

Agreement, in connection with CFD formation. As a condition of formation of a CFD, the Town, Developer, and CFD shall enter into an intergovernmental, financing participation, and development agreement in a form as contained in Exhibit "C". The CFD agrees to assume responsibility for the ownership, operation and maintenance of completed public infrastructure financed, acquired and/or constructed by one or more CFDs. Any CFD shall cause to be levied a CFD operation and maintenance tax on properties within the district and Owner shall provide additional funds for CFD operation as provided for in Exhibit "C." The Town agrees to cooperate and pursue intergovernmental agreements with other public bodies, as applicable, to secure the ownership, operation and maintenance of completed public infrastructure acquired or constructed with CFD funds that are typically not owned, operated and maintained by the Town. Town agrees to be obligated for all costs associated with any and all oversizing requested by the Town. The Town, Developer, Owner and CFD agree that a district shall not be formed without the express written consent of the then current property owner.

10. Town Services.

a) Town shall provide Town water and sewer services required for the property. Upon annexation, Town shall provide all Town services to the Property, including but not limited to, water, sewer, trash collection, police and fire protection and all other services typically provided by the Town to its residents to the same extent and upon the same terms and conditions as those services are being provided to other properties throughout the Town.

b) Non-potable water service. Developer reserves its right to provide non-potable water service to the common areas of the Development, using Type 1, non-irrigation grandfathered rights or other means. Prior to the commencement of water service by Town, to the first lot in the Development, Developer shall inform Town whether Developer will provide such non-potable water service. If Developer decides not to provide non-potable water service to the common areas of the Development, Town shall provide non-potable water service to the common areas. Town agrees to enter into effluent water Agreement to supply the Property. Developer agrees to extinguish the Type I water rights as soon as effluent water is available to the Property, in a capacity sufficient to serve the Property Common Areas. Developer shall have the right to use the well water for construction purposes. Town and Developer agree that Developer shall have a right to all effluent water generated from the Property.

c) The Town acknowledges that the Developer shall be entitled to use the grandfathered groundwater rights appurtenant to the Property in connection with farming and agricultural operations on the Property for so long as the Developer desires. However, at such time as a final plat for a portion of the Property is recorded, and provided that the Town holds a designation of assured water supply, and, as soon as the Developer begins construction activities, the Developer shall apply to the Arizona Department of Water Resources ("ADWR") and take any other action reasonably necessary for extinguishment of the grandfathered water rights appurtenant to that portion of the Property, and to request from ADWR that any assured water supply credits issued by ADWR as a result of such extinguishment be credited to the Town. All nonconforming uses that currently exist on the Property shall be allowed to continue and shall be allowed to expand within the Property as described on Exhibit "D".