

When recorded return to:

Town of Prescott Valley
7501 East Civic Circle
Prescott Valley, AZ 86314

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement"), entered into this 7 day of January, 2015, by and between the TOWN OF PRESCOTT VALLEY, a municipal corporation of Arizona ("Town"), and ARIZONA STATE TRAILER SALES, INC., an Arizona corporation ("Developer");

WITNESSETH:

WHEREAS, the order incorporating the Town (Aug 28, 1978) included all of Sec 24, R1W, T14N, G&SRB&M (except Northridge Park subdivision) within the Town limits; and

WHEREAS, on Nov 10, 1988, the Common Council of the Town ("Town Council") adopted its Ord No. 191 re-zoning approximately 20 acres in Sec 24 located south of and immediately adjacent to the State Route 69 ("SR 69") right-of-way from RCU-18 zoning (Residential; Conditional Use Permits) to C2 zoning (Commercial; General Sales and Services); and

WHEREAS, said re-zoning was conditioned upon "at least one high water crossing...across Lynx Creek" because a parcel of approximately 160 acres located further south in Sec 24 was being re-zoned for residential, manufactured home development; and

WHEREAS, on Feb 22 and Mar 1, 1994, the Town's Planning and Zoning Commission ("P&Z") considered a re-zoning application for another parcel located in the middle of Sec 24 to be developed into a residential subdivision, requiring extensions of Navajo Drive and Truwood Drive across a portion of the 20-acre parcel adjacent to SR 69; and

WHEREAS, said application was ultimately withdrawn and a revised application submitted for re-zoning of approximately 154 acres from RCU-18 zoning to R1L-18 PAD (Residential; Single Family Limited)(Planned Area Development), again requiring extensions of Navajo Drive and Truwood Drive; and

WHEREAS, on Aug 25, 1994 the Town Council adopted its Ord No. 329 approving said re-zoning subject (among other things) to phased construction of Navajo Drive, Truwood Drive, and a connecting roadway; and

WHEREAS, on or before that same date a site plan for a 16 acre commercial subdivision immediately adjacent to SR 69 had been submitted (including a portion of the original 20-acre commercial parcel between the proposed extensions of Navajo Drive and Truwood Drive); and

WHEREAS, on Dec 1, 1994 the Town Council adopted Ord No. 351 rezoning approximately 1.1 acres along the east edge of said proposed commercial subdivision from RCU-18 zoning to C2-3 zoning (subject to certain access, screening and use conditions and limitations); and

WHEREAS, the re-zoning on the 154 acres for residential development ultimately lapsed after certain conditions were not met; and

WHEREAS, on Nov 20, 1995, the P&Z considered and approved a revised application for re-zoning of the 154 acres; and

WHEREAS, on Dec 28, 1995 the Town Council adopted its Ord No. 376 again re-zoning the property from RCU-18 zoning to R1L-18 PAD zoning with conditions (including a requirement to start development within 12 months); and

WHEREAS, said re-zoning again lapsed after the conditions were not met; and

WHEREAS, on Apr 15, 1999 the Town Council adopted Res No. 881 approving a development agreement whereby the Town would assist in development of a commercial complex on approximately 50 acres adjacent to the SR 69 right-of-way by creating a taxing district to finance construction of needed public infrastructure (e.g. roadways, storm water drainage, right-of-way improvements, wet and dry utilities and traffic control mechanisms) and paying the developer an amount representing either 33% or 50% of the Transaction Privilege Tax (“TPTax”) revenues collected from new retail businesses in the commercial complex; and

WHEREAS, on May 6, 1999 the Town Council amended the development agreement (Res No. 885) to re-apportion the percentage of assessments between the two owners of properties subject to the agreement; and

WHEREAS, on May 27, 1999 the Town Council adopted Res No. 891 conditionally vacating a portion of the south frontage road west of Navajo Drive for new right-of-way needed to realign said frontage road from the west (to facilitate a pending transaction with the first commercial business expected to locate within the property subject to the agreement); and

WHEREAS, on Nov 18, 1999 the Town Council adopted Ord No. 480 re-zoning the property from C2-3 and RCU-18 zoning to C2 PAD zoning (subject to a number of conditions); and

WHEREAS, the two property owners did not cooperate in forming the needed taxing district so the development agreement (and related conditional vacation of the frontage road) lapsed; and

WHEREAS, the Town chose not to take action to revert the zoning back to the original designations of RCU-18 and C2-3 per ARS §9-462.01(E) in hopes that the commercial development would go forward in another form; and

WHEREAS, a new owner and one of the original owners approached the Town about again adopting a development agreement for the 50 acres; and

WHEREAS, on Jan 23, 2003, the Town Council adopted Res No. 1153 approving a new development agreement to provide public improvements (e.g. roadways, storm water drainage, right-of-way improvements (including streetscapes), and wet and dry utilities) then pay the property owners an amount related to the TPTax revenues collected from the property to assist future owners to pay assessments needed to finance construction of the improvements; and

WHEREAS, on Mar 13, 2003, the Town Council adopted Res No. 1170 forming the Eastridge Community Facilities District (“ECFD”) on the property; and

WHEREAS, on the same date the new ECFD Board adopted its Res No. 1 approving a District Development, Financing Participation and Intergovernmental Agreement (“Financing Agreement”) with the Town and the property owners whereby assessment liens would be established against their property to finance assessment bonds (the revenues of which would be used to construct the listed public improvements); and

WHEREAS, on the same date the ECFD Board also approved an intergovernmental agreement with the Town for the Town to serve as agent to administer assessment liens under ARS §48-571 et seq. and ARS §48-721 and to otherwise provide for operation and administration of ECFD; and

WHEREAS, on Aug 14, 2003, the ECFD Board approved its Res No. 5 which (among other things) ordered construction of the public improvements and approved a construction contract based on a bid of \$1,804,956.30; and

WHEREAS, said Res No. 5 further approved an Assessment Diagram and Method of Assessment provided by the ECFD Engineer and authorized issuance of Special Assessment Lien Bonds, Series 2003 (“Assessment Bonds”) in up to \$2,655,000 aggregate principal amount; and

WHEREAS, the ECFD Board ultimately approved a Limited Offering Memorandum for issuing \$2,500,000 in Assessment Bonds to finance construction of the improvements and establish a Special Assessment Lien Bonds, Series 2003 Reserve Fund (“Reserve Fund”); and

WHEREAS, as properties within ECFD have been sold (and their assessments paid off), ECFD has defeased Assessment Bonds and the resulting credit in the Reserve Fund (“Reserve Fund Credit”) has been paid to the owners of said properties (thereby reducing the Reserve Fund balance); and

WHEREAS, the Developer in this Agreement has recently purchased Parcel “E” within ECFD (APN 103-05-009X and 103-05-009Y, “Property” shown as **Exhibit “A”** attached hereto and expressly made a part hereof); and

WHEREAS, the Developer has indicated a desire to construct a building of approximately 18,500 sq. ft. (and related improvements) on the Property as part of a Northern Arizona Regional Recreational Vehicle Sales Center (“Regional Center”); and

WHEREAS, the initial assessment amount on the Property was \$474,633.13. However, a portion of the assessment was later assigned to APN 103-05-009X and that assessment was subsequently paid off. The assessment amount on APN 103-05-009Y (Assessment No. 14012) was, therefore, \$425,574.63; and

WHEREAS, the Developer has approached the Town and requested as an incentive for location of its Regional Center in Prescott Valley that the Town make the remaining assessment payments on Assessment No. 14012 as follows: \$33,350.22 (May 1, 2015); \$3,482.74 (Nov 1, 2015); \$32,305.40 (May 1, 2016); \$2,437.92 (Nov 1, 2016); \$34,463.10 (May 1, 2017); \$1,277.00 (Nov 1, 2017); and \$36,504.70 (May 1, 2018) (“Assessment Payments”) until the assessment is paid off; and

WHEREAS, notwithstanding any such payments by the Town, the Developer has indicated that it also desires to ensure that it receive the full Reserve Fund Credit upon pay-off of the assessment (expected to be \$34,375.00); and

WHEREAS, the Town has indicated its willingness to provide such an incentive to the Developer conditioned, however, upon the Developer diligently pursuing construction and uninterrupted operation of its Regional Center on the Property from and after the date of this Agreement; and

WHEREAS, ARS §9-500.11 authorizes the Town Council to appropriate public monies for and in connection with economic development activities, including any assistance, undertaking, or program involving improvement of real or personal property or other activity that the Town finds and determines will assist in the creation or retention of jobs or will otherwise improve or enhance the economic welfare of the inhabitants; and

WHEREAS, the Town Council does hereby find and determine that construction of the Regional Center on the Property will indeed create jobs and produce significant new TPTax revenues, thus enhancing the economic welfare of the inhabitants; and

WHEREAS, said finding is supported by an independent analysis by Applied Economics whose final report (“Report”) is attached hereto and expressly made a part hereof as Exhibit “B” and indicates that the Town will receive in TPTax revenues substantially more than will be expended from the general fund to make the Assessment Payments (and ensure direct payment of the Reserve Fund Credit to the Developer) as a financial incentive under this Agreement; and

WHEREAS, the Town Council finds that this Agreement is otherwise consistent with the health, safety and welfare needs of the community; and

WHEREAS, the Town Council further finds that this Agreement is consistent with the Town's General Plan pursuant to ARS §9-500.05(B);

NOW, THEREFORE, for and in consideration of the mutual covenants and promises contained herein (and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

SECTION ONE. Term. That the term of this Agreement (“Term”) shall be from the date first-above written until Dec 31, 2018 (unless sooner terminated as set forth in SECTION SIX below).

SECTION TWO. Purpose. That the purpose of this Agreement is to incentivize location of the Developer’s Regional Center in Prescott Valley by the Town paying from its general fund the amounts necessary to make the Assessment Payments on behalf of the Developer and to ensure that the Reserve Fund Credit is paid directly to the Developer at the appropriate time, solely on condition that the Developer diligently pursues construction and uninterrupted operation of its Regional Center from and after the date of this Agreement.

SECTION THREE. Performances. That the performance commitments of the respective parties are as follows:

(A) The Developer shall--

- (1) make application for necessary permits to construct the Regional Center on the Property;
- (2) pay when due all Town fees and charges applicable to construction and occupancy of the Regional Center at the time of such construction and occupancy;
- (3) open and operate the Regional Center without interruption; and
- (4) pay when due all applicable TPTaxes on transactions consummated in relation to the Regional Center.

(B) The Town shall--

- (1) pay when due each of the Assessment Payments applicable to the Property until the lien of the assessment is removed from the Property; and
- (2) ensure that the Reserve Fund Credit applicable to the Property is paid in full to the Developer once the lien of the assessment has been removed from the Property (in accordance with the procedures set forth in Sec 5.06 of the Indenture of Trust and Security Agreement, Sep 1, 2003 (“Indenture”)).

It is understood by the parties that each of the payments the Town may make hereunder (including payment in full of the Reserve Fund Credit to the Developer) is expressly conditioned upon the Developer’s diligent actions to design, obtain permits for, construct, open and operate without interruption the Regional Center on the Property from and after

the date of this Agreement. If such actions are not being diligently pursued at the time a payment is to be made, the Town may reasonably determine not to make the payment. In particular, if the Regional Center has not been in uninterrupted operation when payment of the Reserve Fund Credit would be made by the Assessment Bond trustee in accordance with Sec 5.06 of the Indenture, then the parties hereby direct that such payment shall be made in full to the Town.

SECTION FOUR. Indemnification and Hold Harmless. That, to the fullest extent permitted by law, the Developer agrees to defend, indemnify and hold harmless the Town, its officers, officials, employees, agents, successors, and assigns for, from and against any and all claims, demands, suits, settlements, judgments, losses, costs, expenses, damages, and liabilities of every kind and description (including, without limitation, attorneys' fees, court costs and the cost of appellate proceedings) relating to, arising out of, or alleged to have resulted from the acts, errors, mistakes, omissions, work or services of Developer, its officers, directors, members, managers, officials, employees, agents, and assigns, in the performance or non-performance of this Agreement. The Developer's duty to defend, hold harmless and indemnify the Town, its officers, officials, employees, agents, successors, and assigns shall arise in connection with any claims, demands, suits, settlements, judgments, losses, costs, expenses, damages, or liabilities that are attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property (including loss of use resulting therefrom), caused by the acts, errors, mistakes, omissions, work or services of the Developer, its officers, directors, members, managers, officials, employees, agents, and assigns, or any other person for whose acts, errors, mistakes, omissions, work or services the Developer may be legally liable, in the performance or non-performance of this Agreement.

Notwithstanding any other provision of this Agreement, this SECTION FOUR shall continue in full force and effect beyond any termination of the Agreement. The amount and type of insurance coverages required hereinafter shall not be construed as limiting the scope of the indemnity in this SECTION FOUR.

SECTION FIVE. Insurance. That, without limiting any liabilities or other obligations of the parties hereunder, each of the parties shall, prior to commencing its performances under this Agreement, secure and continuously carry with insurers authorized to do business in Arizona and possessing a current A.M. Best, Inc. Rating of B++6 or better, the following insurance coverages:

(A) Commercial General Liability insurance with a limit of not less than \$1,000,000.00 for each occurrence, with a \$2,000,000.00 Products/Completed Operations Aggregate and a \$2,000,000.00 General Aggregate Limit. The policy shall include coverage for:

- (1) Bodily Injury
- (2) Broad Form Property Damage
- (3) Personal Injury

(4) Products and Completed Operations, and Blanket Contractual (including, but not limited to, the liability assumed under the indemnification provisions of this Agreement).

The coverage shall be at least as broad as Insurance Service Office, Inc. Policy Form CG 00011093 or any replacements thereof. The coverage shall not exclude X,C,U. The additional insured endorsement required hereinafter shall be at least as broad as the Insurance Office, Inc's Additional Insured, Form B, CG20101185, and shall include coverage for the party's operations and products and completed operations.

The insurance policy required herein shall be maintained in full force and effect throughout the Term of this Agreement. Failure to do so may, at the sole discretion of the other party, constitute a default under SECTION SIX of this Agreement. The insurance policy required herein shall be primary insurance, and any insurance or self-insurance maintained by the other party shall not contribute to it. The insurance policy required herein shall contain a waiver of transfer rights of recovery (subrogation) against a party, its officers, officials, employees, agents, successors, and assigns, for any claims arising out of the other party's performances under this Agreement. The insurance policy may provide coverage which contains deductibles or self-insured retentions. However, such deductibles and/or self-insured retentions shall not be applicable with respect to the coverage provided to the other party under such policy. Each party shall be solely responsible for deductibles and/or self-insured retentions and the other party, at its option, may require the other party to secure the payment of more than \$50,000 of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

Each party reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein-required insurance certificates and/or endorsements of the other party. Prior to commencing its performances under this Agreement, each party shall furnish the other with Certificates of Insurance, or formal endorsements as required by this Agreement, issued by each party's insurer(s), as evidence that policies providing the required coverages, conditions and limits required by this Agreement are in full force and effect. Insurance evidenced by the Certificates of Insurance shall not expire, be canceled, or be materially changed without 30 days prior written notice to the other party. If a policy does expire during the term of this Agreement, a renewal certificate must be sent to the other party 30 days prior to the expiration date and/or at the time of renewal of said policy.

In the event the insurance policy required by this Agreement is written on a "claims made" basis, coverage shall extend for 2 years past completion and acceptance of any work or services contemplated hereunder, as evidenced by annual Certificates of Insurance.

SECTION SIX. Default. That failure or unreasonable delay by any party to perform or otherwise act in accordance with any provision of this Agreement for a period of 30 days ("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 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 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, the non-defaulting party shall have all rights and remedies which may be available under law or equity, including (without limitation) the right to terminate this Agreement on 30 days' written notice, to specifically enforce any provision of this Agreement, and/or the right to institute an action for damages.

SECTION SEVEN. Notices. That, unless otherwise specifically provided herein, all notices, demands or other communications relating to this Agreement shall be in writing, and given to the other party hereto as follows: (A) personal delivery; or (B) established overnight commercial courier with delivery charges prepaid or duly charged; or (C) registered or certified mail, return receipt requested, first class postage prepaid. All Notices shall be addressed to the addresses set forth below, or to such addresses or addressee as any party entitled to receive notices under this Agreement shall designate, from time to time, by Notice given to the party in the manner provided in this SECTION SEVEN.

Town:

Town of Prescott Valley
c/o Town Manager
7501 E. Civic Circle
Prescott Valley, AZ 86314
Telephone (928) 759-3101
Facsimile (928) 759-3125

Developer:

Prescott Valley Investment Group, LLC
c/o David D. Sampson
2038 N. Country Club Drive
Mesa, AZ 85201
Telephone 480-834-9581
Facsimile 480-321-8363

Notices given by personal delivery shall be presumed to have been received upon tender to the applicable party at the addresses set forth above. Notices given by overnight courier shall be presumed to have been received the next business day after delivery to such overnight commercial courier. Notices given by mail shall be presumed to have been received on the 3rd day after deposit into the United States Postal System. All copies to the applicable persons or entities designated above to receive copies shall be given in the same manner as the original Notice, and such giving shall be a prerequisite to the effectiveness of any Notice.

SECTION EIGHT. Amendments. That this Agreement may be amended only by a written agreement fully executed by each of the parties hereto.

SECTION NINE. Successors-In-Interest. That this Agreement shall inure to the benefit of and shall be binding upon the successors-in-interest of each of the parties hereto, pursuant to ARS §9-500.05(D).

SECTION TEN. Waiver of Breach. That no waiver by any party of a breach of any of the terms, covenants or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition herein contained.

SECTION ELEVEN. Attorneys' Fees. That, in the event any action shall be instituted between the parties in connection with this Agreement, the party prevailing in such action shall be entitled to recover from the other party all of its taxable and nontaxable costs, including reasonable attorneys' fees and expert witness fees.

SECTION TWELVE. Savings Clause. That, in the event any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in force and effect to the fullest extent permissible by law.

SECTION THIRTEEN. Governing Law and Venue. That this Agreement shall be governed by and construed under the laws of the State of Arizona, and shall be deemed made and entered into in Yavapai County.

SECTION FOURTEEN. Town's Warranties. That the Town represents and warrants that (A) it is a validly existing and incorporated municipal corporation of the State of Arizona, (B) its execution, delivery and performance of this Agreement has been duly authorized and entered into in compliance with its Town Code and applicable Arizona statutes, and (C) no further action needs to be taken in connection with such execution.

SECTION FIFTEEN. Developer's Warranties. That the Developer represents and warrants that (A) it is a validly existing Arizona corporation, (B) its execution, delivery and performance of this Agreement has been duly authorized and entered by an authorized officer in compliance with its articles and bylaws and applicable Arizona statutes, (C) it has all necessary interest in the Property and Dealership to make the representations in and carry out the obligations of this Agreement, and (d) no further action needs to be taken in connection with execution of this Agreement.

SECTION SIXTEEN. Force Majeure. That the obligations of the parties hereunder to perform under this Agreement are subject to prevention by sickness, accident, Act of God, fire, riot, epidemic, interruption or delay of transportation, strikes, labor difficulties, any acts or orders of any public authority having jurisdiction, or any similar cause beyond the parties' control. To the extent that a party's non-performance is based upon one of the above-listed reasons, the same shall not be a default under SECTION SIX above.

SECTION SEVENTEEN. Further Performances. That each of the parties hereto shall execute and deliver all such documents and perform all such acts as are reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement.

SECTION EIGHTEEN. No Partnership or Third-Party Beneficiary. That it is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other similar arrangement between or among the parties. No term or provision of this Agreement is intended to, or shall, be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

SECTION NINETEEN. Integration. That this Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and all prior and contemporaneous agreements, representations, negotiations and understandings of the parties hereto, oral or written, are hereby superseded and merged herein.

SECTION TWENTY. Multiple Counterparts. That this Agreement may be executed in multiple counterparts, each of which shall constitute one and the same instrument.

SECTION TWENTY-ONE. Recording. That this Agreement shall be recorded in the Office of the County Recorder of Yavapai County, pursuant to ARS §9-500.05(D).

SECTION TWENTY-TWO. Conflict-of-Interest. That this Agreement may be canceled without penalty pursuant to ARS §38-511 in the event of a conflict-of-interest as described therein by any person significantly involved in negotiating this Agreement on behalf of the Town.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by and through their authorized representatives the day and year first-above written.

Town of Prescott Valley, a municipal corporation of
Arizona ("Town")

Harvey C. Skoog, Mayor

ATTEST:

Diane Russell, Town Clerk

APPROVED AS TO FORM:

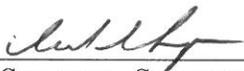
Ivan Legler, Town Attorney

Prescott Valley Investment Group, LLC, an Arizona
LLC (“Developer”)



Deborah Brunoforte, Managing Member

ATTEST:



David Sampson, Secretary

STATE OF ARIZONA)
) ss:
County of Yavapai)

The foregoing instrument was acknowledged before me this ___ day of _____, 2015 by Harvey C. Skoog, Mayor of the Town of Prescott Valley, a municipal corporation of Arizona, on behalf of said municipal corporation.

Notary Public

My Commission Expires:

STATE OF ARIZONA)
) ss:
County of Maricopa)

The foregoing instrument was acknowledged before me this 8 day of JANUARY, 2015 by Deborah Brunoforte, Managing Member of Prescott Valley Investment Group, LLC, an Arizona corporation, on behalf of said LLC.



Notary Public

My Commission Expires:
7/6/15

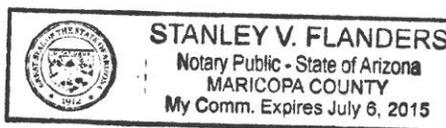


EXHIBIT "A"

Property

PARCEL 103-05-009X

A PORTION OF PARCEL E, EASTRIDGE PHASE II AT PRESCOTT VALLEY, according to the plat of record recorded in Book 49 of Maps, page 60, records of Yavapai County, Arizona, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SECTION 24, TOWNSHIP 14 NORTH, RANGE 1 WEST, GILA AND SALT RIVER MERIDIAN WHICH BEARS SOUTH 00°58'20" EAST, 2615.56 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 24;

THENCE NORTH 00°58'20" WEST, (BASIS OF BEARINGS) 1108.37 FEET ALONG THE EAST LINE OF SAID SECTION 24, TO THE POINT OF BEGINNING, BEING THE SOUTHEAST CORNER OF SAID PARCEL E OF EASTRIDGE, PHASE II;

THENCE NORTH 89°36'52" WEST, 551.36 FEET ALONG THE SOUTHERLY LINE OF SAID PARCEL E TO A POINT;

THENCE NORTH 21°54'41" EAST, 367.61 FEET TO A POINT ON THE NORTHERLY LINE OF SAID PARCEL E;

THENCE SOUTH 68°04'46" EAST, 442.68 FEET ALONG SAID NORTHERLY LINE AND ALONG THE SOUTHERLY RIGHT OF WAY LINE OF STATE ROUTE 69 TO THE NORTHEAST CORNER OF SAID PARCEL E AND THE EAST LINE OF SAID SECTION 24;

THENCE SOUTH 00°58'20" EAST, 179.33 FEET ALONG THE EAST LINES OF SAID PARCEL E AND SAID SECTION 24 TO THE POINT OF BEGINNING.

PARCEL 103-05-009Y

Parcel E, EASTRIDGE PHASE II AT PRESCOTT VALLEY, according to the plat of record recorded in Book 49 of Maps, page 60, records of Yavapai County, Arizona.

EXCEPTING THEREFROM THE FOLLOWING:

A PORTION OF PARCEL E, EASTRIDGE PHASE II AT PRESCOTT VALLEY, according to the plat of record recorded in Book 49 of Maps, page 60, records of Yavapai County, Arizona, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SECTION 24, TOWNSHIP 14 NORTH, RANGE 1 WEST, GILA AND SALT RIVER MERIDIAN WHICH BEARS SOUTH 00°58'20" EAST, 2615.56 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 24;

THENCE NORTH 00°58'20" WEST, (BASIS OF BEARINGS) 1108.37 FEET ALONG THE EAST LINE OF SAID SECTION 24, TO THE POINT OF BEGINNING, BEING THE SOUTHEAST CORNER OF SAID PARCEL E OF EASTRIDGE, PHASE II;

THENCE NORTH 89°36'52" WEST, 551.36 FEET ALONG THE SOUTHERLY LINE OF SAID PARCEL E TO A POINT;

THENCE NORTH 21°54'41" EAST, 367.61 FEET TO A POINT ON THE NORTHERLY LINE OF SAID PARCEL E;

THENCE SOUTH 68°04'46" EAST, 442.68 FEET ALONG SAID NORTHERLY LINE AND ALONG THE SOUTHERLY RIGHT OF WAY LINE OF STATE ROUTE 69 TO THE NORTHEAST CORNER OF SAID PARCEL E AND THE EAST LINE OF SAID SECTION 24;

THENCE SOUTH 00°58'20" EAST, 179.33 FEET ALONG THE EAST LINES OF SAID PARCEL E AND SAID SECTION 24 TO THE POINT OF BEGINNING.

EXHIBIT “B”

Report



December 23, 2014

Mr. Larry Tarkowski
Town Manager
Town of Prescott Valley
7501 E. Civic Circle
Prescott Valley, AZ 86314

Dear Mr. Tarkowski,

Applied Economics has been contracted by the Town of Prescott Valley to perform an independent third party review of the development agreement between the Town and Arizona State Trailer Sales, Inc. This agreement concerns the 10.91 acre site located on the southeast corner of State Route 69 and Truwood Drive in the Eastridge Community Facilities District. It is intended that this parcel will be used for a Northern Arizona Regional Recreational Vehicle Sales Center operated by Little Dealer, Little Prices.

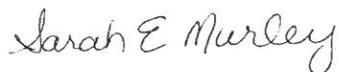
When the Eastridge Community Facilities District was formed in 2003, assessment liens were established against the property to finance bonds for the construction of public improvements and a schedule of payments was set up for each property owner. This development agreement includes provisions for the Town to take over remaining assessment payments on parcel APN 103-05-009Y. The remaining payments total \$143,821 over the next three and a half years.

The development is expected to include approximately 18,500 square feet of built space for a new RV dealership. Projected taxable sales are estimated at \$18.3 million per year beginning in 2016, with a partial year of operations in 2015. Estimated sales are based on the size of the dealership and current sales at other RV dealers in the region. All RV sales would be taxed at a rate of 2.33 percent by the Town. There would be additional construction sales tax revenues to the Town in 2015 estimated at \$30,000. Although the Town is making assessment payments from the General Fund on behalf of the developer, it is important to note that the no sales taxes are being refunded. Additionally, the amount

of construction and retail sales taxes generated in the first year alone, which only represents a partial year of operations for the RV dealership, exceeds the amount of the assessment payments over the next three and a half years. By the second year of operations, annual sales tax revenues to the Town are estimated at \$427,000 per year.

The economic and revenue benefits of this project to the Town significantly exceed the benefits received by the dealership. Based on our review, we believe that the project would generate a substantially more sales tax revenues during the first year of operations than the total of the remaining assessment payments. Should you have any questions or concerns regarding this analysis, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Sarah E. Murley".

Sarah E. Murley

Principal