

RESOLUTION NO. 1294

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PRESCOTT VALLEY, ARIZONA, A MUNICIPAL CORPORATION OF ARIZONA, ORDERING AND DECLARING FORMATION OF QUAILWOOD MEADOWS COMMUNITY FACILITIES DISTRICT; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DISTRICT DEVELOPMENT, FINANCING PARTICIPATION AND INTERGOVERNMENTAL AGREEMENT (QUAILWOOD MEADOWS COMMUNITY FACILITIES DISTRICT)

BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PRESCOTT VALLEY, ARIZONA, as follows:

1. Findings.

a. On a date prior to the date of the adoption hereof, there was presented to us, the governing body of the Town of Prescott Valley, Arizona, an incorporated municipality of the State of Arizona (hereinafter called the "Municipality"), a Petition for Adoption of a Resolution Declaring Formation of Quailwood Meadows Community Facilities District, dated as of even date herewith (hereinafter referred to as the "Petition"), signed by the persons and entities which, on the date hereof, are the owners of all real property as shown on the assessment roll for State and county taxes for Yavapai County, Arizona, or, if such persons shown on such assessment roll are no longer the owners of land in Quailwood Meadows Community Facilities District are the persons and entities which are the successor owners which have become known and have been verified by recorded deed or similar evidence of transfer of ownership to be the owners of such real property (hereinafter referred to as, collectively, the "Petitioners") described in the Petition by metes and bounds to be in the

community facilities district, the formation of which is prayed for by the Petitioners in the Petition, pursuant to Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act").

b. The Petitioners have requested the following:

I.

The name of the community facilities district of which formation is prayed pursuant to the Petition to be "Quailwood Meadows Community Facilities District" (hereinafter called the "District"),

II.

The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among the Petitioners, the Municipality and the District,

III.

The District to contain an area of approximately 289.89 acres of land, more or less, wholly within the corporate boundaries of the Municipality and to be composed of the land included in the parcels described by metes and bounds as provided in Exhibit "A" to the Petition, which is

made a part of the Petition for all purposes and is all the land to be included within the boundaries of the District (hereinafter referred to as the "Property"),

IV.

The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona separate and apart from the Municipality; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

V.

The formation of the District to result in the levy of *ad valorem* taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

VI.

The Clerk of the Municipality to accept the filing of a "General Plan for Community Facilities District" for the District setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved (hereinafter referred to as the "General Plan"), and

VII.

The Municipality to determine that public convenience and necessity require the adoption of this Resolution.

c. The Petitioners further attested and declared that on the date hereof, as shown on the assessment roll for State and county taxes in Yavapai County, Arizona, the Property is owned by the Petitioners and shall be benefited from the improvements for which the District is proposed to be formed; that there are no residents on the Property and there shall be no residents within fifty (50) days preceding the first anticipated election of the District; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among the Petitioners, the Municipality and the District; that public convenience and necessity require the adoption of this Resolution; and that the Municipality shall in no way be liable for the payment of any of

the costs of the public infrastructure described in the General Plan, nor liable for any liability, debt or obligation of the District.

d. After showing the preceding, the Petitioners respectfully prayed that the Petition be properly filed as provided by law and that, as the Petition is signed by all of the owners of the Property and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the Property, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the adoption of this Resolution are waived, the Municipality, on receipt of the Petition, declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election.

e. Pursuant to the Act and Section 9-500.05, Arizona Revised Statutes, as amended, the Municipality, the District, certain of the Petitioners and Empire Land LLC ("Empire Land") are entering into 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.

f. With regard to the real property included within the boundaries of the District, the Municipality, certain of the Petitioners and Empire Land determined to specify some of such matters in such an agreement, particularly matters relating to the acquisition or construction of certain public infrastructure by the District, the acceptance thereof by the Municipality and the reimbursement or

repayment of the Petitioners with respect thereto, all pursuant to the Act.

g. Pursuant to the Act and Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended, the District, and the Municipality may enter into 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.

h. Pursuant to the Act, the District may also enter into an agreement with certain of the Petitioners and Empire Land with respect to the advance of moneys for public infrastructure purposes and the repayment of such advances and to obtain credit enhancement for, and process disbursement and investment of proceeds of, general obligation bonds of the District to be hereafter issued.

i. There has been presented to us in connection with the purposes described in paragraphs 1.e. through h. a District Development, Financing Participation and Intergovernmental Agreement (Quailwood Meadows Community Facilities District), to be dated as of August 1, 2003 (hereinafter referred to as the "Development Agreement"), by and among the Municipality, the District, certain of the Petitioners as indicated therein and Empire Land.

2. Matters Noticed by the Municipality.

a. The Petitioners seek formation of the District to exercise the powers and functions set forth in the Act as such powers and functions are modified, waived or restricted pursuant to agree-

ments to be entered into by and among the Petitioners, the Municipality and the District.

b. The General Plan has been filed with the Clerk of the Municipality.

c. The Petition and all necessary supporting materials have been filed with us, and the showings in the Petition are each noticed by us and are hereby incorporated at this place as if set forth hereat in whole.

d. The purposes for which organization of the District is sought are as described in the Petition and are purposes for which a district created pursuant to the Act may be lawfully formed.

e. The public convenience and necessity require us to adopt this Resolution.

3. Granting of Petition; Formation of District. The Petition attached hereto as Exhibit "A" and made a part hereof for all purposes is hereby granted, and the District is hereby formed as a district pursuant to the terms and provisions of, and with the powers and authority established by, the Act, subject to the restrictions and modifications set forth in the Petition, with jurisdiction over the Property and that, as the Petition is signed by the owner of the Property and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the Property, requirements of posting, publication, mailing, notices, hearing and election otherwise required by the Act with respect to formation of the District are hereby found to be unnecessary.

4. District Board and Officers. The District shall be governed by a "District Board" comprised of the members of the governing body of the Municipality, *ex officio*. The Mayor of the Municipality shall be the "Chairperson of the District Board"; the Vice Mayor of the Municipality shall be the "Vice Chairperson of the District Board"; the Clerk of the Municipality shall be the "District Clerk"; the Treasurer of the Municipality shall be the "District Treasurer"; the Manager of the Municipality shall be the "District Manager" and the Attorney of the Municipality shall be the "District Counsel."

5. District Boundaries and Map. The District boundaries are as described in metes and bounds in Exhibit "A" to the Petition. A map showing the District boundaries is hereby ordered to be drawn and provided by the District Manager.

6. Dissemination of this Resolution. The Petitioners shall cause a copy of this Resolution to be delivered to the County Assessor and the Board of Supervisors of Yavapai County, Arizona, and to the Department of Revenue of the State of Arizona.

7. Authorization and Approval of Development Agreement. The Development Agreement is hereby approved in substantially the form submitted herewith, with such changes, additions, deletions, insertions and omissions, if any, as the Mayor of the Municipality, with the advice of the Manager of the Municipality and the Town Attorney of the Municipality, shall authorize, the execution and delivery of the Development Agreement to be conclusive evidence of the propriety of such document and the authority of the persons or persons executing the same. The Mayor of the Municipality, with the advice of the

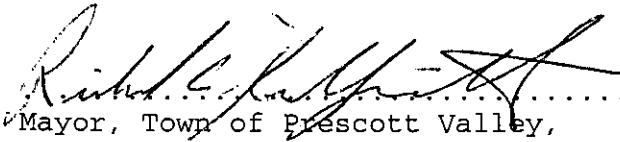
Manager of the Municipality and the Town Attorney of the Municipality, is hereby authorized and directed to execute, and the Clerk of the Municipality to attest and deliver, the Development Agreement on behalf of the Municipality.

8. No Liability of or for the Municipality. Neither the Municipality nor the State of Arizona or any political subdivision of either (other than the District) shall be directly, indirectly or morally liable or obligated for the costs of the public infrastructure contemplated by the General Plan and the Development Agreement nor for the payment or repayment of any indebtedness, liability, cost, expense or obligation of the District, and neither the credit nor the taxing power of the Municipality, the State of Arizona or any political subdivision of either (other than the District) shall be pledged therefor.

9. Effect of Resolution. a. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any remaining provisions of this Resolution.

b. All resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency.

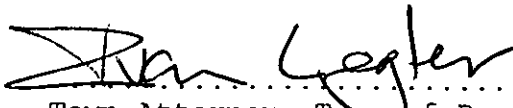
PASSED by the Mayor and Common Council of the Town of Prescott Valley, Arizona, this 12th day of August, 2004.


.....
Mayor, Town of Prescott Valley,
Arizona

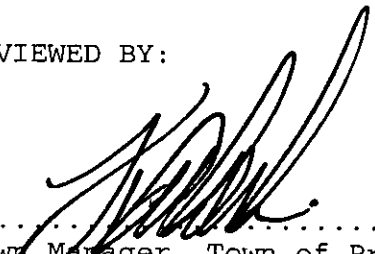
ATTEST:


.....
Town Clerk, Town of Prescott
Valley, Arizona

APPROVED AS TO FORM:


.....
Town Attorney, Town of Prescott
Valley, Arizona

REVIEWED BY:


.....
Town Manager, Town of Prescott
Valley, Arizona

ATTACHMENTS:

EXHIBIT A -- Conformed Copy of Petition for Adoption of this Resolution

* * *

EXHIBIT "A"

CONFORMED COPY OF PETITION
FOR ADOPTION OF THIS RESOLUTION

04/19/04
07/28/04

PETITION FOR ADOPTION OF A RESOLUTION
ORDERING AND DECLARING
FORMATION OF
QUAILWOOD MEADOWS COMMUNITY FACILITIES DISTRICT

STATE OF ARIZONA))
COUNTY OF YAVAPAI) ss.
TOWN OF PRESCOTT VALLEY)

THE UNDERSIGNED OWNERS OF ALL OF THE LAND (hereinafter referred to as, collectively, "Petitioners") in the parcels hereinafter described by metes and bounds, acting pursuant to the provisions of Title 48, Chapter 4, Article 6, Arizona Revised Statutes, as amended (hereinafter referred to as the "Act"), respectfully petition The Honorable Town Council of the Town of Prescott Valley, Arizona (hereinafter referred to as the "Municipality"), to adopt a resolution (hereinafter referred to as the "Resolution") declaring and ordering formation of a community facilities district (hereinafter referred to as the "District") and would respectfully request the following with respect thereto:

I.

The name of the District to be "Quailwood Meadows Community Facilities District,"

II.

The District to be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioners, the Municipality and the District,

III.

The District to contain an area of approximately 289.89 acres of land, more or less, wholly within the corporate boundaries of the Municipality and to be composed of the land included in the parcels described by metes and bounds as provided in Exhibit "A" hereto, which is made a part hereof for all purposes,

IV.

The District to be a special purpose district for purposes of Article IX, Section 19, Constitution of Arizona, a tax levying public improvement district for the purposes of Article XIII, Section 7, Constitution of Arizona, and a municipal corporation for all purposes of Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, Arizona Revised Statutes, as amended; except as otherwise provided in the Act, to be considered a municipal corporation and political subdivision of the State of Arizona, separate and apart from the Municipality; and to be formed for, and to have, all the purposes of a "district" as such term is defined, and as provided, in the Act,

V.

The formation of the District to result in the levy of ad valorem taxes to pay costs of improvements constructed by the District and for their operation and maintenance,

VI.

Before the Resolution is adopted, the Clerk of the Municipality to accept the filing of a "general plan" (as such term is defined in the Act and hereinafter referred to as the "General Plan")

for the District setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved, and

VII.

The Municipality to determine that public convenience and necessity require the adoption of the Resolution;

WHEREFORE, Petitioners attest and declare that on the date hereof, as shown on the assessment roll for State and county taxes in Yavapai County, Arizona, all of the land to be in the District is owned by Petitioners or, if a person listed on such assessment roll is no longer the owner of land in the District, that the name of the successor owner has become known and has been verified by recorded deed or other similar evidence of transfer of ownership to be one of Petitioners; that there currently are no residents on the land to be in the District and there shall be no residents within fifty (50) days preceding the first anticipated election for the District; that the land to be included in the District shall be benefited from the improvements for which the District is proposed to be formed; that the District shall be formed and exist pursuant to the terms and provisions of the Act as such terms and provisions are modified, waived or restricted pursuant to agreements to be entered into by and among Petitioners, the Municipality and the District; that public convenience and necessity require the adoption of the Resolution; and that the Municipality shall in no way be liable for the payment of any of the costs of the public infrastructure described in the General

Plan, nor liable for any liability, debt or obligation of the District;

WHEREFORE, as this Petition is signed by the owners of all the land to be in the District and there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, residents on the land in the District, any requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with adoption of the Resolution are waived, and the Municipality may, on receipt of this Petition, adopt the Resolution to declare the District formed without being required to comply with such provisions for posting, publication, mailing, notice, hearing or election; and

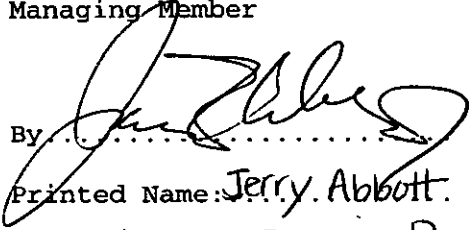
WHEREFORE, Petitioners respectfully pray that this Petition be properly filed as provided by law; that the Municipality adopt the Resolution and declare and order the District formed without being required to comply with the provisions for posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the Resolution; and that such other orders, acts, procedure and relief as are proper, necessary and appropriate to the purposes of organizing the District and to the execution of the purposes for which the District shall be organized be granted as The Honorable Town Council of the Municipality shall deem proper and necessary.

RESPECTFULLY SUBMITTED this 11th day of August, 2004.

QUAILWOOD MEADOWS, LLC, a Delaware
limited liability company

By: EMPIRE LAND, LLC, a California
limited liability company, its
Managing Member

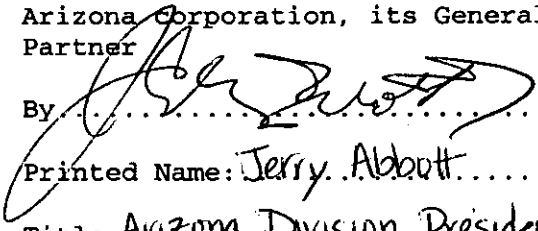
By: Empire Partners, Inc., a
California corporation, its
Managing Member

By: 
Printed Name: Jerry Abbott.

Title: Arizona Division President

EMPIRE RESIDENTIAL CONSTRUCTION, L.P.,
an Arizona limited partnership

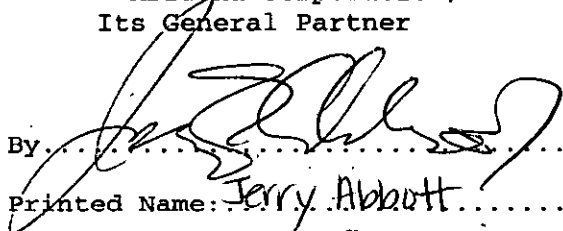
By: EMPIRE RESIDENTIAL, INC., an
Arizona Corporation, its General
Partner

By: 
Printed Name: Jerry Abbott.....

Title: Arizona Division President

EMPIRE RESIDENTIAL SALES, L.P., an
Arizona limited partnership

By: EMPIRE RESIDENTIAL, INC. an
Arizona corporation,
Its General Partner

By: 
Printed Name: Jerry Abbott.....

Title: Arizona Division President...

.....
JOHN ROUWENHORST

.....
DEBORAH ROUWENHORST

PFF BANK & TRUST, a California
corporation

By.....

Printed Name:.....

Title:.....

BANK ONE, NA, a national banking
association (main office, Chicago,
Illinois)

By.....

Printed Name:.....

Title:.....

TOWNSEND PROPERTIES, INC. an Arizona
corporation

By..... 

Printed Name: Elise M. Townsend

Title: President

ATTACHMENT:

EXHIBIT A -- Legal Description Of Property To Be Included In The
District

1420436.1-8/11/04

~~JOHN ROUWENHORST~~

~~*Deborah Rouwenhorst*~~

~~JOHANNA ROUWENHORST
DEBORAH~~

~~PFF BANK & TRUST, a California corporation~~

~~By.....~~

~~Printed Name:.....~~

~~Title:.....~~

~~BANK ONE, NA, a national banking association (main office, Chicago, Illinois)~~

~~By.....~~

~~Printed Name:.....~~

~~Title:.....~~

~~TOWNSEND PROPERTIES, INC. an Arizona corporation~~

~~By.....~~

~~Printed Name:.....~~

~~Title:.....~~

ATTACHMENT:

EXHIBIT A -- Legal Description Of Property To Be Included In The District

.....
JOHN ROUWENHORST

.....
JOHANNA ROUWENHORST

PFF BANK & TRUST, a California corporation

By: *Sylvia Faber / Jill Magee*
Printed Name: *Sylvia Faber / Jill Magee*
Title: *Vice President / Vice President*

BANK ONE, NA, a national banking association (main office, Chicago, Illinois)

By:
Printed Name:
Title:

TOWNSEND PROPERTIES, INC., an Arizona corporation

By:
Printed Name:
Title:

ATTACHMENT:

EXHIBIT A -- Legal Description Of Property To Be Included In The District

The undersigned hereby consent to the foregoing petition:

BANK ONE, NA, a national banking
association (main office, Chicago,
Illinois)

By.....

Printed Name: Michael E. Beck

Title: VICE President.....

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

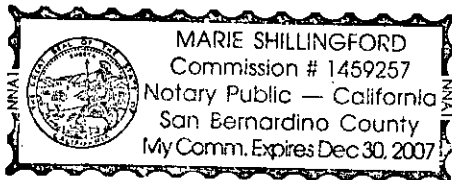
County of San Bernardino

On August 4th, 2004 before me, Marie Shillingford, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

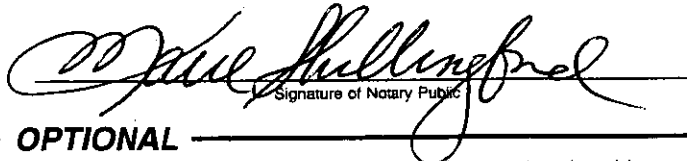
personally appeared Sylvia Faber and Jill Magee
Name(s) of Signer(s)

- personally known to me
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.


Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

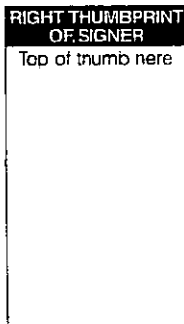
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
 Corporate Officer
Title(s): _____
 Partner — Limited General
 Attorney-in-Fact
 Trustee
 Guardian or Conservator
 Other: _____

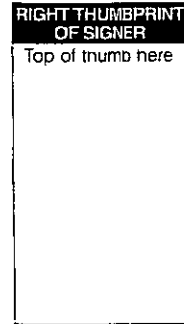
Signer Is Representing:



Signer's Name: _____

- Individual
 Corporate Officer
Title(s): _____
 Partner — Limited General
 Attorney-in-Fact
 Trustee
 Guardian or Conservator
 Other: _____

Signer Is Representing:

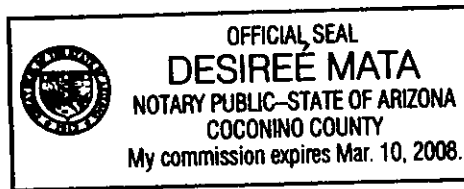


STATE OF Arizona)
) SS
COUNTY OF Cocconino)

The foregoing instrument was acknowledged before me this 10th day of August, 2004, by Jerry Abbott, AZ Division Pres. of QUAILWOOD MEADOWS, LLC, a limited liability company of Delaware, on behalf of said company.

Desiree Mata
.....
NOTARY

My commission expires:
March 10, 2008

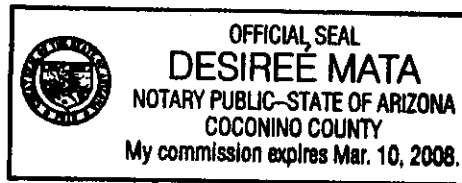


STATE OF Arizona)
) SS
COUNTY OF COCONINO)

The foregoing instrument was acknowledged before me this 10th day of August, 2004, by Jerry Abbott, AZ Division Pres. of EMPIRE RESIDENTIAL CONSTRUCTION, L.P., an Arizona limited partnership, on behalf of said partnership.

Desiree Mata
.....
NOTARY

My commission expires:
March 10, 2008

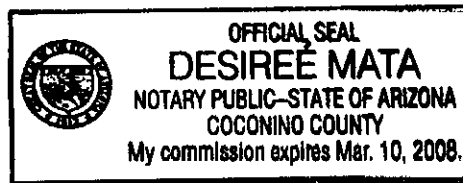


STATE OF ARIZONA)
) ss
COUNTY OF ~~YAVAPAI~~)
 COCONINO)

The foregoing instrument was acknowledged before me this
..10th.. day of August...., 2004, by Jerry Abbott, AZ Division President
of EMPIRE RESIDENTIAL SALES, L.P., an Arizona limited partnership, on
behalf of said partnership.

.....Desiree Mata.....
NOTARY

My commission expires:
March 10, 2008



STATE OF ARIZONA)
) ss
COUNTY OF YAVAPAI)

The foregoing instrument was acknowledged before me this
..... day of, 2004, by JOHN ROUWENHORST, on his own
behalf.

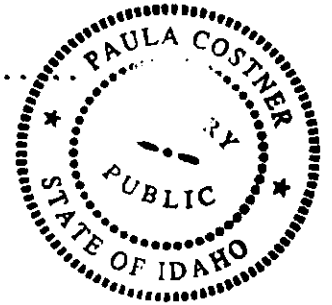
.....
NOTARY

My commission expires:
.....

STATE OF ~~ARIZONA~~ **IDAHO**
COUNTY OF ~~YAVAPI~~ **BEM**) ss

The foregoing instrument was acknowledged before me this
.10... day of August, 2004, by ~~JOHANNA ROUWENHORST~~, on her own
behalf. **DEBORAH**

Paula Costner
NOTARY



My commission expires:
3-11-08

STATE OF)
COUNTY OF) ss

The foregoing instrument was acknowledged before me this
..... day of 2004, by of
PFF BANK & TRUST, a California corporation, on behalf of said
corporation

.....
NOTARY

My commission expires:
.....

IDAHO
 STATE OF ~~ARIZONA~~)
) SS
 COUNTY OF ~~YAVAPAI~~)

The foregoing instrument was acknowledged before me this
 day of, 2004, by
 of EMPIRE RESIDENTIAL SALES, L.P., an Arizona limited partnership, on
 behalf of said partnership.

.....
 NOTARY

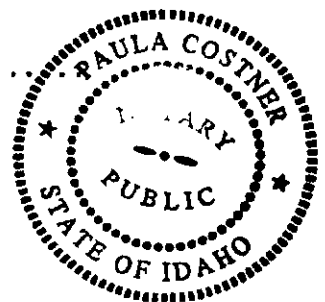
My commission expires:

IDAHO
 STATE OF ~~ARIZONA~~)
) SS
 COUNTY OF ~~YAVAPAI~~)

The foregoing instrument was acknowledged before me this
 ..10... day of August....., 2004, by JOHN ROUWENHORST, on his own
 behalf.

Paula Costner
 NOTARY

My commission expires:
3-11-08



STATE OF *California*)
) ss
COUNTY OF *San Diego*)

The foregoing instrument was acknowledged before me this *5th* day of *August*, 2004, by *Michael E. Beck* of BANK ONE, NA, a national banking association, on behalf of said association.



Marcella V. Brodersen
NOTARY

My commission expires:
September 9, 2006

STATE OF)
) ss
COUNTY OF)

The foregoing instrument was acknowledged before me this day of, 2004, by of TOWNSEND CONSTRUCTION, INC., an Arizona corporation, on behalf of said corporation.

.....
NOTARY

My commission expires:
.....

STATE OF)
) SS
COUNTY OF)

The foregoing instrument was acknowledged before me this day of, 2004, by of BANK ONE, NA, a national banking association, on behalf of said association.

.....
NOTARY

My commission expires:
.....

STATE OF *Arizona*)
) SS
COUNTY OF *Yavapai*)

The foregoing instrument was acknowledged before me this *10th* day of *August*, 2004, by *Elise Townsend* of TOWNSEND CONSTRUCTION, INC., an Arizona corporation, on behalf of said corporation. *PROPERTIES*

Korina Payne
.....
NOTARY

My commission expires:
..5-15-05.....

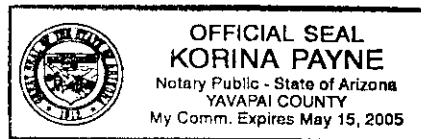


EXHIBIT A

**LEGAL DESCRIPTION OF PROPERTY TO
BE INCLUDED IN THE DISTRICT**

**COMMUNITY FACILITIES DISTRICT
FOR QUAILWOOD AND ROUWENHORST
LEGAL DESCRIPTION
JULY 28, 2004**

A PORTION OF LAND LYING WITHIN SECTIONS 27, 34 AND 35 TOWNSHIP 14 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER MERIDIAN, YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 34, ALSO BEING THE NORTHWEST CORNER OF SAID SECTION 35, AND SOUTHEAST CORNER OF SAID SECTION 27;

THENCE SOUTH 89°10'46" EAST, ALONG THE NORTH SECTION LINE OF SECTION 35, AS A BASIS OF BEARING, A DISTANCE OF 757.29 FEET;

THENCE SOUTH 00°10'29" EAST, A DISTANCE OF 3956.30 FEET;

THENCE NORTH 89°31'49" WEST, ALONG AN EXTENSION OF THE SOUTHERLY LINE OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 34, A DISTANCE OF 2074.02 FEET;

THENCE NORTH 88°48'50" WEST, A DISTANCE OF 722.30 FEET;

THENCE NORTH 31°46'01" WEST, A DISTANCE OF 250.98 FEET;

THENCE NORTH 06°36'59" WEST, A DISTANCE OF 100.54 FEET;

THENCE NORTH 11°04'46" EAST, A DISTANCE OF 803.52 FEET;

THENCE NORTH 16°27'36" WEST, A DISTANCE OF 809.80 FEET;

THENCE NORTH 42°11'15" EAST, A DISTANCE OF 241.12 FEET;

THENCE NORTH 09°10'58" EAST, A DISTANCE OF 269.93 FEET;

THENCE NORTH 00°43'03" EAST, TO A POINT ON THE SOUTHERLY LINE OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 34, A DISTANCE OF 310.57 FEET;

THENCE NORTH 89°28'37" WEST, ALONG SAID SOUTHERLY LINE, A DISTANCE OF 610.46 FEET;

THENCE NORTH 00°14'49" WEST, ALONG THE WESTERLY LINE OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 34, A DISTANCE OF 1322.36 FEET TO THE NORTH QUARTER CORNER;

THENCE LEAVING SAID SECTION LINE, NORTH 12°22'20" WEST, A DISTANCE OF 359.34 FEET;

THENCE NORTH 00°34'46" EAST, A DISTANCE OF 479.62 FEET;

THENCE SOUTH 89°25'14" EAST PARALLEL TO THE SOUTHERLY LINE OF SAID SECTION 27, A DISTANCE OF 2745.53 FEET TO A POINT ON THE EASTERLY LINE OF SAID SECTION 27;

THENCE SOUTH 01°24'36" WEST, ALONG THE EASTERLY LINE OF SECTION 27, A DISTANCE OF 829.91 FEET TO THE POINT OF BEGINNING; EXCEPT THE FOLLOWING DESCRIBED PARCELS:

EXCEPTION PARCEL NO. 1

A PARCEL OF LAND SITUATE IN A PORTION OF SECTION 34, TOWNSHIP 14 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 34, MONUMENTED BY AN ALUMINUM CAP, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 34, MONUMENTED BY A 2½" BRASS CAP IN CONCRETE, BEARS AS A BASIS OF BEARINGS SOUTH 89°25'14" EAST, A DISTANCE OF 2652.96 FEET;

THENCE SOUTH 89°25'14" EAST ALONG THE NORTHERLY LINE OF THE NORTHEAST QUARTER OF SAID SECTION 34, A DISTANCE OF 867.04 FEET;

THENCE SOUTH 00°34'46" WEST A DISTANCE OF 843.01 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 88°06'34" EAST, A DISTANCE OF 242.33 FEET;

THENCE NORTH 73°56'31" EAST, A DISTANCE OF 501.30 FEET;

THENCE NORTH 45°27'46" EAST, A DISTANCE OF 290.91 FEET;

THENCE NORTH 47°04'14" EAST, A DISTANCE OF 220.00 FEET;

THENCE NORTH 50°16'03" EAST, A DISTANCE OF 253.40 FEET;

THENCE NORTH 21°28'44" EAST, A DISTANCE OF 23.06 FEET;

THENCE NORTH 49°26'27" EAST, A DISTANCE OF 60.65 FEET TO GOLF COURSE CORNER NO. 64 AS SHOWN ON THE PLAT OF QUAILWOOD GREENS GOLF COURSE BACK NINE RECORDED AT BOOK 33 OF MAPS, PAGE 3, RECORDS OF YAVAPAI COUNTY;

THENCE SOUTH 56°25'00" EAST, A DISTANCE OF 80.55 FEET TO GOLF COURSE CORNER NO. 65 AS SHOWN ON SAID PLAT;

THENCE SOUTH 22°00'18" WEST, A DISTANCE OF 307.65 FEET TO GOLF COURSE CORNER NO. 66 AS SHOWN ON SAID PLAT;

THENCE SOUTH 37°07'53" WEST, A DISTANCE OF 398.33 FEET TO GOLF COURSE CORNER NO. 67 AS SHOWN ON SAID PLAT;

THENCE SOUTH 41°16'49" WEST, A DISTANCE OF 270.15 FEET TO GOLF COURSE CORNER NO. 68 AS SHOWN ON SAID PLAT;

THENCE SOUTH 68°50'00" WEST, A DISTANCE OF 204.49 FEET;

THENCE SOUTH 79°02'33" WEST, A DISTANCE OF 165.26 FEET;

THENCE NORTH 89°59'09" WEST, A DISTANCE OF 508.98 FEET;

THENCE NORTH 03°12'30" WEST, A DISTANCE OF 232.47 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTION PARCEL NO. 2

A PARCEL OF LAND SITUATE IN A PORTION OF SECTIONS 27 AND 34, TOWNSHIP 14 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 27, MONUMENTED BY AN ALUMINUM CAP, FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 27, MONUMENTED BY A 2½" BRASS CAP IN CONCRETE, BEARS AS A BASIS OF BEARINGS SOUTH 89°25'14" EAST, A DISTANCE OF 2652.96 FEET;

THENCE SOUTH 89°25'14" EAST ALONG THE SOUTHERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 27, A DISTANCE OF 36.86 FEET;

THENCE NORTH 00°34'46" EAST, A DISTANCE OF 246.09 FEET TO GOLF COURSE CORNER NO. 27 AS SHOWN ON THE PLAT OF QUAILWOOD GREENS GOLF COURSE BACK NINE RECORDED AT BOOK 33 OF MAPS, PAGE 3, RECORDS OF YAVAPAI COUNTY, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING;

THENCE SOUTH 83°05'19" EAST, A DISTANCE OF 316.27 FEET TO GOLF COURSE CORNER NO. 28 AS SHOWN ON SAID PLAT;

THENCE NORTH 25°44'25" EAST, A DISTANCE OF 194.31 FEET TO GOLF COURSE CORNER NO. 29 AS SHOWN ON SAID PLAT;

THENCE NORTH 54°24'40" EAST, A DISTANCE OF 108.28 FEET TO GOLF COURSE CORNER NO. 30 AS SHOWN ON SAID PLAT;

THENCE NORTH 77°16'39" EAST, A DISTANCE OF 179.89 FEET TO GOLF COURSE CORNER NO. 31 AS SHOWN ON SAID PLAT;

THENCE SOUTH 49°42'26" EAST, A DISTANCE OF 278.54 FEET TO GOLF COURSE CORNER NO. 32 AS SHOWN ON SAID PLAT;

THENCE NORTH 66°38'50" EAST A DISTANCE OF 247.08 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE NORTHERLY, WHOSE RADIUS POINT BEARS NORTH 60°59'09" EAST, A DISTANCE 45.00 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 79°57'51", AN ARC DISTANCE OF 62.80 FEET TO THE BEGINNING OF A TANGENT REVERSE CURVE, CONCAVE SOUTHERLY, WHOSE RADIUS POINT BEARS SOUTH 18°58'42" EAST, A DISTANCE OF 45.00 FEET;

THENCE EASTERLY ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 19°11'17", AN ARC DISTANCE OF 15.07 FEET TO A POINT OF NON-TANGENCY;

THENCE SOUTH 51°54'28" EAST, A DISTANCE OF 179.14 FEET;

THENCE SOUTH 89°47'25" EAST, A DISTANCE OF 235.65 FEET;

THENCE SOUTH 80°00'03" EAST, A DISTANCE OF 107.30 FEET;

THENCE SOUTH 76°26'13" EAST, A DISTANCE OF 209.31 FEET;

THENCE NORTH 79°21'20" EAST, A DISTANCE OF 272.24 FEET;

THENCE NORTH 74°09'40" EAST, A DISTANCE OF 55.23 FEET;

THENCE NORTH 79°21'20" EAST, A DISTANCE OF 73.61 FEET;

THENCE SOUTH 09°07'45" EAST, A DISTANCE OF 303.74 FEET;

THENCE SOUTH 88°19'14" WEST, A DISTANCE OF 490.81 FEET;

THENCE NORTH 83°27'44" WEST, A DISTANCE OF 833.56 FEET;

THENCE SOUTH 86°29'41" WEST, A DISTANCE OF 174.10 FEET TO GOLF COURSE CORNER NO. 44 AS SHOWN ON SAID PLAT;

THENCE NORTH 81°56'19" WEST, A DISTANCE OF 175.84 FEET TO GOLF COURSE CORNER NO. 45 AS SHOWN ON SAID PLAT;

THENCE SOUTH 31°19'36" WEST, A DISTANCE OF 74.74 FEET;
THENCE SOUTH 30°07'32" WEST, A DISTANCE OF 93.40 FEET;
THENCE SOUTH 11°34'53" EAST, A DISTANCE OF 104.68 FEET;
THENCE SOUTH 34°18'35" WEST, A DISTANCE OF 171.38 FEET;
THENCE SOUTH 03°03'25" EAST, A DISTANCE OF 75.41 FEET;
THENCE SOUTH 11°02'24" EAST, A DISTANCE OF 234.69 FEET;
THENCE SOUTH 31°20'52" EAST, A DISTANCE OF 140.42 FEET;
THENCE SOUTH 07°55'21" WEST, A DISTANCE OF 123.40 FEET TO GOLF COURSE
CORNER NO. 48 AS SHOWN ON SAID PLAT;
THENCE SOUTH 03°12'30" EAST, A DISTANCE OF 323.27 FEET TO GOLF COURSE
CORNER NO. 50 AS SHOWN ON SAID PLAT;
THENCE SOUTH 68°23'03" WEST, A DISTANCE OF 124.63 FEET TO GOLF COURSE
CORNER NO. 51 AS SHOWN ON SAID PLAT;
THENCE NORTH 13°02'53" WEST, A DISTANCE OF 223.68 FEET TO GOLF
COURSE CORNER NO. 52 AS SHOWN ON SAID PLAT;
THENCE NORTH 11°47'07" EAST, A DISTANCE OF 84.00 FEET TO GOLF COURSE
CORNER NO. 53 AS SHOWN ON SAID PLAT;
THENCE NORTH 10°56'33" WEST, A DISTANCE OF 178.58 FEET TO GOLF
COURSE CORNER NO. 54 AS SHOWN ON SAID PLAT;
THENCE NORTH 38°07'41" WEST, A DISTANCE OF 166.23 FEET TO GOLF
COURSE CORNER NO. 55 AS SHOWN ON SAID PLAT;
THENCE NORTH 20°56'01" WEST, A DISTANCE OF 481.56 FEET TO GOLF
COURSE CORNER NO. 56 AS SHOWN ON SAID PLAT;
THENCE NORTH 03°51'08" EAST, A DISTANCE OF 191.17 FEET TO GOLF COURSE
CORNER NO. 57 AS SHOWN ON SAID PLAT;
THENCE NORTH 33°12'41" WEST, A DISTANCE OF 268.71 FEET TO GOLF
COURSE CORNER NO. 27 AS SHOWN ON SAID PLAT, SAID POINT ALSO BEING
THE TRUE POINT OF BEGINNING;

EXCEPTION PARCEL NO. 3

A PARCEL OF LAND SITUATE IN A PORTION OF SECTION 34, TOWNSHIP 14
NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN,
YAVAPAI COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH QUARTER CORNER OF SAID SECTION 34, MONUMENTED BY AN ALUMINUM CAP, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 34, MONUMENTED BY A 2½" BRASS CAP IN CONCRETE, BEARS AS A BASIS OF BEARINGS SOUTH 89°25'14" EAST, A DISTANCE OF 2652.96 FEET;

THENCE NORTH 12°22'20" WEST, A DISTANCE OF 182.87 FEET;

THENCE SOUTH 30°07'34" EAST, A DISTANCE OF 180.75 FEET;

THENCE SOUTH 13°42'40" EAST, TO A FOUND ALUMINUM CAP STAMPED "LS# 13011", A DISTANCE OF 498.13 FEET;

THENCE SOUTH 20°40'48" EAST, A DISTANCE OF 124.70 FEET;

THENCE SOUTH 27°05'51" EAST, A DISTANCE OF 267.67 FEET;

THENCE SOUTH 11°45'46" EAST, A DISTANCE OF 302.72 FEET;

THENCE SOUTH 14°35'55" EAST, TO A FOUND ALUMINUM CAP STAMPED "G.C. 15", A DISTANCE OF 220.59 FEET;

THENCE NORTH 89°28'37" WEST, A DISTANCE OF 447.21 FEET;

THENCE NORTH 00°14'49" WEST, A DISTANCE OF 1322.36 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL OF LAND LESS EXCEPTIONS CONTAINS 12,627,684 SQUARE FEET OR 289.89 ACRES.

SAID LANDS SUBJECT TO EASEMENTS, RIGHTS OF WAY, RESTRICTIONS AND RESERVATIONS OF RECORD, IF ANY.

