

Exhibit "E"
Letter of Agreement



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Town of Prescott Valley

7501 E. Civic Circle
Prescott Valley
Arizona 86314

June 10, 2004

Mountain Rose Properties, LLC
Bob and Peggie Duffel
2410 N. Travis
Mesa, Arizona 85207

Re: Letter of Agreement
Purchase of Land for Navajo Road Improvements
Portions of APN#103-28-613F

Dear Mr. and Mrs. Duffel,

Town Staff and Mountain Rose Properties have reached an agreement (subject to approval by the Common Council of Town of Prescott Valley) for the purchase of certain properties for the purpose of constructing improvements to Navajo Drive. This agreement includes the following:

1. Sales Price for both the south parcel (26,191 sf) and the north parcel (781 sf) to be \$82,700, to be further described by attached legal description(s). Waterline and hydrant costs of \$10,000 to be deducted and utility conduit cost of \$5,000 to be deducted. Net Proceeds to Mountain Rose Properties, L.L.C. to be \$67,700 (before 2004 property tax pro-ration).
2. Town of Prescott Valley to pay all escrow fees, title policy fees, recording fees, etc. Mountain Rose Properties, L.L.C. to pay only 2004 Taxes prorated to Close of Escrow, based on 2003 taxes.
3. The Town of Prescott Valley agrees to provide water resources (100 yr assured water supply) necessary to build the apartment project (not to exceed 43 units on the North Parcel) using its total gallons per capita per day program. The cost for this water supply will be based on a water replacement cost payment similar to that found in the Glassford Hill Terraces Development Agreement (GHTDA) (reference Resolution No. 1016). This payment calculates to approximately \$1960 per unit (GHTDA: \$447,480/226 Units) and payable prior to the issuance of a building permit. This charge is in addition to any other required fees or charges. This item of the agreement expires five years after authorization from the Prescott Valley Common Council of the purchase.
4. 12" Water line to North Parcel & Fire Hydrant & utility conduits (1-2" for TV, 3-2" for ELEC and 2-4" for TEL) per engineering to be installed by the Town of Prescott Valley at its expense to property line.

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Telephone (928) 772-9207 • www.pvaz.net • TDD (928) 772-9267

5. Town will offer to the project contractor Mountain Rose Properties contact information for possible fill agreement on the North Parcel.
6. In as much as it is consistent with the Town's General Plan, the Town of Prescott Valley will support lot combination (Reversionary Plat) and Rezoning on North Parcel to R2-3. PAD.
7. Town of Prescott Valley to work with FEMA to delineate flood plain on North Parcel and provide revised flood plain maps when this work is completed.
8. Letter from Town of Prescott Valley saying that the property was under threat to be taken by eminent domain.
9. Driveway depression on North Parcel to be installed per the location already on engineering drawings.
10. North Parcel will be allowed to connect to existing sewer line on the west side of the property when the property is developed subject to applicable fees and changes.

It is anticipated that this agreement will form the basis for a future development agreement per ARS §9-500.05.

MOUNTAIN ROSE PROPERTY LLC

Peggie Duffel 6-18-04
 Peggie Duffel date
managing member

Bob Duffel Jr. 6-18-04
 Bob Duffel date
managing member

TOWN OF PRESCOTT VALLEY

Richard C. Killingsworth date
 Mayor

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