debt service (debt service shall have the same definition set forth in the Act) for the next succeeding tax year with respect to any Bonds and for payment of the amounts described in Section 9.1 for such year.

"*Work Plans and Specifications*" means, the descriptions of the Infrastructure in the Report and the Plans and Specifications for the corresponding Projects, which shall comprise the Work.

"*Work*" means the portion of the Infrastructure described in the resolution of intention pertaining to the formation of an Assessment District.

(b) All references in this Agreement to designated "Exhibits," "Articles," "Sections" and other subdivisions are to the designated Exhibits, Articles, Sections and other subdivisions of this Agreement as originally executed.

(c) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Exhibit, Article, Section or other subdivision.

Section 1.2. Except as otherwise specifically provided in this Agreement, the District shall be subject to and governed by the terms and provisions of this Agreement and the applicable terms and provisions of the Land Development Agreement, Community Plan and the CFD Guidelines, as the same may be amended from time to time; provided, in the event of a conflict between the Land Development Agreement, Community Plan, this Agreement and the CFD Guidelines, the Land Development Agreement, Community Plan and this Agreement shall control; provided, further, in the event of a conflict between the Land Development Agreement and Community Plan and this Agreement, the Land Development Agreement and Community Plan shall control.

Section 1.3. The District may retain an independent financial advisor, attorneys, bond counsel, underwriter, engineer and such other advisors and consultants as the District determines are necessary to assist in its operations, including but not limited to evaluating budgets, reports, financing documents, District construction documents and similar matters. District Consulting Costs shall be included as District Expenses, provided, however, all or certain District Consulting Costs may, if approved by the District Board, be paid with the proceeds of Bonds.

Section 1.4. The District shall maintain its records and conduct its affairs in accordance with the Act, the laws of the State of Arizona, this Agreement and the CFD Guidelines.

Section 1.5. The Municipality shall be paid by the District for its costs and expenses relating to the District and the Infrastructure financed by the District, provided, however, in no event shall the Municipality be paid less than five thousand dollars ($5,000) per fiscal year. Upon request of the Developer, the Municipality will provide the District and the District will provide the Developer with an invoice for the Municipality's costs and expenses.

Section 1.6. (a) All Infrastructure described in the District's General Plan (as defined in the Act) that is or expected to be financed with District moneys or proceeds of District Bonds (i) shall be public infrastructure as described in the Act, and (ii) shall be publicly procured and awarded pursuant to the Public Procurement Requirements.

(b) The form of Notice Inviting Bids shall be in such form as agreed to by the Engineers and approved by the Municipality.

(c) Compliance with the Public Procurement Requirements shall be evidenced by the Certificate of the Engineers.

(d) All Construction Contracts relating to Infrastructure or public infrastructure purposes shall provide that the respective contractors or vendors shall not have recourse, directly or indirectly, to the Municipality. In the case of any initial financing provided by the Developer of any Construction Contract relating to Infrastructure or public infrastructure purposes for which reimbursement is expected, such Construction Contract shall provide that the respective contractors or vendors shall not have recourse, directly or indirectly to the District, for the payment of any costs under such contract or any liability, claim or expense arising therefrom and that Developer shall have sole liability for payment under such Construction Contract of all such amounts.

Section 1.7. (a) The Developer, or, after the end of the Developer's Exclusive Period (as hereinafter defined), the District or the Municipality or, if applicable, any third party owning real property within the District, shall have the right to submit to the District Board one or more Reports pertaining to the issuance of Bonds to finance the construction, acquisition or installation of all or a part of the Infrastructure described in the General Plan. The District Board, exercising its sole discretion may thereafter approve or reject the Report and approve or reject the issuance of District Bonds. With respect to the issuance of Bonds, the District Board may consider Reports submitted by (1) the District or the Municipality and issue Bonds upon (and only upon) the earliest to occur of: (i) the twenty-fifth (25th) anniversary of the formation of the District, (ii) the date on which the District has issued ninety percent (90%) or more of the General Obligation Bonds authorized at the election referenced in the Recitals hereto, or (iii) the date on which the undeveloped property then owned by the Landowners within the District represents less than ten percent (10%) of the land within the District; provided, further in any such event the District may consider Reports submitted for Assessment Bonds by parties other than the Developer only if less than five percent (5%) of the assessment to be levied to secure the Assessment Bonds will be levied on property owned by the Landowners; or (2) parties other than

Developer upon (and only upon) the earliest to occur of: (i) the twenty-fifth (25th) anniversary of the formation of the District, or (ii) the date on which undeveloped property then owned by the Landowners within the District represents less than ten percent (10%) of the land within the District (the foregoing collectively referred to herein as the "*Developer's Exclusive Period*"). Any District financing not initiated by the Developer shall be in accordance with the CFD Guidelines.

(b) Notwithstanding the provisions set forth above in paragraph (a) of this Section, the District Board, at any time, may approve a Report and authorize the issuance and sale of bonds, notwithstanding the Report was submitted by the District or the Municipality, if the proceeds of such bonds are necessary to: (1) alleviate or otherwise contain bona fide threats, as determined by the City Engineer (provided, however, the Developer may appeal such determination to the District Board and the District Board's determination shall be conclusive), to public health and safety within the District; (2) construct infrastructure required to be constructed by the Developer and the Developer has failed to construct such infrastructure after a written request has been presented by the Municipality; or (3) to repair or replace infrastructure which the Municipality is responsible to maintain and which was not installed pursuant to or in conformance with approved plans or specifications or which the District Engineer and Developer's Engineer mutually agree has failed prior to its expected useful life, as such useful life is established by usual and customary engineering principles, except if such failure is attributable to the City's failure to maintain such infrastructure to City standards.

(c) The Developer acknowledges and agrees as follows: (1) the approval of any Report, the issuance and sale of District Bonds or the levy of District taxes, assessments, fees or charges are subject to the sole, absolute and unfettered discretion of the District and District Board; (2) nothing contained in this Agreement or any action or continued actions taken or not taken pursuant to this Agreement shall create any obligation, express or implied, of the District to issue or continue to issue District Bonds of any type or amount or levy or continue to levy any tax or assessment of any type or amount; (3) neither the Developer nor any Landowner has any right and expressly waives any and all future rights, claims or causes of action, express or implied, created by this Agreement or any action or continued actions taken or not taken pursuant to this Agreement or under any other agreement with the District or the Municipality that would create any obligation of the District to issue or continue to issue District Bonds of any type or amount or levy or continue to levy any tax or assessment (except as necessary to pay debt service on outstanding Bonds of the District); (4) the Developer is not relying now or shall not rely in the future on District Bonds, taxes, assessments, fees or other District actions for the development of the Property; and (5) upon expiration of the Developer's Exclusive Period, as referenced in Section 1.7(a), or the occurrence of an event described in Section 1.7(b), as applicable, the District may issue District Bonds or levy District taxes, assessments, fees or charges for purposes other than payment to the Developer for Acquisition Projects then eligible for financing pursuant to Article III of this Agreement.

Section 1.8. Notwithstanding Section 1.7 above, the Developer shall be permitted to withdraw any Report submitted by the Developer from consideration by the District at any time before the conclusion of the hearing thereon. In the event of such a withdrawal, the District Board shall not approve the Report or adopt any resolution which would effect an implementation of any part of the transaction described in such Report. The Developer shall be

permitted to resubmit any such withdrawn Report or any Report which has been rejected by the District Board and then amended by the Developer, at such time as the Developer may, in its sole discretion, deem advisable. The Developer is responsible for the costs incurred prior to the withdrawal, including consultant fees.

ARTICLE II

CONSTRUCTION OF PROJECTS BY THE DISTRICT; ACQUISITION OF PLANS AND SPECIFICATIONS

Section 2.1. Upon a written request of the Developer and after approval by the District Board, exercising its sole discretion, the District may enter into a Construction Contract to construct a portion of the Infrastructure. The District may cause any portion of the Infrastructure to be constructed pursuant to the Plans and Specifications which, in the discretion of the District Manager, allows for development of the Property to proceed in accordance with the terms of the Land Development Agreement and any amendment thereto as may be approved by the District Manager and City Manager exercising their sole and absolute discretion. The District shall not enter into a Construction Contract unless all Necessary Public Property has been conveyed to the Municipality or, if applicable, to the District or other governmental entity pursuant to Section 2.5 of this Agreement.

Section 2.2. (a) The procurement and preparation of the Plans and Specifications and the procurement of the contractor for a Construction Contract for Infrastructure shall be procured and awarded pursuant to the Public Procurement Requirements. The Infrastructure shall be designed and constructed, in accordance with the requirements for constructing projects of the Municipality similar to the Projects.

(b) The Infrastructure (or any Project which is a part thereof) shall be procured in one or more parts by and in the name of the District, and Construction Contracts shall be entered into with the respondent selected in accordance with the requirements for awarding contracts pursuant to the Public Procurement Requirements and the requirements of the Municipality pertaining to projects of the Municipality similar to the Construction Contracts.

Section 2.3. Neither the Developer nor any entity related to it have been nor shall be compensated by the Municipality or the District for any costs of any Project except as provided herein.

Section 2.4. The public procurement of a Project or, at the sole discretion of the District Board, the award of a Construction Contract in the name of the District, shall occur only after the sale and delivery of the Bonds in an amount sufficient to produce Bond proceeds, together with any cash collections of Assessments or other lawfully available monies, to pay all the applicable Financeable Amounts.

Section 2.5. Unless the District Board, in its sole discretion, agrees such real property is to be acquired by the District as part of the construction of the Project, prior to publicly procuring, any Construction Contract for the construction of a Project under this Article II or at such other time as approved by the District Board or District Manager, in its or his

discretion, the Developer shall cause the applicable Landowner(s) to dedicate to the District or the Municipality, as directed by the District Manager, or, if directed by the District Manager, to such other governmental entity (as applicable), without cost, all necessary real property required for the construction, ownership and operation of the Project (referred to herein as the "*Necessary Public Property*"). The type, size and terms of the Necessary Public Property required for the Project shall be as provided for in the Land Development Agreement and Community Plan, as applicable, and otherwise shall be similar to the requirements for public infrastructure projects of the Municipality similar to the Project. In addition, any such dedication to the District or the Municipality, as applicable, shall occur after receipt by the District Manager of the following with respect to such Necessary Public Property, in form and substance reasonably satisfactory to the District Manager:

(a) special warranty deed, easement or other conveyance instrument acceptable in form and substance to the Municipality from the Developer or the applicable land owner for such Necessary Public Property executed by an authorized officer of the Developer or land owner (as applicable),

(b) such environmental assessments or other evidence satisfactory to the District Manager that such Necessary Public Property does not contain environmental contaminants which make such Necessary Public Property unsuitable for its intended use or to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such Necessary Public Property will be made suitable for its intended use, a plan for remediation of such contaminants, if required by the District Manager and the sources of funds necessary to accomplish such purpose, and

(c) such other documents, instruments, approvals or opinions as the District Municipality or other governmental entity, as applicable, may reasonably request including title reports and insurance.

Section 2.6. Plans and Specifications for the Projects which pertain to possible Construction Contracts to be entered into by the District pursuant to this Article II or to possible Acquisition Projects to be acquired pursuant to Article III shall be procured utilizing Public Procurement Requirements. The District shall not be liable for any payment or repayment to the Developer with respect to the Plans and Specifications except as provided by this Agreement.

ARTICLE III

CONSTRUCTION OF ACQUISITION PROJECTS BY THE DEVELOPER; CERTAIN MATTERS RELATED TO PLANS AND SPECIFICATIONS AND CHANGE ORDERS

Section 3.1. Subject to the terms of this Agreement including the obligation of the District under the circumstances described herein to pay the Segment Price for a Segment or the Construction Cost of any Acquisition Project as hereinafter provided, the Developer shall, at the sole cost and expense of the Developer, cause the Infrastructure (other than Infrastructure constructed by the District pursuant to Article II of this Agreement) to be constructed pursuant to the Plans and Specifications.

Section 3.2. (a) The procurement and preparation of the Plans and Specifications and the procurement of a contractor for the construction of an Acquisition Project shall be procured and awarded pursuant to the Public Procurement Requirements applicable to such Project. Construction Contracts and the construction of the Acquisition Project related thereto shall be in accordance with the requirements for constructing projects of the Municipality similar to the Acquisition Project.

(b) As between the Developer and the District and between the Developer and the Municipality, the Developer shall bear all risks, liabilities, obligations and responsibilities under each contract to prepare the Plans and Specifications and under each Construction Contract for Acquisition Projects and all risk of loss of or damage to any Acquisition Project (or any part thereof) occurring prior to the later of: the time of acceptance or the time of acquisition of such Acquisition Project (or part thereof) pursuant to Article IV.

(c) The Municipality and the District shall be named as an insured on any and all insurance policies required under the bid specifications for procurement of the Plans and Specifications or the procurement and contract terms of a Construction Contract for any Acquisition Project and as a third party beneficiary with respect to all bonds, warranties and guarantees with respect thereto.

(d) Evidence of final payment, lien releases, assignments and such other documents as required by the District Manager or District Engineer shall be provided by the Developer to the District before any acquisition pursuant to Article IV. If any liens are placed on any portion of an Acquisition Project which is the subject of a Construction Contract or if litigation ensues between the Developer and any contractor or other person with respect to an Acquisition Project or Construction Contract pertaining to an Acquisition Project, the District shall not acquire the Acquisition Project or any portion thereof until such liens are removed or such litigation is resolved.

Section 3.3. (a) Any advertisement for bids and Construction Contract for any Acquisition Project or any advertisement for bids and contract for services relating to the preparation of any Plans and Specifications for any Acquisition Project shall clearly indicate that the Developer will be the "owner" for purposes of the Construction Contract or contract for such Plans and Specifications and shall include the following language: "**THE WORK WHICH IS THE SUBJECT OF THE BID IS THE SUBJECT OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT AMONG DEVELOPER, THE CITY OF MESA, ARIZONA, AND CADENCE COMMUNITY FACILITIES DISTRICT PURSUANT TO WHICH SUCH WORK MAY BE ACQUIRED BY SUCH COMMUNITY FACILITIES DISTRICT. THE SUCCESSFUL BIDDER WILL NOT HAVE RECOURSE, DIRECTLY OR INDIRECTLY, TO SUCH CITY OR COMMUNITY FACILITIES DISTRICT FOR ANY COSTS UNDER ANY CONTRACT OR ANY LIABILITY, CLAIM OR EXPENSE ARISING THEREFROM."** (The Developer is the "DEVELOPER" for purposes of the foregoing.)

(b) Each Construction Contract or contract for such Plans and Specifications shall provide that the respective contractors shall not have recourse, directly or

indirectly, to the Municipality or the District for the payment of any costs pursuant to such Construction Contract or contract for such Plans and Specifications or any liability, claim or expense arising therefrom and that the Developer shall have sole liability therefor. Notwithstanding the foregoing, each Construction Contract or contract for Plans and Specifications shall provide for the assignment of all insurance, warranties, guarantees and the Developer's rights to the District and the Municipality upon acquisition of the Acquisition Project.

Section 3.4. The Developer shall provide for inspection of Work performed under any Construction Contract by the Engineers and, if applicable the Municipality.

Section 3.5. Any change order to any Construction Contract or contract for Plans and Specifications shall be subject to approval by the Engineers (which approval shall not be unreasonably withheld or delayed) and shall be certified to in the applicable Certificate of the Engineers; provided, however, that any change order or the aggregate of any change order and all previously approved change orders is expected to increase the contract amount of a Construction Contract in excess of ten percent (10%), is for work not reasonably related to the scope of work in the Construction Contract or is a material change to the scope of the Project shall be the subject of the same approval requirements that a change order to a construction contract of the Municipality would be subject unless modified by action of the District Board and, specifically, the approval of the District Manager.

ARTICLE IV

ACQUISITION OF ACQUISITION PROJECTS FROM THE DEVELOPER

Section 4.1. (a) Subject to the other terms of this Agreement and after the District Board, exercising its sole discretion approves a Report, the Developer shall sell to the District, and the District shall acquire from the Developer, the Acquisition Project or Segments thereof, together with (if not previously conveyed or dedicated) the Necessary Public Property, for the Construction Costs or Segment Prices, as applicable.

(b) Acquisition of an Acquisition Project or a Segment shall be financed only pursuant to Section 5.2 hereof.

(c) The District and the Municipality shall not be liable for any payment or repayment to the Developer with respect to the Acquisition Project except as provided by this Agreement.

Section 4.2. Unless the District, in its sole discretion, agrees such real property is to be acquired as part of the Project, the Developer or the applicable land owner shall dedicate to the District or the Municipality, as directed by the District Manager, or if directed by the District Manager to such other governmental entity (as applicable), without cost, all Necessary Public Property, as defined in Section 2.5 hereof, required for the Acquisition Project or the Segment, as applicable. The type, size and terms of such Necessary Public Property required for the Acquisition Project shall be as provided for in the Land Development Agreement and Community Plan as applicable, and otherwise shall be similar to the requirements for public

infrastructure projects of the Municipality similar to the Project. Following the conveyance or dedication of Necessary Public Property to the District or Municipality, the District or Municipality shall provide any required license or other use right in respect of the Necessary Public Property conveyed or dedicated, as necessary to permit the construction of all or any remaining portion of the Acquisition Project (including performing required warranty work).

Section 4.3. The District shall pay the Construction Cost or Segment Price, as applicable for and acquire from the Developer, and the Developer shall accept the Construction Cost or Segment Price for and sell to the District, the applicable Acquisition Project or Segment described in the approved Report as provided in Section 4.1 and after receipt by the District Manager of the following with respect to such Acquisition Project or Segment, in form and substance reasonably satisfactory to the District Manager:

(a) the Certificate of the Engineers;

(b) the Conveyance;

(c) special warranty deed, easement, map of dedication, plat or other conveyance instrument for all Necessary Public Property, executed by an authorized officer of the Developer, or, if applicable, evidence that all Necessary Public Property pertaining to the Segment or the Acquisition Project, as applicable, has been conveyed to the District or dedicated to the Municipality or other governmental body, as applicable, pursuant to Section 2.5 of this Agreement;

(d) the assignment of all applicable contractors' and materialmens' warranties and guarantees as well as payment and performance bonds;

(e) a letter of acceptance issued by the Municipality and by its terms subject specifically to recordation of the Conveyance which is the subject of such letter;

(f) if applicable, executed agreements pertaining to the Developer's maintenance obligation for such Acquisition Project or Segment; and

(g) such other documents, instruments, insurance, warranties or approvals as may reasonably be requested by the District Manager, or as may be required by the Municipality for projects similar to the Acquisition Project, including, with respect to any real property related to the Acquisition Project or Segment, title reports and evidence satisfactory to the District Manager that such real property does not contain environmental contaminants which make such real property unsuitable for its intended use or, to the extent such contaminants are present, a plan satisfactory to the District Manager which sets forth the process by which such real property will be made suitable for its intended use and the sources of funds necessary to accomplish such purpose.

ARTICLE V

FINANCING OF COSTS OF PROJECTS AND PLANS AND SPECIFICATIONS

Section 5.1. (a) Any amounts due pursuant to a Construction Contract wherein the District is the "owner" for purposes of such Construction Contract shall comply with the provisions of Article II of this Agreement.

(b) For any Construction Contract wherein the District is the "owner" for purposes thereof, until the requirements set forth in Article II of this Agreement are satisfied, the District shall not have any obligation to pay any amounts pertaining to any Work or Construction Contract or Plans and Specifications relating thereto.

Section 5.2. (a) To provide for the financing of the acquisition of an Acquisition Project or a Segment thereof as described in Article III of this Agreement, the Developer shall submit a Report pertaining to such Acquisition Project or Segment to the District Board for its approval, which Report the District Board may approve or reject, exercising its sole discretion. If the Report is rejected, explanations for the rejection shall be provided and the Developer will be given the opportunity to address the District Board's concerns and resubmit the Report for the District Board's consideration. Notwithstanding the approval of the Report, the issuance of District Bonds or the levy District taxes or assessments shall require District Board approval, which approval or denial may be exercised by the District Board in its sole discretion. Prior to the sale of the Bonds, the Segment Price of that Acquisition Project or Segment shall be paid by the Developer subject to the payment terms of this Agreement.

(b) If the issuance of District Bonds for the financing of the acquisition of an Acquisition Project is approved, as soon as possible after the sale and delivery of the Bonds, the amount advanced by the Developer for the Construction Cost or Segment Price of an Acquisition Project or a Segment thereof shall, subject to the requirements of Sections 4.2 and 4.3, be paid to the Developer from, and only from, the available, unrestricted proceeds of the sale of the Bonds to the extent only of the remaining amounts thereof (and, if applicable, cash collections, if any, from the Assessments). Neither the District nor the Municipality shall be liable to the Developer or any land owner (or any contractor or assigns under any Construction Contract) for payment of any Construction Cost or Segment Price except to the extent available, unrestricted proceeds of the sale of the Bonds (and, if applicable, cash collections, if any, from the Assessments) are available for such purpose, and no representation or warranty is given that Bonds will be issued, can be sold or that sufficient available, unrestricted proceeds from the sale of the Bonds shall be available to pay any Construction Cost or Segment Price. In the event there are not sufficient Bond proceeds to pay all of the Construction Cost or Segment Price, nothing contained herein shall preclude the Developer from including the unpaid portion in a future Report or preclude the District from including the unpaid portion in a future Bond financing.

Section 5.3. The costs of any Plans and Specifications for a Project to be constructed by the District pursuant to Article II of this Agreement or for an Acquisition Project pursuant to Article III of this Agreement, and the Construction Costs of any Acquisition Project

or Segment Price of a Segment may be paid only after (i) the approval of a Report submitted by the Developer and approved by the District Board, which Report the District Board may approve or reject exercising its sole discretion, (ii) the issuance sale and delivery of the Bonds (and while there are remaining, available, unrestricted proceeds of the sale of the Bonds) produces Bond proceeds sufficient to pay all Construction Costs or Segment Prices, and (iii) the receipt by the District Manager of reasonable evidence of ownership of the Plans and Specifications including architectural or design materials (including memorandums, notes and preliminary and final drawings) and the related intellectual property rights (including copyright, if any) related to such Plans and Specifications, in all media, including electronic.

Section 5.4. Neither the District nor the Municipality shall be liable to the Developer or any land owner (or any contractor or assigns under any Construction Contract) for payment of any Construction Costs or Segment Price or for the costs of Plans and Specifications except to the extent available, unrestricted proceeds of the sale of the Bonds (and, if applicable, cash collections, if any, from the Assessments) are available for such purpose, and no representation or warranty is given that the Bonds can be sold or that sufficient, available, unrestricted proceeds from the sale of the Bonds shall be available to pay such Construction Costs or Segment Price or the costs of such Plans and Specifications. In the event there are not sufficient Bond proceeds to pay all of the Construction Costs or Segment Price, or the costs of such Plans and Specifications, nothing contained herein shall preclude the Developer from including the unpaid portion in a future Report or preclude the District from including the unpaid portion in a future Bond financing.

ARTICLE VI

MATTERS RELATING TO THE ASSESSMENT BONDS AND THE GENERAL OBLIGATION BONDS AND OTHER OBLIGATIONS OF THE DISTRICT

Section 6.1. (a) Upon dates established by the District Manager in his discretion at the request of the Developer, the District Board shall consider Reports submitted by the Developer and if the District Board, exercising its sole discretion, approves such Report, the District Board, in its sole discretion, may take all such reasonable action necessary for the District to issue and sell, pursuant to the provisions of the Act and the CFD Guidelines, the Bonds in the manner and amount set forth in the Report.

(b) If the Assessment Bonds or the General Obligation Bonds, as applicable, are not issued or if the available, unrestricted proceeds of the sale of the Assessment Bonds or the General Obligation Bonds are insufficient to pay any or all of the amounts due described in Sections 5.1 or 5.2, there shall be no recourse against the District or the Municipality for, and neither the District nor the Municipality shall have liability with respect to, such amounts so due or the Construction Costs or Segment Prices for the Acquisition Project, except from the available, unrestricted proceeds of the sale of the Bonds, if any and as applicable. In the event there are not sufficient Bond proceeds to pay all of the Construction Cost or Segment Price, nothing contained herein shall preclude the Developer from including the unpaid portion in a future Report or preclude the District from including the unpaid portion in a future Bond financing. Notwithstanding anything contained in this Agreement, any Report or

the Land Development Agreement, Bonds shall not be issued to pay the Financeable Amount of any Project that does not meet the reimbursement eligibility requirements set forth in Section 7.1.

(c) The District Board may, exercising its sole and unfettered discretion, subject to the other terms and conditions of this Agreement and the CFD Guidelines, issue Assessment Bonds and General Obligation Bonds in such amounts and bearing such terms as are set forth in the Report and approved by the District Board in its sole discretion (which may vary from certain terms of the CFD Guidelines, e.g., Sections 4.4(f)(ii)(C), 4.4(f)(ii)(F) and 4.4(f)(ii)(I)). The District shall not issue the Assessment Bonds or any series of the General Obligation Bonds unless the Assessment Bonds or the General Obligation Bonds, as applicable, shall receive one of the four highest investment grade ratings by a nationally recognized bond rating agency or shall be sold to entities, who the District Board determines, in their sole discretion, possess the necessary sophistication to evaluate the risks associated with an investment in the Bonds, in other than a "public sale" (as such term is used in the Act) and with restrictions on subsequent transfer thereof under such terms as the District Board shall, in their sole discretion, approve.

Section 6.2. (a) The total aggregate principal amount of all of the series of the General Obligation Bonds shall not exceed $45,000,000, during the term of this Agreement. The General Obligation Bond authorization shall expire twenty-five (25) years from the date of the voter authorization.

(b) A series of the General Obligation Bonds shall only be issued if the debt service therefor is reasonably projected to be amortized from amounts generated by a tax rate of not to exceed $3.85 per one hundred dollars ($100.00) of net assessed limited valuation of property within the boundaries of the District as indicated on the certified tax roll for the current tax year; provided, however, and notwithstanding the foregoing, General Obligation Bonds may be issued if authorized by the District Board, in its sole discretion, where a tax rate greater than $3.85 is necessary to pay the combined debt service of a proposed and any outstanding General Obligation Bonds if other sources of revenue or security acceptable to the District Board, in its sole discretion, is provided to secure the payment of debt service on the General Obligation Bonds.

(c) For purposes of the foregoing, a delinquency factor for tax collections equal to the greater of five percent (5%) or the historic, average, annual, percentage delinquency factor for the District calculated at or near the time of the issuance of the General Obligation Bonds shall be assumed; all property in the District owned by the Developer or any entity owned or controlled (as such term is used in the Securities Act) by the Developer shall be assigned the last certified assessed value such property had when categorized as "vacant" for purposes of secondary assessed valuation and the debt service for any outstanding series of the General Obligation Bonds theretofore issued shall be taken into account in determining whether such tax rate will produce adequate debt service tax collections; provided, however, and without limiting the District's sole discretion pertaining to a decision whether to issue Bonds, the District and the Developer shall use their best efforts to issue the first series of the General Obligation Bonds no later than necessary to have the debt service tax rate of $3.85 appear on the first tax bill applicable to any single family residential dwelling unit to be located within the boundaries of the District to be owned by other than the Developer or any entity owned or controlled (as such

term is used in the Securities Act) by the Developer or any homebuilder to whom the Developer or any entity owned or controlled (as such term is used in the Securities Act) by the Developer sells property within the boundaries of the District.

(d) If requested in the Report and determined to be necessary in the sole discretion of the District Board, the "sale proceeds" of the sale of such series of General Obligation Bonds shall include an amount sufficient to fund a reserve fund, which shall be a reserve to secure payment of debt service on that series of the General Obligation 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.

Section 6.3. (a) 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 Act and the CFD Guidelines, Assessment Bonds, in an amount not to exceed the Financeable Amount.

(b) (1) The Assessments shall be levied based on the Financeable Amount, but in any case shall, subject to Section 6.3(d), not exceed $3,500 per single family residential lot. The 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.

(2) The Assessments may be levied pursuant to the procedures prescribed by A.R.S. §§ 48-576 through 48-589, as amended, as nearly as practicable and except as otherwise provided herein, 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 A.R.S. §§ 48-599 and 48-600, as amended, as nearly as practicable.

(3) The Developer 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.

(4) 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 A.R.S. §§ 48-601 through 48-607, 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.

(5) Assessments on single family residential lots may be prepaid at any time and the 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 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.

(6) The Developer 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.

(c) (1) This Agreement shall be construed to be an express consent by the Developer and all land owners that with respect to the issuance of any Assessment Bonds (I) the District may, with respect to the Assessed Property, incur costs and expenses necessary to complete the Work and (II) the District may levy and collect the Assessments in amounts sufficient to pay the Financeable Amount, including the Work, but not in excess of the Financeable Amount.

(2) The mailing to the governing body of the Municipality of the Estimate and the Plans and Specifications in the form of the Report pursuant to A.R.S. § 48-715, as amended, shall satisfy the filing requirements of A.R.S. § 48-577, as amended.

(d) At the time of a limited or a private sale of the Assessment Bonds, an appraisal prepared by an MAI appraiser must show that the bulk, wholesale value of each parcel 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. In the case of a public sale of Assessment Bonds, an appraisal prepared by an MAI appraiser must show that the bulk, wholesale value of each parcel 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 six (6) times as much as the principal amount of the assessment bonds assessed to such parcel.

(e) If requested in the Report 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.

(f) The proceeds of the sale of the Assessment Bonds may include an amount sufficient to fund interest accruing on such series of the Bonds for a period equal to the time for completion of the Work plus six (6) months.

ARTICLE VII

ACCEPTANCE BY THE MUNICIPALITY AND REIMBURSEMENT ELIGIBILITY

Section 7.1. Upon satisfaction of the terms for acceptance of the Infrastructure established by the Municipality, and compliance with the provisions set forth in this Agreement and in the Land Development Agreement, the Municipality shall accept such Infrastructure. Unless previously paid by the proceeds of District Bonds, if sufficient Bond proceeds are available, the District shall, simultaneously with the acceptance, pay the related Project Construction Cost or Segment Price. If sufficient Bond proceeds are not available, the Municipality shall accept such Infrastructure, subject to the right of the Developer within the immediately succeeding ten (10) years from the date of acceptance to seek reimbursement from the District for the advance of Project Construction Costs and/or Segment Prices made by the Developer for the benefit of the District from future Bond proceeds; provided, (i) if the Developer seeks reimbursement there shall be deducted from the reimbursement amount, the amount, if any, expended by the Municipality or the District for the purposes described in Section 1.7(b)(3) and (ii) in no event shall Bond proceeds be used to acquire Infrastructure placed in service more than ten (10) years prior to the date sufficient Bond proceeds are available to pay the related Project Construction Cost or Segment Price. The Project, once accepted, shall be accepted by the Municipality subject to the conditions pursuant to which facilities such as the Projects so constructed are typically accepted by the Municipality including for purposes of the maintenance and operation thereof, except as otherwise provided in the Land Development Agreement and all warranties. Unless previously dedicated and approved for public use by the Municipality, after acceptance the Project or Segment shall be made available for use by the general public.

ARTICLE VIII

INDEMNIFICATION

Section 8.1. (a) The Developer shall indemnify and hold harmless each Indemnified Party for, from and against any and all losses, claims, damages or liabilities, joint or several, arising from any challenge or matter relating to the formation, activities or administration of the District (including the establishment of the Assessed Property), or the carrying out of the provisions of this Agreement (but not for any matters which are related to infrastructure which is not part of the Infrastructure), including particularly but not by way of limitation for any losses, claims or damages or liabilities (A) related to the levy or collection of any tax or assessment which pays or secures any Bonds; (B) related to the offer or sale of Bonds; (C) any alleged violation of the Securities Act or the Securities Exchange Act of 1934 or Arizona Securities Laws; and (D) related to any Construction Contract or Project constructed pursuant to a Construction Contract, prior to expiration of the warranty period referenced below, including claims of any contractor, vendor, subcontractor or supplier.

(b) Section 8.1(a) shall, however, not be applicable to any of the following:

(1) matters involving any gross negligence or willful misconduct of any Indemnified Party,

(2) any loss, claim, damage or liability for which and to the extent there is insurance coverage, procured for the benefit of the District (excluding any self-insurance or coverage provided pursuant to any insurance contracts obtained by the Municipality in the course of its normal business and not specifically for community facility district purposes) which names the District as an insured or beneficiary, in order to provide insurance against the errors and omissions of the District Board or the other representatives, agents or employees of the District and any loss, claim, damage or liability that is covered by any commercial general liability insurance policy or other financial security instrument actually procured which names the District as an insured or beneficiary. In the event that the insurance available to the Indemnified Party is insufficient to reimburse the Indemnified Party for its actual losses, claims, damages or liabilities, then the Indemnified Party has a right to indemnification from the Developer, and only to the extent that indemnification by the Developer will be secondary to, and in excess of, the insurance available pursuant to this Section 8.1(b)(2) of the Indemnified Party,

(3) defects in any Infrastructure that are not known to the Developer and are discovered one (1) year or more following acceptance thereof by the Municipality (or, if applicable, other governmental entity).

(4) matters arising from or involving any breach of this Agreement by the District or any other Indemnified Party.

(5) the activities of administration of the District with respect to Bonds or Infrastructure that is not the result of a Report submitted by the Developer,

(6) the levy and collection of any tax or assessment in order to pay O/M Expenses which the Developer is not obligated to pay or in order to provide for the payment of Bonds which were not issued and sold as the result of a Report submitted by the Developer,

(7) the offer or sale of any Bonds which are not the result of a Report submitted by the Developer, or

(8) the claims of any contractor, vendor, subcontractor or supplier under any Acquisition Project Construction Contract or Construction Contract which is not initiated, or is not the subject of an approved Report submitted, by the Developer.

(c) An Indemnified Party shall, promptly after the receipt of notice of a written threat of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Developer, notify the Developer in writing of the commencement thereof and provide a copy of the written threat received by such Indemnified Party. Failure of the Indemnified Party to give such notice shall reduce the liability

of the Developer by the amount of damages attributable to the failure of the Indemnified Party to give such notice to the Developer, but the omission to notify the Developer of any such action shall not relieve the Developer from any liability that the Developer may have to such Indemnified Party otherwise than under this section. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall notify the Developer of the commencement thereof, the Developer may, or if so requested by such Indemnified Party shall, participate therein or defend the Indemnified Party therein, with counsel satisfactory to such Indemnified Party and the Developer (it being understood that, except as hereinafter provided, the Developer shall not be liable for the expenses of more than one counsel representing the Indemnified Parties in such action), and after notice from the Developer to such Indemnified Party of an election so to assume the defense thereof, the Developer shall not be liable to such Indemnified Party under this section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof; provided, however, that unless and until the Developer defend any such action at the request of such Indemnified Party, the Developer shall have the right to participate at their own expense in the defense of any such action. If the Developer shall not have employed counsel to defend any such action or if an Indemnified Party shall have reasonably concluded that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to the Developer (in which case the Developer shall not have the right to direct the defense of such action on behalf of such Indemnified Party) or to other Indemnified Parties, the legal and other expenses, including the expense of separate counsel, incurred by such Indemnified Party shall be borne by the Developer.

ARTICLE IX

PAYMENT OF CERTAIN EXPENSES AND COSTS

Section 9.1. (a) To provide for expenses and costs required to administer the General Obligation Bonds and the levy and collection of *ad valorem* taxes for payment of the debt service for any General Obligation Bonds and any purposes otherwise related to such activities of the District, amounts shall be budgeted by the District Board each Fiscal Year in the District Budget for such purposes and may be paid from amounts available from the tax levy described in Section 6.2(b).

(b) To provide for the payment of expenses and costs required to administer the Assessment Bonds and the levy and collection of the Assessments and any purposes otherwise related to such activities of the District, amounts shall be budgeted by the District Board each Fiscal Year in the District Budget for such purposes and may be paid from amounts collected for such purposes as a portion of the interest portion of the installments due with respect to the Assessments.

Section 9.2. (a) To provide for the payment of the O/M Expenses, the District Board shall levy all or a portion of the O/M Tax and shall apply the collections of the O/M Tax *first* to pay the District Expenses and *second* to pay any remaining O/M Expenses in the following priority: (1) any public infrastructure that constitutes "specialty features" or "specialty materials", except as otherwise addressed in a "Maintenance Agreement" between the Municipality and the Developer, delivered pursuant to the terms of the Land Development

Agreement, (2) that portion of the costs, if any, of the operation and maintenance of any public infrastructure that exceeds the approximate amount of the costs paid by the Municipality for the operation and maintenance of similar public infrastructure owned by the Municipality, (3) any public infrastructure, which under the Land Development Agreement, will be the responsibility of the Developer, or if applicable, an HOA (as defined in Section 9.2(b) hereof), following the dedication and acceptance by the Municipality, and (4) any public infrastructure following the dedication and acceptance by the Municipality.

(b) Provided the District has levied or will levy in the Fiscal Year the maximum authorized tax rate for the O/M Tax, and to the extent the collections of the O/M Tax are not sufficient to pay the O/M Expenses, the Developer or, if approved by the District Manager in his sole discretion, in lieu of the Developer, a homeowners association or similar association (an "*HOA*") shall be liable and obligated to pay, to the District on May 1 of each year of the District the amount of any shortfall indicated in the District Budget for the next fiscal year between the projected O/M tax revenues for the Fiscal Year and the aggregate amount of the O/M Expenses for such Fiscal Year (the "*Shortfall*"), including any amount required because of any Shortfall in the prior Fiscal Year as provided in such District Budget and no matter how such shortfall was otherwise funded. Notwithstanding the foregoing, solely for purposes of determining the obligations of the Developer (or, if applicable, the HOA) pursuant to this Section 9.2(b), no portion of the O/M Expenses attributable to: (1) items described in clause (4) of Section 9.2(a) above; or (2) District Insurance Expense that either: (i) exceeds $50,000.00 per Fiscal Year, or (ii) after fifteen (15) years from the date the District initially incurs a District Insurance Expense, exceeds $0.00, shall be included in the amount of O/M Expenses in calculating the Shortfall. Without limitation of the foregoing, the Developer's obligation to pay any Shortfall in O/M Expenses shall terminate upon expiration of the Developer's Exclusive Period.

Section 9.3. The Developer shall be obligated to promptly deposit with the Municipality and, if and when formed, the District such amounts and, at such times as are required by the CFD Guidelines, provided, in no event shall the Developer be required, after formation of the District, to deposit amounts in excess of the estimated Shortfall, or portion thereof, which the Developer is obligated to pay for the next succeeding Fiscal Year. Upon the request of the Developer, an accounting will be made to the Developer of all amounts spent for the Initial Expenses to date. Amounts paid pursuant to this Section by the Developer which may be reimbursed under applicable law to the Developer from the proceeds of the sale of Bonds shall, at the request of the Developer and to the extent of available amounts therefor, be included as part of the uses of the Bond proceeds.

ARTICLE X

MISCELLANEOUS

Section 10.1. Neither of the Municipality, the District nor the Developer shall knowingly take, or cause to be taken, any action which 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.

Section 10.2. (a) To provide evidence satisfactory to the District Manager that any prospective purchaser of land within the boundaries of the District has been notified that such land is within the boundaries of the District and that the Bonds may be then or in the future be outstanding, the Disclosure Statement shall be signed by each subsequent owner of real property in the District and such executed Disclosure Statement shall be provided to the District as set forth below; provided, however, that the Disclosure Statement may be modified as necessary in the future to adequately describe the District and the Bonds and source of payment for debt service therefor as agreed by the District Manager and the Developer. The failure to provide any subsequent owner of real property in the District the Disclosure Statement will not relieve the Developer or any owner of real property in the District from the payment of any District tax, assessment, fee or charge.

(b) The Developer shall or shall require that the owners or each homebuilder to whom the Developer has sold land:

(1) cause any purchaser of land to sign the Disclosure Statement upon entering into a contract for purchasing such land;

(2) provide a copy of each fully executed Disclosure Statement to be filed with the District Manager and

(3) provide such information and documents, including audited financial statements to any necessary repository or depository, but only to the extent necessary for the underwriters of the Bonds to comply with Rule 15c2-12 of the Securities Exchange Act of 1934.

Section 10.3. This Agreement shall be binding upon and shall inure to the benefit of the parties to this Agreement and their respective legal representatives, successors and assigns; provided, however, that none of the parties hereto shall be entitled to assign its right hereunder or under any document contemplated hereby without the prior written consent of the other parties to this Agreement, which consent shall not be unreasonably withheld.

Section 10.4. Each party hereto shall, promptly upon the request of any other, have acknowledged and delivered to the other any and all further instruments and assurances reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement.

Section 10.5. This Agreement sets forth the entire understanding of the parties as to the matters set forth herein as of the date this Agreement is executed and cannot be altered or

otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto; provided, however, that an amendment signed by only the Developer and the District shall be effective against the Developer and the District only if such amendment does not amend any right, benefit or obligation of the Municipality and an amendment signed by the Developer, the District and the Municipality shall be effective against the Developer, the District and the Municipality, as applicable, with respect to any amendment that does amend the Municipality's rights, benefits or obligations under this Agreement. This Agreement is intended to reflect the mutual intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.

Section 10.6. (a) The Developer on behalf of itself and all other parties having an interest in the Property intends to encumber the Property with the following agreements and waivers. The Developer agrees and consents to all the conditions imposed by this Agreement and the Land Development Agreement, and by signing this Agreement waive any and all claims, suits, damages, compensation and causes of action for diminution in value to the Property the owner of the Property may have now or in the future under the provisions of A.R.S. §§ 12-1134 through and including 12-1136 resulting from this Agreement, the Land Development Agreement or from any "land use law" (as such term is defined in the aforementioned statute sections) permitted by this Agreement or the Land Development Agreement to be enacted, adopted or applied by the Municipality or the District now or hereafter. The Developer acknowledges and agrees the terms and conditions set forth in this Agreement and the Land Development Agreement cause an increase in the fair market value of the Property and such increase exceeds any possible reduction in the fair market value of the Property caused by any future land use laws, rules, ordinances, resolutions or actions permitted by this Agreement or the Land Development Agreement and adopted or applied by the Municipality or the District to the Property. Notwithstanding the foregoing, the waivers and agreements of this Section 10.6 shall not impair the Developer' vested rights established by the Land Development Agreement or the vested rights, if any, resulting from the application of the common law to the development of the Property.

(b) The Developer acknowledges and agrees that Developer's development of the Property is not dependent upon the formation of the District or District financing. The Developer is not in any manner relying, to its detriment or otherwise, on the Municipality forming the District or, if the District is formed, to issue Bonds or, if Bonds are issued, issue any additional series of Bonds, levy any tax or assessment, or otherwise in any manner finance the costs of any Project.

Section 10.7. This Agreement shall be governed by and interpreted in accordance with the laws of the State.

Section 10.8. 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.

Section 10.9. 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.

Section 10.10. The Municipality and the District may, 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 Municipality or the District, respectively, is, at any time while this Agreement is in effect, an employee or agent of the Developer in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement and may recoup any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Municipality or the District, respectively, from the Developer arising as the result of this Agreement. The Developer has not taken and shall not take any action which would cause any person described in the preceding sentence to be or become an employee or agent of the Developer in any capacity or a consultant to any party to this Agreement with respect to the subject matter of this Agreement.

Section 10.11. The term of this Agreement shall be as of the date of the execution and delivery hereof by each of the parties hereto and shall expire upon the earlier of the agreement of the District, the Municipality, the Developer to the termination hereof, December 31, 2050, or the date on which all of the Bonds are paid in full or defeased to the fullest extent possible pursuant to the Act.

Section 10.12. All notices, certificates or other communications hereunder (including in the Exhibits hereto) shall be sufficiently given and shall 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 the Municipality:
City of Mesa, Arizona
ATTN: Christopher J. Brady, City Manager
20 East Main Street, Suite 850
Mesa, Arizona 85211
(480) 644-2066 (Telephone)
(480) 844-2175 (Fax)
comanager@mesaaz.gov (Email)

If to the District:
Cadence Community Facilities District
c/o City of Mesa, Arizona
ATTN: James Smith, City Attorney
P.O. Box 1466
Mesa, Arizona 85211
(480) 644-2343 (Telephone)
(480) 644-2175 (Fax)
james.smith@mesaaz.gov (Email)

If to Developer:

Christopher J. Cacheris
Harvard Investments, Inc.
17700 North Pacesetter Way
Scottsdale, Arizona 85255
(480) 348-1118(Telephone)
(480) (480) 348-8976 (Fax)
ccacheris@harvardinvestments.com (Email)

Tim Brislin
Harvard Investments, Inc.
17700 North Pacesetter Way
Scottsdale, Arizona 85255
(480) 348-1118 (Telephone)
(480) 480) 348-8976 (Fax)
tbrislin@harvardinvestments.com (Email)

With a copy to:

Rebecca L. Burnham
Greenberg Traurig, LLP
2375 East Camelback Road Suite 700
Phoenix, Arizona 85016
(602) 445-8000 (Telephone)
(602) 445-8100 (Fax)
burnhamr@gtlaw.com (Email)

Any of the foregoing, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.13. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

Section 10.14. The headings or titles of the several Articles and Sections hereof and in the Exhibits hereto, and any table of contents appended to copies hereof and thereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement.

Section 10.15. This Agreement does not relieve any party hereto of any obligation or responsibility imposed upon it by law; provided, further, the provisions of this Agreement shall be subject to and governed by the terms and provisions of the terms and provisions of this Agreement and the applicable terms and provisions of the Land Development Agreement, Community Plan and the CFD Guidelines, as provided in Section 1.2 hereof.

Section 10.16. No later than ten (10) days after this Agreement is executed and delivered by each of the parties hereto, the Developer shall on behalf of the Municipality and the District record a copy of this Agreement with the County Recorder of Maricopa County, Arizona.

Section 10.17. Unless otherwise expressly provided, the representations, covenants, indemnities and other agreements contained herein shall be deemed to be material and continuing, shall not be merged and shall survive any conveyance or transfer provided herein.

Section 10.18. If any party hereto shall be unable to observe or perform any covenant or condition herein by reason of *Force Majeure*, then the failure to observe or perform such covenant or condition shall not constitute a default hereunder so long as such party shall use 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.

Section 10.19. Whenever the consent or approval of any party hereto, or of any agency therefor, shall be required under the provisions hereof, such consent or approval shall not be unreasonably withheld, conditioned or delayed unless specifically otherwise limited as provided herein.

Section 10.20. (a) Notwithstanding any provision of this Agreement to the contrary, no act, requirement, payment, or other agreed upon action to be done or performed by the Municipality or the District shall be required to be done or performed by the Municipality or the District, respectively, unless and until said formal action of the City Council and the District Board, respectively, has been taken and completed. This Agreement in no way acquiesces to or obligates the Municipality or the District to perform a legislative act.

(b) 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 (hereinafter referred to as the "Cure Period") after written notice thereof from any other party, shall constitute 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 or comply with any term or provision hereof, then such party shall have such additional time as may be necessary to perform or comply so long as such party commences performance or compliance within said thirty (30) day period and diligently proceeds to complete such performance or fulfill such obligation. Said notice shall specify the nature of the alleged default and the manner in which said default may be satisfactorily cured, if possible. In the event such default is not cured within the Cure Period, any non-defaulting party shall have all rights and remedies that are set forth in the next subsection.

(c) Except as provided in subsection (b), the parties shall be limited to the remedies and the dispute resolution procedure set forth in this subsection and subsection (d). Any decision rendered by the Panel (as hereinafter defined) pursuant to the provisions of subsection (d) shall be binding on the parties unless and until a court of competent jurisdiction renders its final decision on the disputed issue, and if any party does not abide by the decision rendered by the Panel during the pendency of an action before the court of competent jurisdiction or otherwise (if no court action), any other party may institute an action for money damages on the issues that were the subject of the Panel's decision and/or any other relief as may be permitted by law.

(d) (1) If an event of default is not cured within the Cure Period, any non-defaulting party may institute the dispute resolution process set forth in this subsection

(hereinafter referred to as the "Process") by providing written notice initiating the Process (hereinafter referred to as the "Initiation Notice") to the defaulting party.

(2) Within fifteen (15) days after delivery of the Initiation Notice, each involved party shall appoint one person to serve on an arbitration panel (herein referred to as the "Panel"). Within twenty-five (25) days after delivery of the Initiation Notice, the persons appointed to serve on the Panel shall themselves appoint one person to serve as a member of the Panel. Such person shall function as the chairman of the Panel.

(3) The remedies available for award by the Panel shall be limited to specific performance, declaratory relief and injunctive relief.

(4) Any party can petition the Panel for an expedited hearing if circumstances justify it. Such circumstances shall be similar to what a court would view as appropriate for injunctive relief or temporary restraining orders. In any event, the hearing of any dispute not expedited shall commence as soon as practicable, but in no event later than forty-five (45) days after selection of the chairman of the Panel. This deadline can be extended only with the consent of all parties to the dispute or by decision of the Panel upon a showing of emergency circumstances.

(5) The chairman of the Panel shall conduct the hearing pursuant to the Center For Public Resources' Rules for Non-Administered Arbitration of Business Disputes then in effect. The chairman of the Panel shall determine the nature and scope of discovery, if any, and the manner of presentation of relevant evidence, consistent with the deadlines provided herein, and the parties' objective that disputes be resolved in a prompt and efficient manner. No discovery may be had of privileged materials or information. The chairman of the Panel upon proper application shall issue such orders as may be necessary and permissible under law to protect confidential, proprietary or sensitive materials or information from public disclosure or other misuse. Any party may make application to the Maricopa County Superior Court (hereinafter referred to as the "Court") to have a protective order entered as may be appropriate to confirm such orders of the chairman of the Panel.

(6) The hearing, once commenced, shall proceed from business day to business day until concluded, absent a showing of emergency circumstances. Except as otherwise provided herein, the Process shall be governed by the Uniform Arbitration Act as enacted in the State.

(7) The Panel shall, within fifteen (15) days from the conclusion of any hearing, issue its decision. The decision shall be rendered in accordance with this Agreement and the laws of the State.

(8) Any involved party may appeal the decision of the Panel to the Court for a *de novo* review of the issues decided by the Panel, if such appeal is made within thirty (30) days after the Panel issues its decision. The remedies available for award by the Court shall be limited to specific performance, declaratory relief and injunctive relief. The decision of the Panel shall be binding on both parties until the Court renders a binding decision. If a non-prevailing party in the Process fails to appeal to the Court within the time frame set forth herein,

the decision of the Panel shall be final and binding. If one party does not comply with the decision of the Panel after a final ruling by the Court if the decision of the Panel is appealed, then another party shall be entitled to exercise all rights and remedies that may be available under law or equity, including without limitation the right to institute an action for money damages related to the default that was the subject of the Panel's decision and the provisions of this subsection shall not apply to such an exercise of rights and remedies.

(9) All fees and costs associated with the Process before the Panel, including without limitation the fees of the Panel, other fees, and the prevailing party's attorneys' fees, expert witness fees and costs, shall be paid by the non-prevailing party or parties. The determination of prevailing and non-prevailing parties, and the appropriate allocation of fees and costs, shall be included in the decision by the Panel. Similarly, all fees and costs associated with an appeal to the Court or any appellate court thereafter, including without limitation, the prevailing party's attorneys' fees, expert witness fees and costs, shall be paid by the non-prevailing party. The determination of prevailing and non-prevailing parties, and the appropriate allocation of fees and costs, shall be included in the decision by the Court.

[signatures appear on following pages]

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

CITY OF MESA, ARIZONA, a municipal corporation

By:_____
John Giles, Mayor

ATTEST:

_____
DeeAnn Mickelsen, City Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the Municipality 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 Municipality.

_____
James Smith, City Attorney

STATE OF ARIZONA
COUNTY OF MARICOPA

On this _____ day of September, 2015, before me personally appeared John Giles, the Mayor of the City of Mesa, Arizona, an Arizona municipal corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he/she signed the above/attached document on behalf of the City.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

_____
Notary Public in and for the State of Arizona

CADENCE COMMUNITY FACILITIES DISTRICT

By:_____
John Giles, Chairman,
District Board

ATTEST:

_____
DeeAnn Mickelsen, 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.

_____
Gust Rosenfeld P.L.C., District Counsel

STATE OF ARIZONA
COUNTY OF MARICOPA

On this _____ day of September, 2015, before me personally appeared John Giles, the Chairman of Cadence Community Facilities District, an Arizona community facilities district, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he/she signed the above/attached document on behalf of Cadence Community Facilities District.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

_____
Notary Public in and for the State of Arizona

DEVELOPER

PPGN Holdings, LLLP, a Delaware limited liability partnership

By: HVI-Pacific, LLLP, an Arizona limited liability partnership
Its: General Partner

By: Harvard Ventures, Inc., a Nevada corporation
Its: General Partner

By: Christopher J. Cacheris
Its: Vice-President

STATE OF ARIZONA
COUNTY OF MARICOPA

On this 5th day of November, 2015, before me personally appeared Christopher J. Cacheris, the Vice-President of Harvard Ventures, Inc., a Nevada corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he/she signed the above/attached document on behalf of Harvard Ventures, Inc., as General Partner of HVI-Pacific, LLLP, as General Partner of PPGN Holdings, LLLP.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

KIMBERLEY KORP
Notary Public - Arizona
Maricopa County
My Comm. Expires Sep 14, 2019

Notary Public in and for the State of Arizona

ACKNOWLEDGEMENT AND CONSENT TO PETITION AND FORMATION OF CADENCE COMMUNITY FACILITIES DISTRICTS AND AD VALOREM TAX BOND AUTHORIZATION

Reference is made to that certain Development, Financing Participation, Waiver and Intergovernmental Agreement for Cadence Community Facilities District, dated as of November 19, 2015 (the "*CFD Development Agreement*"), by and among the City of Mesa, Arizona (the "*City*"), the Cadence Community Facilities District (the "*District*"), and PPGN Holdings, LLLP (the "*Developer*"), to which this Acknowledgement and Consent is attached. All capitalized terms used and not otherwise defined in this Acknowledgement and Consent shall have the meanings set forth in the CFD Development Agreement. The undersigned Landowners, as the owners of all the Property comprising the District, have had the opportunity and right to review the terms and provisions of the CFD Development Agreement and the General Plan of the District, and each such Landowner hereby consents to, and agrees that such Landowner and all future owners or holders of any interest in the Property shall be bound by, the terms and provisions of this Agreement. Without limiting the generality of the foregoing, each of the undersigned Landowners expressly consents to the following: (a) the submission to the Clerk of the City of a Petition for Formation and Petition for Adoption of Resolution Ordering and Declaring Formation of the District and, further, the taking of all incidental and related actions by the City, the Developer and the District, to form the District in accordance with the provisions of this Agreement and the Act; (b) the adoption and recordation of the CFD Development Agreement; (c) an election to consider approval of a general obligation bond authorization of $45,000,000 and, to pay debt service on such bonds as may be issued by the District, levy of an ad valorem tax on taxable property in the District and, further, the taking of all incidental and related actions by the Developer and the District, from time to time, to authorize such levy of *ad valorem* taxes and issuance of *ad valorem* tax bonds in accordance with the provisions of this Agreement and the Act; (d) the levy of an annual ad valorem tax of $.30 per $100 of net assessed limited property valuation of taxable property in the District to apply to operations and maintenance expenses of the District; and (e) the taking of all necessary and incidental actions by the Developer and the District, from time to time, to form Assessment Districts within the District and levy Assessments in accordance with the provisions of this Agreement and the Act. Each of the undersigned Landowners further consents to the waiver by the City and, as applicable, the District of any and all requirements of posting, publication, mailing, notice, hearing and landowner election with respect to the formation of the District.

Each of the undersigned Landowners warrants that it has the requisite authority to enter into this Consent of Landowners and bind the Property and, to the best of its knowledge, no other consents are required; provided, without limitation of the foregoing, the undersigned Landowners shall execute and deliver to the City, the District and the Developer, upon request, all further assurances and waivers as may be required by the District and the Act to give full effect to this Agreement, each of which further assurances shall, upon such execution, delivery and recording, be deemed incorporated herein and have the same priority as this Agreement.

[*signatures appear on following pages*]

Signature Page to Consent of Landowners

Dated: November 5, 2015

PPGN-Ray, LLLP,
an Arizona limited liability partnership

By: PPGN-GH, Inc., a Delaware corporation
Its: General Partner

By Tim Boristin
Its Vice President

STATE OF ARIZONA
COUNTY OF MARICOPA

On this 5th day of November, 2015, before me personally appeared Timothy P. Boristin, the Vice Pres. of PPGN-GH, Inc., a Delaware corporation, a Nevada corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he/she signed the above/attached document on behalf of PPGN-GH, Inc., the General Partner of PPGN-Ray, LLLP.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

KIMBERLEY KORP
Notary Public - Arizona
Maricopa County
My Comm. Expires Sep 14, 2019

Notary Public in and for the State of Arizona

Signature Page to Consent of Landowners

Dated: November 5, 2015

PPGN-Core, LLLP,
an Arizona limited liability partnership

By: PPGN-GH, Inc., a Delaware corporation
Its: General Partner

By Timothy P. Brislin
Its Vice President

STATE OF ARIZONA
COUNTY OF MARICOPA

On this 5th day of November, 2015, before me personally appeared Timothy P. Brislin, the Vice President of PPGN-GH, Inc., a Delaware corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he/she signed the above/attached document on behalf of PPGN-GH, Inc., the General Partner of PPGN-Core, LLLP.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

KIMBERLEY KORP
Notary Public - Arizona
Maricopa County
My Comm. Expires Sep 14, 2019

Notary Public in and for the State of Arizona

Signature Page to Consent of Landowners

Dated: November 5, 2015

PPGN-Crismon, LLLP,
an Arizona limited liability partnership

By: PPGN-GH, Inc., a Delaware corporation
Its: General Partner

By Timothy P. Bristin
Its Vice President

STATE OF ARIZONA
COUNTY OF MARICOPA

On this 5th day of November, 2015, before me personally appeared Timothy P. Bristin the Vice President of PPGN-GH, Inc., a Delaware corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he/she signed the above/attached document on behalf of PPGN-GH, Inc., the General Partner of PPGN-Crismon, LLLP.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

KIMBERLEY KORP
Notary Public - Arizona
Maricopa County
My Comm. Expires Sep 14, 2019

Notary Public in and for the State of Arizona

Signature Page to Consent of Landowners

Dated: November 5, 2015

PPGN-Ellsworth, LLLP,
an Arizona limited liability partnership

By: PPGN-GH, Inc., a Delaware corporation
Its: General Partner

By Timothy P. Bristin
Its Vice President

STATE OF ARIZONA
COUNTY OF MARICOPA

On this 5th day of November, 2015, before me personally appeared Timothy P. Bristin the Vice President of PPGN-GH, Inc., a Delaware corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he/she signed the above/attached document on behalf of PPGN-GH, Inc., the General Partner of PPGN-Ellsworth, LLLP.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

KIMBERLEY KORP
Notary Public - Arizona
Maricopa County
My Comm. Expires Sep 14, 2019

Notary Public in and for the State of Arizona

Signature Page to Consent of Landowners

Dated: November 5, 2015

PPGN-Williams, LLLP,
an Arizona limited liability partnership

By: PPGN-GH, Inc., a Delaware corporation
Its: General Partner

By Timothy P. Bristin
Its Vice President

STATE OF ARIZONA
COUNTY OF MARICOPA

On this 5th day of November, 2015, before me personally appeared Timothy P. Bristin, the Vice President of PPGN-GH, Inc., a Delaware corporation, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he/she signed the above/attached document on behalf of PPGN-GH, Inc., the General Partner of PPGN-Williams, LLLP.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

KIMBERLEY KORP
Notary Public - Arizona
Maricopa County
My Comm. Expires Sep 14, 2019

Notary Public in and for the State of Arizona

ATTACHMENTS:

EXHIBIT A	-	Legal Description Of The Property
EXHIBIT B	-	Description Of Infrastructure
EXHIBIT C	-	Form Of Certificate Of Engineers For Conveyance Of Acquisition Project or Segment Of Project
EXHIBIT D	-	Form Of Conveyance Of Acquisition Project or Segment Of Project
EXHIBIT E	-	Form Of Disclosure Statement

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY
TO BE INCLUDED IN THE DISTRICT

(See attached)

Legal Description
PPGN Community Facilities District

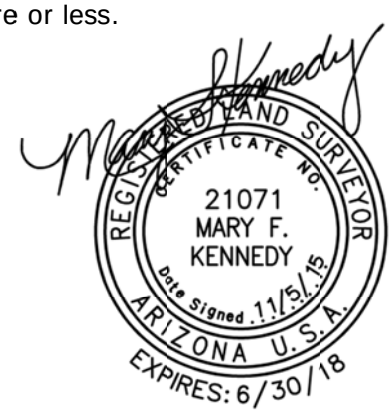
Job No. 11-007 Revised May 4, 2015

A portion of the West half of Section 26, a portion of Section 27 and a portion of the Northeast Quarter of Section 34, Township 1 South, Range 7 East of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

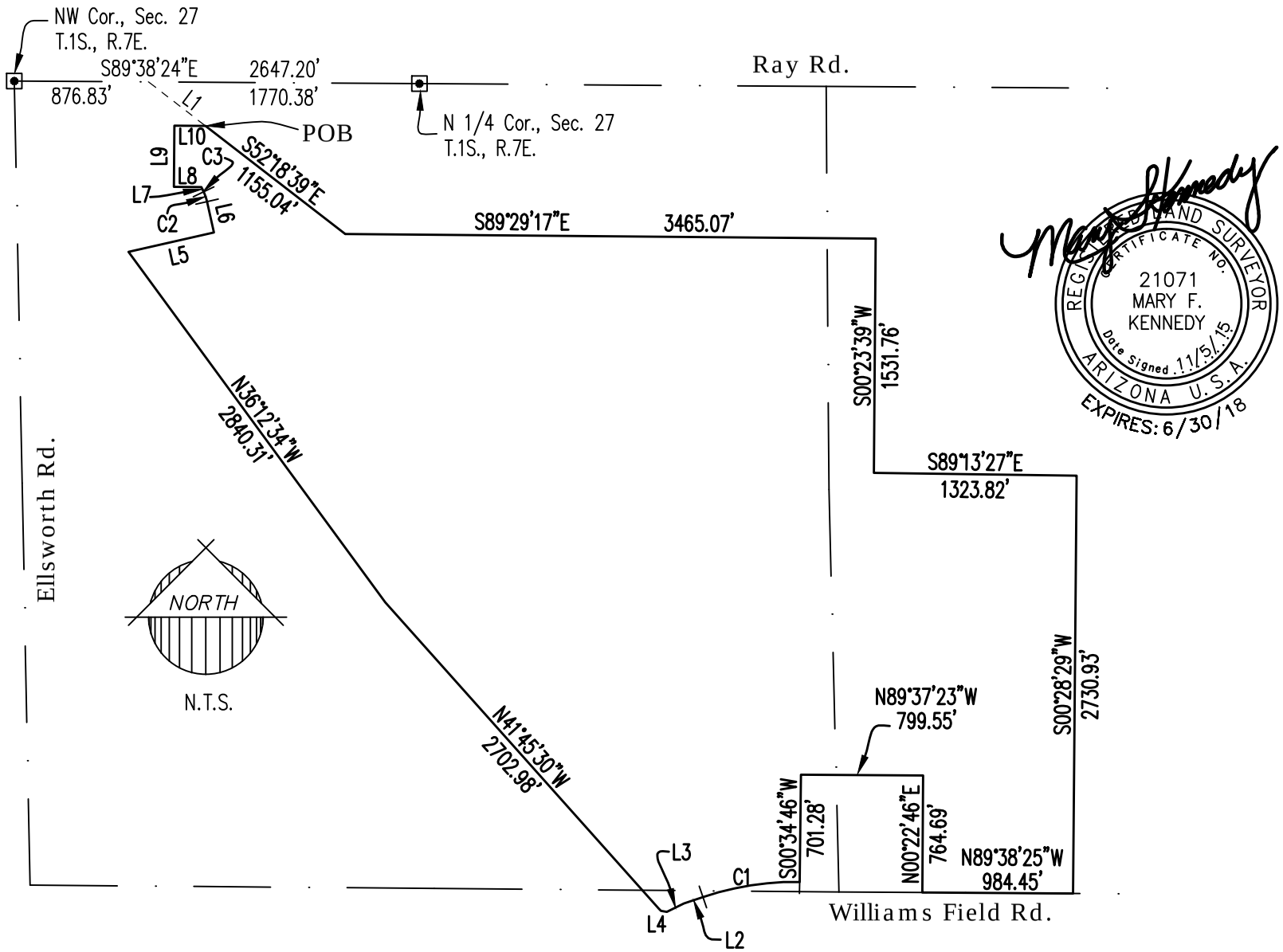
COMMENCING at a brass cap in a hand hole at the Northwest corner of said Section 27, from which an aluminum cap at the North Quarter corner of said Section 27 bears S89°38'24"E (an assumed bearing) at a distance of 2,647.20 feet; thence S89°38'24"E, along the north line of the Northwest Quarter of said Section 27, for a distance of 876.83 feet; thence S52°18'39"E for a distance of 470.08 feet to the POINT OF BEGINNING;

Thence continuing S52°18'39"E for a distance of 1,155.04 feet; thence S89°29'17"E for a distance of 3,465.07 feet; thence S00°23'39"W for a distance of 1,531.76 feet; thence S89°13'27"E for a distance of 1,323.82 feet; thence S00°28'29"W for a distance of 2,730.93 feet to the south line of the Southwest Quarter of said Section 26; thence N89°38'25"W, along said south line, for a distance of 984.45 feet; thence N00°22'46"E for a distance of 764.69 feet; thence N89°37'23"W for a distance of 799.55 feet; thence S00°34'46"W for a distance of 701.28 feet to a point on a non-tangent curve, concave to the south, the center of which bears S01°03'19"W at a distance of 1,861.15 feet; thence westerly, along the arc of said curve, through a central angle of 19°47'46", for a distance of 643.04 feet; thence S71°15'33"W, tangent to said curve, for a distance of 131.23 feet; thence S63°49'21"W for a distance of 125.36 feet; thence N80°12'55"W for a distance of 39.15 feet; thence N41°45'30"W for a distance of 2,702.98 feet; thence N36°12'34"W for a distance of 2,840.31 feet; thence N77°11'23"E for a distance of 572.68 feet; thence N12°48'37"W for a distance of 207.30 feet to the beginning of a curve, concave to the southwest, the center of which bears S77°11'23"W at a distance of 303.27 feet; thence northwesterly, along the arc of said curve, through a central angle of 12°45'57", for a distance of 67.57 feet to the beginning of a reverse curve, concave to the northeast, the center of which bears N64°25'26"E at a distance of 274.00 feet; thence northwesterly, along the arc of said curve, through a central angle of 01°01'32", for a distance of 4.90 feet; thence N24°33'03"W, tangent to said curve, for a distance of 29.44 feet; thence N89°38'24"W for a distance of 179.50 feet; thence N00°21'36"E for a distance of 400.00 feet; thence S89°38'24"E for a distance of 203.14 feet to the POINT OF BEGINNING.

An area containing 17,564,110 square feet or 403.2165 acres, more or less.



EPS Group, Inc. • 2045 S. Vineyard, Suite 101 • Mesa, AZ 85210
Tel (480) 503-2250 • Fax (480) 503-2258



Sheet 1 of 2

11-007

EPS GROUP

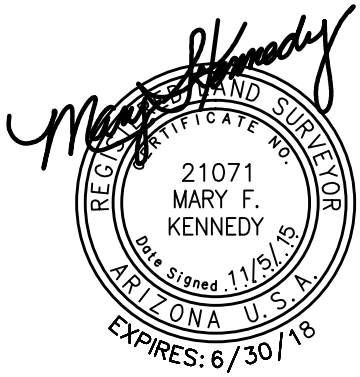
2045 S. Vineyard Ave, Suite 101
Mesa, AZ 85210
T:480.503.2250 | F:480.503.2258
w w w . e p s g r o u p i n c . c o m

Project: PPGN Community Facilities District

Exhibit

CURVE TABLE						
CURVE	RADIUS	LENGTH	TANGENT	DELTA	CHORD	CHD BRG
C1	1861.15'	643.04'	324.76'	19°47'46"	639.85'	S81°09'26"W
C2	303.27'	67.57'	33.93'	12°45'57"	67.43'	N19°11'36"W
C3	274.00'	4.90'	2.45'	1°01'32"	4.90'	S25°03'49"E

LINE TABLE		
LINE	BEARING	LENGTH
L1	S52°18'39"E	470.08'
L2	S71°15'33"W	131.23'
L3	S63°49'21"W	125.36'
L4	N80°12'55"W	39.15'
L5	N77°11'23"E	572.68'
L6	N12°48'37"W	207.30'
L7	N24°33'03"W	29.44'
L8	N89°38'24"W	179.50'
L9	N00°21'36"E	400.00'
L10	S89°38'24"E	203.14'



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Sheet 2 of 2

11-007

EPS GROUP
2045 S. Vineyard Ave, Suite 101
Mesa, AZ 85210
T:480.503.2250 | F:480.503.2258
www.epsgroupinc.com

Project:
Community Funded District (CFD)

Exhibit

EXHIBIT B

DESCRIPTION OF INFRASTRUCTURE

(a) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge.

(b) Drainage and flood control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge.

(c) Water systems for domestic, industrial, irrigation, municipal or fire protection purposes, including production, collection, storage, treatment, transport, delivery, connection and dispersal, but not including facilities for agricultural irrigation purposes unless for the repair or replacement of existing facilities when required by other improvements permitted by this article.

(d) Highways, streets, roadways and parking facilities, including all areas for vehicular use for travel, ingress, egress and parking.

(e) Areas for pedestrian, equestrian, bicycle or other nonmotor vehicle use for travel, ingress, egress and parking.

(f) Pedestrian malls, parks, recreational facilities other than stadiums, and open space areas for the use of members of the public for entertainment, assembly and recreation.

(g) Landscaping, including earthworks, structures, lakes and other water features, plants, trees and related water delivery systems.

(h) Public buildings, public safety facilities and fire protection facilities.

(i) Lighting systems.

(j) Traffic control systems and devices, including signals, controls, markings and signage.

(k) Equipment, vehicles, furnishings and other personalty related to the items listed in this paragraph.

(l) Operation and maintenance of the items listed in clauses (a) through and including (k) above.

EXHIBIT C

FORM OF CERTIFICATE OF ENGINEERS FOR CONVEYANCE OF ACQUISITION PROJECT OR SEGMENT OF ACQUISITION PROJECT

CERTIFICATE OF ENGINEERS FOR CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

(insert description of Acquisition Project/Segment)

STATE OF ARIZONA	)
COUNTY OF MARICOPA	)
CITY OF MESA	) ss.
CADENCE COMMUNITY	)
FACILITIES DISTRICT	)

We the undersigned, being Professional Engineers in the State of Arizona and, respectively, the duly appointed District Engineer for Cadence Community Facilities District (hereinafter referred to as the "*District*"), and the engineer employed by Harvard Investments, Inc., a Nevada corporation (the "*Developer*"), each hereby certify for purposes of the District Development, Financing Participation and Intergovernmental Agreement for Cadence Community Facilities District (City of Mesa, Arizona), dated November 19, 2015 (hereinafter referred to as the "*Agreement*"), by and among the District, the City of Mesa, Arizona and the Developer, that:

1. The Acquisition Project or Segment indicated above has been completed in accordance with the Plans and Specifications (as such term and all of the other initially capitalized terms in this Certificate are defined in the Agreement) and the Acquisition Project Construction Contract (as modified by any change orders permitted by the Agreement) for such Acquisition Project or Segment.

2. The Segment Price as publicly bid and including the cost of approved change orders for such Segment is $_____.

3. The Developer provided for compliance with the requirements for public bidding for such Acquisition Project or Segment as required by the Agreement (including, particularly but not by way of limitation, Title 34, Chapter 2, Article 1, Arizona Revised Statutes, as amended) in connection with award of the Acquisition Project Construction Contract for such Acquisition Project or Segment.

4. The Developer filed all construction plans, specifications, contract documents, and supporting engineering data for the construction or installation of such Acquisition Project or Segment with the Municipality.

5. The Developer obtained and has supplied to the District evidence of good and sufficient performance and payment bonds or such other equivalent payment and performance financial guarantees acceptable to the District Manager and the District Engineer in connection with such Acquisition Project or Contract.

DATED AND SEALED THIS _____ DAY OF _____, 20__.

By_____
District Engineer

[P.E. SEAL]

[P.E. SEAL] By_____
Engineer for the Developer

[Confirmed for purposes of Section 3.5 of the Development Agreement by

_____
Manager for Cadence Community Facilities District*]

[THIS WILL BE <u>REQUIRED</u>
FOR EVERY SEGMENT ACQUIRED
WITH PROCEEDS OF THE
SALE OF THE BONDS!!!]

* To be inserted if the provisions of Section 3.5 hereof are applicable to the respective Segment of the Project

EXHIBIT D

FORM OF CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT

(Insert description of Acquisition Project/Segment)

STATE OF ARIZONA	)
COUNTY OF MARICOPA	)
CITY OF MESA	) ss.
CADENCE COMMUNITY	)
FACILITIES DISTRICT	)

KNOW ALL MEN BY THESE PRESENTS THAT:

Harvard Investments, Inc. (the "*Developer*"), in consideration of the promise to pay ***[INSERT ACQUISITION PROJECT CONSTRUCTION COST OR SEGMENT PRICE, AS APPLICABLE]*** to the Developer by Cadence Community Facilities District, a community facilities district formed by the City of Mesa, Arizona (the "*Municipality*"), and duly organized and validly existing pursuant to the laws of the State of Arizona (the "*District*"), such amount in accordance with the hereinafter described Development Agreement, does by these presents grant, bargain, sell and convey to the District, its successors and assigns, or *[at the request of the District to the Municipality or other governmental entity]*, all right, title and interest in and to the following described property, being the subject of a District Development, Financing Participation and Intergovernmental Agreement Cadence Community Facilities District (City of Mesa, Arizona), dated November 19, 2015, by and among the Developer, the Municipality and the District as follows:

[Insert description of Acquisition Project/Segment]

together with any and all benefits, including warranties and performance and payment bonds, under the Acquisition Project Construction Contract (as such term is defined in such Development Agreement) or relating thereto, all of which are or shall be located within public rights-of-way, public utility or other public easements dedicated or dedicated by map of dedication, plat or otherwise, free and clear of any and all liens, easements, restrictions, conditions, or encumbrances affecting the same *[, such subsequent dedications not affecting the promise of the District to hereafter pay the amounts described in such Development Agreement]*, but subject to all reservations in patents, and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations, leases, and liabilities or other matters as set forth on Schedule I hereto.

TO HAVE AND TO HOLD the above-described property, together with all and singular the rights and appurtenances thereunto in anywise belonging, including all necessary rights of ingress, egress, and regress, subject, however, to the above-described exception(s) and reservation(s), unto the Municipality, its successors and assigns, forever; and the Developer do hereby bind themselves, their successors and assigns to warrant and forever defend, all and singular, the above-described property, subject to such exception(s) and reservation(s), unto the District or Municipality, its successors and assigns, against the acts of the Developer and all others.

The Developer binds and obligates itself, its successors and assigns, to execute and deliver at the request of the District any other or additional instruments of transfer, bills of sale, conveyances, or other instruments or documents which may be necessary or desirable to evidence more completely or to perfect the transfer to the District of the above-described property, subject to the exception(s) and reservation(s) hereinabove provided.

This conveyance is made pursuant to such Development Agreement, and the Developer hereby agrees that the amounts specified above and paid *[or promised to be paid*]* to the Developer hereunder satisfy in full the obligations of the District under such Development Agreement and hereby release the District from any further responsibility to make payment to the Developer under such Development Agreement except as above provided.

The Developer, in addition to the other representations and warranties herein, specifically make the following representations and warranties:

1. The Developer has the full legal right and authority to make the sale, transfer, and assignment herein provided.

2. The Developer is not a party to any written or oral contract which adversely affects this Conveyance.

3. The Developer is not subject to any bylaw, agreement, mortgage, lien, lease, instrument, order, judgment, decree, or other restriction of any kind or character which would prevent the execution of this Conveyance.

4. The Developer is not engaged in or threatened with any legal action or proceeding, nor is it under any investigation, which prevents the execution of this Conveyance.

5. The person executing this Conveyance on behalf of the Developer has full authority to do so, and no further official action need be taken by the Developer to validate this Conveyance.

6. The facilities conveyed hereunder are all located within property owned by the Developer public rights-of-way or public utility or other public easements dedicated by deed or dedicated by plat or otherwise.

IN WITNESS WHEREOF, the Developer has caused this Conveyance to be executed and delivered this ____ day of _____, 20__.

_____

By_____

By_____

Title_____

STATE OF ARIZONA
COUNTY OF MARICOPA

On this _____ day of _____, 201___, before me personally appeared _____, the _____ of _____, an Arizona _____, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he/she signed the above/attached document on behalf of _____.

I certify under PENALTY OF PERJURY under the laws of the State of Arizona that the foregoing paragraph is true and correct.

(Seal and Expiration Date)

_____
Notary Public in and for the State of Arizona

SCHEDULE I

TO

CONVEYANCE OF SEGMENT OF ACQUISITION PROJECT OR SEGMENT

(Insert all exceptions and reservations to the Conveyance)

EXHIBIT E

FORM OF DISCLOSURE STATEMENT

CADENCE COMMUNITY FACILITIES DISTRICT
DISCLOSURE STATEMENT

PPGN Holdings, LLLP, a Delaware limited liability partnership (the "*Developer*"), in conjunction with the City of Mesa, Arizona (the "*City*"), have established a community facilities district ("*CFD*") at the planned community development known as "Cadence." The CFD has financed and, in the future, will finance certain public infrastructure improvements, which will result in a property tax liability and a separate special assessment lien liability for each residential property owner in Cadence.

HOW THE CFD WORKS

On _____, 2015, the Mayor and Council of the City formed the CFD consisting of approximately 403 acres of land in Cadence. An election was held on _____, 20____, at which time the owners of the property within the CFD voted to authorize up to $45,000,000 of *ad valorem* tax bonds to be issued over time by the CFD to finance the acquisition or construction of public infrastructure improvements. The proceeds of separate special assessment lien bonds will be used to finance acquisition or construction of public infrastructure improvements benefitting principally designated areas within the CFD. Such improvements have been or will be dedicated to the City after acquisition or construction of such public infrastructure by the CFD. The City will operate and maintain such improvements.

WHAT WILL BE FINANCED?

The CFD has been established to finance, at the request of the Developer, not more than $45,000,000 in public infrastructure improvements within the CFD, including financing costs related to such improvements, through *ad valorem* tax bonds to be issued over the next 25 years to finance the acquisition and construction of public infrastructure benefitting principally land within the CFD. [The CFD issued $_____ of its General Obligation Bond Series 201_ on _____, 201_.]

In addition, a special assessment bond has been issued in the amount of $_____ to finance the acquisition of completed public infrastructure, consisting of [_____] and related improvements benefitting principally the land area depicted on Attachment 1 hereto ("*Assessment Area* __"). The lot and residence for which this Disclosure Statement is provided is located in Assessment Area __.

The Developer may be reimbursed from CFD bond proceeds for eligible public infrastructure improvements for up to ten (10) years after the date of acceptance of such infrastructure by the City.

PROPERTY OWNERS' TAX AND ASSESSMENT LIABILITY

The obligation to retire the *ad valorem* tax bonds will become the responsibility of all property owners in the CFD through the payment of *ad valorem* property taxes collected by the Maricopa County Treasurer in addition to all other property tax payments. The CFD has levied a $___ per $100.00 of net assessed limited property valuation tax rate for the District's current fiscal year 20__ - 20__ to provide for repayment of the *ad valorem* tax bonds. The CFD has also levied a $.30 per $100.00 of net assessed limited property valuation tax rate to provide for the payment of certain administrative expenses and operation and maintenance of the public infrastructure improvements financed by the CFD ("*O/M Tax*").

Although the *ad valorem* tax rate levied by the CFD to retire the *ad valorem* tax bonds is not limited by law, the rate of the *ad valorem* tax is not expected to exceed $3.85 per $100.00 of net assessed limited property valuation for as long as any *ad valorem* tax bonds are outstanding. However, in the event of declining assessed values or significant delinquencies in the collection of *ad valorem* taxes, the *ad valorem* tax rate could increase above $3.85 per $100.00 of net assessed limited property value. **Accordingly, there can be no guarantee *ad valorem* tax rates will not be increased to provide for repayment of such *ad valorem* tax bonds in the future.**

The obligation to retire the special assessment bonds issued to finance the acquisition of the completed public infrastructure benefitting principally Assessment Area __ will be the responsibility of all property owners in Assessment Area __, through the collection of installments of assessment liens of $_____ per lot levied by the CFD. It is anticipated that such assessment lien will be collected by the Maricopa County Treasurer through its standard *ad valorem* property tax collection process.

IMPACT OF ADDITIONAL CFD PROPERTY TAX AND ASSESSMENT

The following illustrates the additional annual tax liability imposed by the CFD, based on varying residential values and a combined $___ tax rate for the current fiscal year 20__-20__ (the $___ tax rate to retire the ad valorem tax bonds plus the $.30 O/M Tax rate):

Market Value of Residence	**Estimated Annual Additional Tax Liability**
$___,000	$
___,000	
___,000	
___,000	
___,000	
___,000	

_____

*Assumptions:

1. Improved residential property assessment ratio will remain at 10%
2. The estimated *ad valorem* tax amount is computed by multiplying the $___ per $100 of net assessed limited property value tax rate by the estimated limited property value times the improved residential property assessment ratio. For purposes of this estimate, it is assumed the limited property value of a residence will average __% of the market value. However, the actual limited property value is determined by the Maricopa County Assessor.

The estimated annual assessment lien liability imposed by the CFD in the Assessment Area, in addition to the ad valorem tax liability described above, is $_____.

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

Your signature below acknowledges that you have read this Disclosure Statement at the time you made your decision to purchase property at Cadence and signed your purchase contract and that you understand the property you are purchasing will be taxed and separately assessed to pay the CFD bonds described above and issued in the future and taxed to pay the CFD operation, administration and maintenance expenses.

_____ _____

Home Buyer Signature/Date Home Buyer Printed Name

IF PURCHASING JOINTLY OR OTHERWISE WITH ANOTHER PARTY:

_____ _____

Home Buyer Signature/Date Home Buyer Printed Name

Builder Name: _____

Parcel No. _____

Lot No. _____

UPON EXECUTION, MAIL DIRECTLY TO:
CFD DISTRICT CLERK, CITY OF MESA
20 E. MAIN STREET
MESA, AZ 85201