

ATTACHMENT 2



MEMORANDUM

Date: November 25, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **County Response to Star Valley Subdivision Assurance Compliance by USH/SVA
Star Valley, Inc. and Developers Messrs. Alan Jones and Joseph Cesare**

The County has been in negotiations with Messrs. Jones and Cesare regarding development of property in Star Valley. We have made significant progress in a number of areas; however, there are areas that could derail these positive negotiations.

Our latest response to the offer of the developers is attached for your review. We have been more than reasonable in the attempts to resolve this matter. If resolution is not achieved by December 8, 2014, I will recommend the Board proceed with abandonment of the subdivided properties pursuant to our assurance agreements with the owners and developers.

CHH/anc

Attachment

c: John Bernal, Deputy County Administrator for Public Works
Leslie Lukach, Deputy County Attorney
Carmine DeBonis Jr., Director, Development Services



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

November 21, 2014

Mr. Alan M. Jones
Division President, Lennar
1725 W: Greentree Drive, Suite 114
Tempe, Arizona 85284

Joseph R. Cesare, Vice President
SVA Corporation
4855 E. Broadway Boulevard, Suite 103
Tucson, Arizona 85711

Re: USH/SVA Star Valley, LLC November 13, 2014 Response Settlement Terms

Dear Messrs. Jones and Cesare:

The County has reviewed your November 13, 2014 response to the settlement terms outlined in my October 31, 2014 correspondence. Below is the County's response on each of the settlement items where conceptual agreement has not been reached through previous correspondence (Pima County letters dated October 6, 2014 and October 31, 2014; UHS/SVE Star Valley LLC letters dated October 15, 2014 and November 13, 2014).

2. Camino Verde (#6). Camino Verde will be constructed as a two-lane roadway from Wade Road/Los Reales to the development plan boundary in years 2002-2003.

Pima County October 6, 2014 Summary: This improvement has been completed.

USH/SVA October 15, 2014 Response: No response necessary.

Pima County October 31, 2014 Response: Parties are in agreement that the two-lane construction of Camino Verde has been completed from Wade Road/Los Reales to the development boundary. The Specific Plan Circulation Concept Plan (Pages 77 through 83) requires Type I roadways Wade/Los Reales and Camino Verde/Yedra to be constructed as

four-lane roadways with a center median and sidewalks. Per the Implementation Program, Section VII of the Specific Plan, Section E (Page 115) indicates the primary and secondary developers are responsible for construction of the Type I roadways as depicted in Exhibit 21. Widening of Wade Road between Valencia and Dove Wood Way was identified in the 2006 Traffic Impact Addendum to occur when traffic volumes approach 17,000 vehicles per day, which was anticipated to take place after completion of 2,100 Star Valley units. To date approximately 1,280 units have been permitted. Blocks 4, 7 and 8 include a combined 1,079 units; which would bring the total, once these are constructed, to over 2,100 units. . The developer obligation to widen the Type I roadways remains. The settlement agreement shall include USH/SVA Star Valley, LLC acknowledgement and acceptance of this obligation with the development of Blocks 4, 7 and 8, along with all other obligations depicted in the approved Specific Plan, Master Block Plat, subsequent plats and all associated studies provided as required to obtain County approval.

USH/SVA November 13, 2014 Response: The 2006 TIA referenced above does not require the extension of Camino Verde from the project boundary to Valencia Road. The County is currently constructing this extension. USH/SVA Star Valley, LLC will agree to widen the Spine Roads within the Star Valley boundary at the time that a revised Traffic Impact Analysis requires the widening based solely on the traffic impacts related to Star Valley.

Pima County Response: Pima County agrees the widening of Wade Road as depicted in the Specific Plan for Type I roadways can occur when shown to be warranted by Traffic Impact Study provided an updated Traffic Impact Study is submitted with each plat or commercial development plan for the undeveloped blocks within Star Valley (excluding Blocks 4, 7 and 8), and subject to the establishment of a timeline acceptable to Pima County for the installation of sidewalks as depicted in the Type I roadway detail. As noted in the County's October 31, 2014 response, the final settlement agreement shall include USH/SVA Star Valley, LLC acknowledgement and acceptance of all other obligations depicted in the approved Specific Plan, Master Block Plat, subsequent plats and all associated studies provided as required to obtain County approval.

4. Camino Verde/Valencia Road Intersection (#8). This intersection will be signalized, as warranted, between years 2005 and 2010. Pima County and Star Valley will share in the funding of this improvement.

Pima County October 6, 2014 Summary: Pima County will pay for the traffic signal installation at this location.

USH/SVA October 15, 2014 Response: No response necessary.

Pima County October 31, 2014 Response: Parties are in agreement. Pima County payment will be for the permanent traffic signal installation that occurs with the Valencia

Road improvements. A temporary signal will be installed with the Camino Verde roadway construction to allow the intersection to function until the Valencia Road improvements are completed. The temporary signal cost is included in the costs that will be reimbursed by USH/SVA Star Valley, LLC as agreed in Item 3 above.

USH/SVA November 13, 2014 Response: USH/SVA Star Valley, LLC is willing to reimburse Pima County for the temporary signal at Camino Verde Road as long as the cost does not raise our exposure from the agreed upon cap of \$1,501,811.00. USH/SVA Star Valley would like to Pima County to provide the costs related to this specific item.

Pima County Response: Parties are in agreement.

6. Los Reales Road (#12). Los Reales Road will be constructed as a two-lane roadway from Camino Verde to Viviana in the years 2002-2003.

Pima County October 6, 2014 Summary: UHS/SVA Star Valley, LLC will construct this improvement at the time of development of adjacent Blocks 21, 25 and 19. The improvements will be completed prior to release of these blocks from the assurance trust or any lots within or the provision of substitute assurances agreeable to Pima County.

USH/SVA October 15, 2014 Response: We agree with the above concept as long as it is understood that each Block will be able to have separate independent Assurance Agreements.

Pima County October 31, 2014 Response: Separate agreements are acceptable provided USH/SVA Star Valley, LLC is a party to each of the agreements.

USH/SVA November 13, 2014 Response: USH/SVA Star Valley, LLC agrees to be a party to these separate assurance agreements. We also will require that a separate assurance agreement be in place for the improvements related to the extension of Los Reales east of Block 18. The purpose of separating the spine road infrastructure is to allow USH/SVA Star Valley LLC to substitute out of the assurances related to any internal improvements within Blocks 19, 21 and 25 should those Blocks be sold to a Third Party.

Pima County Response: Parties are in agreement.

10. Yedra Road (#16). Yedra Road will be improved as a two-lane roadway from Camino Verde to Vahalla Road. The actual connection to Camino Verde shall not occur until this roadway is complete. This roadway would be constructed as an at-grade roadway. This project would be eligible for development impact fee credit. Pima County shall be responsible for right-of-way acquisition and clearance of encroachments. Pima County will exercise its power to require Utility Companies to relocate their facilities necessary for roadway construction.

Pima County October 6, 2014 Summary: This improvement has been completed to the west boundary of the Star Valley development. The remaining segment from the west project boundary to Vahalla will to be constructed by UHS/SVA Star Valley, LLC when determined necessary by an updated Traffic Impact Study. Construction of this segment is eligible for development impact fee credit.

USH/SVA October 15, 2014 Response: This is contrary to our understanding of the meeting discussion. USH/SVA Star Valley, LLC did not agree to this improvement. It was decided at the meeting that there was no benefit or need for this alignment to Star Valley. If this alignment is desired in the future, then that party who desires that alignment can construct the improvement.

Pima County October 31, 2014 Response: Pima County acknowledges that the USH/SVA Star Valley, LLC position during the meeting was that this roadway is not needed. Pima County has no basis to concur with this position at this time. The improvements are as required by the Specific Plan and the transportation financing and implementation plan. An updated Traffic Impact Study reviewed and approved by Pima County is necessary to confirm whether the roadway is needed as a result of Star Valley traffic. If the roadway improvements are not needed as evidenced by the updated Traffic Impact Study based on projected Star Valley build-out, the improvements will not be the responsibility of USH/SVA Star Valley, LLC.

USH/SVA November 13, 2014 Response: The parties are not in agreement. This is an offsite obligation that if needed is the responsibility of Pima County.

Pima County Response: Similar to Camino Verde, the Yedra extension is a developer obligation of the Specific Plan, original Traffic Impact Study and the transportation financing and implementation plan. Construction of this roadway segment is eligible for impact fee credit. Pima County is agreeable to relieving UHS/SVA Star Valley, LLC of this obligation if demonstrated by an updated Traffic Impact Study that the Yedra extension is not required at projected Star Valley build-out. Without an updated Traffic Impact Study, it is premature to eliminate this developer obligated improvement.

Settlement Terms and Claims Dismissal

Pima County October 6, 2014 Summary: The above represents our understanding of the general terms of settlement of the outstanding dispute between UHS/SVA Star Valley, LLC and Pima County. As part of settlement, all pending litigation and claims against the County, including those filed by Mr. Joseph R. Cesare in his personal capacity and in his capacity as shareholder, director and Vice President of SVA Corporation, will be dismissed. Pima County will likewise dismiss its counterclaim filed against USH/SVA Star Valley, LLC.

USH/SVA October 15, 2014 Response: USH/SVA Star Valley, LLC will dismiss with prejudice its claims in Pima County Superior Court Case No. C2014 4304 and Pima County shall dismiss its Counter-claims with prejudice. The parties shall execute a mutually agreed upon mutual settlement agreement and release.

Pima County October 31, 2014 Response: The parties are not in agreement. In addition to dismissal with prejudice of the claims in Pima County Superior Court Case No. C20144304 and Pima County's Counterclaims, all other pending litigation and claims against the County, or its employees that have arisen or could arise out of the facts leading up to the settlement, including those filed by Mr. Joseph R. Cesare in his personal capacity and in his capacity as shareholder, director and Vice President of SVA Corporation, must either be dismissed with prejudice, if already filed, or released, if not yet filed. Dismissal or release shall include the August 13, 2014 Notice of Claim pursuant to ARS 12-821.01 submitted by Munger Chadwick, PLC, on behalf of Mr. Joseph R. Cesare in his personal capacity and in his capacity as the shareholder, director and Vice President of SVA Corporation, and Pima County Superior Court Case No. C20145528 filed on October 17, 2014 related to the Valencia Road improvement project that continues to make false and defamatory claims about the County's actions related to the Star Valley development.

USH/SVA November 13, 2014 Response: USH/SVA Star Valley, LLC is in good faith making the effort to resolve our issues. We feel that we are making great progress but feel that the request by Pima County to have other issues resolved in this settlement are inappropriate. Any issues related to SVA Corporation and Pima County need to be settled separately. USH (US Home) should not be held hostage by this unreasonable request.

Pima County Response: Pima County has likewise participated in good faith. Unfortunately, during our efforts to resolve issues, one of the members of the UHS/SVA Star Valley, LLC partnership, Mr. Joseph R. Cesare, filed a lawsuit against Pima County alleging the plaintiff is in a dispute with the County over infrastructure for Star Valley, that impact fee monies collected from Star Valley have not been applied to infrastructure improvements of benefit to Star Valley, that no contractual or regulatory obligation exists for the Star Valley developer to pay for offsite improvements, that the County is attempting to force additional payment for improvements by withholding building permits and de-platting portions of Star Valley, that the County has publically defamed the plaintiff and that the underlying cause of the County's actions is motivated by political retribution. Given the tactics of Mr. Cesare, whereby the alleged claims in his lawsuit are directly linked to the settlement terms being discussed, the County will not proceed with any settlement of the Star Valley issues without dismissal or release of the pending litigation and claims noted in my October 31, 2014 letter. We also understand a settlement offer has been made in the C2014 5528 case related to the median opening associated with the Valencia Road improvement project, and we are certainly willing to negotiate this issue separately.

Messrs. Alan Jones and Joseph Cesare
Re: USH/SVA Star Valley, LLC November 13, 2014 Response Settlement Terms
November 21, 2014
Page 6

Expedited Plan Approval

Pima County October 6, 2014 Summary: Not included.

USH/SVA October 15, 2014 Response: The County will agree to expedited reviews for the re-approval of the Improvement Plans for Blocks 4, 7 and 8. It is also agreed that for as long as the engineer of record confirms that the codes have not changed to warrant any modification for these plans, the County will re-approve these plans as originally drafted.

Pima County October 31, 2014 Response: Upon execution of a settlement agreement, Pima County will perform an expedited plan review for the Improvement Plans for Blocks 4, 7 and 8 and will re-approve plans as originally drafted provided that no codes have changed that warrant modification. Full plan review fees will be paid by USH/SVA Star Valley, LLC.

USH/SVA November 13, 2014 Response: Pima County agreed to an expedited review for the re-approval of Blocks 4, 7 and 8 and stated that the fee would be 50 percent of the standard fee as long as the plans did not require any modifications cause by code changes. USH/SVA Star Valley would like Pima County to consider this request. Pima County needs to reimburse USH/SVA Star Valley for fees paid on October 18, 2006 in the amount of \$22,837.06 related to Star Valley Block 4.

Pima County Response: Upon execution of a settlement agreement, Pima County will perform an expedited plan review for the Improvement Plans for Blocks 4, 7 and 8 and will re-approve plans as originally drafted provided that no codes have changed that warrant modification. Pima County agrees to charge 50 percent of the standard plan review fee for each review; however, previously paid fees will not be reimbursed.

A response is requested within 10 calendar days of the date of this letter. If the outstanding items are not resolved to the satisfaction of Pima County within this timeframe, the abandonment plats for Star Valley Blocks 4, 7 and 8 will be scheduled for Board of Supervisors consideration.

Sincerely,



C. H. Huckelberry
County Administrator

CHH/mjk

c: John Bernal, Deputy County Administrator for Public Works
Carmine DeBonis, Jr. Director, Development Services



USH/SVA STAR VALLEY, L.L.C.

C/O BROADWAY REALTY & TRUST
4855 E. Broadway, Suite 103, Tucson, Arizona 85711 (Street Address)
PO Box 12863, Tucson, Arizona 85732 (Mailing Address)
Telephone (520) 747-5700
Fax (520) 577-8555

Date: November 13, 2014
To: C. H. Huckelberry, County Administrator
From: USH/ SVA Star Valley, L.L.C.
Re: USH/SVA Star Valley LLC's response to Settlement Terms indicated in letter dated October 6, 2014

Dear Mr. Huckelberry.

The purpose of this letter is to clarify some of items that were represented in the letter you sent dated October 31, 2014. This letter represents in general terms our position and understand that the detail can be addressed in the development agreement. We have basically utilized the format of your letter to respond.

Item 1 (Inside Project Boundary)

Wade Road will be extended to Camino Verde as a two-lane roadway in the years 2002-2003.

Pima County Response October 6, 2014:
The County agrees that this improvement has been complete

USH/SVA Star Valley LLC:
No response necessary

Pima County Response Oct. 31, 2014
Parties are in agreement

Item 2 (Inside Project Boundary)

Camino Verde will be constructed as a two-lane roadway from Wade Road/Los Reales Road to the development plan boundary in the years 2002-2003

Pima County Response October 6, 2014:

The County agrees that this improvement has been complete

USH/SVA STAR VALLEY LLC:

No response necessary

Pima County Response Oct. 31, 2014

Parties are in agreement that the two-lane construction of Camino Verde has been completed from Wade Road/Los Reales to the development boundary. The Specific Plan Circulation Concept Plan (Pages 77-83) requires Type I roadways Wade/Los Reales and Camino Verde/Yedra to be constructed as four-lane roadways with a center median and sidewalks. Per the Implementation Program, Section VII of the Specific Plan, Section E (Page 115) indicates the primary and secondary developers are responsible for construction of the Type I roadways as depicted in Exhibit 21. Widening of Wade Road between Valencia and Dove Wood Way was identified in the 2006 Traffic Impact Addendum to occur when traffic volumes approached 17,000 vehicle per day, which was anticipated to take place after completion of 2100 Star Valley units. To date, approximately 1,280 units have been permitted. Blocks 4, 7 and 8 include a combined 1,079 units, which would bring the total, once these are constructed, to over 2,100 units. The developer obligation to widen the Type I roadways remains. The settlement agreement shall include USH/SVA Star Valley, LLC acknowledgement and acceptance of this obligation with the development of Blocks 4,7 and 8, along with other obligations depicted in the approved Specific Plan, Master Block Plat, subsequent plans and all associated studies provide as required to obtain County approval.

USH/SVA Star Valley LLC Response Nov. 13, 2013

The 2006 TIA referenced above does not require the extension of Camino Verde from the project boundary to Valencia Road. The County is currently constructing this extension. USH/SVA Star Valley LLC will agree to widen the Spine Roads within the Star Valley boundary at the time that a revised Traffic Impact Analysis requires the widening based solely on the traffic impacts related to Star Valley.

Item 3 (Outside Project Boundary)

Camino Verde will be constructed as a two-lane roadway from the development plan boundary north to Valencia Road in the years 2005-2010. This will be an at-grade roadway.

Pima County Response October 6, 2014:

This improvement has not been completed. Pima County has completed the design of this roadway segment and has awarded a construction contract to The Ashton Co., Inc. for this work. The USH/SVA Star Valley, LLC funding obligation for these improvements can be satisfied by reimbursement to the County through an additional roadway impact fee surcharge, such as \$1,500 per residence. This additional roadway impact fee surcharge would be paid at the time

of building permit issuance for the construction of the remaining housing units over a defined period of time, such as a 10-year project build-out period; or other staggered surcharge amount and time period acceptable to the County. Repayment of the roadway design and construction costs will not incur interest. Copies of the plans for the Camino Verde and the associated design and construction costs will be provided by Pima County along with the Valencia Road construction plans. Camino Verde costs are the \$969,859, and \$152,753 for the field engineering; for a total cost of \$1,501,811. As agreed, USH/SVA Star Valley, LLC will prepare a reimbursement proposal for review and acceptance by Pima County

USH/SVA STAR VALLEY LLC:

The partnership is OK with this concept. This "impact fee surcharge" will ultimately be the responsibility of the homebuilder at the time of building permit. The JV will prepare a reimbursement proposal for PC review. This will need to be done prior to the execution of the final agreement with Pima County. USH/SVA Star Valley LLC's exposure will be capped at \$1,501,811.00.

Pima County Response Oct. 31, 2014

Parties are in agreement

Item 4 (Outside Project Boundary)

Camino Verde/Valencia Road Intersection will be signalized, as warranted, between the years 2005-2010. Pima County and Star Valley will share in the funding of this improvement.

Pima County Response October 6, 2014:

Pima County will pay for the traffic signal installation at this location

USH/SVA STAR VALLEY LLC:

No response necessary

Pima County Response Oct. 31, 2014

Parties are in agreement. Pima County payment will be for the permanent traffic signal installation that occurs with the Valencia Road improvements. A temporary signal will be installed with the Camino Verde roadway construction to allow the intersection to function until the Valencia Road improvement are completed. The temporary signal cost is included in the costs that will be reimbursed by USH/SVA Star Valley, LLC as agreed in Item 3 above.

USH/SVA Star Valley LLC Response Nov. 13, 2013

USH/SVA Star Valley LLC is willing to reimburse Pima County for the temporary signal at Camino Verde Road as long as the cost does not raise our exposure from the agreed upon cap of \$1,501,811.00. USH/SVA Star Valley would like to Pima County to provide the costs related to this specific item.

Item 5 (Outside Project Boundary)

Wade Road/Valencia Road Intersection will be signalized, as warranted, between the years 2005-2010. Pima County and Star Valley will share in the funding of this improvement.

Pima County Response October 6, 2014:

Pima County has installed a temporary signal. The permanent signal will be installed with the Valencia Road improvements. USH/SVA Star Valley, LLC will reimburse Pima County \$147,676.50 for one-half of the cost of the permanent traffic signal. Pima County will establish a total project cost to be reimbursed by USH/SVA Star Valley, LLC in fulfillment of this condition. Payment may be factored into the above reimbursement proposal and stipulated in the subsequent development agreement.

USH/SVA STAR VALLEY LLC:

USH/SVA Star Valley LLC agrees with Item #5 with our exposure being capped at \$147,676.50. This cost will also need to be added to the Impact Fee Surcharge discussed in Item #3 above.

Pima County Response Oct. 31, 2014

Parties are in agreement

Item 6 (Inside Project Boundary)

Los Reales Road will be constructed as a two-lane roadway from Camino Verde Road to Viviana Road in the years 2002-2003.

Pima County Response October 6, 2014:

USH/SVA Star Valley, LLC will construct this improvement at the time of development of the adjacent Blocks 21, 25 and 19. The improvements will be completed prior to the release of these blocks from assurance trust or any lots within, or the provision of substitute assurances agreeable to Pima County.

USH/SVA STAR VALLEY LLC:

We agree with the above concept as long as it is understood that each Block will be able to have separate independent Assurance Agreements.

Pima County Response Oct. 31, 2014

Separate agreements are acceptable, provided USH/SVA Star Valley, LLC is a party to each of the agreements.

USH/SVA Star Valley LLC Response Nov. 13, 2013

USH/SVA Star Valley LLC agrees to be a party to these separate assurance agreements. We also will require that a separate assurance agreement be in place for the improvements related to the extension of Los Reales east of Block 18. The purpose of separating the spine road infrastructure is to allow USH/SVA Star Valley LLC to substitute out of the assurances related to any internal improvements within Blocks 19, 21 and 25 should those Blocks be sold to a Third Party.

Item 7 (Outside Project Boundary)

Los Reales Road will be constructed as a two-lane roadway from Viviana Road to the

development plan boundary sometime after the year 2010.

Pima County Response October 6, 2014:

This improvement is no longer needed due to the sale of blocks east of the Viviana alignment and south of the Los Reales alignment to the Pascua Yaqui Tribe.

USH/SVA STAR VALLEY LLC:

No response needed

Pima County Response Oct. 31, 2014

Parties are in agreement

Item 8 (Outside Project Boundary)

Viviana Road will be constructed as a two-lane roadway from Los Reales Road to Valencia Road sometime after the year 2010 if planned build-out occurs. This roadway would be constructed as an at-grade roadway.

Pima County Response October 6, 2014:

This improvement is no longer needed due to the sale of land to the Pascua Yaqui Tribe. The portion of the alignment within State Land will be constructed and paid for by the future developers of the State Land as necessary to serve that development. Access for Block 21 can be from Los Reales between Camino Verde and the Viviana alignment as referenced in Item 6 above. Provisions for access for Block 19 will be established through Block 21. Additional access to Blocks 19 and 21 will be established from Camino Verde access State land north of Block 18. USH/SVA Star Valley, LLC will be responsible for roadway construction costs, and Pima County will pay for the major drainage channel crossing cost using available impact fees because of the additional traffic carrying capacity to serve the development provided by the implementation of this roadway. Pima County will assist with the application to the Arizona State Land Department for right of way. As agreed, USH/SVA Star Valley, LLC will develop and provide to Pima County a cost estimate for right of way and roadway construction costs.

USH/SVA STAR VALLEY LLC:

USH/SVA Star Valley LLC would like to have the option to build the least expensive alternative route between Pima County's suggestion above and building an at-grade road within the current Viviana alignment north of Block 19.

Pima County Response Oct. 31, 2014

Pima County is agreeable to either option, subject to final roadway design approval by Pima County and evaluation of the costs impact to Pima County if major drainage structure costs are to be incurred at County expense.

USH/SVA Star Valley LLC Response Nov. 13, 2013

Acceptable

Item 9 (Inside Project Boundary)

Camino Verde will be constructed as a two-lane roadway to tie into Yedra Road in the years 2002-2003. The actual connection to Yedra Road shall not occur until Yedra Road has been improved (See item 10).

Pima County Response October 6, 2014:
This improvement has been completed

USH/SVA STAR VALLEY LLC:
No response needed

Pima County Response Oct. 31, 2014
Parties are in agreement

Item 10 (Outside Project Boundary)

Yedra Road will be improved as a two-lane roadway from Camino Verde to Vahalla Road. The actual connection to Camino Verde shall not occur until this roadway improvement is complete. The project would be eligible for development impact fee credit. Pima County shall be responsible for right-of-way acquisition and clearance of encroachment. Pima County will exercise its power to require the Utility companies to relocate their facilities necessary for road construction.

Pima County Response October 6, 2014:
This improvement has been completed to the west boundary of the Star Valley development. The remaining segment from the west project boundary to Vahalla will be constructed by USH/SVA Star Valley, LLC when determined necessary by updated Traffic Impact Study. Construction of this segment is eligible for development impact fee credit.

USH/SVA STAR VALLEY LLC:
This is contrary to our understanding of the meeting discussion. USH/SVA Star Valley LLC did not agree to this improvement. It was decided at the meeting that there was no benefit or need for this alignment to Star Valley. If this alignment is desired in the future then that party who desires that alignment can construct the improvement.

Pima County Response Oct. 31, 2014

Pima County acknowledges that USH/SVA Star Valley, LLC position during the meeting was that this roadway is not needed. Pima County has no basis to concur with this position at this time. The improvements are a required by the Specific Plan and the transportation financing and implementation plan. An updated Traffic Impact Study this is reviewed and approved by Pima County is necessary to confirm whether the roadway is a needed as a result of Star Valley Traffic. If the roadway improvements are not needed as evidenced by the updated Traffic Impact Study based on projected Star Valley build-out, the improvements will not be the responsibility of USH/SVA Star Valley, LLC.

USH/SVA Star Valley LLC Response Nov. 13, 2013

The parties are not in agreement. This is an offsite obligation that if needed is the responsibility of Pima County.

Item 11 (Outside Project Boundary)

Camino Verde will be constructed as a four-lane roadway from Wade Road/Leos Reales Road to Valencia Road sometime after the year 2010 if planned build-out occurs. Adjacent property owner outside the project boundary along Camino Verde (south of Valencia) would also be required to contribute towards this project if they are actively developing the property. This project would be eligible for development impact fee credit.

Pima County Response October 6, 2014:

This is a future roadway improvement that is eligible for development impact fee credits.

USH/SVA STAR VALLEY LLC:

This will only be a responsibility for USH/SVA Star Valley LLC should a Traffic Impact Analysis require the improvement based on impacts from Star Valley only.

Pima County Response Oct. 31, 2014

The parties are in agreement that USH/SVA Star Valley LLC should a Traffic Impact Analysis require the improvement based on impacts for Star Valley only.

USH/SVA Star Valley LLC Response Nov. 13, 2013

Acceptable

Item 12 (Inside Project Boundary)

Camino Verde/Los Reales Road Intersection will be signalized, as warranted, sometime after the year 2010. Pima County shall not participate in the funding of this improvement.

Pima County Response October 6, 2014:

Signalization for this intersection will be determined through an updated Traffic Impact Study at the time of development of commercial Blocks 11, 12, 16 and 17. Pima County will not participate in the funding of this improvement.

USH/SVA STAR VALLEY LLC:

The signal at Camino Verde and Los Reales will be installed only when required by a TIA and will be at the cost of USH/SVA Star Valley LLC.

Pima County Response Oct. 31, 2014

The parties are in agreement that USH/SVA Star Valley, LLC will be responsible for signal installation when required by an updated Traffic Impact Study that is reviewed and approved by Pima County.

USH/SVA Star Valley LLC Response Nov. 13, 2013

Acceptable

Miscellaneous

A)

Pima County Response October 6, 2014:

In addition to the identified improvements and as part of settlement, USH/SVA has agreed to pay all delinquent 2013 taxes by October 15, 2014 and to pay 2014 taxes when due in November 2014.

USH/SVA STAR VALLEY LLC:

All past due taxes and taxes due by November 1, 2014 were paid on October 10, 2014.

Pima County Response Oct. 31, 2014

Acknowledged

B)

Pima County Response October 6, 2014:

The above represents our understanding of the general terms of settlement of the outstanding dispute between USH/SVA, LLC and Pima County. As part of settlement, all pending litigation and claims against the County, including those filed by Mr. Joseph R. Cesare in his personal capacity and in his capacity as shareholder, director and Vice President of SVA Corporation, will be dismissed. Pima County will likewise dismiss its counterclaim filed against USH/SVA Star Valley, LLC.

USH/SVA STAR VALLEY LLC:

USH/SVA Star Valley LLC will dismiss with prejudice its claims in Pima County Superior Court Case No. C2014 4304 and Pima County shall dismiss its Counter-claims with prejudice. The parties shall execute a mutually agreed upon mutual settlement agreement and release.

Pima County Response Oct. 31, 2014

The parties are not in agreement. In addition to dismissal with prejudice its claims in Pima County Superior Court case No. C20144304 and Pima County's Counterclaims, all other pending litigation and claims against the County, or its employees that have arisen or could arise out of the facts leading up to the settlement, including those filed by Mr. Joseph R. Cesare in his personal capacity and in his capacity as shareholder, director and Vice President of SVA Corporation, must either be dismissed with prejudice, if already filed, or released, if not yet filed.

Dismissal of release shall include the August 13, 2014 Notice of Claims pursuant of ARS 12-821.01 submitted by Munger Chadwick, PLC, on behalf of Joseph R. Cesare in his personal capacity and in his capacity as the shareholder, director and vice-president of SVA Corporation, an Pima County Superior Court Case No. C201145528 filed on October 17, 2014 related to the Valencia Road improvement project that continues to make false and defamatory claims about the County's actions related to the Star Valley development.

USH/SVA Star Valley LLC Response Nov. 13, 2013

USH/SVA Star Valley LLC is in good faith making the effort to resolve our issues. We feel that we are making great progress but feel that the request by Pima County to have other issues resolved in this settlement are inappropriate. Any issues related to SVA Corporation and Pima

County need to be settled separately. USH (USHome) should not be held hostage by this unreasonable request.

Additional Consideration

USH/SVA STAR VALLEY LLC:

The County will agree to expedited reviews for the re-approval of the Improvement Plans for Blocks 4, 7 and 8. It is also agreed that for as long as the engineer of record confirms that the codes have not changed to warrant any modification for these plans, the County will re-approve these plans as originally drafted.

Pima County Response Oct. 31, 2014

Upon execution of a settlement agreement, Pima County will perform an expedited plan review for the Improvement Plans for Blocks 4, 7 and 8 and will re-approve plans as originally drafted provided that no codes have changed that warrant modification. Full plan review fees will be paid by USH/SVA Star Valley, LLC

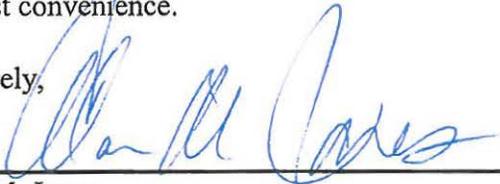
USH/SVA Star Valley LLC Response Nov. 13, 2013

Pima County agreed to an expedited review for the re-approval of Blocks 4, 7 and 8 and stated that the fee would be 50% of the standard fee as long as the plans did not require any modifications cause by code changes. USH/SVA Star Valley would like Pima County to consider this request.

Pima County needs to reimburse USH/SVA Star Valley for fees paid on October 18, 2006 in the amount of \$22,837.06 related to Star Valley Block 4.

Our hopes are that these latest clarifications and compromises are sufficient to get the parties to agree on moving forward on a formal agreement. Please let us know at your thoughts at your earliest convenience.

Sincerely,



Alan M. Jones
USH



Joseph R. Cesare
SVA



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

October 31, 2014

Alan M. Jones
Division President, Lennar
1725 W. Greentree Drive, Suite 114
Tempe, Arizona 85284

Joseph R. Cesare, Vice President
SVA Corporation
4855 E. Broadway Boulevard, Suite 103
Tucson, Arizona 85711

Re: USH/SVA Star Valley LLC October 15, 2014 Response Settlement Terms

Dear Messrs. Jones and Cesare:

The County has reviewed your October 15, 2014 response to the settlement terms outlined in my October 6, 2014 correspondence. Below is the County's response on each of the settlement items:

1. Wade Road (#5). Wade Road will be extended to Camino Verde as a two-lane roadway in years 2002-2003.

Pima County October 6, 2014 Summary: This improvement has been completed.

USH/SVA October 15, 2014 Response: No response necessary.

Pima County Response: Parties are in agreement.

2. Camino Verde (#6). Camino Verde will be constructed as a two-lane roadway from Wade Road/Los Reales to the development plan boundary in years 2002-2003.

Messrs. Alan Jones and Joseph Cesare
Re: **USH/SVA Star Valley LLC October 15, 2014 Response Settlement Terms**
October 31, 2014
Page 2

Pima County October 6, 2014 Summary: This improvement has been completed.

USH/SVA October 15, 2014 Response: No response necessary.

Pima County Response: Parties are in agreement that the two-lane construction of Camino Verde has been completed from Wade Road/Los Reales to the development boundary. The Specific Plan Circulation Concept Plan (Pages 77 through 83) requires Type I roadways Wade/Los Reales and Camino Verde/Yedra to be constructed as four-lane roadways with a center median and sidewalks. Per the Implementation Program, Section VII of the Specific Plan, Section E (Page 115) indicates the primary and secondary developers are responsible for construction of the Type I roadways as depicted in Exhibit 21. Widening of Wade Road between Valencia and Dove Wood Way was identified in the 2006 Traffic Impact Addendum to occur when traffic volumes approach 17,000 vehicles per day, which was anticipated to take place after completion of 2100 Star Valley units. To date, approximately 1,280 units have been permitted. Blocks 4, 7 and 8 include a combined 1,079 units, which would bring the total, once these are constructed, to over 2,100 units. The developer obligation to widen the Type I roadways remains. The settlement agreement shall include USH/SVA Star Valley, LLC acknowledgement and acceptance of this obligation with the development of Blocks 4, 7 and 8, along with all other obligations depicted in the approved Specific Plan, Master Block Plat, subsequent plats and all associated studies provided as required to obtain County approval.

3. Camino Verde (#7). Camino Verde will be constructed as a two-lane roadway from the development plan boundary north to Valencia Road in the years 2005-2010. This roadway will be an at-grade roadway.

Pima County October 6, 2014 Summary: This improvement has not been completed. Pima County has completed the design of this roadway segment and has awarded a construction contract to The Ashton Co., Inc. for this work. The UHS/SVA Star Valley, LLC funding obligation for these improvements can be satisfied by reimbursement to the County through an additional roadway impact fee surcharge, such as \$1,500 per residence. This surcharge would be paid at the time of building permit issuance for the construction of the remaining housing units over a defined period of time, such as a 10-year project build out period, or other staggered surcharge amount and time period acceptable to the County. Repayment of the roadway design and constructions costs will not incur interest. Copies of the plans for Camino Verde and the associated design and construction costs will be provided by Pima County, along with the Valencia Road construction plans. Camino Verde costs are the \$969,859 construction bid from Ashton, \$291,653 for design, a \$48,493 contingency for unforeseen conditions, post-design engineering in the amount of \$39,053, and \$152,753 for field engineering; for a total cost

Messrs. Alan Jones and Joseph Cesare
Re: **USH/SVA Star Valley LLC October 15, 2014 Response Settlement Terms**
October 31, 2014
Page 3

of \$1,501,811. As agreed, UHS/SVA Star Valley, LLC will prepare a reimbursement proposal for review and acceptance by Pima County.

USH/SVA October 15, 2014 Response: The partnership is OK with this concept. This "impact fee surcharge" will ultimately be the responsibility of the homebuilder at the time of building permit. The JV will prepare a reimbursement proposal for PC review. This will need to be done prior to the execution of the final agreement with Pima County. USH/SVA Star Valley LLC's exposure will be capped at \$1,501,811.00.

Pima County Response: Parties are in agreement.

4. Camino Verde/Valencia Road Intersection (#8). This intersection will be signalized, as warranted, between years 2005 and 2010. Pima County and Star Valley will share in the funding of this improvement.

Pima County October 6, 2014 Summary: Pima County will pay for the traffic signal installation at this location.

USH/SVA October 15, 2014 Response: No response necessary.

Pima County Response: Parties are in agreement. Pima County payment will be for the permanent traffic signal installation that occurs with the Valencia Road improvements. A temporary signal will be installed with the Camino Verde roadway construction to allow the intersection to function until the Valencia Road improvements are completed. The temporary signal cost is included in the costs that will be reimbursed by USH/SVA Star Valley, LLC as agreed in Item 3 above.

5. Wade Road/Valencia Road Intersection (#9). This intersection will be signalized, as warranted, between years 2005 and 2010. Pima County and Star Valley will share in the funding of this improvement.

Pima County October 6, 2014 Summary: Pima County has installed a temporary traffic signal. The permanent signal will be installed with the Valencia Road improvements. UHS/SVA Star Valley, LLC will reimburse Pima County \$147,676.50 for one-half of the cost of the permanent traffic signal. Pima County will establish a total project cost to be reimbursed by USH/SVA Star Valley, LLC in fulfillment of this condition. Payment may be factored in to the above reimbursement proposal and stipulated in the subsequent development agreement.

Messrs. Alan Jones and Joseph Cesare
Re: **USH/SVA Star Valley LLC October 15, 2014 Response Settlement Terms**
October 31, 2014
Page 4

USH/SVA October 15, 2014 Response: USH/SVA Star Valley, LLC agrees with Item 5 with our exposure being capped at \$147,676.50. This cost will also need to be added to the Impact Fee Surcharge discussed in Item 3 above.

Pima County Response: Parties are in agreement.

6. *Los Reales Road (#12). Los Reales Road will be constructed as a two-lane roadway from Camino Verde to Viviana in the years 2002-2003.*

Pima County October 6, 2014 Summary: UHS/SVA Star Valley, LLC will construct this improvement at the time of development of adjacent Blocks 21, 25 and 19. The improvements will be completed prior to release of these blocks from the assurance trust or any lots within or the provision of substitute assurances agreeable to Pima County.

USH/SVA October 15, 2014 Response: We agree with the above concept as long as it is understood that each Block will be able to have separate independent Assurance Agreements.

Pima County Response: Separate agreements are acceptable, provided USH/SVA Star Valley, LLC is a party to each of the agreements.

7. *Los Reales Road (#13). Los Reales Road will be constructed as a two-lane roadway from Viviana Road to the development plan boundary sometime after the year 2010.*

Pima County October 6, 2014 Summary: This improvement is no longer needed due to the sale of blocks east of the Viviana alignment and south of the Los Reales alignment to the Pascua Yaqui Tribe.

USH/SVA October 15, 2014 Response: No response needed.

Pima County Response: Parties are in agreement.

8. *Viviana Road (#14). Viviana Road will be constructed as a two-lane roadway from Los Reales Road to Valencia Road sometime after the year 2010 if planned build-out occurs. This roadway would be constructed as an at-grade roadway.*

Pima County October 6, 2014 Summary: This improvement is no longer needed due to the sale of land to the Pascua Yaqui Tribe. The portion of the alignment within State land will be constructed and paid for by the future developers of the State land as necessary to serve that development. Access for Block 21 will be from Los Reales between Camino Verde and the Viviana alignment as referenced in Item 6 above. Additional access to

Messrs. Alan Jones and Joseph Cesare
Re: **USH/SVA Star Valley LLC October 15, 2014 Response Settlement Terms**
October 31, 2014
Page 5

Blocks 19 and 21 will be established from Camino Verde across State land north of Block 18. UHS/SVA Star Valley, LLC will be responsible for roadway construct costs, and Pima County will pay for the major drainage channel crossing cost using available impact fees because of the additional traffic carrying capacity to serve the development provided by the implementation of this roadway. Pima County will assist with application to the Arizona State Land Department for right of way. As agreed, UHS/SVA Star Valley, LLC will develop and provide to Pima County a cost estimate for right of way and roadway construction costs.

USH/SVA October 15, 2014 Response: USH/SVA Star Valley LLC would like to have the option to build the least expensive alternative route between Pima County's suggestion above and building an at-grade road within the current Viviana alignment north of Block 19.

Pima County Response: Pima County is agreeable to either option, subject to final roadway design approval by Pima County and evaluation of the cost impact to Pima County if major drainage structure costs are to be incurred at County expense.

9. Camino Verde (#15). Camino Verde will be constructed as a two-lane roadway to tie into Yedra Road in the years 2002-2003. The actual connection to Yedra shall not occur until Yedra has been improved (see item #10).

Pima County October 6, 2014 Summary: This improvement has been completed.

USH/SVA October 15, 2014 Response: No response needed.

Pima County Response: Parties are in agreement.

10. Yedra Road (#16). Yedra Road will be improved as a two-lane roadway from Camino Verde to Vahalla Road. The actual connection to Camino Verde shall not occur until this roadway is complete. This roadway would be constructed as an at-grade roadway. This project would be eligible for development impact fee credit. Pima County shall be responsible for right-of-way acquisition and clearance of encroachments. Pima County will exercise its power to require Utility Companies to relocate their facilities necessary for roadway construction.

Pima County October 6, 2014 Summary: This improvement has been completed to the west boundary of the Star Valley development. The remaining segment from the west project boundary to Vahalla will to be constructed by UHS/SVA Star Valley, LLC when determined necessary by an updated Traffic Impact Study. Construction of this segment is eligible for development impact fee credit.

USH/SVA October 15, 2014 Response: This is contrary to our understanding of the meeting discussion. USH/SVA Star Valley LLC did not agree to this improvement. It was decided at the meeting that there was no benefit or need for this alignment to Star Valley. If this alignment is desired in the future then that party who desires that alignment can construct the improvement.

Pima County Response: Pima County acknowledges that USH/SVA Star Valley, LLC position during the meeting was that this roadway is not needed. Pima County has no basis to concur with this position at this time. The improvements are a required by the Specific Plan and the transportation financing and implementation plan. An updated Traffic Impact Study that is reviewed and approved by Pima County is necessary to confirm whether the roadway is a needed as a result of Star Valley traffic. If the roadway improvements are not needed as evidenced by the updated Traffic Impact Study based on projected Star Valley build-out, the improvements will not be the responsibility of USH/SVA Star Valley, LLC.

11. Camino Verde (#18). Camino Verde will be constructed as a four-lane roadway from Wade Road/Los Reales to Valencia sometime after the year 2010 if planned build-out occurs. Adjacent property owners outside the boundary along Camino Verde (south of Valencia) would also be required to contribute towards this project if they are actively developing the property. This project would be eligible for development impact fee credit.

Pima County October 6, 2014 Summary: This is a future roadway improvement that is eligible for development impact fee credit.

USH/SVA October 15, 2014 Response: This will only be a responsibility for USH/SVA Star Valley LLC should a Traffic Impact Analysis require the improvement based on impacts from Star Valley only.

Pima County Response: The parties are in agreement that USH/SVA Star Valley, LLC will be responsible for the widening to four lanes when required based on traffic associated with Star Valley as demonstrated by an updated Traffic Impact Study that is reviewed and approved by Pima County.

12. Camino/Verde Los Reales Road Intersection (#20). This intersection will be signalized, as warranted, sometime after the year 2010. Pima County shall not participate in the funding of this improvement.

Pima County October 6, 2014 Summary: Signalization for this intersection will be determined through an updated Traffic Impact Study at the time of development of

Messrs. Alan Jones and Joseph Cesare
Re: **USH/SVA Star Valley LLC October 15, 2014 Response Settlement Terms**
October 31, 2014
Page 7

commercial Blocks 11, 12, 16 and 17. Pima County will not participate in funding of this improvement.

USH/SVA October 15, 2014 Response: The signal at Camino Verde and Los Reales will be installed only when required by a TIA and will be at the cost of USH/SVA Star Valley LLC.

Pima County Response: The parties are in agreement that USH/SVA Star Valley, LLC will be responsible for signal installation when required by an updated Traffic Impact Study that is reviewed and approved by Pima County.

Delinquent Tax Payment

Pima County October 6, 2014 Summary: In addition to the identified improvements and as part of settlement, UHS/SVA has agreed to pay the delinquent 2013 taxes by October 15, 2014 and pay the 2014 taxes when due in November 2014.

USH/SVA October 15, 2014 Response: All past due taxes and taxes due by November 1, 2014 were paid on October 10, 2014.

Pima County Response: Acknowledged

Settlement Terms and Claims Dismissal

Pima County October 6, 2014 Summary: The above represents our understanding of the general terms of settlement of the outstanding dispute between UHS/SVA Star Valley, LLC and Pima County. As part of settlement, all pending litigation and claims against the County, including those filed by Mr. Joseph R. Cesare in his personal capacity and in his capacity as shareholder, director and Vice President of SVA Corporation, will be dismissed. Pima County will likewise dismiss its counterclaim filed against USH/SVA Star Valley, LLC.

USH/SVA October 15, 2014 Response: USH/SVA Star Valley LLC will dismiss with prejudice its claims in Pima County Superior Court Case No. C2014 4304 and Pima County shall dismiss its Counter-claims with prejudice. The parties shall execute a mutually agreed upon mutual settlement agreement and release.

Pima County Response: The parties are not in agreement. In addition to dismissal with prejudice of the claims in Pima County Superior Court Case No. C20144304 and Pima County's Counterclaims, all other pending litigation and claims against the County, or its employees that have arisen or could arise out of the facts leading up to the settlement, including those filed by Mr. Joseph R. Cesare in his personal capacity and in his capacity as shareholder, director and Vice President of SVA Corporation, must either be dismissed

Messrs. Alan Jones and Joseph Cesare
Re: **USH/SVA Star Valley LLC October 15, 2014 Response Settlement Terms**
October 31, 2014
Page 8

with prejudice, if already filed, or released, if not yet filed. Dismissal or release shall include the August 13, 2014 Notice of Claim pursuant to ARS 12-821.01 submitted by Munger Chadwick, PLC, on behalf of Joseph R. Cesare in his personal capacity and in his capacity as the shareholder, director and vice-president of SVA Corporation, and Pima County Superior Court Case No. C20145528 filed on October 17, 2014 related to the Valencia Road improvement project that continues to make false and defamatory claims about the County's actions related to the Star Valley development.

Expedited Plan Approval

Pima County October 6, 2014 Summary: Not included.

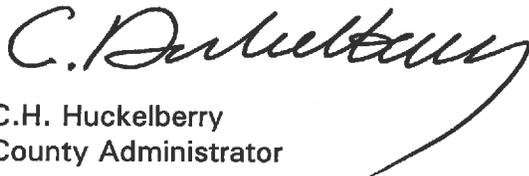
USH/SVA October 15, 2014 Response: The County will agree to expedited reviews for the re-approval of the Improvement Plans for Blocks 4, 7 and 8. It is also agreed that for as long as the engineer of record confirms that the codes have not changed to warrant any modification for these plans, the County will re-approve these plans as originally drafted.

Pima County Response: Upon execution of a settlement agreement, Pima County will perform an expedited plan review for the Improvement Plans for Blocks 4, 7 and 8 and will re-approve plans as originally drafted provided that no codes have changed that warrant modification. Full plan review fees will be paid by USH/SVA Star Valley, LLC.

Based on the above, significant progress has been made toward reaching a settlement. However, the identified disputed items regarding development obligations and claims dismissal must be resolved before we can proceed with preparation of the appropriate settlement documents.

We look forward to your response to these important items.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/mjk

Attachments

c: John Bernal, Deputy County Administrator for Public Works
Carmine DeBonis, Jr., Director, Development Services



USH/SVA STAR VALLEY, L.L.C.

C/O BROADWAY REALTY & TRUST
4855 E. Broadway, Suite 103, Tucson, Arizona 85711 (Street Address)
Telephone (520) 747-5700

October 15, 2014

County Administrator's Office
Attn.: Chuck Huckelberry, County Administrator
130 W. Congress Street, 10th Floor
Tucson, Arizona 85701-1317

Re: USH/SVA Star Valley LLC's response to Settlement Terms indicated in letter dated October 6, 2014

Dear Mr. Huckelberry.

The purpose of this letter is to clarify some of items that were represented in the letter you sent dated October 6, 2014. This letter represents in general terms our position and understand that the detail can be addressed in the development agreement. We have basically utilized the format of your letter to respond.

Item 1 (Inside Project Boundary)

Wade Road will be extended to Camino Verde as a two-lane roadway in the years 2002-2003.

Pima County Response October 6, 2014:

The County agrees that this improvement has been complete

USH/SVA Star Valley LLC:

No response necessary

Item 2 (Inside Project Boundary)

Camino Verde will be constructed as a two-lane roadway from Wade Road/Los Reales Road to the development plan boundary in the years 2002-2003

Pima County Response October 6, 2014:

The County agrees that this improvement has been complete

USH/SVA STAR VALLEY LLC:

No response necessary

Item 3 (Outside Project Boundary)

Camino Verde will be constructed as a two-lane roadway from the development plan boundary north to Valencia Road in the years 2005-2010. This will be an at-grade roadway.

Pima County Response October 6, 2014:

This improvement has not been completed. Pima County has completed the design of this roadway segment and has awarded a construction contract to The Ashton Co., Inc. for this work. The USH/SVA Star Valley, LLC funding obligation for these improvements can be satisfied by reimbursement to the County through an additional roadway impact fee surcharge, such as \$1,500 per residence. This additional roadway impact fee surcharge would be paid at the time of building permit issuance for the construction of the remaining housing units over a defined period of time, such as a 10-year project build-out period; or other staggered surcharge amount and time period acceptable to the County. Repayment of the roadway design and construction costs will not incur interest. Copies of the plans for the Camino Verde and the associated design and construction costs will be provided by Pima County along with the Valencia Road construction plans. Camino Verde costs are the \$969,859, and \$152,753 for the field engineering; for a total cost of \$1,501,811. As agreed, USH/SVA Star Valley, LLC will prepare a reimbursement proposal for review and acceptance by Pima County

USH/SVA STAR VALLEY LLC:

The partnership is OK with this concept. This "impact fee surcharge" will ultimately be the responsibility of the homebuilder at the time of building permit. The JV will prepare a reimbursement proposal for PC review. This will need to be done prior to the execution of the final agreement with Pima County. USH/SVA Star Valley LLC's exposure will be capped at \$1,501,811.00.

Item 4 (Outside Project Boundary)

Camino Verde/Valencia Road Intersection will be signalized, as warranted, between the years 2005-2010. Pima County and Star Valley will share in the funding of this improvement.

Pima County Response October 6, 2014:

Pima County will pay for the traffic signal installation at this location

USH/SVA STAR VALLEY LLC:

No response necessary

Item 5 (Outside Project Boundary)

Wade Road/Valencia Road Intersection will be signalized, as warranted, between the years 2005-2010. Pima County and Star Valley will share in the funding of this improvement.

Pima County Response October 6, 2014:

Pima County has installed a temporary signal. The permanent signal will be installed with the Valencia Road improvements. USH/SVA Star Valley, LLC will reimburse Pima County \$147,676.50 for one-half of the cost of the permanent traffic signal. Pima County will establish a total project cost to be reimbursed by USH/SVA Star Valley, LLC in fulfillment of this condition. Payment may be factored into the above reimbursement proposal and stipulated in the subsequent development agreement.

USH/SVA STAR VALLEY LLC:

USH/SVA Star Valley LLC agrees with Item #5 with our exposure being capped at \$147,676.50. This cost will also need to be added to the Impact Fee Surcharge discussed in Item #3 above.

Item 6 (Inside Project Boundary)

Los Reales Road will be constructed as a two-lane roadway from Camino Verde Road to Viviana Road in the years 2002-2003.

Pima County Response October 6, 2014:

USH/SVA Star Valley, LLC will construct this improvement at the time of development of the adjacent Blocks 21, 25 and 19. The improvements will be completed prior to the release of these blocks from assurance trust or any lots within, or the provision of substitute assurances agreeable to Pima County.

USH/SVA STAR VALLEY LLC:

We agree with the above concept as long as it is understood that each Block will be able to have separate independent Assurance Agreements.

Item 7 (Outside Project Boundary)

Los Reales Road will be constructed as a two-lane roadway from Viviana Road to the development plan boundary sometime after the year 2010.

Pima County Response October 6, 2014:

This improvement is no longer needed due to the sale of blocks east of the Viviana alignment and south of the Los Reales alignment to the Pascua Yaqui Tribe.

USH/SVA STAR VALLEY LLC:

No response needed

Item 8 (Outside Project Boundary)

Viviana Road will be constructed as a two-lane roadway from Los Reales Road to Valencia Road sometime after the year 2010 if planned build-out occurs. This roadway would be constructed as an at-grade roadway.

Pima County Response October 6, 2014:

This improvement is no longer needed do to the sale of land to the Pascua Yaqui Tribe. The portion of the alignment within State Land will be constructed and paid for by the future developers of the State Land as necessary to serve that development. Access for Block 21 can be from Los Reales between Camino Verde and the Viviana alignment as referenced in Item 6 above. Provisions for access for Block 19 will be established through Block 21. Additional access to Blocks 19 and 21 will be established from Camino Verde access State land north of Block 18. USH/SVA Star Valley, LLC will be responsible for roadway construction costs, and Pima County will pay for the major drainage channel crossing cost using available impact fees because of the additional traffic carrying capacity to serve the development provided by the implementation of this roadway. Pima County will assist with the application to the Arizona State Land Department for right of way. As agreed, USH/SVA Star Valley, LLC will develop and provide to Pima County a cost estimate for right of way and roadway construction costs.

USH/SVA STAR VALLEY LLC:

USH/SVA Star Valley LLC would like to have the option to build the least expensive alternative route between Pima County's suggestion above and building an at-grade road within the current Viviana alignment north of Block 19.

Item 9 (Inside Project Boundary)

Camino Verde will be constructed as a two-land roadway to tie into Yedra Road in the years 2002-2003. The actual connection to Yedra Road shall not occur until Yedra Road has been improved (See item 10).

Pima County Response October 6, 2014:

This improvement has been completed

USH/SVA STAR VALLEY LLC:

No response needed

Item 10 (Outside Project Boundary)

Yedra Road will be improved as a two-lane roadway from Camino Verde to Vahalla Road. The actual connection to Camino Verde shall not occur until this roadway improvement is complete. The project would be eligible for development impact fee credit. Pima County shall be responsible for right-of-way acquisition and clearance of encroachment. Pima County will exercise its power to require the Utility companies to relocate their facilities necessary for road construction.

Pima County Response October 6, 2014:

This improvement has been completed to the west boundary of the Star Valley development. The remaining segment from the west project boundary to Vahalla will be constructed by USH/SVA Star Valley, LLC when determined necessary by updated Traffic Impact Study. Construction of this segment is eligible for development impact fee credit.

USH/SVA STAR VALLEY LLC:

This is contrary to our understanding of the meeting discussion. USH/SVA Star Valley LLC did not agree to this improvement. It was decided at the meeting that there was no benefit or need for this alignment to Star Valley. If this alignment is desired in the future then that party who desires that alignment can construct the improvement.

Item 11 (Outside Project Boundary)

Camino Verde will be constructed as a four-lane roadway from Wade Road/Leos Reales Road to Valencia Road sometime after the year 2010 if planned build-out occurs. Adjacent property owner outside the project boundary along Camino Verde (south of Valencia) would also be required to contribute towards this project if they are actively developing the property. This project would be eligible for development impact fee credit.

Pima County Response October 6, 2014:

This is a future roadway improvement that is eligible for development impact fee credits.

USH/SVA STAR VALLEY LLC:

This will only be a responsibility for USH/SVA Star Valley LLC should a Traffic Impact Analysis require the improvement based on impacts from Star Valley only.

Item 12 (Inside Project Boundary)

Camino Verde/Los Reales Road Intersection will be signalized, as warranted, sometime after the year 2010. Pima County shall not participate in the funding of this improvement.

Pima County Response October 6, 2014:

Signalization for this intersection will be determined through an updated Traffic Impact Study at the time of development of commercial Blocks 11, 12, 16 and 17. Pima County will not participate in the funding of this improvement.

USH/SVA STAR VALLEY LLC:

The signal at Camino Verde and Los Reales will be installed only when required by a TIA and will be at the cost of USH/SVA Star Valley LLC.

Miscellaneous

A)

Pima County Response October 6, 2014:

In addition to the identified improvements and as part of settlement, USH/SVA has agreed to pay all delinquent 2013 taxes by October 15, 2014 and to pay 2014 taxes when due in November 2014.

USH/SVA STAR VALLEY LLC:

All past due taxes and taxes due by November 1, 2014 were paid on October 10, 2014.

B)

Pima County Response October 6, 2014:

The above represents our understanding of the general terms of settlement of the outstanding dispute between USH/SVA, LLC and Pima County. As part of settlement, all pending litigation and claims against the County, including those filed by Mr. Joseph R. Cesare in his personal capacity and in his capacity as shareholder, director and Vice President of SVA Corporation, will be dismissed. Pima County will likewise dismiss its counterclaim filed against USH/SVA Star Valley, LLC.

USH/SVA STAR VALLEY LLC:

USH/SVA Star Valley LLC will dismiss with prejudice its claims in Pima County Superior Court Case No. C2014 4304 and Pima County shall dismiss its Counter-claims with prejudice. The parties shall execute a mutually agreed upon mutual settlement agreement and release.

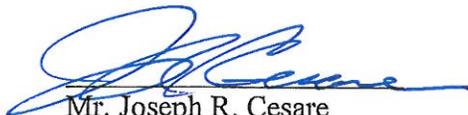
Additional Consideration

USH/SVA STAR VALLEY LLC:

The County will agree to expedited reviews for the re-approval of the Improvement Plans for Blocks 4, 7 and 8. It is also agreed that for as long as the engineer of record confirms that the codes have not changed to warrant any modification for these plans, the County will re-approve these plans as originally drafted.

The above represents the general terms in which USH/SVA Star Valley LLC is willing to settle the dispute between Pima County and USH/SVA Star Valley LLC. Our hopes are that Pima County will accept the above conditions so the parties can begin the preparation of the development agreement and litigation settlement documents.

Sincerely,



Mr. Joseph R. Cesare
USH/SVA Star Valley LLC



Mr. Alan M. Jones
USH/SVA Star Valley LLC



MEMORANDUM

Date: October 6, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Settlement of Dispute Regarding Star Valley**

Attached is a proposed settlement letter to Mr. Alan Jones of Lennar Homes and Mr. Joseph Cesare of SVA Corporation. The letter summarizes discussions held between the parties on October 2, 2014. We are hopeful an amicable agreement can be reached to resolve the differences between Pima County, Lennar Homes, and Mr. Cesare.

Based on conceptual approval of the terms and conditions contained in the letter, the County will not schedule the abandonment plat for Blocks 4, 7 and 8 for the November 4, 2014 Board of Supervisors agenda. We are hopeful this action will not be necessary and that an appropriate settlement agreement can be reached, which would include a new set of assurance agreements for Star Valley.

CHH/anc

Attachment

c: Lesley Lukach, Deputy County Attorney
John Bernal, Deputy County Administrator for Public Works
Carmine DeBonis, Jr., Director, Development Services



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

October 6, 2014

Mr. Alan M. Jones
Division President, Lennar
1725 W. Greentree Drive, Suite 114
Tempe, Arizona 85284

Joseph R. Cesare, Vice President
SVA Corporation
4855 E. Broadway, Suite 103
Tucson, Arizona 85711

Re: Summary of October 2, 2014 Discussions Regarding Settlement Terms for Star Valley Infrastructure Improvements

Dear Messrs. Jones and Cesare:

This letter summarizes the points discussed on October 2, 2014 for potential settlement of the dispute regarding Star Valley roadway infrastructure improvements. Key to the discussion was the USH/SVA Star Valley, LLC acknowledgement that various construction improvements identified in the October 30, 2002 letter from McGovern, MacVittie, Lodge & Associates (MMLA) to Pima County were necessary to serve the Star Valley project. The following identifies the terms discussed for each of the improvements covered in the MMLA letter:

1. Wade Road (#5). Wade Road will be extended to Camino Verde as a two-lane roadway in years 2002-2003.

This improvement has been completed.

2. Camino Verde (#6). Camino Verde will be constructed as a two-lane roadway from Wade Road/Los Reales to the development plan boundary in years 2002-2003.

This improvement has been completed.

Messrs. Alan Jones and Joseph Cesare

Re: **Summary of October 2, 2014 Discussions Regarding Settlement Terms for Star Valley Infrastructure Improvements**

October 6, 2014

Page 2

3. Camino Verde (#7). Camino Verde will be constructed as a two-lane roadway from the development plan boundary north Valencia Road in the years 2005-2010. This roadway will be an at-grade roadway.

This improvement has not been completed. Pima County has completed the design of this roadway segment and has awarded a construction contract to The Ashton Co., Inc. for this work. The USH/SVA Star Valley, LLC funding obligation for these improvements can be satisfied by reimbursement to the County through an additional roadway impact fee surcharge, such as \$1,500 per residence. This surcharge would be paid at the time of building permit issuance for the construction of the remaining housing units over a defined period of time, such as a 10-year project build-out period; or other staggered surcharge amount and time period acceptable to the County. Repayment of the roadway design and construction costs will not incur interest. Copies of the plans for Camino Verde and the associated design and construction costs will be provided by Pima County, along with the Valencia Road construction plans. Camino Verde costs are the \$969,859 construction bid from Ashton), \$291,653 for design, a \$48,493 contingency for unforeseen conditions, post-design engineering in the amount of \$39,053, and \$152,753 for field engineering; for a total cost of \$1,501,811. As agreed, USH/SVA Star Valley, LLC will prepare a reimbursement proposal for review and acceptance by Pima County.

4. Camino Verde/Valencia Road Intersection (#8). This intersection will be signalized, as warranted, between years 2005 and 2010. Pima County and Star Valley will share in the funding of this improvement.

Pima County will pay for the traffic signal installation at this location.

5. Wade Road/Valencia Road Intersection (#9). This intersection will be signalized, as warranted, between years 2005 and 2010. Pima County and Star Valley will share in the funding of this improvement.

Pima County has installed a temporary traffic signal. The permanent signal will be installed with the Valencia Road improvements. USH/SVA Star Valley, LLC will reimburse Pima County \$147,676.50 for one-half of the cost of the permanent traffic signal. Pima County will establish a total project cost to be reimbursed by USH/SVA Star Valley, LLC in fulfillment of this condition. Payment may be factored into the above reimbursement proposal and stipulated in the subsequent development agreement.

Messrs. Alan Jones and Joseph Cesare

Re: **Summary of October 2, 2014 Discussions Regarding Settlement Terms for Star Valley Infrastructure Improvements**

October 6, 2014

Page 3

6. Los Reales Road (#12). Los Reales Road will be constructed as a two-lane roadway from Camino Verde to Viviana in the years 2002-2003.

USH/SVA Star Valley, LLC will construct this improvement at the time of development of adjacent Blocks 21, 25 and 19. The improvements will be completed prior to the release of these blocks from assurance trust or any lots within, or the provision of substitute assurances agreeable to Pima County.

7. Los Reales Road (#13). Los Reales Road will be constructed as a two-lane roadway from Viviana Road to the development plan boundary sometime after the year 2010.

This improvement is no longer needed due to the sale of blocks east of the Viviana alignment and south of the Los Reales alignment to the Pascua Yaqui Tribe.

8. Viviana Road (#14). Viviana Road will be constructed as a two-lane roadway from Los Reales Road to Valencia Road sometime after the year 2010 if planned build-out occurs. This roadway would be constructed as an at-grade roadway.

This improvement is no longer needed due to the sale of land to the Pascua Yaqui Tribe. The portion of the alignment within State land will be constructed and paid for by the future developers of the State land as necessary to serve that development. Access for Block 21 can be from Los Reales between Camino Verde and the Viviana alignment as referenced in Item 6 above. Provision for access for Block 19 will be established through Block 21. Additional access to Blocks 19 and 21 will be established from Camino Verde across State land north of Block 18. USH/SVA Star Valley, LLC will be responsible for roadway construction costs, and Pima County will pay for the major drainage channel crossing cost using available impact fees because of the additional traffic carrying capacity to serve the development provided by the implementation of this roadway. Pima County will assist with application to the Arizona State Land Department for right of way. As agreed, USH/SVA Star Valley, LLC will develop and provide to Pima County a cost estimate for right of way and roadway construction costs.

9. Camino Verde (#15). Camino Verde will be constructed as a two-lane roadway to tie into Yedra Road in the years 2002-2003. The actual connection to Yedra shall not occur until Yedra has been improved (see Item 10).

This improvement has been completed.

10. Yedra Road (#16). Yedra Road will be improved as a two-lane roadway from Camino Verde to Vahalla Road. The actual connection to Camino Verde shall not

Messrs. Alan Jones and Joseph Cesare

Re: **Summary of October 2, 2014 Discussions Regarding Settlement Terms for Star Valley Infrastructure Improvements**

October 6, 2014

Page 4

occur until this roadway is complete. This roadway would be constructed as an at-grade roadway. This project would be eligible for development impact fee credit. Pima County shall be responsible for right-of-way acquisition and clearance of encroachments. Pima County will exercise its power to require Utility Companies to relocate their facilities necessary for roadway construction.

This improvement has been completed to the west boundary of the Star Valley development. The remaining segment from the west project boundary to Vahalla will be constructed by USH/SVA Star Valley, LLC when determined necessary by an updated Traffic Impact Study. Construction of this segment is eligible for development impact fee credit.

11. Camino Verde (#18). Camino Verde will be constructed as a four-lane roadway from Wade Road/Los Reales to Valencia sometime after the year 2010 if planned build-out occurs. Adjacent property owners outside the boundary along Camino Verde (south of Valencia) would also be required to contribute towards this project if they are actively developing the property. This project would be eligible for development impact fee credit.

This is a future roadway improvement that is eligible for development impact fee credit.

12. Camino Verde/Los Reales Road Intersection (#20). This intersection will be signalized, as warranted, sometime after the year 2010. Pima County shall not participate in the funding of this improvement.

Signalization for this intersection will be determined through an updated Traffic Impact Study at the time of development of commercial Blocks 11, 12, 16 and 17. Pima County will not participate in the funding of this improvement.

In addition to the identified improvements and as part of settlement, USH/SVA has agreed to pay all delinquent 2013 taxes by October 15, 2014 and to pay 2014 taxes when due in November 2014.

The above represents our understanding of the general terms of settlement of the outstanding dispute between USH/SVA Star Valley, LLC and Pima County. As part of settlement, all pending litigation and claims against the County, including those filed by Mr. Joseph R. Cesare in his personal capacity and in his capacity as shareholder, director and Vice President of SVA Corporation, will be dismissed. Pima County will likewise dismiss its counterclaim filed against USH/SVA Star Valley, LLC.

Messrs. Alan Jones and Joseph Cesare
Re: **Summary of October 2, 2014 Discussions Regarding Settlement Terms for Star Valley
Infrastructure Improvements**

October 6, 2014

Page 5

Based on our discussions, Pima County will withhold scheduling of the abandonment plat for Blocks 4, 7 and 8 on the November 4, 2014 Board of Supervisors agenda. Your written concurrence with these terms is requested by October 10, 2014 in order to begin preparation of the appropriate development agreement and ligation settlement documents.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/mjk

c: Lesley Lukach, Deputy County Attorney
John Bernal, Deputy County Administrator for Public Works
Carmin DeBonis, Jr., Director, Development Services

RESOLUTION 2014 - 82

PIMA COUNTY RESOLUTION AUTHORIZING THE ABANDONMENT AND RE-PLAT OF SUBDIVISION PLATS FOR STAR VALLEY BLOCKS 4, 7, AND 8 TO RETURN ALL OR PORTIONS OF THE BLOCKS TO THE BOUNDARY CONFIGURATIONS AS THEY EXISTED BEFORE THE RECORDING OF THE PLATS FOR THE BLOCKS

The Board of Supervisors of Pima County, Arizona finds:

1. On December 1, 1987, in accordance with its powers and authority under A.R.S. §11-807, the Board of Supervisors adopted the Star Valley Specific Plan (as enacted by Ordinance 1987-64) recorded in Docket 8235 page 874-1047 of the Pima County Recorder's office. The Star Valley Specific Plan was adopted subject to certain conditions including but not limited to the provision of development related assurances and provision of a transportation improvement financing plan and transportation system implementation plan (collectively, "Transportation Plans").
2. On November 7, 2002, a Master Block Plat for Star Valley, Blocks 1 -30 (P1200-184), was recorded in Pima County Maps and Plats, Book 56, Page 55 after agreement was reached with Pima County on October 30, 2002 for the Department of Transportation's terms for the Transportation Plans. Assurances were posted in the form of a third-party trust agreement, Trust Numbers T-1330 and T-1440 from Title Guaranty Agency of Arizona as recorded in Docket 11922 at page 3214.
3. On December 19, 2006, Star Valley Block 4 Subdivision Plat (P1205-093) was recorded in Pima County Maps and Plats, Book 62, Page 5, creating lots 1-572 and common area. Additional assurances were posted for Trust No. T-1330 from Title Guaranty Agency of Arizona and recorded in Docket 12954, page 2527.
4. On April, 25, 2007, Star Valley Block 8 Subdivision Plat (P1205-103) was recorded in Pima County Maps and Plats, Book 62, Page 46, creating lots 1-239 and common areas. Additional assurances were posted for Trust No. T-1330 from Title Guaranty Agency of Arizona and recorded in Docket 13041, Page 2535.
5. On April, 25, 2007, Star Valley Block 7 Subdivision Plat (P1206-075) was recorded in Pima County Maps and Plats, Book 62, Page 47, creating lots 240-507 and common areas. Additional assurances were posted for Trust No. T-1330 from Title Guaranty Agency of Arizona and recorded in Docket 13041, page 3118.
6. On or about September 11, 2008, a deed was recorded transferring ownership of Star Valley Blocks 4, 7, and 8 from Title Guaranty to Stewart Title & Trust of Tucson, without Pima County's permission and in

violation of the Assurance Agreements. No new Assurance Agreements have been substituted for Blocks 4, 7, and 8 which is a violation of the Pima County Code and A.R.S. §11-821.

7. On November 29, 2012, the Department of Transportation made an initial demand for half the cost of the traffic signal at Wade Road and Valencia Road in accordance with the terms of the agreed Transportation Plans. The Star Valley development entity, USH/SVA Star Valley, LLC, has refused to pay their share of the traffic signal despite subsequent communications and notice of violations.

8. On November 29, 2012, the Department of Transportation also made an initial demand for the Star Valley development entity to design and construct Camino Verde as required by the agreed Transportation Plans. The Star Valley development entity, USH/SVA Star Valley, LLC, has refused to design and construct Camino Verde.

9. Due to traffic capacity and congestion issues on Wade Road, Pima County has proceeded with the design and is planning construction of Camino Verde and has installed a stoplight at Wade Road and Valencia Road, but will seek reimbursement from the Star Valley development entity. The Development Entity USH/SVA Star Valley, LLC is in default of its obligations under the agreed Transportation Plans.

10. Each Assurance Agreement includes paragraph 2.11 *Completion of Subdivision Improvements* which provides that subdivision improvements must be completed not more than four 4 years after the date of the agreement.

11. Each Assurance Agreement also includes Paragraph 2.13 *County's Option to Re-Plat Upon Default* which states: "At the County's sole option, if the developer defaults in its obligations, the county may re-plat all or a portion of the land, returning the land to the same boundary configurations of record which existed before the recording of the Subdivision Plat."

12. Subdivision improvements have not been completed for Star Valley Blocks 4, 7, and 8, and more than four years from the date of each Assurance Agreement has elapsed. Not only were on-site subdivision improvements not made but the off-site improvements were not made when requested under the terms of the agreed Transportation Plans.

13. On July 10, 2014, in accordance with the terms of the Assurance Agreements and Pima County Board of Supervisors Policy F 53.4, a thirty (30) day written notice was given to the development entity USH/SVA Star Valley, LLC and Stewart Title & Trust, by certified mail, advising them of the default under the Assurance Agreements and the County's intent to re-plat Blocks 4, 7 and 8.

NOW, THEREFORE, BE IT RESOLVED, that the Pima County Board of Supervisors hereby authorizes and directs the abandonment and re-plat of all or portions of Star Valley Blocks 4, 7, and 8, in accordance with the Assurance Agreements. The Board of Supervisors directs staff to take any and all steps reasonably necessary to prepare appropriate plats, schedule those plats for Pima County Board of Supervisors' approval in accordance with A.R.S. § 11-822 and Pima County Code Chapter 18.69, and recover all costs from the USH/SVA Star Valley, LLC.

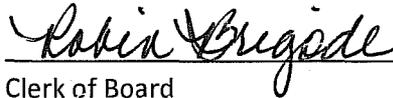
PASSED AND ADOPTED by the Board of Supervisors, Pima County, Arizona, this 18th day of August, 2014



Chair, Board of Supervisors

AUG 18 2014

ATTEST:



Clerk of Board

APPROVED AS TO FORM:



Deputy County Attorney



July 10, 2014

USH/SVA Star Valley, LLC
c/o Hugh M. Caldwell Jr., Statutory Agent
5210 E. Williams Circle, #800
Tucson, AZ 85711

Stewart Title & Trust of Tucson
Trustee, Trust No. 3701
3939 E. Broadway
Tucson, AZ 85711

**Re: Notice of Default and Intent to Re-Plat:
Star Valley Block 4, Book 62 of Maps and Plats, Page 5;
Star Valley Block 7, Book 62 of Maps and Plats, Page 47;
Star Valley Block 8, Book 62 of Maps and Plats, Page 46**

Dear Subdivider and Owner:

The subdivider, trustee and owner are entitled to notice of intent to re-plat. USH/SVA Star Valley LLC is the Subdivider under the Star Valley Blocks 4, 7, and 8 Assurance Agreements. And, Stewart Title & Trust of Tucson, as Trustee under Trust No. 3701, appears to be the owner of record of Star Valley Blocks 4, 7, and 8. Title Guaranty Agency of Arizona, Inc., as Trustee under Trust No. T-1330, is listed as the Trustee under the Assurance Agreements; but, it has been administratively dissolved since July 2009 and the records of the Arizona Corporation Commission indicate that it has an "undeliverable domestic address."

USH/SVA Star Valley LLC is in default of the terms of the Assurance Agreements related to Star Valley Blocks 4, 7, and 8. Those Assurance Agreements are recorded in the Office of the Pima County Recorder at the following: Docket 12954 at Page 2527; Docket 13041 at Page 3118, and Docket 13041 at Page 2535. Pima County intends to exercise its option to re-plat under paragraph 2.13 of the Assurance Agreements.

On July 1, 2014, the Pima County Board of Supervisors directed Development Services to send a 30-day notice of intent to re-plat Blocks 4, 7, and 8 of Star Valley. On the same day, the Board of Supervisors adopted a policy that outlines the steps for initiating the re-platting process. The Policy F.53.4 is included for your reference.

The County's decision to initiate its option to re-plat primarily relied on these factors:

1. Failure to complete subdivisions' improvements within the time allowed by the Assurance Agreements for Star Valley Blocks 4, 7, and 8;

USH/SVA Star Valley, LLC
Stewart Title & Trust of Tucson

Notice of Default and Intent to Re-Plat:

Star Valley Block 4, Book 62 of Maps and Plats, Page 5;
Star Valley Block 7, Book 62 of Maps and Plats, Page 47;
Star Valley Block 8, Book 62 of Maps and Plats, Page 46

July 10, 2014

Page 2

2. Lack of proper Assurance Trust Agreements and transfer of title without Pima County authorization. Title to the lots in Blocks 4, 7, and 8 was transferred to Stewart Title without authorization and in violation of the terms of the Assurance Agreements;
3. Failure to comply with the terms of the transportation financing and implementation plan, and associated conditions of rezoning for the Star Valley Specific Plan, including, but not limited to, failure to share the cost of the signal at Wade Road and Valencia Road and failure to design and construct Camino Verde as a two lane road from the Property Boundary north to Valencia Road; and,
4. Changes in surrounding conditions.

Pima County Board of Supervisors Policy F.53.4 allows the property owner to cure the default with new agreements acceptable to Pima County that will fulfill the obligations and ensure performance. If you elect to cure the default in this manner, the County may at its discretion cease the re-platting process.

In accordance with the terms of the Policy, not less than 30 days after the date of this notice, Development Services will place a resolution on a Pima County Board of Supervisors meeting agenda directing staff to commence the re-platting process for Star Valley Blocks 4, 7, and 8. Board of Supervisors agendas can be accessed on the Clerk of the Board website at http://webcms.pima.gov/government/clerk_of_the_board/

Sincerely,



Carmine DeBonis Jr.
Development Services Director

c: SVA Corporation, Member, USH/SVA Star Valley, LLC
P.O. Box 12863
Tucson, AZ 85732

US Home Corporation, Member, USH/SVA Star Valley, LLC
5151 E. Broadway Blvd. #1100
Tucson, AZ 85711

Stewart Title & Trust of Tucson
c/o CT Corporation System, Statutory Agent
2390 E. Camelback Rd.
Phoenix, AZ 85016

US Home Corporation
c/o CT Corporation System, Statutory Agent
2394 E. Camelback Rd.
Phoenix, AZ 85016

USH/SVA Star Valley, LLC
Stewart Title & Trust of Tucson

Notice of Default and Intent to Re-Plat:

Star Valley Block 4, Book 62 of Maps and Plats, Page 5;
Star Valley Block 7, Book 62 of Maps and Plats, Page 47;
Star Valley Block 8, Book 62 of Maps and Plats, Page 46

July 10, 2014

Page 3

Richard Beckwitt, President
US Home Corporation
700 NW 107th Ave. #400
Miami, FL 33172

Lawrence A. Cesare, President
Joseph R. Cesare, Vice President
SVA Corporation
4855 E. Broadway Blvd. #103
Tucson, AZ 85711



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

Subject: Subdivision Assurance Agreements – Time Extension, Substitute Assurance and Re-Platting	Policy Number	Page
	F 53.4	Page 1 of 3

Purpose

The Pima County Board of Supervisors regulates the subdivision of lands with the goal of ensuring public safety, the provision of necessary infrastructure and adherence to adopted County regulations. The Board has adopted regulations to ensure the completion of improvements through the posting of assurances by the development entity in order to protect home-buying consumers. The assurance agreement contains a four (4) year time frame to complete the improvements. This policy addresses the appropriate course of action for extending or renewing an assurance agreement, determining when updates are needed based on changing conditions and re-platting a subdivision based on a default of the assurance agreement.

Background

State law requires an assurance with each subdivision plat that ensures completion of subdivision improvements. Per ARS §11-821.C the assurances can take many forms and guarantee that the lots will not be sold to unsuspecting buyers without necessary infrastructure. Although Pima County Code 18.69.070 allows various forms of assurances such as bonds, letters of credit or cash, the most common form of assurance is the placement of title to the subdivision into a third-party trust. Pima County issues authorization to release lots after the improvements have been inspected and approved.

The assurance agreement specifies a date by which the improvements shall be completed, which is four (4) years from the date of the agreement. The time limit enables the County to assess whether conditions or standards have changed that would substantially impact the plat configuration and potentially warrant a change to the subdivision plat. If not in default, the developer may request a time extension or other substitute assurance agreement. If in default, the County has the option to re-plat the subdivision or, in some cases, the option to re-confirm compliance of the subdivision with current regulations and conditions.

Since 2006, the period referred to as the Great Recession, several subdivision plats and master block plats exist where improvements have not been completed and the construction timeframe in the assurance agreement has expired. In many instances the failure to construct improvements within the timeframe does not present an immediate problem since none of the subdivision lots have been released from the assurance trust for sale to consumers and the surrounding conditions have not changed. However, in partially constructed developments where some lots have been released and sold prior to completion of all infrastructure, as well as in older subdivisions with outdated traffic and hydrology studies or delinquent taxes that could result in lots being conveyed out of the assurance trust without necessary infrastructure, it is in the best interest of the County to consider exercising its option to re-plat.

Policy

- A. For agreements that are not in default: Prior to the County authorizing a time extension or other substitute assurance agreement, the following shall occur:



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

Subject: Subdivision Assurance Agreements – Time Extension, Substitute Assurance and Re-Platting	Policy Number	Page
	F 53.4	Page 2 of 3

1. Developer initiated time extension or substitute assurance requests shall be submitted in writing to the Development Services Department for consideration.
 2. Development Services shall consult with the Department of Transportation, Regional Flood Control District and Regional Wastewater Reclamation Department.
 3. The departments shall provide recommendations to the Development Services Director or designee on whether a time extension or other substitute assurance agreement should be granted. Department recommendations should consider the following criteria:
 - a. Status of required on-site and off-site improvements and prospective completion date for unfinished improvements.
 - b. Change in surrounding conditions or adopted codes that warrant an updated traffic study, drainage study, capacity allocation evaluation or other similar documentation updates.
 - c. Presence of tax liens on the subdivision lots or blocks.
 - d. Adherence to conditions of the assurance agreement, rezoning, development agreement or other code or ordinance.
 - e. Effect that required improvements have on the overall required infrastructure, previously released lots and remaining unreleased lots.
 4. Upon receipt of department recommendations, a time extension or other substitute assurance agreement may be granted, with appropriate conditions as warranted, by authority of the County Administrator in accordance with Resolution 1986-03 which is hereby delegated to the Development Services Director.
 5. Upon receipt of a department recommendation against a time extension or other substitute assurance agreement, the property owner may revise the plat per Section C below.
- B. For agreements that are in default: The Development Services Director or designee may, at his sole discretion, initiate the County's option to re-plat or allow the property owner to cure the default per Section C below.

Upon consideration of the criteria in Section A.3 with the Department of Transportation, Regional Flood Control District and Regional Wastewater Reclamation Department, the Development Services Director or designee may initiate the County's option to re-plat as follows:

1. Send notice of default and intent to re-plat by certified letter to the last known address of the owner of the parcels, developer and trustee on the assurance agreement. The letter



PIMA COUNTY, ARIZONA BOARD OF SUPERVISORS POLICY

Subject: Subdivision Assurance Agreements – Time Extension, Substitute Assurance and Re-Platting	Policy Number	Page
	F 53.4	Page 3 of 3

will provide notice to the owner that the County will initiate its option to re-plat by sending a resolution to Board of Supervisors for consideration no sooner than 30 days from the date of the letter.

2. Following the 30 days, the Board of Supervisors will consider a resolution directing staff to commence the re-plat process. All costs incurred by the County in re-platting will be the responsibility of the property owner.
 3. If so directed, staff will utilize an appropriately registered or licensed engineer/surveyor to prepare the re-plat. The re-plat may eliminate lot lines, roadways and common areas. The re-plat may retain regulated floodplains, hillside development designations, natural open space, easements and other regulatory features that are a condition of development. Upon staff concurrence with the prepared re-plat, the plat will be forwarded to the Board of Supervisors for consideration. The Assessor's office and Treasurer's office will be notified to facilitate property tax assessment and collection.
 4. If approved, the plat will be recorded along with the Board of Supervisor's resolution. The property owner will be notified and will be invoiced for the costs to re-plat.
- C. If required per Section A or B above, the property owner shall submit evidence to Pima County Development Services that the prior approved plat complies with current regulations, under current site conditions. Development Services shall consult with the Department of Transportation, Regional Flood Control District and Regional Wastewater Reclamation Department. If upon receipt of department recommendations, the Development Services Director or designee determines, in his sole discretion, that the approved plat complies, a time extension or substitute assurance agreement may be granted, with appropriate conditions as warranted, in accordance with Section A.4. If upon receipt of department recommendations, the Development Services Director or designee determines, in his sole discretion, that the approved plat does not comply, the property owner shall submit revisions to the plat for County review and approval, along with applicable fees and new assurances.
- D. If the property owner elects to cure the default under new agreements acceptable to Pima County that will fulfill the developer's obligation and ensure performance, the County may at its discretion cease the re-platting process.

Adoption Date: July 1, 2014

Effective Date: July 1, 2014