

COB - BOSAIR FORM

09/25/2025 2:22 PM (MST)

Submitted by Nancy.Cole@pima.gov



BOARD OF SUPERVISORS AGENDA ITEM REPORT (BOSAIR)

All fields are required. Enter N/A if not applicable. For number fields, enter 0 if not applicable.

Record Number:

Award Type: Agenda Item

Is a Board Meeting Date Requested? Yes

Requested Board Meeting Date: 10/14/2025

Agenda Item Report

Record Number:

Title: Resolution of the Board of Supervisors of Pima County, Arizona, declaring its intent and ordering and declaring formation of the Verano Community Facilities District and approving and authorizing the execution and delivery of a development agreement and intergovernmental agreement (Verano Community Facilities District).

Introduction / Background: In accordance with Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes, Arizona counties are authorized to form community facilities districts (CFDs). CFDs are separate political subdivisions that may be formed and governed by the Board of Supervisors. These districts have the authority to acquire, operate, and maintain public roads and other infrastructure. The acquisition of public infrastructure may be financed by general obligation debt issued by the CFD, and the general obligation debt may be repaid by a general obligation tax levy on property owners within the district. Similarly, maintenance of the CFD's public roads and other infrastructure may be financed by a operations and maintenance tax levy on property owners within the district.

Discussion: An application has been submitted by SBH Verano LP, an affiliate of Sunbelt Holdings, for the formation of the Verano Community Facilities District (CFD) in Pima County, Arizona. The proposed CFD will support the financing of public infrastructure for a 705.75-acre master-planned residential community named Verano, located south of Tucson International Airport in Supervisor District 2. The project is expected to include the development of 2,026 single-family homes along with a 15-acre park and off-site sewer improvements and new roadway infrastructure. The CFD would issue up to \$40M of general obligation debt to finance certain public infrastructure and would tax property owners in the district to 1) repay the debt and 2) operate and maintain the public infrastructure. As the CFD is a separate legal entity, the debt and the tax would be the District's and not Pima County's.

Conclusion: The Verano CFD application presents a comprehensive and well-structured plan to finance critical infrastructure for a large-scale residential development. The

proposed financing strategy, tax structure, and phased development approach align with Pima County's planning goals and are designed to ensure affordability, transparency, and long-term sustainability.

Recommendation:

Staff recommends the Board of Supervisors approval of the resolution to form the Verano Community Facilities District. In a separate item on the 10/14 agenda, the Board, sitting as the Board of Directors of the newly formed Verano CFD, would need to separately approve debt issuances, tax levies and the development agreements relating to the infrastructure.

Fiscal Impact:

There is no fiscal impact to the County as the costs for reviewing and processing the application have been reimbursed by the Developer through an application fee. The County's costs for helping to administer the newly formed District will be reimbursed by the District through and intergovernmental agreement to be considered by the Board. As a separate legal entity, the District, not the County, may tax and issue debt to purchase public infrastructure and pay the District's operating costs.

Support of Prosperity Initiative:

N/A

Provide information that explains how this activity supports the selected Prosperity Initiative

N/A

Board of Supervisor District:

• 2

Department:

Finance and Risk Management


Name:

Art Cuaron

Telephone:

520-724-3138

Department Director Signature: _____



Date: _____

9-25-2025

Deputy County Administrator Signature: _____



Date: _____

9/24/2025

County Administrator Signature: _____



Date: _____

9-26-2025

RESOLUTION NO. 2025-__

**RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY,
ARIZONA, DECLARING ITS INTENT AND ORDERING AND
DECLARING FORMATION OF THE VERANO COMMUNITY
FACILITIES DISTRICT AND APPROVING AND AUTHORIZING THE
EXECUTION AND DELIVERY OF A DEVELOPMENT AND
INTERGOVERNMENTAL AGREEMENT (VERANO COMMUNITY
FACILITIES DISTRICT).**

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY,
ARIZONA, as follows:

Section 1. Findings. This Board of Supervisors (this "Board") of Pima County, Arizona (the "County"), hereby makes the following findings:

A. Landmark Title Assurance Agency of Arizona, LLC, an Arizona limited liability company, in its capacity as trustee under Trust No. 2304, and not in its corporate capacity (the "Trust"), on behalf of the trust's beneficiaries as represented by SBH Verano LP, an Arizona limited partnership ("SBH Verano" and, together with the Trust and the other beneficiaries listed in the hereinafter described Petition, the "Petitioner"), has submitted a petition (the "Petition") attached hereto as Attachment I and incorporated herein, asking this Board to adopt this Resolution declaring and ordering formation of a community facilities district pursuant to Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes (A.R.S. §§ 48-701 through 48-729) ("the Act"), to be known as the "Verano Community Facilities District" (the "District").

B. The District is to be composed of the land described on Exhibit "A" to the Petition (the "Land") and shown on the map attached as Exhibit H to the Application for Formation of Verano Community Facilities District submitted by SBH Verano in connection with the Petition, each of which is made a part hereof for all purposes. The Land contains an area of approximately 705.75 acres, more or less, wholly within the unincorporated areas of the County and not within a county island.

C. The formation of the District may result in the levy of ad valorem taxes to pay costs of improvements constructed or acquired by the District and for their operation and maintenance if determined by the District.

D. There is on file with the Clerk of this Board, and attached hereto as Attachment II, a "General Plan for the Proposed Verano Community Facilities District" for the District, a copy of which is also attached as Exhibit "C." to the Application, setting out a general description of the improvements for which the District is proposed to be formed and the general areas to be improved (the "General Plan").

E. The purposes for which the District is to be formed are as described in the Petition and the General Plan and are purposes for which a community facilities district created pursuant to the Act may be lawfully formed.

F. The public convenience and necessity require the adoption of this Resolution and formation of the District.

G. The Petitioner represents that the Land is wholly owned by the Petitioner and that there are not now, and shall not be within fifty (50) days preceding the first anticipated election of the District, any residents on the Land; that Petitioner has therefore waived any and all requirements of posting, publication, mailing, notice, hearing and election otherwise required by the Act in connection with the adoption of the Resolution and formation of the District; and that this Board may, and Petitioner has requested that this Board in fact, adopt this Resolution to declare the District formed without complying with such provisions for posting, publication, mailing, notice, hearing or election.

H. Pursuant to the Act and A.R.S. § 11-1101, the County, the District and SBH Verano are authorized to enter into a "development agreement" to specify, among other things, conditions, terms, restrictions and requirements for the construction and financing of public infrastructure (as such term is defined in the Act) within the District, and the advance of moneys by landowners for such construction, and subsequent reimbursements or repayments over time.

I. Under A.R.S. § 11-952, the District and the County 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, including the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure.

J. There has been placed on file with the Clerk of the Board of Supervisors of the County, and presented to the Board, a Development and Intergovernmental Agreement For Verano Community Facilities District (Pima County, Arizona), to be dated as of the date of this resolution (the "Development Agreement"), by and among the County, the District and SBH Verano and consented to by all lienholders on the Land.

Section 2. Granting of Petition; Formation of District. The Petition 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 any restrictions and modifications set forth in this Resolution, with jurisdiction over the Land. As the Petition is signed by the sole owner of all the Land 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, 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. The area included within the District shall consist of the Land. The County 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.

Section 3. Approval of the General Plan. The General Plan is hereby approved in all respects.

Section 4. District Board and Officers. The governing board of the District will be comprised of the members of this Board, ex officio. The County Administrator will serve as the

District Administrator of the District; the County Treasurer will serve as the District Treasurer; and the Clerk of this Board will serve as the District Clerk.

Section 5. Authorization and Approval of the Development Agreement. The Development Agreement is hereby approved in substantially the form submitted to the Board, with such changes, additions, deletions, insertions and omissions, if any, as the Chair of the Board, with the advice of the County Administrator and the County Attorney's Office, 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 person or persons executing the same. The County Administrator or his or her designee is hereby authorized to complete the Development Agreement by including the appropriate materials as necessary therein. The Chair of the Board, with the advice of the County Administrator and the County Attorney's Office, is hereby authorized and directed to execute, and the Clerk of the Board to attest, the Development Agreement on behalf of the County.

Section 6. Dissemination of this Resolution. The Clerk is hereby directed to file and record with the County Recorder a copy of this Resolution and the General Plan, and provide copies of those documents to the Arizona Department of Real Estate, as required by A.R.S. § 48-718, and deliver a copy of this Resolution to the County Assessor.

PASSED AND ADOPTED by the Board of Supervisors of Pima County, Arizona,
this 14th day of October, 2025.

Rex Scott, Chairman, Board of Supervisors

ATTEST:

Melissa Manriquez, Clerk, Board of Supervisors

APPROVED AS TO FORM:



Bobby Yu, Deputy County Attorney

ATTACHMENT I
TO RESOLUTION FORMING
VERANO COMMUNITY FACILITIES DISTRICT
COPY OF PETITION

ATTACHMENT II
TO RESOLUTION FORMING
VERANO COMMUNITY FACILITIES DISTRICT
COPY OF GENERAL PLAN

**PETITION FOR ADOPTION OF A RESOLUTION
ORDERING AND DECLARING
FORMATION OF
VERANO COMMUNITY FACILITIES DISTRICT**

STATE OF ARIZONA)
)
COUNTY OF PIMA)

THE UNDERSIGNED OWNERS (hereinafter referred to as, collectively, "Petitioner") OF ALL OF THE REAL PROPERTY, hereinafter described in the legal description provided in Exhibit A Hereto; and Landmark Title Assurance Agency of Arizona, LLC, as trustee under Trust No. 2304, solely in its capacity as trustee of the Trust and not in its company (or personal) capacity; and South Wilmot Land Investors, LLC, an Arizona limited liability company, as the beneficiary and trustee of the Deed of Trust and Security Agreement, effective as of February 22, 2022, by and between SBH Verano LP, an Arizona limited partnership, as trustor, South Wilmot Land Investors LLC, an Arizona limited liability company, as beneficiary, and First American Title Insurance Company, a(n) individual or company of Maricopa County, Arizona, as trustee, recorded on February 22, 2022, at Sequence Number(s) 20220560570 and 20220560571, in the records of the Office of the Recorder of Pima County, Arizona, 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 Board of Supervisors of the County of Pima, Arizona (hereinafter referred to as the "County"), 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 "Verano Community Facilities District,"

II.

The District may 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 Petitioner, the County and the District,

III.

The District may contain an area of approximately 705.75 acres of land, more or less, wholly within the corporate boundaries of the County and to be composed of the land included in the parcels described by metes and bounds as provided in the Exhibit 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 County; 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 property 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 Board 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.

VII.

The District will be governed by a District Board that consists of the members of the governing body, ex officio, only; the undersigned hereby waiving the right to designate two additional members of the District Board,

VIII.

SBH Verano, LP has the power and authority to act for and bind all of the beneficiaries of the Trust,

IX.

All information and documentation provided in the Application for Formation of the Verano Community Facilities District, dated September 23, 2025, which SBH Verano, LP previously submitted to the County, and all statements in this Petition are true, complete and accurate in all material respects,

X.

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

WHEREFORE, Petitioner attests and declares that on the date hereof, as shown on the assessment roll for State and county taxes in Pima County, Arizona, all of the land to be in the

District is owned by Petitioner 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 Petitioner; 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 Petitioner, the County and the District; that public convenience and necessity require the adoption of the Resolution; and that the County 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 County 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, Petitioner respectfully prays that this Petition be properly filed as provided by law; that the County 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 Board of Supervisors of the County shall deem proper and necessary.

[SIGNATURE PAGES FOLLOW]

Dated: September 23, 2025

SBH Verano, LP, an Arizona limited partnership

By: AGS LLC, an Arizona limited liability company,
General Partner



Sean T. Walters, Manager

Landmark Title Assurance Agency of Arizona, LLC
as trustee under Trust 2304, only and not otherwise

By: signed in counter part

Its: _____

STATE OF ARIZONA)
)
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 19th day of September, 2025 by Sean T. Walters, the Manager of AGS LLC, an Arizona limited liability company, the General Partner in SBH VERANO LP, an Arizona limited partnership, for and on behalf thereof.



Notary: Julie M. King
Print Name: Julie M. King

My Commission Expires: 3/14/2029

Dated: September 23, 2025

SBH Verano, LP, an Arizona limited partnership

By: AGS LLC, an Arizona limited liability company,
General Partner

Signed in counterpart

Sean T. Walters, Manager

Landmark Title Assurance Agency of Arizona, LLC
as trustee under Trust 2304, only and not otherwise

By: 

Name: Shaun Tessensohn

Title: Trust Officer

STATE OF ARIZONA)
)
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025 by Sean T. Walters, the Manager of AGS LLC, an Arizona limited liability company, the General Partner in SBH VERANO LP, an Arizona limited partnership, for and on behalf thereof.

Notary:

Print Name:

My Commission Expires:

STATE OF ARIZONA)
)
COUNTY OF ~~PIMA~~ Maricopa

The foregoing instrument was acknowledged before me this 19th day of September, 2025 by Shaun Tessensohn, the Trust Officer of Landmark Title Agency of Arizona, LLC, an Arizona limited liability company, solely in its capacity as trustee of the Trust and not in its company (or personal) capacity, for and on behalf thereof.

Notary: 
Print Name: Justina Dendauw

My Commission Expires:



The undersigned, as beneficiary and trustee, respectively, pursuant to the following encumbrance, hereby consents to and joins in the foregoing Petition and to the provisions thereof:

Deed of Trust and Security Agreement, effective as of February 22, 2022, by and between SBH Verano LP, an Arizona limited partnership, as trustor, South Wilmot Land Investors LLC, an Arizona limited liability company, as beneficiary, and First American Title Insurance Company, a(n) individual or company of Maricopa County, Arizona, as trustee, recorded on February 22, 2022, at Sequence Number(s) 20220560570 and 20220560571, in the records of the Office of the Recorder of Pima County, Arizona

Dated 9/23, 2025

BENEFICIARY AND TRUSTEE:

SOUTH WILMOT LAND INVESTORS, LLC,
an Arizona limited liability company

By: DVI Wilmot Investors, LLC,
an Arizona limited liability company

By: Diamond Ventures, Inc., an Arizona
corporation, Manager

By: [Signature]

Its: Vice President

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 22nd day of September, 2025, by Chad Kolodisner, as VP of Manager of South Wilmot Land Investors LLC, an Arizona limited liability company, on behalf thereof.

Amy Cox
Notary Public

My commission expires: June 27, 2027

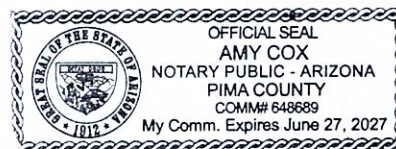


EXHIBIT A

The Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY Pima, STATE OF Arizona, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 1 THRU 8 INCLUSIVE OF SURVEY ENTITLED SUNSET FARMS, ACCORDING TO BOOK 27 OF SURVEYS, PAGE 61, RECORDS OF PIMA COUNTY, ARIZONA, SITUATED WITHIN THE SOUTH HALF OF SECTION 10, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA.

(JV ARB 3)

PARCEL 2:

THE NORTH HALF OF SECTION 10, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA;

EXCEPT THE EAST 75.00 FEET THEREOF.

(JV ARB 2)

PARCEL 3:

SECTION 15, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA.

EXCEPT THAT PORTION CONVEYED IN SPECIAL WARRANTY DEED RECORDED AT SEQUENCE NO. 20173420357 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 15, T16S, R14E SAID POINT BEING MARKED BY A FOUND IRON PIN, 5/8" REBAR;

THENCE ALONG THE WEST SECTION LINE OF SECTION 15 N 00°02'58"W A DISTANCE OF 4,677.29' TO A POINT ON SAID WEST LINE;

THENCE LEAVING THE WEST LINE OF SECTION 15, N 89°58'43"E A DISTANCE OF 5,301.94' TO A POINT ON THE EAST SECTION LINE OF SECTION 15, SAID POINT BEING S 00°17'57" E A DISTANCE OF 618.42' FROM THE NORTHEAST CORNER OF SECTION 15;

THENCE N 89°27'20"E A DISTANCE OF 2,049.65' TO A POINT;

THENCE S 00°14'08"E A DISTANCE OF 2,510.53' TO A POINT;

THENCE N 89°28'23"E A DISTANCE OF 3,252.59' TO A POINT;

THENCE S 00°10'19"E A DISTANCE OF 646.86' TO A POINT;

THENCE N 89°19'31"E A DISTANCE OF 5,296.64' TO A POINT ON THE EAST LINE OF SECTION 13, T16S, R14E;

THENCE CONTINUING ALONG SAID LINE, S 00°03'15"W A DISTANCE OF 1,521.64' TO THE SOUTHEAST CORNER OF SECTION 13 SAID POINT BEING MARKED BY A FOUND 2" MONUMENT;

THENCE CONTINUING ALONG THE SOUTH LINE OF SECTION 13, S 89°21'51"W A DISTANCE OF 5,290.60' TO THE SOUTHWEST CORNER OF SECTION 13 SAID POINT BEING MARKED BY A FOUND 2" MONUMENT;

THENCE ALONG THE SOUTH LINE OF SECTION 14, S 89°29'26"W A DISTANCE OF 5,291.94' TO THE SOUTHWEST CORNER OF SECTION 14;

THENCE ALONG THE SOUTH LINE OF SECTION 15, S 89°55'58"W A DISTANCE OF 5,325.01' TO THE SOUTHWEST CORNER OF SECTION 15 SAID POINT ALSO BEING THE POINT OF BEGINNING.

**GENERAL PLAN
FOR
VERANO COMMUNITY FACILITIES DISTRICT**

TO: PIMA COUNTY CLERK OF THE BOARD OF SUPERVISORS

For the purposes of Section 48-702(B), Arizona Revised Statutes, the following is the general plan for the proposed, captioned district (the "District"):

GENERAL AREA TO BE IMPROVED WITHIN THE DISTRICT:

All that area in the parcels described in Exhibit "A" and "B" attached hereto and made a part hereof for all purposes.

GENERAL DESCRIPTION OF THE PUBLIC INFRASTRUCTURE IMPROVEMENTS FOR
WHICH THE DISTRICT IS PROPOSED TO BE FORMED:

All that "public infrastructure" (as such term is defined in Section 48-701, Arizona Revised Statutes) described in Exhibit "C" attached hereto and made a part hereof for all purposes.

ESTIMATED COSTS OF ACQUISITION OF THE PUBLIC INFRASTRUCTURE TO BE
ACQUIRED BY THE DISTRICT:

The estimated costs of acquisition of the public infrastructure to be acquired by the District will not exceed \$40,000,000. A table of estimated reimbursable public infrastructure costs has been included as Exhibit "D"; provided, however, that such costs are estimates as of the date of this Petition and are not exclusive and are subject to change; and further provided

that actual reimbursable public infrastructure shall be approved by the District Board and be consistent with Exhibit C.

Dated: September 23, 2025

SBH Verano, LP, an Arizona limited partnership

By: AGS LLC, an Arizona limited liability company,
General Partner



Sean T. Walters, Manager

STATE OF ARIZONA)
)
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 22nd day of September, 2025 by Sean T. Walters, the Manager of AGS LLC, an Arizona limited liability company, the General Partner in SBH VERANO LP, an Arizona limited partnership, for and on behalf thereof.



Notary: Julie M. King
Print Name: Julie M. King

My Commission Expires: 3/14/2029

ATTACHMENTS:

- | | |
|----------------|---|
| EXHIBIT "A" -- | Legal Description |
| EXHIBIT "B" -- | General Area To Be Improved Within The District |
| EXHIBIT "C" -- | General Description Of Public Infrastructure Improvements For Which The District Is Proposed To Be Formed |
| EXHIBIT "D" -- | Potential Reimbursable Public Infrastructure Costs |

EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

LOTS 1 THRU 8 INCLUSIVE OF SURVEY ENTITLED SUNSET FARMS, ACCORDING TO BOOK 27 OF SURVEYS, PAGE 61 , RECORDS OF PIMA COUNTY, ARIZONA, SITUATED WITHIN THE SOUTH HALF OF SECTION 10, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA.

(JV ARB 3)

PARCEL 2:

THE NORTH HALF OF SECTION 10, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA; EXCEPT THE EAST 75.00 FEET THEREOF.

(JV ARB 2)

PARCEL 3:

SECTION 15, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA.

EXCEPT THAT PORTION CONVEYED IN SPECIAL WARRANTY DEED RECORDED AT SEQUENCE NO. 20173420357 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 15, T16S, R14E SAID POINT BEING MARKED BY A FOUND IRON PIN, 5/8" REBAR;

THENCE ALONG THE WEST SECTION LINE OF SECTION 15 N 00°02'58"W A DISTANCE OF 4,677.29' TO A POINT ON SAID WEST LINE;

THENCE LEAVING THE WEST LINE OF SECTION 15, N 89°58'43"E A DISTANCE OF 5,301.94' TO A POINT ON THE EAST SECTION LINE OF SECTION 15, SAID POINT BEING S 00°17'57" E A DISTANCE OF 618.42' FROM THE NORTHEAST CORNER OF SECTION 15;

THENCE N 89°27'20"E A DISTANCE OF 2,049.65' TO A POINT;

THENCE S 00°14'08"E A DISTANCE OF 2,510.53' TO A POINT;

THENCE N 89°28'23"E A DISTANCE OF 3,252.59' TO A POINT;

THENCE S 00°10'19"E A DISTANCE OF 646.86' TO A POINT;

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THENCE CONTINUING ALONG SAID LINE, S 00°03'15"W A DISTANCE OF 1,521.64' TO THE SOUTHEAST CORNER OF SECTION 13 SAID POINT BEING MARKED BY A FOUND 2" MONUMENT;

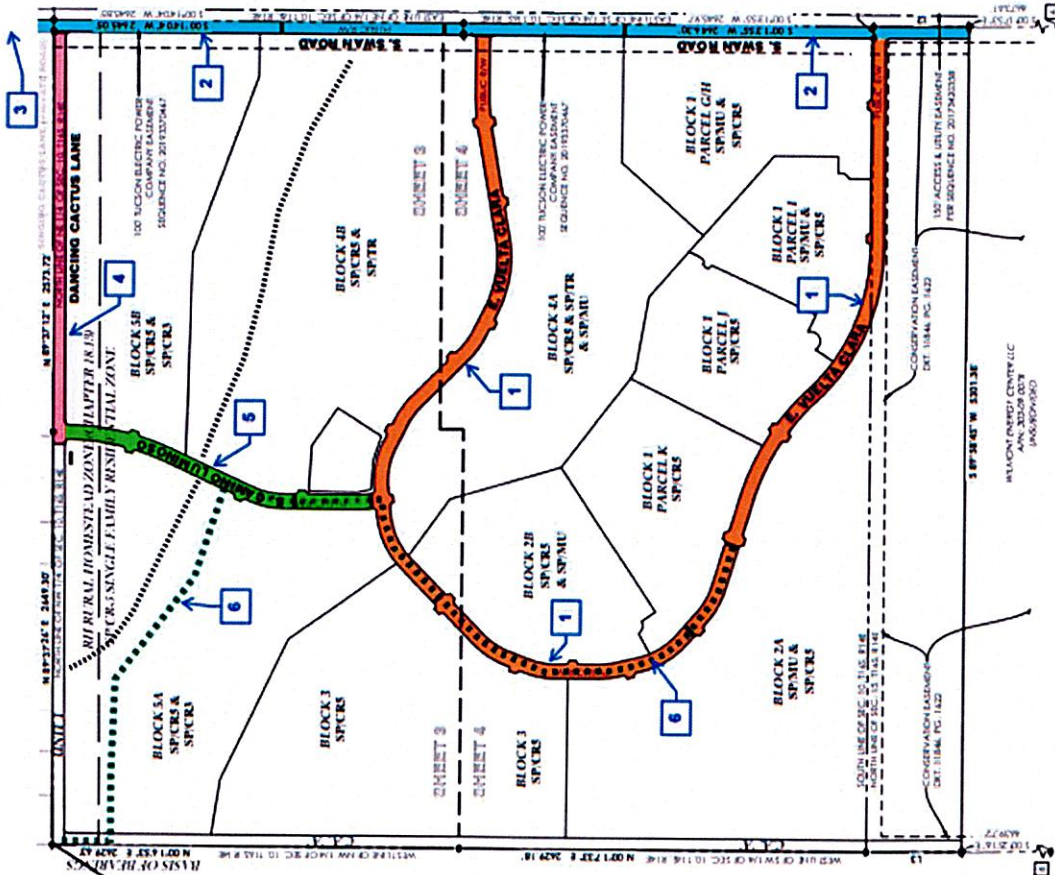
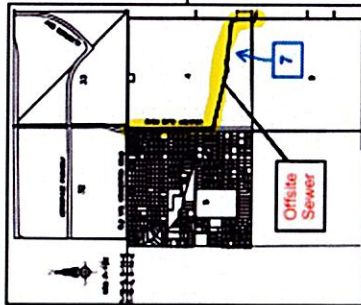
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EXHIBIT B

GENERAL AREA TO BE IMPROVED WITHIN THE DISTRICT



Verano CFD Infrastructure Exhibit

Project ID	Description
1	Loop Rd - Ph1
2	Swan Rd Frontage - Ph1
2	Swan Rd Frontage - Ph2
2	Swan Rd Frontage - Ph3
2	Swan Rd Frontage - Ph4
3	Offsite Swan Rd
4	Singing Cactus Rd
1	Spine A - Ph2A
1	Spine A - Ph3
1	Spine A - Ph4
5	Spine B
1	Spine C - Ph1
1	Spine C - Ph2
6	Sewer & Water Improvements
6	Loop Rd Offsite Sewer
7	Offsite Sewer

THE ABOVE MAP IS FOR GENERAL INFORMATION. THE EXACT LOCATION OF ALL PUBLIC INFRASTRUCTURE SHALL COMPLY WITH AND BE APPROVED BY THE COUNTY.

EXHIBIT C

GENERAL DESCRIPTION OF PUBLIC INFRASTRUCTURE IMPROVEMENTS FOR WHICH THE DISTRICT IS PROPOSED TO BE FORMED

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

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

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

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

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

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

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

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

(i) Lighting systems.

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

(k) Equipment, vehicles, furnishings and other personality related to the items listed hereinabove.

(l) Including public infrastructure purposes:

(i) Planning, design, engineering, construction, acquisition or installation of public infrastructure.

(ii) Acquiring, converting, renovating, or improving existing facilities for public infrastructure.

(iii) Acquiring interests in real property for public infrastructure.

(iv) Establishing, maintaining, and replenishing reserves from any source described in section 48-717 or from any other source in order to secure payment of debt service on bonds.

(v) Notwithstanding section 48-589, funding and paying from bond proceeds interest accruing on bonds for a period of not to exceed three years from their date of issuance.

(vi) Providing for the timely payment of debt service on bonds or other indebtedness of the district.

(vii) Refinancing any matured or unmatured bonds with new bonds.

(viii) Incurring expenses of the district incident to and reasonably necessary to carry out the purposes specified in this paragraph.

EXHIBIT D

POTENTIAL REIMBURSABLE INFRASTRUCTURE COSTS

Description	Est. Total Construction Costs	Est. Infrastructure Eligible for CFD Financing
Phase 1		
Loop Rd - Ph1	\$ 7,706,590	\$ 7,706,590
Loop Rd Offsite Sewer	\$ 4,728,959	\$ 4,728,959
Offsite Sewer	\$ 6,012,005	\$ 6,012,005
Offsite COX/CL	\$ 171,228	\$ -
Swan Rd Frontage - Ph1	\$ 1,971,003	\$ 1,971,003
Entry Monument at Spine A/Swan Entry	\$ 150,000	\$ -
Phase 1 Subtotal	\$ 20,739,785	\$ 20,418,557
Phase 2A		
Spine A - Ph2A	\$ 1,739,291	\$ 1,739,291
Phase 2A Subtotal	\$ 1,739,291	\$ 1,739,291
Phase 2B/3		
Spine A - Ph3	\$ 2,064,196	\$ 2,064,196
OFFSITE Swan Rd	\$ 6,000,000	\$ 6,000,000
Phase 2B/3 Subtotal	\$ 8,064,196	\$ 8,064,196
Phase 4A		
Spine A - Ph4	\$ 1,895,520	\$ 1,895,520
Spine B	\$ 4,780,708	\$ 4,780,708
Entry Monument at Spine B / Swan Entry	\$ 200,000	\$ -
Swan Rd Frontage - Ph2	\$ 1,292,730	\$ 1,292,730
Phase 4A Subtotal	\$ 8,168,958	\$ 7,968,958
Phase 4B		
Spine C - Ph1	\$ 875,520	\$ 875,520
Swan Rd Frontage - Ph3	\$ 1,839,867	\$ 1,839,867
Franco Wash Trail Ph1	\$ 562,500	\$ -
Phase 4B Subtotal	\$ 3,277,887	\$ 2,715,387
Phase 5A		
Spine C - Ph2	\$ 2,812,919	\$ 2,812,919
Singing Cactus Rd	\$ 4,344,531	\$ 4,344,531
Swan Rd Frontage - Ph4	\$ 1,372,791	\$ 1,372,791
Franco Wash Trail Ph2	\$ 562,500	\$ -
15-Acre Park	\$ 3,750,000	\$ -
Phase 5A Subtotal	\$ 12,842,741	\$ 8,530,241
Total Infrastructure Costs	\$ 54,832,858	\$ 49,436,630

When recorded, please return to:

Pima County Director of Finance and Risk Management
130 West Congress Street, 6th Floor
Tucson, Arizona 85701

DEVELOPMENT
AND INTERGOVERNMENTAL AGREEMENT
FOR
VERANO COMMUNITY FACILITIES DISTRICT
(PIMA COUNTY, ARIZONA)
by and among
PIMA COUNTY, ARIZONA,
VERANO COMMUNITY FACILITIES DISTRICT
(PIMA COUNTY, ARIZONA)
and
SBH VERANO L.P.

THIS DISTRICT DEVELOPMENT, AND INTERGOVERNMENTAL AGREEMENT (VERANO COMMUNITY FACILITIES DISTRICT) ("Agreement"), is entered into, effective as of _____, 20____ (the "Effective Date") by and among Pima County, Arizona, a political subdivision of the State of Arizona ("County"), Verano Community Facilities District, a municipal corporation and political subdivision of the State of Arizona ("District"), and SBH Verano L.P., an Arizona limited partnership ("Verano") (each a "Party" and collectively the "Parties").

1. Background and Purpose.

- 1.1. The County Board of Supervisors, on _____, 20____, (the "Formation Date"), pursuant to Verano's petition, formed the District under A.R.S. §§ 48-701 through 48-729 (the "CFD Act").
- 1.2. The District is comprised of the real property described and depicted in the attached **Exhibit A** (the "Property").
- 1.3. Landmark Title Assurance Agency of Arizona, LLC, an Arizona limited liability corporation, is signing this Agreement solely in its capacity as trustee under Trust No. 2304 and not in its corporate capacity (the "Trust"), to consent to its recordation on the Property. The Trust, on behalf of the Trust's beneficiaries, is the owner of the Property. Verano is a beneficiary of the Trust and is the developer of the real property in the District.
- 1.4. The Property is subject to (i) the Verano Section 10 Development Agreement ("Project Development Agreement") between the County and Verano, recorded on May 7, 2025, in the official records of Pima County by document no. 20251270466 and (ii) the Final Block Plat of "Verano, Section 10" recorded on May 7, 2025, in the official records of Pima County by document no. 20251270445. The Project Development Agreement establishes responsibilities for phased infrastructure, recreational, and environmental improvements on the 705.75-acre property. The Project Development Agreement contemplates that a community facilities district ("CFD") will finance a portion of the project improvements ("Public Infrastructure"), with the County supporting its formation upon request. Formation of the District will result in the accelerated construction of the designated Public Infrastructure while permitting the ultimate housing product to remain affordable to homebuyers. No amendments to the original agreement are needed to accommodate a CFD, as it aligns with the agreement's provisions.
- 1.5. A general plan for the District (the "General Plan") is on file with the District Clerk, describing certain public infrastructure that the District has authority to construct or acquire. The portions of the Infrastructure that are eligible for reimbursement as provided in this Agreement are described in the attached **Exhibit B** (the "Eligible Infrastructure").
- 1.6. The Board of Directors of the District (the "District Board"), on the Effective Date, has called an election to authorize the District Board to:
 - A. Issue general obligation bonds of the District ("Bonds") in an amount up to \$40,000,000, with an interest rate not in excess of 8%.
 - B. Annually levy, assess and collect an ad valorem property tax against all taxable

property in the District at a rate sufficient to pay debt service on any issued and outstanding Bonds (the "Debt Service Tax").

- C. Annually levy, assess, and collect an ad valorem property tax at a rate of up to \$0.30 per \$100.00 of net assessed limited value against all taxable property in the District to pay the operational expenses of the District (the "O/M Tax").

1.7. This Agreement is a "development agreement" under the CFD Act and A.R.S. § 11-1101 and, as between the District and the County, an "intergovernmental agreement" under A.R.S. §§ 11-951 through 11-955.

1.8. The Parties are entering into this Agreement, among other things, in order to establish a method by which Verano can submit one or more reports to the District concerning an identified, separately functional, portion of the Eligible Infrastructure (a "Project") that has been or will be built by Verano or on behalf of Verano and conveyed to the County. Projects that have been approved by the District Board and conveyed to the County are eligible for reimbursement if there are available Bond proceeds, as provided in this Agreement.

1.9. This Agreement is consistent with the County's Comprehensive Plan, as applicable to the Property on the Effective Date.

2. Project Financing.

2.1. References to Projects. As used in this Agreement, a "Proposed Project" is a Project with respect to which Verano has submitted a Report as provided in Section 3 below; an "Approved Project" is a Proposed Project that has been approved by the District; a "Completed Project" is a Proposed Project that has been both approved and completed in compliance with this Agreement; and an "Accepted Project" is a Completed Project that has, under the terms of this Agreement, been accepted by the County and District and conveyed to the County.

2.2. Project Eligibility. In order for a Project to be eligible for reimbursement under this Agreement, it must primarily benefit the Property and be:

- A. "Public infrastructure" with the meaning of the Act;
- B. Part of the "Eligible Infrastructure" described in **Exhibit B**;
- C. Consistent with the General Plan and the Project Development Agreement;
- D. Built in compliance with applicable County standards and legal requirements, the information in the Report (as defined in Section 4 below), and all requirements in this Agreement, including specifically those in Section 6; and
- E. Completed by Verano or on behalf of Verano and accepted by the County before the 25th anniversary of the Formation Date.

2.3. No District Obligation. Verano acknowledges and agrees that:

- A. The approval of any Report, the issuance and sale of Bonds (even when a Report that contemplates such a bond issuance has been approved), and the levy of District taxes, fees, or charges, are subject to the sole, absolute and unfettered discretion of the District Board.
- B. Nothing in this Agreement creates or imposes, and no action or inaction taken at any time by the District under this Agreement can create or impose, either expressly or impliedly, any District obligation to issue or continue to issue Bonds of any amount or levy or continue to levy any tax of any type or amount.
- C. Verano has no, and expressly waives any future, claim or cause of action against the District or County, or any elected official, officer, or employee of the District or County, related to any failure to approve a Proposed Project Report; issue Bonds, even if scheduled in an Approved Project Report; or levy any tax (except the Debt Service Tax necessary to pay debt service on outstanding Bonds).
- D. Verano is not now relying and will not in the future rely, for the development of the Property, on the issuance of any District Bonds, the imposition of any District taxes, assessments, or fees, or the approval of any Proposed Project Report.

2.4. Limitations on Bond Issuances. Verano specifically acknowledges all of the following:

- A. Target Tax Rate. The District does not intend to issue a series of Bonds if the debt service for that series, when added to the debt service of all outstanding Bonds, would cause the Debt Service Tax Rate for any year to exceed \$2.50 per one hundred dollars of the District's taxable net assessed value ("NAV") as of the year of issuance. To help ensure the Target Tax Rate will not be exceeded, even if property values decrease in the future, when calculating the amount of debt that may be issued, the District will use only 85% of the NAV within the District as shown on the certified tax roll for the current tax year, and will assume a delinquency factor for tax collections equal to the greater of (i) 5% and (ii) the average annual delinquency factor for the District for the previous 5 years (or since formation if less than 5 years).
- B. Terms. The District may issue Bonds in amounts, and subject to such terms and conditions as the District Board, in its sole discretion, directs, regardless of whether this is consistent with the financing plan set forth in any Report. The District intends that Bonds will have a maximum maturity of 15 years, and, except for the first series of Bonds issued, does not intend to issue any series of Bonds with a principal amount less than \$1,500,000.
- C. Reserve Fund. A portion of the proceeds of a series of Bonds may, if the District Board in its sole discretion deems it necessary, be used to fund a reserve fund securing payment of debt service on that series of the Bonds. The amount so used will not exceed the maximum amount permitted by the Internal Revenue Code of 1986, as amended, and the related Treasury Regulations.
- D. Other Issuances. The District, at any time, may issue and sell Bonds if the proceeds

of such Bonds are, in the District Board's sole discretion, necessary to alleviate or otherwise contains a bona fide threat to public health and safety within the District or repair or replace an Accepted Project.

- E. Marketability. The District and County make no representation or warranty that the Bonds can be sold.

3. Initial Bond Issuance. Without limiting the District's sole discretion pertaining to a decision whether to issue Bonds, the District currently intends to issue the first series of Bonds no later than necessary to have the debt service tax rate of \$2.50 appear on the first tax bill applicable to any single-family residential dwelling unit within the District after it is conveyed, as a single lot, to other than a homebuilder.

4. Proposed Project Reports.

- 4.1. Submission. Verano may from time to time submit to the District a report ("Report") pertaining to a particular Project, prepared by the Verano Engineer and other qualified persons. "Verano Engineer" means a firm of professional licensed engineers, approved by the District Engineer and hired by Verano in compliance with the Procurement Requirements (as defined in Section 5 below).

- 4.2. Contents. The Report must comply with the Act, and contain the following elements:

- A. A detailed description of the Proposed Project, and any preliminary designs or concept plans or, if the Proposed Project has already been completed, the final plans.
- B. A map showing the location of the Proposed Project and the area it benefits or will benefit.
- C. An itemized estimate of the cost to design and construct the Proposed Project or, if the Proposed Project has been completed, the Engineers' Certificate described in paragraph 7.3 below.
- D. An estimate of future maintenance costs for the Proposed Project, and a schedule showing total estimated or actual maintenance costs for all existing Approved Projects, Completed Projects, and Accepted Projects.
- E. If the Proposed Project has not already been completed, a proposed design and construction schedule, together with an explanation of any factors that might reasonably be expected to cause a delay in either commencement or completion.
- F. Title, environmental, and any other appropriate reports showing the legal and physical condition of the real property on which the Proposed Project is or will be located, if it is not already owned by the County or District.
- G. A financing plan, including a proposed schedule for the sale of Bonds. This must include calculations showing the estimated impact of each such Bond issuance on the Debt Service Tax rate, taking into account the estimated interest rate, the debt service on all outstanding Bonds, the timing and impact of other Bond issuances included in the financing plans of other Approved Projects, and any reasonably anticipated

increases or decreases in NAV.

- 4.3. Report Review. The District Administrator will cause the submitted Report to be reviewed by the District Engineer and any other appropriate County or District staff or outside consultants. Verano will cooperate fully during this review process and will provide any additional information or clarification requested. Once this review is completed, the District Administrator will cause the public hearing required by § 48-715 to be scheduled and noticed, and will present the Report to the District Board, along with a staff report and recommendation.
- 4.4. Withdrawal. Verano may withdraw the Report at any time before the conclusion of the public hearing. Verano will reimburse the District and County for any costs incurred prior to the withdrawal in reviewing the Proposed Project and Report, including compensation for staff time, and any payments to outside consultants.
- 4.5. Hearing and Board Action. After the public hearing, the District Board will approve or reject the Report in its sole and unfettered discretion. Verano may amend or supplement the rejected Report and resubmit it as a new Report.
5. Design and Construction of Project. Verano will, at its sole cost and expense, cause each Project for which it intends to seek reimbursement from the District to be designed and constructed as provided below.
 - 5.1. Procurement. Contracts for all engineering, design, and construction work for the Project ("Project Contracts") will be awarded and administered in compliance with the requirements of Title 34, Arizona Revised Statutes, and the County's Procurement Code (the "Procurement Requirements"). Verano will require contractors to provide the payment and performance bonds required by Title 34 and will pay contractors as provided in Title 34.
 - 5.2. No Recourse to County or District. Each Project Contract must advise the contractor/vendor ("Project Contractor") that it will have no recourse, directly or indirectly, to the District or the County for the payment of any amounts due under the Project Contract, and that Verano is solely liable for such payments.
 - 5.3. Liabilities and Risks. As between Verano and the District and County, Verano will bear all risks, liabilities, obligations and responsibilities under the Project Contracts and all risk of loss of or damage to the Project occurring before conveyance to the County.
 - 5.4. Insurance. Verano will cause the County and the District to be named as additional insureds on any and all liability insurance policies required under the Project Contracts.
 - 5.5. Assignment of Warranties. Verano will provide, in each Project Contract, that it has the right to assign all its warranties, guarantees and owner's rights under the Project Contract to the District or the County, without requiring the consent of the Project Contractor.
 - 5.6. County Review and Inspections. Verano will cause plans and specifications for the Project to be prepared and will submit them for County review and approval in accordance with the County's normal practice. After plans and specifications are approved, Verano will

cause the Project to be constructed in compliance with the approved plans and specifications, and all applicable County standards, and in a good and workmanlike manner. The County may inspect the work as it progresses, according to normal County practices.

6. Conveyance of Completed Project and Reimbursement of Verano.

6.1. Conveyance. Verano will convey each Completed Project to the County, the County will accept it, and the District will pay the approved Acquisition Price from available bond proceeds as provided below, subject to all applicable limitations and conditions in this Agreement.

- A. The County's acceptance will be subject to the requirements and conditions precedent that normally apply and are used by the County when accepting completed public infrastructure from developers, and to the District Engineer's review and approval of the documentation provided under paragraph 6.3 below.
- B. The conveyance will include fee title to or, at the County's discretion, an easement on the land on which the Completed Project was built, if it is not already owned by the County or District. The width of any rights-of-way will be according to County standards.
- C. Conveyance of the Completed Project will be accomplished using a document substantially in the form of **Exhibit C**, or another form approved by the District Engineer.

6.2. Acquisition Price. The "Acquisition Price" for a Completed Project is the sum of all costs incurred by Verano specifically for design and construction of the Completed Project, except for any costs incurred in connection with acquisition of real property interests, and any other items that **Exhibit B** identifies as ineligible for reimbursement, or that are identified by the District Engineer as ineligible for reimbursement. The Acquisition Price will be established by the Engineers' Certificate, as defined below. The District's acceptance of the Acquisition Price will be evidenced by the District Engineer's signature on the Engineers' Certificate.

6.3. Documentation and Engineers' Certificate. With respect to each Completed Project, Verano will provide to the District Engineer evidence of final payment; lien releases; assignments of warranties, Project Contracts, and payment and performance bonds; a sworn certificate in the form of **Exhibit D** (the "Engineers' Certificate") signed by the Verano Engineer; and any other documents required by the District Administrator or District Engineer. The District Engineer will review all the documentation provided and will, if it is satisfactory, sign the Engineers' Certificate, evidencing acceptance of the Acquisition Price.

6.4. Reimbursement from Available Bond Proceeds. The District will, subject to all the conditions and limitations set forth in this Agreement, pay Verano the approved Acquisition Price for each Accepted Project, but only when and to the extent it has available, unrestricted Bond proceeds for that purpose. Payment by the District is not a condition precedent to Verano's obligation to convey the Completed Project to the County.

The District's obligation to pay for an Accepted Project will expire 25 years after the project was accepted by the County, regardless of whether the entire Acquisition Price was paid. If there are not sufficient Bond proceeds to pay the entire Acquisition Price at the time of conveyance, the District may include the unpaid portion in one or more future Bond financings.

7. Administration and Operation of District.

7.1. County Maintenance of Accepted Projects: Administrative Services.

- A. The County will (i) repair and maintain all Accepted Projects; (ii) provide all staff and administrative services to the District, which does not have its own employees; and (iii) procure supplies and services for the District from outside consultants and vendors, including independent financial advisors, attorneys, bond counsel, underwriters, and engineers, using standard County procurement procedures. All the costs associated with providing all such services and supplies, including charges for staff time, are "District Expenses." "Administrative Expenses" means all District Expenses other than the cost of maintaining and repairing Accepted Projects (which are referred to in this Agreement as "Maintenance Expenses").
- B. District Expenses may be incurred by the District, or by the County on the District's behalf, subject to the District's approved budget but otherwise in the sole discretion of the District Board or District Administrator or his designees, as appropriate.

7.2. Payment of District Expenses. The District will, to the extent of available funds, on an annual or other administratively convenient basis, reimburse the County for District Expenses from the proceeds of the O/M Tax and the District Shortfall payments made by Verano under paragraph 7.3. Verano agrees that the District may call an election not less than three years after the date of formation of the District to increase the O/M Tax to an amount up to \$0.50 per \$100.00 of assessed valuation against all taxable property in the District. The proceeds of any O/M Tax in excess of \$0.30 shall be used exclusively for Maintenance Expenses.

7.3. Shortfalls. For each fiscal year during the "Shortfall Period," as defined below, Verano will pay to the District any amount by which that year's Administrative Expenses exceed the amount of O/M Tax receipts remaining after payment of that year's Maintenance Expenses (a "District Shortfall"), provided that the District has levied or will levy for that entire fiscal year the O/M Tax at the maximum authorized rate. The "Shortfall Period" is a 30-year period commencing on the Effective Date.

- A. Verano, or, in lieu of Verano if approved by the District Administrator in his or her sole discretion, a homeowners association or similar association (an "HOA") will, on or before July 1 each year during the Shortfall Period, pay the District the amount of the District Shortfall projected in the adopted District Budget for the fiscal year beginning on July 1, plus or minus (as appropriate) any amount by which the actual shortfall in the fiscal year that ended June 30 of the previous calendar year exceeded or was less than the amount actually paid by Verano for that year.

- B. Notwithstanding the foregoing, Verano is not obligated to pay a District Shortfall in excess of \$10,000.00 per Fiscal Year.
- C. The District may set off any overdue District Shortfall payments against Acquisition Price payments to Verano.

8. Indemnification.

8.1. Indemnified Parties. As used in this Section, "Indemnified Parties" means the County, the District, and all County and District elected officials, officers, and employees.

8.2. Verano Indemnity. Except as set forth in the next paragraph, Verano will indemnify, defend, and hold each Indemnified Party harmless for, from and against any and all losses, claims, damages or liabilities, joint or several, to the extent arising in whole or in part from any alleged action or inaction related to the formation, activities or administration of the District or the carrying out of the provisions of this Agreement. This includes, but is not limited to, anything related to (i) the levy or collection of the Debt Service Tax; (ii) the offer or sale of Bonds pursuant to an approved Report; (iii) any alleged violation of state and federal laws that regulate the issuance and sale of securities pursuant to an approved Report; and (iv) any Project Contract or any Approved, Completed, or Accepted Project undertaken by Verano, including claims of any contractor, vendor, subcontractor or supplier.

8.3. Exclusions. The above indemnity obligation does not extend to any loss, claim, damage or liability to the extent that it:

- A. Is caused by the gross negligence or willful misconduct of any Indemnified Party.
- B. Is covered by insurance (excluding any self-insurance or coverage provided pursuant to any insurance contracts obtained by the County in the course of its normal business and not specifically for District purposes) that names the District as an insured or beneficiary, or by a contractual indemnity given by another entity. Verano will indemnify and defend the Indemnified Party to the extent that such coverage is insufficient to fully do so, but that obligation is secondary to and in excess of the primary insurance, risk retention or other indemnification options or remedies of the Indemnified Party.
- C. Arises from a construction defect in any Accepted Project that was not known to Verano and is discovered one (1) year or more following acceptance by the County or District.
- D. Is caused by a breach of this Agreement by the District, County or other Indemnified Party.
- E. Arises from any District administrative activity, tax or assessment levy, or offer or sale of Bonds, that is not related to any activity of Verano, or to infrastructure that was constructed by Verano, or to infrastructure that was the subject of an approved Report submitted by Verano.

8.4. Defense; Notification.

- A. An Indemnified Party will promptly notify Verano after receiving any written claim or threat of legal action against the Indemnified Party that is covered by the above indemnity obligation. The notification will be in writing and include a copy of the claim or threat. If an Indemnified Party fails to give the required notice, Verano's liability on its indemnity will be reduced by, and only by, the amount of any damages attributable to that failure.
- B. If a legal action is commenced against an Indemnified Party, Verano may, or if requested by the Indemnified Party will, participate in the action or defend the Indemnified Party with counsel satisfactory to the Indemnified Party and Verano. Except as provided below, Verano will not be liable for the litigation expenses, including attorney fees, if an Indemnified Party retains their own counsel after Verano notifies the Indemnified Party that Verano is electing to assume the party's defense.
- C. Verano will, however, pay litigation expenses, including attorney fees for counsel retained by an Indemnified Party, if Verano does not provide counsel when the Indemnified Party asks it to do so, or if an Indemnified Party reasonably concludes that there may be defenses available to it and/or other Indemnified Parties that are different from or additional to those available to Verano (in which case Verano shall not have the right to direct the defense of such action on behalf of such Indemnified Party).

8.5. District Indemnity. To the extent permitted by applicable law, the District will indemnify, defend and hold harmless the County and each individual Indemnified Party (the "District Indemnified Parties") for, from and against any and all liabilities, claims or demands for injury or death to persons or damage to property arising from, in connection with, or relating to the performance of this Agreement. The District is not, however, obligated to indemnify the District Indemnified Parties with respect to damages caused by the gross negligence or willful misconduct of the District Indemnified Parties. This indemnity obligation is secondary to Verano's obligations under Section 9.2 above.

9. Tax-Exempt Status of Bonds. No Party will knowingly take, or cause to be taken, any action that would cause interest on any Bond issued on a tax-exempt basis to be includable in gross income for federal income tax purposes of the Internal Revenue Code of 1986, as amended.

10. Disclosure.

10.1. "Disclosure statement" as used in this section means a written notice, in a form reasonably satisfactory to the District Administrator, that the Property is within the boundaries of the District, that Bonds may currently be outstanding and/or issued by the District in the future, and that the District will levy taxes to pay the debt service on Bonds and pay the administrative and operational expenses of the District.

10.2. Obligation to Provide Disclosure Statement. Verano, and each successor owner of any portion of the Property, upon entering into a contract to sell any portion of the Property, will provide a Disclosure Statement to the purchaser, and file a copy of the

Disclosure Statement, signed by the new owner, with the District Clerk. Any owner's failure to provide a purchaser with the Disclosure Statement will not relieve that subsequent owner from the obligation to pay District taxes and assessments.

- 10.3. Additional Information. Verano and successor developers of any portion of the Property will provide any information and documents, including audited financial statements, to the District or to any necessary repository or depository, to the extent necessary for the underwriters of the Bonds to comply with Rule 15c2-12 of the Securities Exchange Act of 1934.

11. Successors: Assignments.

- 11.1. Binding Agreement. Each Party's rights and obligations under this Agreement will inure to the benefit of, and be binding upon, its legal representatives, successors and assigns.
- 11.2. City as Successor to County. If any portion of the Property is incorporated or annexed into a municipality, that municipality will be the successor to the County's rights and obligations under this Agreement with respect to the annexed property, from and after the effective date of the annexation.
- 11.3. Right to Assign. No Party may assign its rights or obligations under this Agreement to another without the prior written consent of the other Parties, who may not unreasonably withhold that consent. Notwithstanding the foregoing, Verano may assign its rights and obligations under this Agreement to an affiliated entity without the prior written consent of the County and the District, but that assignment will not operate as a release of Verano unless the District consents to such a release in writing.
- 11.4. Sale of Individual Lots. Unless prohibited by law, this Agreement will automatically terminate as to and will not constitute a title condition or encumbrance on, any individual lot upon conveyance of that lot to an individual purchaser (not as part of a bulk sale). In this Section, "lot" means any lot upon which a home or commercial building has been completely constructed and with respect to which a certificate of occupancy has been issued, that is shown on a recorded subdivision plat or unrecorded site plan that has been approved by the County. Any title insurer may rely on this Section when issuing any commitment or policy of title insurance to the purchaser of any individual lot.
12. Entire Agreement. This Agreement sets forth the entire understanding of the parties as to the matters addressed, as of the date this Agreement is executed. It is intended to reflect the mutual intent of the Parties and will not be strictly construed against any Party.
13. Amendment. This Agreement cannot be altered or otherwise amended except by an instrument in writing signed by each of the Parties, except that an amendment signed by only Verano and the District will be effective as between Verano and the District, provided it does not amend any right, benefit or obligation of the County.
14. Applicable Law. This Agreement will be governed by and interpreted in accordance with the laws of the State of Arizona.
15. Waiver. The waiver by any Party hereto of any right granted to it under this Agreement shall

not be deemed to be a waiver of any other right granted in this Agreement nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived under or by this Agreement.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, but all of which taken together shall constitute one of the same instrument.

17. Arizona Law Provisions.

- 17.1. The County and the District each have the right, within three years after its execution, to cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the County or the District, is, at any time during that three-year period, an employee or agent of Verano in any capacity or a consultant to Verano with respect to the subject matter of this Agreement. In addition, the County and District may each recoup from Verano any fee or commission paid or due any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of that entity. Verano has not taken and will not take any action that would give rise to a right of cancellation under this paragraph.
- 17.2. To the extent applicable, Verano certifies that it is not currently engaged in, and agrees for the duration of this Agreement that it will not engage in a "boycott," as that term is defined in § 35-393, Arizona Revised Statutes, of Israel.
- 17.3. To the extent applicable under A.R.S. § 41-4401, Verano and their respective subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-Verify requirements under A.R.S. § 23-214(A). The failure by Verano or their respective subcontractors' failure to comply with such warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the District.
- 17.4. To the extent applicable under A.R.S. § 35-394, Verano hereby certifies it does not currently, and for the duration of this Agreement shall not use: (a) the forced labor of ethnic Uyghurs in the People's Republic of China, (b) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (c) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certifications are made to the best knowledge of Verano, without any current independent investigation or without any future independent investigation for the duration of this Agreement. If Verano becomes aware during the duration of this Agreement that it is not in compliance with such certification, Verano shall take such actions as provided by law, including providing the required notice to the District. If the District determines that Verano is not in compliance with the foregoing certification and has not taken remedial action, such failure to comply with the certifications in this section shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the District.

18. Term. Unless terminated earlier by agreement of the Parties, this Agreement will automatically terminate on December 31, 2065, or on such earlier date as all authorized Bonds have been issued and then paid in full, or such later date as any Bonds outstanding as of December 31, 2065, are paid in full.

19. Notices.

19.1. All notices, certificates or other communications under this Agreement will be sufficiently given and will be deemed to have been received 48 hours after deposit in the United States mail in registered or certified form with postage fully prepaid addressed as follows:

If to County
or the District:

Pima County, County Administrator
130 W. Congress St., 10th Floor
Tucson, Arizona 85701
(Telephone)
(Fax)

With a copy to:

Pima County, County Attorney
32 N. Stone Ave., Suite 2100
Tucson, Arizona 85701-1412
(Telephone)
(Fax)

If to Verano:

Keith Kauffman, Chief Financial Officer
AGS LLC
6720 N Scottsdale Rd, Suite 250
Scottsdale, AZ 85253
(480) 609-2346

With a copy to:

Lisa Hoskin, Director of Forward Planning
AGS LLC
44 E Broadway Blvd, Suite 200-C
Tucson, AZ 85701
(520) 429-2700

- 19.2. Any Party, by notice given in compliance with this Section, may designate different addresses to which subsequent notices, certificates or other communications must be sent.
20. Severability. If a court finds that a provision of this Agreement is invalid or unenforceable, that will not invalidate or render unenforceable any other provision of the Agreement.
21. Other Obligations. This Agreement does not relieve any Party of any obligation or responsibility imposed upon it by law, and the provisions of this Agreement shall not affect the Parties' rights and obligations contained in the Project Development Agreement.
22. Recordation. No later than ten (10) days after this Agreement is executed and delivered by each of the Parties, Verano will on behalf of the County and the District record a copy of this Agreement with the County Recorder of Pima County, Arizona.
23. Force Majeure. No Party will be in default due to a failure to observe or perform any restriction or obligation under this Agreement if the failure is due to *Force Majeure*, so long as the Party uses its best efforts to remedy with all reasonable dispatch the event or condition causing such inability and such event or condition can be cured within a reasonable amount of time. "*Force Majeure*" means any condition or event not within the control of a party obligated to perform hereunder, including, without limitation, "acts of God"; strikes, lock-outs, or other disturbances of employer/employee relations; acts of public enemies; orders or restraints of any kind of the government of the United States or any state thereof or any of their departments, agencies, or officials, or of any civil or military authority; insurrection; civil disturbances; riots; pandemics; epidemics; landslides; lightning; earthquakes; subsidence; fires; hurricanes; storms; droughts; floods; arrests; restraints of government and of people; explosion; and partial or entire failure of utilities. Failure of a Party to settle strikes, lock-outs and other disturbances of employer/employee relations or to settle legal or administrative proceedings by acceding to the demands of an opposing party in either case when such course is in the judgment of the Party unfavorable to the Party, does not constitute failure to use its best efforts to remedy such a condition or event.
24. Legislative Acts. Notwithstanding any provision of this Agreement to the contrary, neither the District nor the County is required to do anything under this Agreement that requires a

formal act of that entity's governing board until such formal act is taken. This Agreement in no way acquiesces to or obligates the County or the District Board to perform a legislative act.

25. Default.

25.1. Failure or unreasonable delay by any Party to perform or otherwise act in accordance with any term or provision of this Agreement for a period of thirty (30) days after written notice from any other Party of the failure or delay constitutes a default under this Agreement; provided, however, that if the failure or delay is such that more than thirty (30) days would reasonably be required to perform such action, then the Party will have such additional time as is reasonably necessary to perform or comply so long as the Party commences performance or compliance within the 30-day period and diligently proceeds to complete such performance or fulfill such obligation.

25.2. The default notice must specify the nature of the alleged default and the manner in which said default may be satisfactorily cured, if possible. In the event the default is not timely cured as provided above, any non-defaulting Party may exercise any legal rights or remedies for the default.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGES FOLLOW]

PIMA COUNTY

By: _____
Chair of the Board of Supervisors

Date: _____

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this ____ day of _____,
20____, by _____ as Chair of the Board of Supervisors of Pima County,
a political subdivision of the State of Arizona.

ATTEST:

By: _____
Clerk of the Board of Supervisors

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the County who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the County.

**VERANO COMMUNITY FACILITIES
DISTRICT**

By: _____
Chair of the District Board of Directors

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _____ as Chair of the Board of Directors of Verano Community Facilities District, an Arizona community facilities district.

ATTEST:

By: _____
District Clerk

Pursuant to A.R.S. Section 11-952(D), this Agreement has been reviewed by the undersigned attorney for the County who has determined that this Agreement is in proper form and is within the powers and authority granted pursuant to the laws of this State to the County.

SBH Verano LP, an Arizona limited partnership

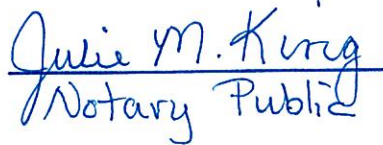
By: AGS LLC, an Arizona limited liability company,
General Partner



Sean T. Walters, Manager

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 19th day of September, 20 25, by Sean T. Walters as Manager of AGS, LLC, an Arizona limited liability company, the General Partner of SBH Verano L.P., an Arizona limited partnership.


Notary Public

**Landmark Title Assurance Agency of Arizona,
an Arizona limited liability company, as Trustee
under Trust 2304, only and not otherwise**


By: 

Name: Shaun Tessensohn

Title: Trust Officer

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 19th day of September, 2025, by Shaun Tessensohn as Trust Officer of Landmark Title Assurance Agency of Arizona, LLC, an Arizona limited liability company, solely in its capacity as trustee of the Trust and not in its company (or personal) capacity, on behalf thereof.


Notary Public

My commission expires:



**CONSENT TO DISTRICT DEVELOPMENT, FINANCING
PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT
(VERANO COMMUNITY FACILITIES DISTRICT)**

The undersigned, as beneficiary and trustee, respectively, pursuant to the following encumbrance, hereby consents to and joins in the foregoing Petition and to the provisions thereof:

Deed of Trust and Security Agreement, effective as of February 22, 2022, by and between SBH Verano LP, an Arizona limited partnership, as trustor, South Wilmot Land Investors LLC, an Arizona limited liability company, as beneficiary, and First American Title Insurance Company, a(n) individual or company of Maricopa County, Arizona, as trustee, recorded on February 22, 2022, at Sequence Number(s) 20220560570 and 20220560571, in the records of the Office of the Recorder of Pima County, Arizona.

Dated 9/23, 2025

BENEFICIARY AND TRUSTEE:
SOUTH WILMOT LAND INVESTORS, LLC,
an Arizona limited liability company

By: DVI Wilmot Investors, LLC,
an Arizona limited liability company

By: Diamond Ventures, Inc., an Arizona
corporation, Manager

By: [Signature]

Its: Vice President

STATE OF ARIZONA)

) ss.

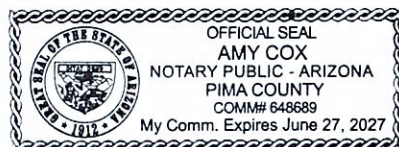
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 22nd day of September, 2025 by Chad Kolodisner, as VP of Manager of South Wilmot Land Investors LLC, an Arizona limited liability company, on behalf thereof.

Amy Cox
Notary Public

My commission expires:

June 27, 2027



ATTACHMENTS:

EXHIBIT A – Legal Description of the Property

EXHIBIT B – Description of Infrastructure

EXHIBIT C – Form of Conveyance of Acquisition Project or Segment of Project

EXHIBIT D – Form of Certificate of Engineers for Conveyance of Acquisition Project
or Segment of Project

EXHIBIT A

The Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY Pima, STATE OF Arizona, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 1 THRU 8 INCLUSIVE OF SURVEY ENTITLED SUNSET FARMS, ACCORDING TO BOOK 27 OF SURVEYS, PAGE 61, RECORDS OF PIMA COUNTY, ARIZONA, SITUATED WITHIN THE SOUTH HALF OF SECTION 10, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA.

(JV ARB 3)

PARCEL 2:

THE NORTH HALF OF SECTION 10, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA;

EXCEPT THE EAST 75.00 FEET THEREOF.

(JV ARB 2)

PARCEL 3:

SECTION 15, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA.

EXCEPT THAT PORTION CONVEYED IN SPECIAL WARRANTY DEED RECORDED AT SEQUENCE NO. 20173420357 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 15, T16S, R14E SAID POINT BEING MARKED BY A FOUND IRON PIN, 5/8" REBAR;

THENCE ALONG THE WEST SECTION LINE OF SECTION 15 N 00°02'58"W A DISTANCE OF 4,677.29' TO A POINT ON SAID WEST LINE;

THENCE LEAVING THE WEST LINE OF SECTION 15, N 89°58'43"E A DISTANCE OF 5,301.94' TO A POINT ON THE EAST SECTION LINE OF SECTION 15, SAID POINT BEING S 00°17'57" E A DISTANCE OF 618.42' FROM THE NORTHEAST CORNER OF SECTION 15;

THENCE N 89°27'20"E A DISTANCE OF 2,049.65' TO A POINT;

THENCE S 00°14'08"E A DISTANCE OF 2,510.53' TO A POINT;

THENCE N 89°28'23"E A DISTANCE OF 3,252.59' TO A POINT;

THENCE S 00°10'19"E A DISTANCE OF 646.86' TO A POINT;

THENCE N 89°19'31"E A DISTANCE OF 5,296.64' TO A POINT ON THE EAST LINE OF SECTION 13, T16S, R14E;

THENCE CONTINUING ALONG SAID LINE, S 00°03'15"W A DISTANCE OF 1,521.64' TO THE SOUTHEAST CORNER OF SECTION 13 SAID POINT BEING MARKED BY A FOUND 2" MONUMENT;

THENCE CONTINUING ALONG THE SOUTH LINE OF SECTION 13, S 89°21'51"W A DISTANCE OF 5,290.60' TO THE SOUTHWEST CORNER OF SECTION 13 SAID POINT BEING MARKED BY A FOUND 2" MONUMENT;

THENCE ALONG THE SOUTH LINE OF SECTION 14, S 89°29'26"W A DISTANCE OF 5,291.94' TO THE SOUTHWEST CORNER OF SECTION 14;

THENCE ALONG THE SOUTH LINE OF SECTION 15, S 89°55'58"W A DISTANCE OF 5,325.01' TO THE SOUTHWEST CORNER OF SECTION 15 SAID POINT ALSO BEING THE POINT OF BEGINNING

EXHIBIT B

GENERAL DESCRIPTION OF PUBLIC INFRASTRUCTURE IMPROVEMENTS

FOR WHICH THE DISTRICT IS PROPOSED TO BE FORMED

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

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

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

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

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

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

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

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

(i) Lighting systems.

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

(k) Equipment, vehicles, furnishings and other personality related to the items listed hereinabove.

(l) Including public infrastructure purposes:

(i) Planning, design, engineering, construction, acquisition or installation of public infrastructure.

(ii) Acquiring, converting, renovating, or improving existing facilities for public infrastructure.

(iii) Acquiring interests in real property for public infrastructure.

(iv) Establishing, maintaining, and replenishing reserves from any source described in section 48-717 or from any other source in order to secure payment of debt service on bonds.

(v) Notwithstanding section 48-589, funding and paying from bond proceeds interest accruing on bonds for a period of not to exceed three years from their date of issuance.

(vi) Providing for the timely payment of debt service on bonds or other indebtedness of the district.

(vii) Refinancing any matured or unmatured bonds with new bonds.

(viii) Incurring expenses of the district incident to and reasonably necessary to carry out the purposes specified in this paragraph.

EXHIBIT C
FORM OF CONVEYANCE INSTRUMENT

(insert description of Project)

STATE OF ARIZONA)
COUNTY OF PIMA)
VERANO COMMUNITY FACILITIES DISTRICT)

KNOW ALL MEN BY THESE PRESENTS THAT:

SBH Verano, L.P. (the "Developer"), in consideration of the promise to pay *[INSERT ACQUISITION PRICE]* to the Developer by Verano Community Facilities District, a community facilities district formed by Pima County (the "County") and duly organized and validly existing pursuant to the laws of the State of Arizona ("District"), such amount in accordance with the hereinafter described Agreement, does by these presents grant, bargain, sell and convey, at the request of the District, to the County, all right, title and interest in and to the following described property, being the subject of the Development and Intergovernmental Agreement for Verano Community Facilities District (Pima County, Arizona), dated as of _____ 20__, by and among the County, the District and Developer, as amended from time to time (the "Agreement"), as follows:

[insert description of Project]

Together with any and all benefits, including warranties and performance and payment bonds, under the Project Contract(s) (as such term is defined in the Agreement) relating thereto, all of which are or shall be located within public rights-of-way, public utility or other public easements dedicated by map of dedication, plat, or otherwise, free and clear of any and all liens, easements, restrictions, conditions, or encumbrances affecting the same, but subject to all reservations in patents, and all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations, leases, and liabilities or other matters as set forth on Schedule 1 hereto.

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

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

This conveyance is made pursuant to the Agreement, and the Developer hereby agrees that the amounts specified above and paid or promised to be paid to the Developer hereunder satisfies in full the obligations of the District under such Agreement and hereby releases the District from

any further responsibility to make payment to the Developer under the Agreement except as above provided.

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

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

2. The Developer is not a party to any written or oral contract that would prevent the execution of this Conveyance.

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

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

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

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

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

By: _____

Title: _____

STATE OF ARIZONA)
)ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this _____day of _____, 20__, by _____, the _____ of _____, a(n) _____, on behalf thereof. My commission expires: _____

Notary Public

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

(insert description of project)

STATE OF ARIZONA)
COUNTY OF PIMA)
VERANO COMMUNITY FACILITIES DISTRICT)

Capitalized terms used in this Certificate have the meanings assigned by the Agreement described below.

We the undersigned, being Registered Engineers in the State of Arizona and, respectively, the duly appointed District Engineer for the Verano Community Facilities District (the "District") and the engineer employed by SBH Verano, L.P. (the "Developer"), each hereby certify for purposes of the Development and Intergovernmental Agreement for the Verano Community Facilities District (Pima County, Arizona), dated as of _____ 20__, by and among Pima County (the "County"), the District and Developer, as amended from time to time (the "Agreement"), that:

1. The Project described above has been completed in accordance with plans and specifications approved by the County and the Project Contract(s) for such Project.
2. The Acquisition Price for such Project is \$_____.
3. The Developer complied with the Procurement Requirements as required by the Agreement (including, particularly but not by way of limitation, Title 34, Arizona Revised Statutes, as amended) in connection with the award of the Project Contract(s) for such Project.
4. The Developer filed all construction plans, specifications, contract documents, and supporting engineering and cost data for the construction or installation of such Project with the District Engineer and the County.
5. The Developer obtained and has supplied to the District evidence of good and sufficient performance and payment bonds or other such equivalent payment and performance financial guarantees acceptable to the District Manager and the District Engineer in connection with such Project Contract(s).

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

By _____
District Engineer

[P.E. Seal]

By _____
District Engineer

[P.E. Seal]