

effect if the City's annexation of the Property does not become effective and final pursuant to A.R.S. § 9-471(D) on or before July 30, 2005.

3. Zoning. Upon annexation, the Town shall follow the legally prescribed procedures under State and Town statutes and ordinances to zone the property comparable to the existing zoning and then consistent with the planned unit development for the Property described on Exhibit B attached hereto, the terms of which are incorporated herein by this reference (the "PUD"), so that the uses and standards as enumerated in the attached PUD can be developed as a matter of right subject to the Town's rules and regulations. The Town agrees to cooperate reasonably in processing, in an expeditious manner, any approvals of issuance of permits, plans, plats, or otherwise as may be necessary in order to allow for the development to be constructed in general conformance with the PUD.

(a) PUD Amendment. The Town and the Developer acknowledge that amendments to the PUD may be necessary from time to time. When the parties agree that changes or adjustments are necessary or appropriate from time to time they shall, unless otherwise required by Town ordinance, by state or federal statute, effectuate minor changes or adjustments through administrative amendments which may be approved by the Town's Planning Director, and which, after execution, shall be attached to the PUD as an addendum and become a part thereof. If, in the future, the Town amends one or more of its zoning designations and/or districts, Developer shall have the option to convert the zoning designation(s) under the PUD to the equivalent zoning designations under such amended development ordinance(s), subject to notice and hearing requirements of applicable law. The exercise by Developer of such option and any approval by the Town shall not be deemed to constitute or to necessitate an amendment of this Agreement, and, unless otherwise required by law, no such minor amendments shall require prior notice or hearing. All major changes or amendments shall be reviewed by the Planning Commission and approved by the Town Council. The following are major changes:

- (1) Any substantial alteration to the list of permitted uses of the Property set forth in the PUD, as deemed to be substantial by the Planning Director;
- (2) An overall increase in residential units for the Property; except as otherwise allowed by the PUD;
- (3) The reallocation of residential dwelling units within Planning Units from one planning unit to another in a manner that results in any of the following, as measured against the original land Use Density set forth in the PUD: (a) an increase in the number of residential dwelling units for any one particular Planning Unit of greater than twenty-five percent (25%) of the total number allocated to such Planning Unit in the PUD; or (b) a decrease in the number of residential dwelling units of any Planning Unit that would leave less than twenty-five percent (25%) of the total number allocated to such Planning Unit in the PUD.

The following are minor changes:

- (1) Any reallocation of residential dwelling units that does not meet the parameters set forth in subparagraph (3) immediately above;