

"Segment" means a completed, discrete portion of an Acquisition Project as determined by the District Engineer and the District Manager.

"Segment Price" means an amount equal to the sum of the amounts paid by the Owners for (1) design of the Segment (including the costs of the review of such design by the District Engineer), (2) construction of the Segment pursuant to the Acquisition Project Construction Contract for such Segment (such amount to be equal to the contract amount plus any increases to such contract amount approved as described in Section 3.5 less any change orders decreasing the contract amount), (3) inspection and supervision of performance under such Acquisition Project Construction Contract including an amount determined by the Engineers in the Certificate of Engineers for such Segment determined to be then commercially reasonable by them, but in no event less than five percent (5%) or more than ten percent (10%) of the amount described in clause (2) hereof for such Segment, for construction administration, (4) the fair market value of real property for rights of way, easements and any other interests in real property which are part of such Segment, (5) interest during the period starting after the Segment has been accepted by the Municipality for use but before the provisions of Section 7.1 hereof are effective with respect to such Segment until the Segment Price for such Segment can be paid, calculated at the rates of interest equal to the prime rate as reported in the West Coast Edition of The Wall Street Journal plus two percent (2%) from day to day on the amounts expended for purposes of clause (1), (2) and (3) hereof during such period and (6) other miscellaneous costs for such Segment attributable to construction of the Segment approved by the Engineers as certified in the Certificate of the Engineers for that Segment.

"State" means the State of Arizona.

"Total Debt Service" means, collectively, amounts for debt service for the next succeeding tax year with respect to the General Obligation Bonds and for payment of the amounts described in Section 9.1 for such year.

"Work Plans and Specifications" means, for purposes of levying the Assessments, the descriptions of the Infrastructure in the First Report and the Plans and Specifications for the corresponding Acquisition Projects, which shall compose the Work.

"Work" means the portion of the Infrastructure described in an amendment to this Agreement upon terms determined by the District Board.

(b) All references in this Agreement to designated "Exhibits," "Articles," "Sections" and other subdivisions are to the designated Exhibits, Articles, Sections and other subdivisions of this Agreement as originally executed.

(c) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Exhibit, Article, Section or other subdivision.

ARTICLE II CONSTRUCTION OF PROJECTS BY THE DISTRICT: ACQUISITION OF PLANS AND SPECIFICATIONS

Section 2.1. Upon a written request of the Owners and after approval by the District Manager prior to the construction bidding therefor, the District may cause any portion of the Infrastructure to be constructed pursuant to the Plans and Specifications in a fashion which, in the discretion of the District Manager, allows for development of the Property to proceed in accordance with the terms of the Land Development Agreement. (Underlying ownership of real property in and on which the Acquisition