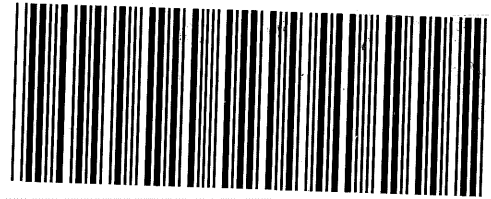


MICROFILMED



C98-121

When recorded return to
Keith C. Hoskins
Gust Rosenfeld P.L.C.
201 N. Central Avenue, Suite 3300
Phoenix, Arizona 85073-3300

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
98-0545160 06/26/98 10:14
MESR2 6 OF 15

**C98-121
INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF TEMPE
AND
THE RIO SALADO COMMUNITY FACILITIES DISTRICT
(CITY OF TEMPE, ARIZONA)**

This Intergovernmental Agreement (the "Agreement") is entered into this 19th day of June, 1998, by and between the CITY OF TEMPE, a municipal corporation (the "City") and the RIO SALADO COMMUNITY FACILITIES DISTRICT (CITY OF TEMPE, ARIZONA) (the "District").

RECITALS.

The City has the necessary ownership, easements or rights of way in and to the real property located in Maricopa County, Arizona and legally described on Exhibit A which is attached to and made a part of this Agreement (the "Property").

The City wishes to construct and put into service an artificial lake on the Property in accordance with the parameters set forth on Exhibit B which is attached to and made a part of this Agreement (the "Project").

The District acknowledges that the completion of the Project will be of special benefit to the property within of the District, and as such, the District has agreed, pursuant to the terms set forth below, to reimburse the City for certain expenses incurred by the City in connection with the construction of the Project.

The City and the District also wish to set forth their respective obligations with respect to the maintenance of the completed Project.

NOW THEREFORE, in consideration of the mutual premises and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENTS.

1. Accuracy of the Recitals. The parties hereby acknowledge the accuracy of the Recitals, which are incorporated herein by this reference.

2. Nature of Agreement. This Agreement shall constitute an "Intergovernmental Agreement" within the meaning of Arizona Revised Statutes § 11-952.

3. Duration of Agreement. This Agreement shall be effective from the date hereof and shall be of perpetual duration unless earlier terminated pursuant to Section 18.

4. Construction of the Project. The City shall be solely responsible for contracting for and overseeing the construction of the Project. In connection therewith, the City represents and warrants to the District that:

(a) The City will undertake and complete the construction of the Project.

(b) The public bidding requirements set forth in Arizona Revised Statute § 48-581 et seq. will be complied with in connection with the construction of every phase of the Project.

(c) The construction of the Project will at all times substantially conform with the plans and specifications for the Project prepared by CH2mHill, and dated January 27, 1997, subject to change orders required in good faith by the City.

(d) In connection with the construction of the Project, the City [has obtained] all necessary permits, approvals and licenses from any and all required governmental entities and entities, including without limitation all permits, approvals and licenses required from the Environmental Protection Agency and the Bureau of Reclamation.

(e) Subject to Section 8 below, the City shall be solely responsible and liable for all payments owed to any materialman, contractor or any other person or entity arising in connection with the construction of the Project.

5. Maintenance of the Project. Upon completion of the construction of the Project, the City shall at all times maintain the Project. Subject to Section 8 below, the City shall be solely responsible and liable for all costs and expenses incurred in connection with the maintenance of the Project.

6. Filling the Project/Maintaining the Water Level. The City shall cause the lake to be filled with water and maintain the lake level at an appropriate level. Water quality will be maintained by the City or it's designated representative in accordance with applicable Federal and Arizona standards.

7. District Reimbursement Obligations. In connection with the construction and maintenance of the Project and the purchase and maintenance of all personal property and fixtures to be located within the Enhanced Service Area, the District shall be obligated to pay to the City the following:

(a) Repayment of capital costs for construction of the Project (including the cost of the initial filling of the lake and startup costs) over a 25-year period.

(b) The District shall annually reimburse the City for 100% of the City's annual outlay of funds directly related to the operation and maintenance of the Project and the personal property and fixtures located in the Enhanced Service Area, including the maintenance of the water level and water quality. Any costs and expenses incurred by the City that are not directly related to the maintenance of the Project and the personal property and fixtures located in the Enhanced Service Area shall be deemed to be ordinary municipal services, and the District shall have no liability for the same.

(c) Payments will be semiannual on the first day of June and December of each year commencing June 1, 1999.

8. Sinking Fund. The parties shall establish a sinking fund (the "Fund") for required extraordinary repairs of the Project and replacement of the personal property and fixtures located in the Enhanced Services Area and other agreed upon expenditures. The Fund shall be maintained in a City Trust Account and all expenditures shall be made on purchase orders authorized by [the City Manager] or his or her designee. The District shall semiannually, on or before the first day of June and December of each year, commencing June 1, 1999, deposit funds as approved in the current fiscal year operating budget based on a projected fund balance, after twenty (20) years from the date of this agreement, of \$15,000,000 (Exhibit A), to coincide with the dam and pump replacement schedule. The City and the District shall adjust the sinking fund assessment by agreement to compensate for cost increases, inflation, interest rates, fund balance, and changes in useful life expectations.

9. Liens. The City shall at all times keep the Enhanced Service Area free from any and all liens including without limitation mechanics' and materialmen's liens. If any mechanics or materialmen's lien is filed against any portion of the Enhanced Service Area, the City, at its sole expense, shall cause such lien to be discharged within 30 days.

10. Indemnification. To the extent permitted by law, the District shall defend, indemnify and hold harmless the City and its officers, employees and agents for, from and against all losses, damages, claims, liabilities and expenses (including reasonable attorney's fees) for damages to property or for injury to or death of persons which relate to the performance of this Agreement other than any which result solely from any negligent act or omission of the City or its officers, employees or agents.

11. Insurance. Throughout the duration of this Agreement, the City shall

maintain in full force and effect the following insurance policies, each of which shall name the District as an additional insured. The cost of the insurance shall be a reimbursable maintenance cost.

(a) Public liability and property damage insurance from a reliable insurance company authorized to transact business in Arizona in the amount of not less than \$1,000,000 per occurrence for bodily injury (including death) or damage to property. The City may have such provisions for self-insurance as it customarily has for its other similar liabilities.

(b) Public officials error and omissions liability insurance from a reliable insurance company authorized to transact business in Arizona in the amount of not less than \$1,000,000.

12. District Liabilities. The District shall take all actions and do all things necessary to levy, against the Property within the District, special assessments sufficient to collect an amount adequate in each year to make all payments to the City when due. Any and all amounts due from the District to the City pursuant to this Agreement shall be due solely from the special assessments levied and collected by the District, and in no event shall such amounts be deemed to be general obligations of the District or charges upon the ad valorem property taxes of the District.

13. Permitted Uses of the Project. The City shall at all times maintain the Project for aesthetic and recreational uses. The District shall at all times have the right to make the Project available to the public for recreational uses, subject to the reasonable control and regulation by the City and subject to applicable Federal and Arizona law and regulations.

Use shall be subject to necessary limitations and closings due to maintenance, repair, water replacement or flooding as determined by the City.

Any commercial use shall be subject to District and City approval.

14. Intergovernmental Agreement with Arizona State University. The parties shall cooperate to enter into an intergovernmental agreement with the Arizona Board of Regents or other authorized representative of Arizona State University (the "University"), with respect to the payment of assessments levied against Property within the District owned by the University. The agreement of the University to pay assessments may be subject to a limitation of the source of payment to revenues from the use or operation of the property owned by the University.

15. City agrees to Pay Assessments. The City, as owner of Property within the boundaries of the District, hereby agrees to pay any and all assessments levied against its property, provided that such payments shall be solely from revenues from the use or operation of such property and shall in no way be deemed to be general obligations of the City or charges upon the ad valorem property taxes of the City.

16. Enhanced Services Commission. An Enhanced Services Commission shall

be formed (the "Commission") to serve in an advisory capacity to the City and the District. All policy matters affecting the District specifically including, without limitation, all matters that affect the District's Annual Operations and Maintenance Budget, the District's Capital Budget (including but not limited to repairs, replacements and additions) and all policy matters that affect the operations, standards and the scheduling of activities and uses within the "Enhanced Services Area" shall not be heard by the Community Facilities District Board of Directors without first considering the recommendation of the Commission on such matter. The form and organizational outline is attached as Exhibit C.

17. Term.

(a) The term of this agreement shall be for a period of fifty (50) years beginning upon execution and may be automatically renewed for two (2) twenty (20) year periods subject to termination by either party for material cause sixty (60) days after written notice is given to the defaulting party specifying the cause of the breach if such default is either not cured within said sixty -day (60) period or the cure thereof is not commenced within such sixty-day (60) period and thereafter continuously and diligently pursued to conclusion.

(b) Each party reserves all rights that it may have to cancel this Agreement for possible conflicts of interest under A.R.S. § 38-511 as amended.

18. Assignment. Neither party may assign, sublet, mortgage or encumber any right or interest under this Agreement without the prior written consent of the other party, which either party may withhold in its absolute and sole discretion.

19. Notices. Any notice required or permitted under the terms of this Agreement shall be in writing and may be delivered personally or served by certified mail, return receipt requested, postage prepaid, addressed as follows:

TO THE CITY:

City of Tempe
31 E. Fifth Street
Tempe, Arizona 85281
Attention: City Manager

TO THE DISTRICT:

Rio Salado Community Facilities District
(City of Tempe, Arizona)
31 E. Fifth Street
Tempe, Arizona 85821
Attention: Rio Salado Project Manager

Any notice given by certified mail shall be deemed to have been received by the other party three days after the date of mailing.

20. Approvals. Any approvals required or permitted under the terms of this Agreement must be in writing and signed on behalf of the District by its Chairman or his or her designee, and on behalf of the City by its City Manager or his or her designee.

21. Governing Law; Attorney's Fees. This Agreement shall be governed by the laws of the State of Arizona. In the event of any litigation or arbitration arising out of this Agreement, the substantially prevailing party in such litigation or arbitration shall be entitled to recover its attorney's fees, expert witness fees and other costs of litigation.

22. Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not affect the validity or enforceability of any other provisions hereof.

23. Miscellaneous. This Agreement contains the entire understanding between the parties with respect to the subjects hereof and supersedes all prior negotiations and agreements. This Agreement may be amended only by an instrument in writing signed by the parties. The waiver of any breach of this Agreement shall not be deemed to amend this

Agreement and shall not constitute a waiver of any other subsequent breach. Headings are for convenience and shall not affect interpretation. This Agreement shall be executed in counterparts, which together shall constitute a single instrument.

24. Recording. This Agreement shall be recorded with the Maricopa County Recorder pursuant to A.R.S. § 11-952(g) upon its execution.

EXECUTED on the date specified above.

CITY OF TEMPE, a municipal corporation

By Neil H. Guercione
Its Mayor

ATTEST:

Randy Gross
City Clerk

APPROVED AS TO FORM:

C. Brad Woodford
City Attorney

RIO SALADO COMMUNITY FACILITIES
DISTRICT (CITY OF TEMPE, ARIZONA)

By Neil H. Guercione
Its Chairman

ATTEST:

By Randy Gross
District Clerk

APPROVED AS TO FORM

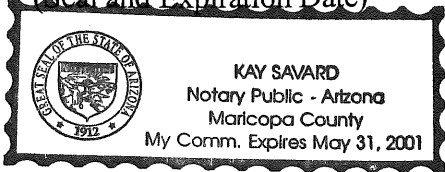
[Signature]
District Attorney

State of Arizona

County of Maricopa

The foregoing instrument was acknowledged before me this 10th day of June, 1998, by Neil Giuliano in his or her capacity as Mayor of the City of Tempe, a municipal corporation, on behalf of the corporation.

(Seal and Expiration Date)



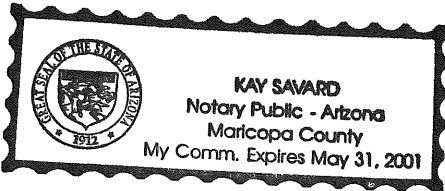
Kay Savard
Notary Public

State of Arizona

County of Maricopa

The foregoing instrument was acknowledged before me this 18th day of June, 1998, by Neil Giuliano in his or her capacity as Chairman of the Rio Salado Community Facilities District (City of Tempe, Arizona), on behalf of the District.

(Seal and Expiration Date)



Kay Savard
Notary Public

**City of Tempe
Replacement Reserve Analysis**

Annual Contribution = \$ 531,000.00			
	Payments		Year -End
	Pumps	Dams	Reserve Balance
Year 3	166,698		1,571,644.70
Year 6	192,974		3,367,994.95
Year 9	223,391		5,420,793.02
Year 12	258,603		7,766,197.38
Year 15	299,366		10,445,385.03
Year 18	346,553		13,505,233.80
Year 20	254,718	9,842,249	5,940,341.04

Assumptions:

Annual Inflation Rate 5.00%

Annual Interest Earned
on Trust Investments 5.00%

Contributions are made the first day of each 6 month period.

Replacement/Maintenance payments are made the last day of each applicable year.

Replacement costs for the dams assume a 20 year life.

Maintenance cost on the pumps is based on one-third the actual pump cost being paid every three years.

Calculated payments above are based on estimated Current Value of Replacement/Maintenance costs and adjusted for inflation.

Dam Replacement Costs per Bid

Upstream Dams	166,300
# Sections	4
Total Cost Upstream	665,200
Downstream Dams	606,500
# Sections	4
Total Cost Downstream	2,426,000
Total Dam Replacement	3,091,200
Contingency %	20.00%
Estimated Current Value	3,709,440

Pump Maintenance Cost	10,000
# of Pumps	12
Total Pump Replacement	120,000
Contingency %	20.00%
Estimated Current Value	144,000

Exhibit A

1 of 6

LEGAL DESCRIPTION FOR RIO SALADO COMMUNITY FACILITIES DISTRICT

A PORTION OF SECTIONS 14, 15 AND 16, TOWNSHIP 1 NORTH, RANGE 4 EAST GILA AND SALT RIVER BASE AND MERIDIAN That portion of Sections 14, 15 and 16, Township 1 North, Range 4 East, of the Gila and Salt River Base and Meridian, County of Maricopa, State of Arizona, being more particularly described as follows: Commencing at the Northwest corner of said Section 14; thence South 00°07'01" West, 474.53 feet along the section line common to said Sections 14 and 15 to the point of beginning; thence departing said section line South 89°52'59" East, 65.00 feet to the easterly right of way of Scottsdale Road and the southerly right of way of the Red Mountain Freeway; thence departing said easterly right of way of Scottsdale Road North 89°41'27" East, 348.30 feet along said southerly right of way of the Red Mountain Freeway; thence North 82°26'36" East, 606.67 feet; thence departing said southerly right of way South 00°22'49" East, 242.88 feet; thence South 89°49'34" East, 256.38 feet; thence North 00°22'49" West, 248.10 feet to said southerly right of way of the Red Mountain Freeway; thence South 89°59'56" East, 1592.18 feet along said southerly right of way; thence South 79°52'22" East, 284.43 feet; thence South 87°01'36" East, 964.29 feet; thence North 68°32'12" East, 271.73 feet; thence North 86°42'17" East, 681.70 feet to the West line of the East 55.00 feet of said Section 14, said line also being the westerly right of way of McClintock Drive; thence departing said southerly right of way of the Red Mountain Freeway, South 03°41'06" East, 988.53 feet along said West line of the East 55.00 feet of Section 14; thence departing said West line of the East 55.00 feet of Section 14, South 80°35'36" West, 80.20 feet; thence North 89°48'41" West, 112.47 feet; thence South 85°55'30" West, 963.81 feet to the beginning of a curve concave southerly having a radius of 3985.00 feet; thence westerly 94.88 feet along said curve through a central angle of 01°21'51"; thence on a non-tangent line South 73°27'46" West, 132.12 feet; thence South 47°38'18" West, 216.69 feet; thence South 47°29'10" West, 560.21 feet; thence South 31°07'18" West, 783.59 feet to the North line of the South 40.00 feet of the Northeast quarter of said Section 14, said line also being the northerly right of way of the Rio Salado Parkway; thence North 89°21'07" West, 174.60 feet along said North line of the South 40.00 feet of the Northeast quarter of Section 14 to the north-south mid-section line of said Section 14; thence departing said north-south mid-section line North 89°21'06" West, 1488.77 feet along the North line of the South 40.00 feet of the Northwest quarter of said Section 14, said line also being the northerly right of way of the Rio Salado Parkway to the beginning of a non-tangent curve concave southeasterly having a radius of 615.46 feet and to which beginning a radial line bears North 04°31'04" West; thence departing said North line of the South 40.00 feet of the Northwest quarter of said Section 14, southwesterly 225.29 feet along said northerly right of way of the Rio Salado Parkway and said curve through a central angle of 20°58'22"; thence South 64°30'34" West, 219.29 feet to the beginning of a curve concave northwesterly having a radius of 530.46 feet; thence westerly 274.31 feet along said curve through a central angle of 29°37'42"; thence North 85°51'44" West, 332.52 feet to the easterly right of way line of Scottsdale Road; thence departing said northerly right of way of the Rio Salado Parkway and said easterly right of way of Scottsdale Road, North 89°51'58" West, 80.00 feet to said section line common to Sections 14 and 15; thence North 00°08'02" East, 11.86 feet along said section line; thence departing said section line North 89°51'58" West, 90.00 feet to the

Exhibit A

2 of 6

westerly right of way of Scottsdale Road and the northerly right of way of the Rio Salado Parkway; thence departing said westerly right of way of Scottsdale Road, North 85°51'36" West, 211.80 feet along said northerly right of way of Rio Salado Parkway to the beginning of a curve concave southerly having a radius of 1042.50 feet; thence westerly 259.28 feet along said curve through a central angle of 14°15'00"; thence South 79°53'24" West, 175.66 feet to the beginning of a curve concave northerly having a radius of 1252.50 feet; thence westerly 750.60 feet along said curve through a central angle of 34°20'10"; thence North 65°46'26" West, 184.97 feet to the beginning of a curve concave southwesterly having a radius of 639.50 feet; thence westerly 279.66 feet along said curve through a central angle of 25°03'23"; thence South 89°10'11" West, 179.35 feet to the beginning of a curve concave northeasterly having a radius of 554.50 feet; thence northwesterly 400.01 feet along said curve through a central angle of 41°19'57"; thence North 49°29'52" West, 179.55 feet to the beginning of a curve concave southwesterly having a radius of 692.50 feet; thence northwesterly 68.85 feet along said curve through a central angle of 05°41'49" to the north-south mid-section line of said Section 15; thence departing said northerly right of way of the Rio Salado Parkway on a non-tangent line North 00°12'05" East, 28.23 feet along said north-south mid-section line of section 15 to the beginning of a non-tangent curve concave southerly having a radius of 865.00 feet and to which beginning a radial line bears North 34°43'46" East; thence departing said north-south mid-section line westerly 589.89 feet along said curve through a central angle of 39°04'24" to the beginning of a compound curve concave southeasterly having a radius 715.00 feet and to which beginning a radial line bears North 04°20'38" West; thence southwesterly 388.84 feet along said curve through a central angle of 31°09'33"; thence South 54°29'49" West, 307.48 feet to the beginning of a curve concave northwesterly having a radius of 285.00 feet; thence westerly 165.84 feet along said curve through a central angle of 33°20'26"; thence South 87°50'15" West, 174.58 feet to the easterly right of way of Mill Avenue; thence departing said easterly right of way of Mill Avenue South 89°45'38" West, 50.00 feet; thence South 00°14'22" East, 59.56 feet; thence South 89°45'38" West, 53.59 feet to the westerly right of way of Mill Avenue and the northerly right of way of First Street; thence departing said westerly right of way of Mill Avenue South 89°51'13" West, 631.44 feet along said northerly right of way of First Street to the to the beginning of a curve concave southeasterly having a radius of 336.56 feet; thence southwesterly 146.19 feet along said curve through a central angle of 24°53'14"; thence departing said northerly right of way of First Street North 71°17'47" West, 21.29 feet to the easterly right of way of Ash Avenue; thence North 26°30'35" West, 147.09 feet along said easterly right of way of Ash Avenue to the beginning of a curve concave northeasterly having a radius of 563.11 feet; thence northerly 253.24 feet along said curve through a central angle of 25°46'02"; thence North 00°44'32" West, 440.51 feet along said easterly right of way of Ash Avenue and the prolongation of said easterly right of way of Ash Avenue to a prolongation of the northerly right of way of the Rio Salado Parkway; thence departing said prolongation of the easterly right of way of Ash Avenue South 86°52'10" West, 306.15 feet along said prolongation of the northerly right of way of the Rio Salado Parkway to the beginning of a curve concave southeasterly having a radius of 1497.39 feet; thence westerly 384.14 feet along said curve through a central angle of 14°41'55"; thence South 72°10'15" West, 429.34 feet to the beginning of a curve concave northwesterly having a radius of 1844.86 feet; thence westerly 709.63 feet along said curve through a central angle of 22°02'21"; thence departing said northerly right of way of the Rio Salado Parkway on a non-tangent line North 09°08'55" East, 1615.38 feet to said southerly right of way of the Red Mountain Freeway; thence North 85°21'42" East, 188.25 feet along said southerly right of way of the Red Mountain Freeway; thence South 84°23'05" East, 380.13 feet; thence North 81°31'50" East, 505.15 feet; thence South 85°18'14" East, 528.31 feet; thence South 73°25'29" East, 288.37 feet; thence South 84°43'26" East, 1902.91 feet; thence North

Exhibit A

3 of 6

82°21'50" East, 1639.65 feet; thence North 88°50'37" East, 195.05 feet; thence North 00°09'33" East, 52.55 feet; thence North 88°50'37" East, 300.08 feet; thence North 00°09'33" East, 40.01 feet; thence North 88°50'37" East, 751.05 feet to the beginning of a non-tangent curve concave southwesterly having a radius of 72.00 feet and to which beginning a radial line bears North 42°06'23" East; thence departing said southerly right of way of the Red Mountain Freeway, 60.33 feet along said curve through a central angle of 48°00'39" to the easterly right of way of Scottsdale Road; thence South 00°07'01" West, 146.00 feet along said easterly right of way of Scottsdale Road; thence departing said easterly right of way of Scottsdale Road, South 89°52'59" East, 52.00 feet to said section line common to Sections 14 and 15; thence North 00°07'01" East, 126.77 feet along said section line to the point of beginning. EXCEPT the following three parcels:

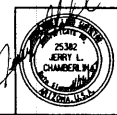
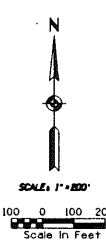
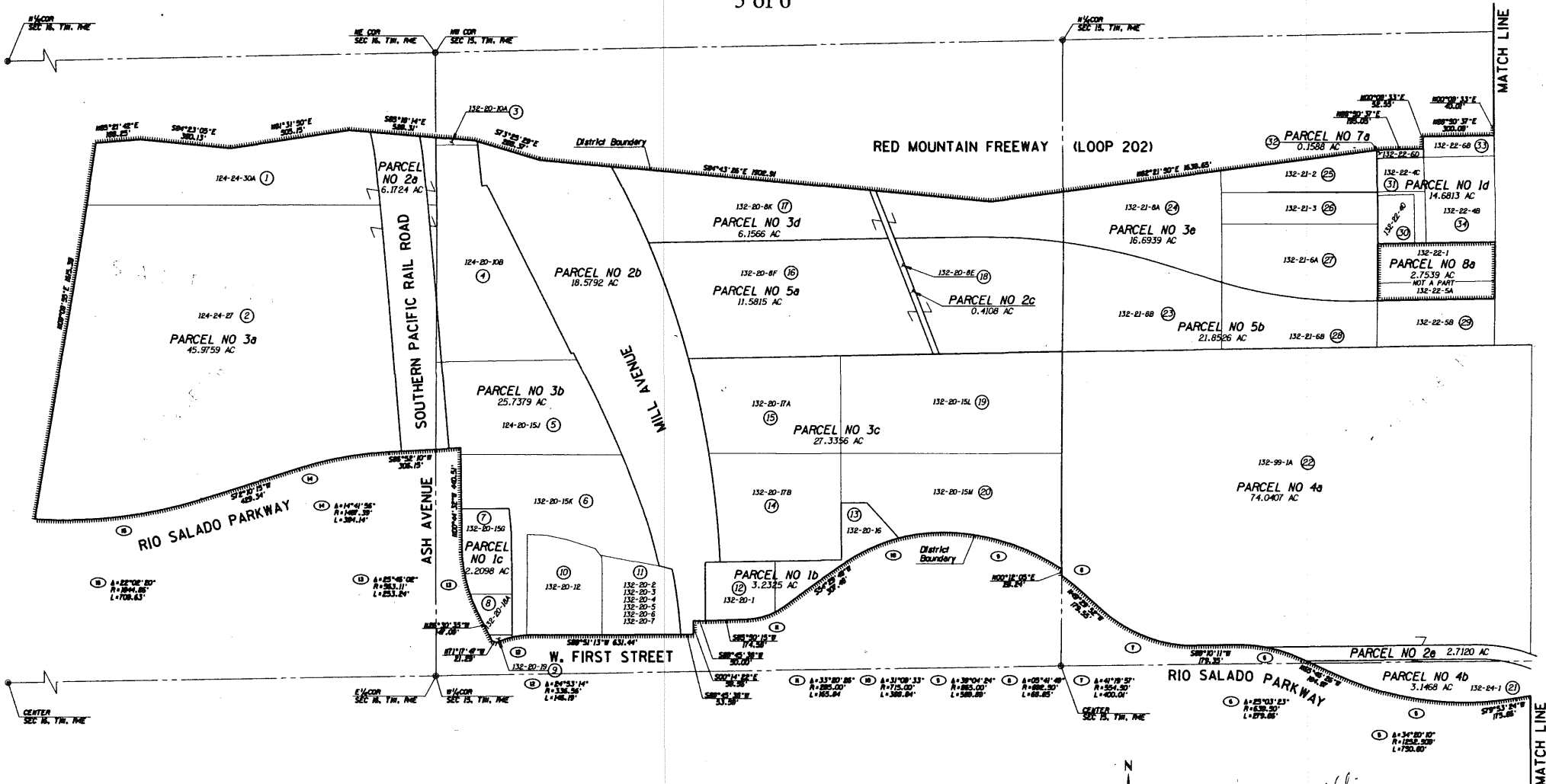
Parcel No. 1 That portion of the South 200 feet of the North 800 feet of the Northeast quarter of the Northeast quarter of Section 15, Township 1 North, Range 4 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona; EXCEPT the West 495 feet thereof, more particularly described as follows: Commencing at the Northwest corner of said Section 15; thence South (assumed bearing) along the East Section line, said line also being the monument line of Scottsdale Road, a distance of 660.16 feet to a point; thence South 88°41'43" West a distance of 290.02 feet to the True Point of Beginning; thence continuing South 88°41'43" West a distance of 537.82 feet to a point; thence South 00°05'04" East a distance of 200.05 feet to a point; thence North 88°41'43" East a distance of 772.52 feet to a point on the West right of way line of Scottsdale Road, as it existed on March 13, 1984; thence North a distance of 75.05 feet to a point; thence South 88°41'43" West a distance of 235.00 feet to a point; thence North a distance of 125.00 feet to the True Point of Beginning.

Parcel No. 2 The North 176 feet of the South 440 feet of the West 495 feet of the Northeast quarter of the Northeast quarter of Section 15, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.

Parcel No. 3 The South 440 feet of the West 495 feet of the Northeast quarter of the Northeast quarter of Section 15, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona. EXCEPT the North 176 feet; and EXCEPT any portion as described in Docket 11280, page 994, records of Maricopa County, Arizona. Said Rio Salado Community Facilities District contains 492.2653 acres more or less.

Exhibit A

5 of 6



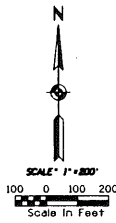
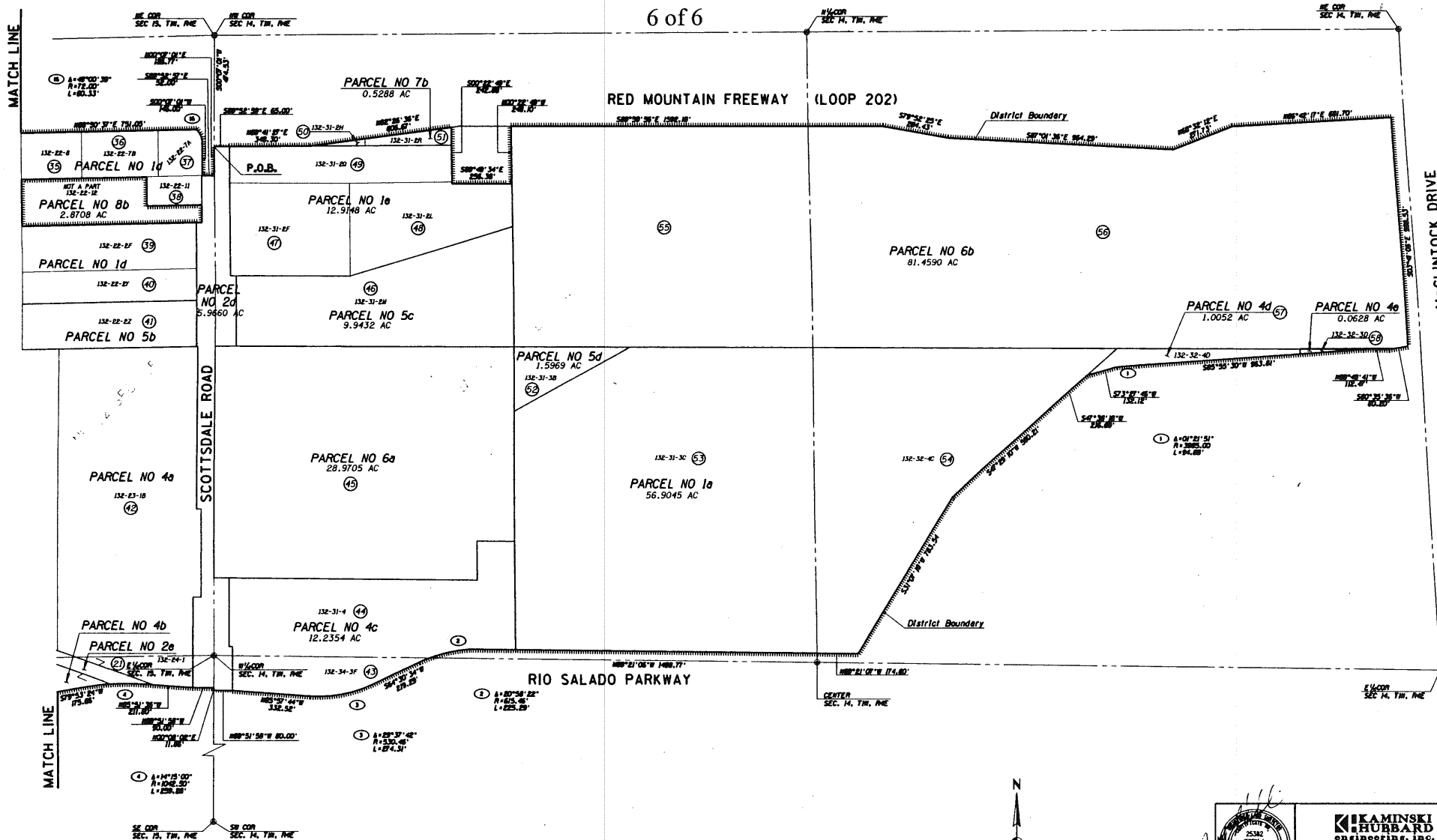
KRAMINSKI & HUBBARD
 ENGINEERS, INC.
 SURVEYING • CIVIL • HYDROLOGY
 3420 E. SHEA BLVD., SUITE 150
 PHOENIX, ARIZONA 85028-3346
 (602) 498-8066

DEPARTMENT OF PUBLIC WORKS		
CITY OF TEMPE		
DIVISION OF ENGINEERING		
P.O. BOX 5002 TEMPE, ARIZONA 85283		
CHECKED: J.C.	DESIGNED: J.C.	DATE: APR. 31
DRAWN: WJT/LJM	RIO SALADO TOWN LAKE	PROJECT: 955649
SCALE: 1"=200'	COMMUNITY FACILITIES DISTRICT	PROJECT NO 946523
		SHT 2 OF 3

EXHIBIT A LIST 1 TO 6 (2000) (2000) (2000)

Exhibit A

6 of 6



KIKAMINSKI & HUBBARD
engineering, inc.
SURVEYING • CIVIL • HYDROLOGY
3420 E. SHEA BLVD., SUITE 150
PHOENIX, ARIZONA 85028-3346
(602) 994-9065

DEPARTMENT OF PUBLIC WORKS		
CITY OF TEMPE		
DIVISION OF ENGINEERING		
P.O. BOX 5002 TEMPE, ARIZONA 85283		
CHECKED: JLC	DESIGNED: JLC	DATE: APR 97
DRAWN: WJT/JLW	RIO SALADO TOWN LAKE	PROJECT NO: 956649
SCALE: 1"=200'	COMMUNITY FACILITIES DISTRICT	PROJECT NO 946523
		SHT 3 OF 3

EXHIBIT B

The Rio Salado Town Lake Project is an urban redevelopment project focused on the construction of a 200 acre lake in the Salt River bed.

The 2 mile long lake will be formed by impounding water using air-inflatable dams. The depth of the lake will vary from 6 feet at the upstream end to 19 feet at the downstream end. The four primary construction projects leading up to the filling of the lake consist of the following:

- ▶ Installation of a stormwater diversion system consisting of approximately 3,500 L.F. of 30" to 108" diameter reinforced concrete pipe, a source water system consisting of 400 L.F. of 48" diameter reinforced concrete pipe, a recovery well and piping system consisting of approximately 4,700 L.F. of 14" to 30" D.I.P. and ten 4.5 MGD recovery well, and miscellaneous structures.
- ▶ Construction of rubber dam foundations and installation of 16' and 5' high rubber dams across the Salt River, two control buildings, pump back system, associated piping and appurtenances.
- ▶ Installation of approximately 20,120 C.Y. of shoreline curb wall, seat wall, retaining wall, ramps, marinas, and appurtenances on the north and south side of the Salt River.
- ▶ Installation of approximately 356,000 S.F. of soil bentonite cut-off walls and 27,800 S.F. of cement-bentonite cut-off walls around the perimeter of the Salt River for lake infiltration control.

EXHIBIT C

ENHANCED SERVICES COMMISSION

ORGANIZATION OUTLINE

I. PURPOSE

The purpose of the Enhanced Services Commission (the "Commission") shall be to serve in an advisory capacity to the City of Tempe (the "City") and the Rio Salado Community Facilities District (the "District") regarding all policy matters affecting the District specifically including, without limitation, all matters that affect the District's Annual Operations and Maintenance Budget, the District's Capital Budget (including but not limited to repairs, replacements and additions) and all policy matters that affect the operations, standards and the scheduling of activities and uses within the Enhanced Services Area.

II. MEMBERS; TERMS OF OFFICE; COMPENSATION

(a) The Commission shall initially be comprised of eight (8) members. Eligibility requirements for the eight (8) members shall be as set forth below (the "Eligibility Requirements"):

1. Three (3) members shall represent the following respective elements within the City (the "City Member(s)"):
 1. Deputy City Manager responsible for financial affairs
 2. Public Works Director
 3. Economic Development Director

2. Two (2) members shall represent major land owners within the District (the "Major Land Owner Member(s)"). There shall be five districts within the District as set forth on the attached Rio Salado Overlay District map. The districts shall be delineated as follows: Rio East ("District 1"); Hayden Ferry ("District 2"); Boardwalk East ("District 3"); Boardwalk West ("District 4"); and Rio Beach ("District 5").

Initially, the Major Land Owner Members shall be one (1) representative each from Ciudad del Lago, L.L.C., a Delaware limited liability company for District 1, and Bay State/Benton-Robb, L.L.C., an Arizona limited liability company for District 2.

3. One (1) member shall be a designated representative of Arizona State University designated and replaced by the President of the University (the "ASU Member");

4. One (1) member shall be a member of the public (the "Public Member") selected by the Mayor; provided, however, that the Public Member is a resident of the City of Tempe;
5. One (1) member shall be selected from the Board of the Downtown Tempe Community (the "Downtown Tempe Community Member") and shall be approved by a three-fourths (3/4) vote of the Commission.

(b) To be eligible to hold a Commission seat as a Major Land Owner Member pursuant to Subsection (a)(2) above, the member must be a natural person or, a designated representative of an entity, which person or entity holds with respect to at least ten (10) acres of land within the District either, (a) development rights pursuant to a validly issued development and disposition agreement with the City, (b) a long term lease having an initial term of ten (10) or more years, or (c) fee title. The foregoing notwithstanding, a Major Land Owner Member may be a representative of a property owners association so long as such property owners association encumbers at least ten (10) acres of land within the District and all or a portion of such land is or earlier was subject to a validly issued development and disposition agreement with the City.

(c) The number of members on the Commission may be increased to provide for representation of major land owners/holders of development rights in District 3, District 4 and District 5 (the "Expansion Member(s)") respectively. District 3 and District 4 respectively shall be entitled to an Expansion Member at such time that a Certificate of Occupancy is granted for at least 100,000 square feet of developed space within the respective district. At such time that an Expansion Member from either District 3 or District 4 is added, an Expansion Member from District 5 shall also be added. The Expansion Member from District 3 and District 4 shall be selected by a majority vote of the Commission and shall otherwise meet the Eligibility Requirements set forth in Paragraph II (b). The District 5 Expansion Member shall be the Community Services Director of the City. The foregoing, notwithstanding, no such increase shall cause the total number of members on the Commission to exceed eleven (11) members.

(d) There shall be no set term for the members of the Commission. Each member of the Commission shall serve until such member resigns or is deprived of eligibility for failure to meet the Eligibility Requirements set forth in this Paragraph II or, in the case of the ASU Member, is replaced by the ASU President. The foregoing notwithstanding, the term for the Public Member and the Downtown Tempe Community Member shall be limited to four (4) years.

(e) All members of the Commission shall serve without pay.

III.

POWERS AND DUTIES.

The Commission shall have the following powers and duties:

- (1) To establish such bylaws and rules and regulations as it deems necessary for the performance of its duties.
- (2) To organize by electing one of its members chairman of the Commission. The chairman shall serve a term of one year. The Rio Salado project manager or his duly authorized representative shall act as secretary to the Commission but shall not be entitled to vote.
- (3) To advise and consult, through the chairman of the Commission, with the Rio Salado project manager, as to the items to be included on the agenda of meetings of the Commission.
- (4) To review and approve the official minutes of all commission meetings as prepared by the secretary.
- (5) To require attendance of the members at meetings and provide that absence from three (3) consecutive meetings within any twelve (12) month period shall be deemed to constitute the resignation of such member and such position shall be thereupon be deemed vacant. Any vacant position on the Commission shall be filled only by a replacement that meets the Eligibility Requirements of the respective vacant position. Any vacancy on the Commission shall be filled by a three-quarter (3/4) vote of the remaining members. The foregoing notwithstanding, the attendance requirements set forth herein shall not apply to the ASU Member or to the City Members. Moreover, notwithstanding anything to the contrary contained herein, the vacancy of the ASU Member or a City Member shall be filled by ASU or the City respectively and shall not require a vote of the remaining members of the Commission.
- (6) To advise and make recommendations to the governing board of the District regarding the Annual Operations and Maintenance Budget and the Capital Budget (including but not limited to repairs, replacements and additions) for the District.
- (7) To advise and make recommendations to the governing board of the District regarding all policy decisions having potential significant impact on the Annual Operations and Maintenance Budget specifically including but not limited to any budget line item which equals a ten percent (10%) or greater change over the same line item from a previous budget and any increase in the overall budget of five percent (5%) or greater.
- (8) To advise and make recommendations to the governing board of the District

regarding the quality of public and private services, general policies for the programming of events within the District, general programming of enhanced services within the District and general policies of lake use and lakeshore park use.

IV. MEETINGS

(a) The Commission shall establish rules for its meetings and shall hold at least one meeting quarterly. Special meetings may be called by the chairman of the Commission or upon written request therefore by at least four (4) members of the Commission. All members shall be notified in writing, no less than thirty (30) days in advance of the annual meeting and no less than seven (7) days in advance of any special meeting.

(b) Five (5) members shall constitute a quorum. A majority vote of members present, but in no event less than four (4) votes, shall be required for approval of any matter before the Commission unless a super-majority vote is otherwise specifically required herein. In the event the membership of the Commission is increased to eleven (11) members, six (6) members shall constitute a quorum, and a majority vote of members present, but in no event less than six (6) votes shall be required for approval of any matter before the Commission unless a super-majority vote is otherwise specifically required herein.