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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

JUL - 3 2008

MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

DOCKETED BY 

IN THE MATTER OF THE APPLICATION OF
JOHNSON UTILITIES COMPANY, L.L.C., FOR
AN EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. WS-02987A-06-0667

DECISION NO. 70411

OPINION AND ORDER

DATE OF HEARING: April 16, 2008

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Yvette B. Kinsey

APPEARANCES: Mr. Richard L. Sallquist, Sallquist, Drummond & O'Connor, P.C. on behalf of Johnson Utilities Company, L.L.C.; and

Ms. Robin Mitchell, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On October 16, 2006, Johnson Utilities, L.L.C. ("Applicant" or "Johnson") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its water and sewer Certificates of Convenience and Necessity ("Certificate" or "CC&N") to include the developments known as Monterra, Montessa, Florence Plaza, and portions of Walker Butte located in Pinal County, Arizona.

On November 14, 2006, the Commission's Utilities Division ("Staff") filed a Letter of Insufficiency in this docket.

On January 30, 2007, Applicant filed its Response to Staff's Insufficiency Letter.

On March 2, 2007, Staff filed its second Insufficiency Letter.

On April 11, 2007, Applicant filed its Response to Staff's second Insufficiency Letter.

1 On May 8, 2007, Staff filed a Sufficiency Letter in this docket indicating that the Applicant's
2 application had met the sufficiency requirements as outlined in the Arizona Administrative Code
3 ("A.A.C.")

4 On May 14, 2007, by Procedural Order, the hearing in this matter was set for July 9, 2007.

5 On June 7, 2007, Applicant filed a Request for Continuance, stating that due to Arizona
6 Department of Water Resources ("ADWR") compliance issues the matter needed to be continued
7 indefinitely. No objections were filed to Johnson's request.

8 On June 19, 2007, by Procedural Order, Applicant's request for a continuance was granted
9 and the time clock in this matter was suspended.

10 On June 29, 2007, Johnson filed its Affidavit of Publication, stating that publication was
11 completed on June 14, 2007. Johnson also docketed a letter requesting that the July 9, 2007, hearing
12 date be reserved for public comment only.

13 On July 9, 2007, a public comment session was held and no members of the public appeared
14 to give comments.

15 On December 13, 2007, Johnson filed a Request to Set Hearing Date ("Request") stating it
16 had resolved the ADWR compliance issues and Johnson submitted a letter from ADWR authorizing
17 Johnson to continue approving and recording subdivision plats in the proposed extension area.

18 On December 19, 2007, by Procedural Order, Staff was directed to respond to Applicant's
19 Request to Set Hearing Date by January 14, 2008.

20 On January 14, 2008, Staff filed its Response to Johnson's Request to Set Hearing Date
21 stating that Staff had no objections to Applicant's request.

22 On February 12, 2008, by Procedural Order, the hearing was reset to commence on March 31,
23 2008.

24 On February 14, 2008, a telephonic procedural conference was held and the parties agreed to
25 continue the hearing.

26 On February 15, 2008, by Procedural Order, the hearing was continued to April 16, 2008, and
27 the timeclock remained suspended.

28 On March 3, 2008, Staff filed a Motion to Extend Time until March 21, 2008, to file its Staff

1 Report and to hire a witness. Staff's request for an extension of time until March 21, 2008 indicated
2 that Applicant did not oppose the extension. Staff and Applicant requested that all other time frames
3 remain unchanged.

4 On March 18, 2008, by Procedural Order, Staff's Motion to Extend Time until March 21,
5 2008, to file its Staff Report and hire a witness was granted.

6 On March 21, 2008, Staff filed its Staff Report recommending approval of Johnson's
7 application with conditions.

8 On April 16, 2008, a full public hearing was held as scheduled before a duly authorized
9 Administrative Law Judge. Staff and the Applicant appeared through counsel and presented evidence
10 and testimony. No members of the public appeared to give public comments during the hearing. At
11 the conclusion of the hearing, the Applicant was directed to file a late-filed exhibit.

12 On May 1, 2008, Johnson filed its late-filed exhibit showing Arizona Department of
13 Environmental Quality ("ADEQ") compliance for its various systems.

14 After receipt of the late-filed exhibit, the matter was taken under advisement pending
15 submission of a Recommended Opinion and Order to the Commission.

16 * * * * *

17 Having considered the entire record herein and being fully advised in the premises, the
18 Commission finds, concludes, and orders that:

19 **FINDINGS OF FACT**

20 1. Johnson is an Arizona public service corporation in good standing with the
21 Commission's Corporation Division.

22 2. Johnson is authorized to provide water and wastewater utility services within various
23 portions of Pinal County.

24 3. Johnson's initial CC&N was granted in Commission Decision No. 60223 (May 27,
25 1997) and has been extended in various dockets.

26 4. Johnson currently serves approximately 16,000 water customers and 20,000
27 wastewater customers within its certificated service territory.

28

1 5. On October 16, 2006, Johnson filed an application to extend its water and wastewater
2 CC&Ns to serve four developments known as Monterra, Montessa, Walker Butte and Florence Plaza
3 in Pinal County.

4 6. The requested extension area, which is more fully described in Exhibit A, attached
5 hereto and incorporated herein by reference, will add approximately 1,321 acres or 2.1 square miles
6 to Johnson's existing 66 square mile water and 79 square mile wastewater certificated areas.

7 7. The proposed extension area is either contiguous to or near Johnson's current service
8 territory.

9 8. Johnson filed requests for service for the parcels Johnson is requesting to serve in the
10 proposed extension area. (Application, Attachment 11)

11 9. Mr. Brian Tompsett, Executive Vice President for Johnson testified that the developers
12 for two of the projects in the proposed extension area approached Johnson about providing water and
13 wastewater services when the Town of Florence was unable to serve them. (Tr. Pg. 7, lines 12-19)

14 10. According to Mr. Tompsett, Johnson is currently serving a portion of the Walker
15 Butte development, which is included in Johnson's existing CC&N. (Tr. Pg. 10, lines 13-16)

16 11. Johnson's witness testified that all four projects are residential developments with
17 parks and residential landscape features. (Tr. Pg. 10, lines 17-20) In addition, he stated that there is a
18 small commercial parcel in the northeast quadrant of Section 36, Range 8 east, which is being
19 developed by the Barclay Group ("Barclay") who requested service from Johnson. (Tr. Pg. 11, lines
20 1-4)

21 12. Johnson's application included a letter from the Town of Florence ("Town"), stating
22 the Town is in support of the application. (Application)

23 13. Johnson estimates that it will serve an additional 2,347 customers at the end of five
24 years in the proposed extension area. (Application, Attachment 5)

25 14. Johnson's witness testified that the Barclay project is expected to begin in 2009. He
26 further stated that Phase 1 of the Monterra project has already been graded and that plans are to start
27 water and wastewater facilities by the end of 2008. According to Mr. Tompsett, the Walker Butte
28 projects are in the design stage and development is expected to start within the next 12-18 months.

1 (Tr. Pg. 11, lines 9-21)

2 15. Staff is recommending approval of Johnson's application, subject to the following
3 conditions:

- 4 a. That Johnson file with Docket Control, as a compliance item in this docket,
5 within two years of a Decision in this matter, a copy of the Aquifer Protection
6 Permit ("APP") amendment that indicates approval of the expansion of the
7 Section 11 Wastewater Treatment Plant ("WWTP") to 4.5 million gallons per
8 day ("MGD").
- 9 b. That Johnson file with Docket Control, as a compliance item in this docket,
10 within two years of a Decision in this matter, copies of the Approval to
11 Construct ("ATC") issued by ADEQ for the water and wastewater facilities
12 needed for Phase 1 of each of the developments located within the requested
13 extension areas.

14 16. Staff further recommends that if Johnson fails to comply with the timeframes outlined
15 in the above recommendations, that any Decision approving Johnson's application be considered null
16 and void, after due process.

17 17. Johnson agreed to abide by all of Staff's recommendations.

18 18. Johnson proposes to finance the additional facilities needed to serve the extension area
19 by advances in aid of construction ("AIAC") and hook-up fees. (Application, Section K)

20 19. Johnson's witness testified that no hook-up fees have been collected in the proposed
21 extension area. (Tr. Pg. 25, lines 21-24)

22 20. Johnson anticipates that construction of the facilities needed to serve the proposed
23 extension area will be completed in December, 2013. (Application, Section L)

24 **Water System**

25 21. Johnson proposes to use one of its existing water systems, Public Water System
26 ("PWS") #11-136, to serve the requested extension area.

27 22. Johnson's existing water system is comprised of three wells producing 1,650 gallons
28 per minute ("GPM"), 1.5 million gallons of storage capacity, and a distribution system serving

1 approximately 428 service connections.¹

2 23. The projected costs for the water facilities needed to serve the extension area are
3 approximately \$8.7 million. (Application, Pg. 2)

4 24. Johnson will install new water plant consisting of two 1-million gallon storage tanks,
5 two new wells, offsite water transmission mains and on-site water distribution. (Staff Report, Pg. 2)

6 25. The first 1-million gallon storage tank and one well are expected to be in service by
7 2009 and other water plant will be installed as needed. (Staff Report, Pg. 2)

8 26. Staff concluded the water plant and the estimated costs for the water facilities are
9 reasonable to serve the extension area. (Staff Report, Pg. 2)

10 27. Staff concluded that Johnson's existing well production and storage capacities can
11 serve approximately 1,414 service connections and that Johnson can be reasonably expected to
12 develop water production and storage plant as required to serve its existing customers and the
13 extension area in the future. (Staff Report, Pg. 2)

14 28. On January 23, 2006, the U.S. Environmental Protection Agency ("EPA") reduced the
15 arsenic maximum containment level ("MCL") from 50 parts per billion ("ppb") to 10 ppb. Johnson's
16 wells range from 2 ppb to 5 ppb and therefore are compliance with the EPA's MCL.

17 29. Johnson submitted an ADEQ Compliance Status Report for its PWS #11-136, dated
18 March 21, 2008, showing that the water system is delivering water that meets water quality standards
19 as required by A.A.C.

20 30. At the time Johnson filed its application, Johnson held a Designation of Assured
21 Water Supply ("DAWS") issued by ADWR that covered the proposed extension area. On May 23,
22 2007, ADWR issued a letter to Johnson stating that ADWR's review of the DAWS showed that
23 Johnson would be experiencing a water deficit of an estimated 204 acre feet per year. The letter
24 directed Johnson to rectify the deficit as soon as possible and to prevent a further exacerbation of the
25 deficit by not allowing any further subdivision of plats or recordation of plats. (Staff Report, Pg. 2)

26 31. According to Staff's Report, on June 29, 2007, Johnson received a second letter from
27

28 ¹ Staff's Engineering Report.

1 ADWR which authorized Johnson to “continue approving and recording subdivision plats” while
2 ADWR processed Johnson’s application to modify the DAWS.

3 32. Johnson’s witness testified that the issue regarding the DAWS has been resolved. (Tr.
4 Pg. 23, lines 10-25) He stated that in the original Central Arizona Water Conservation District
5 (“CAWCD”) Agreement (“Agreement”) Johnson’s service area was included in the Pinal AMA only.
6 But as Johnson’s service territory grew, and ADWR policies changed, ADWR requested that the
7 company’s service territory be split between the Pinal AMA and the Phoenix AMA, which required
8 Johnson to have two separate agreements with the CAWCD. (Tr. Pg. 27, lines 1-13) The witness
9 stated that on August 27, 2007, Johnson signed amended agreements with the CAWCD that separated
10 portions of Johnson’s service area into both the Phoenix AMA and the Pinal AMA (“Amended
11 Agreements”). (Tr. Pg. 24, lines 1-9)

12 33. Johnson submitted into evidence copies of the CAWCD Amended Agreements for
13 both the Phoenix AMA and Pinal AMA. Johnson’s witness testified that by splitting Johnson’s
14 service territory (which includes the extension area) between the two AMAs, ADWR determined
15 that there is sufficient water for the developments discussed in this application as well as future
16 projects. (Tr. Pg. 32, lines 11- 20)

17 34. The Amended Agreements state that when Johnson and CAWCD executed its
18 Member Service Agreement in 2000, the original agreement treated Johnson’s two contiguous service
19 areas as one service area and qualified both areas as one member service area. According to the
20 Amended Agreement, ADWR treats Johnson’s service area as two separate service areas and has
21 issued separate designations of assured water supply and separate service area right numbers for each
22 service area. Therefore, CAWCD was willing to amend the original agreement to coincide with the
23 ADWR policy changes. The result of the ADWR changes and the subsequent changes to the
24 CAWCD Agreements allowed Johnson to increase the volume of Excess Groundwater that it can
25 deliver in a calendar year.²

26 35. Based on Johnson’s testimony and the Amended Agreements, Johnson has an
27

28 ² See Exhibit A-5 and A-6.

1 adequate water supply for the proposed developments in the extension area.

2 36. Johnson is in compliance with both the Phoenix AMA and Pinal AMA reporting and
3 conservation requirements.

4 37. Because the extension area is located within either the Pinal or Phoenix AMA, Staff
5 noted that ADWR will require each developer in the extension area to demonstrate an assured water
6 supply before beginning development. (Staff Report, Pg. 2)

7 Wastewater System

8 38. Johnson currently operates three wastewater systems, the Section 11 system, the
9 Precision system, and the Pecan System.

10 39. Phase 1 of the Walker Butte development will be served by the Section 11 wastewater
11 system and the new Anthem wastewater treatment plant ("WWTP") will serve the remainder of the
12 developments. (Tr. Pg. 12, lines, 11-13)

13 40. The Section 11 system consists of a 2 MGD extended aeration and aerobic lagoon
14 treatment plant and currently serves approximately 9,200 service laterals. Johnson's Section 11
15 System is expected to grow to 11,100 laterals at the end of five years of operation.

16 41. Johnson has an approved APP for the Anthem WWTP for a maximum average
17 monthly flow of 3.0 MGD. According to Staff, Phase 1 of the Anthem WWTP has 1.5 MGD
18 capacity, and went into service in July 2007. Johnson predicts that it will have 1,043 sewer
19 connections on the Anthem WWTP in the proposed extension area at the end of five years.

20 42. Staff reviewed Johnson's estimated costs of approximately \$18 million for installation
21 of the wastewater facilities needed to serve the proposed extension area and concluded the costs are
22 reasonable. However, Staff made no "used and useful" determination for the wastewater plant
23 facilities and no treatment should be inferred for rate making or rate base purposes.

24 43. Staff also concluded that Johnson's existing water and wastewater systems will have
25 adequate well production, storage and wastewater treatment capacities to serve its existing customer
26 base and new customers in the proposed extension area within a five year planning period and can
27 reasonably be expected to develop additional production, storage, and wastewater treatment as
28 needed in the future.

1 44. Johnson submitted ADEQ Compliance Status Reports, dated March 21, 2008,
2 showing that both its PWS #11-136 (Anthem) and PWS#11-128 (Section 11) systems have no
3 deficiencies and are delivering water that meets water quality standards as required by the A.A.C.

4 45. Johnson has approved curtailment and backflow prevention tariffs on file with the
5 Commission.

6 46. Johnson has a Franchise issued by Pinal County for the majority of the proposed
7 extension areas. Johnson's witness testified that the Monterra and Montessa parcels are within the
8 annexation limits of the Town of Florence and that Johnson has an operating agreement with the
9 Town to serve those sections. (Tr. Pg. 15, lines 15-21)

10 ACC Compliance Issues

11 47. Staff reported Johnson is out of compliance with Commission Decision Nos. 68235,
12 68236 and 68237. Each of the Decisions required Johnson to file a rate case by May 1, 2007, using a
13 2006 test year.

14 48. A review of the Commission dockets show that on March 30, 2007, Johnson filed a
15 Notice of Compliance with Decision No. 68235, or Alternatively, A Motion to Extend Compliance
16 Dates in Docket No. WS-02987A-05-0088. In the filing, Johnson requested an extension of time,
17 until March 31, 2008, to file its rate case. On the same date, Johnson filed an application (Docket
18 No. WS-02987A-07-0203) requesting Commission authority to sell its water and wastewater assets to
19 the Town of Florence and to cancel its CC&Ns. Based on the latter filing, Johnson claimed that the
20 requirement to file a full rate case was moot, and, in the alternative, if Johnson was unable to finalize
21 the sale of assets to the Town of Florence, Johnson requested additional time until June 1, 2008 to file
22 its rate case.

23 49. On April 13, 2007, Staff filed a Memorandum, in Docket No. WS-02987A-05-0088,
24 addressing Johnson's request for additional time to file its rate case and stated it was premature for
25 the Commission to deem the rate case filing requirement moot because the Commission had not had
26 an opportunity to review the filing or conduct an evidentiary hearing on Johnson's sale of assets
27 application. However, Staff did recommend that Johnson be given a partial extension of time to file
28 its rate case, until December 31, 2007, using a June 30, 2007, test year.

1 50. On October 1, 2007, Johnson filed a Request to Extend the Time to Comply with
2 Commission Decision No. 68235, stating that Johnson was in agreement with Staff's
3 recommendations set forth in Staff's letter to Johnson dated September 18, 2007. Staff's September
4 18, 2007, letter stated that Staff was willing to accede to changing the requirements for filing the rate
5 case to using a 2007 test year and with the filing of the rate case to be done no later than March 31,
6 2008.

7 51. Johnson's witness testified that Johnson filed its rate case on March 31, 2008.³

8 52. Decision Nos. 68235 and 68237 also required Johnson to file APP permits for the
9 Copper Basin Regional Wastewater Treatment Facility. On September 19, 2006, Johnson requested
10 an extension of time until October 25, 2007, to file the permits.

11 53. On September 25, 2006, Staff filed a Staff Report recommending approval of the
12 extension of time for Johnson to file the Copper Basin APPs.

13 54. On October 4, 2007, Johnson docketed a request to further extend the date to comply
14 with filing the APPs until October 25, 2009, stating that Johnson's application with ADEQ had been
15 significantly delayed because the plant site had been illegally conveyed by the previous land owner to
16 a third party.

17 55. On December 20, 2007, Staff filed a Memorandum recommending approval of
18 Johnson's request until October 25, 2009, to file the Copper Basin APPs.

19 56. We find that Johnson's March 31, 2008, filing of its rate case satisfies the requirement
20 set forth in Decision Nos. 68235, 68236 and 68237. Additionally, we find Johnson's request for
21 additional time to file the Copper Basin APPs is reasonable due to the ownership issues with the plant
22 site and Staff's recommendation to allow Johnson additional time to comply.

23 57. Johnson's witness stated that there are no plans for golf courses within the proposed
24 extension areas, but there are plans for a lake and water feature in the design for the Monterra
25 development. The witness stated that Johnson has designed an effluent system for the green spaces
26 within the developments and effluent will be used to maintain the lake. (Tr. Pg. 24, lines 13-24)

27
28 ³ See Docket No. WS-02987A-08-0180.

1 Basin APPs is reasonable and should be granted.

2 8. Staff's recommendations, as set forth herein, are reasonable and should be adopted.

3 **ORDER**

4 IT IS THEREFORE ORDERED that the application of Johnson Utilities Company for an
5 extension of its Certificate of Convenience and Necessity to include the area described in Exhibit A,
6 attached hereto and incorporated herein by reference, is hereby approved subject to the following
7 Ordering Paragraphs.

8 IT IS FURTHER ORDERED that Johnson shall file with Docket Control, as a compliance
9 item in this docket, within two years of the effective date of this Decision, a copy of the Aquifer
10 Protection Permit amendment that indicates approval of the expansion of the Section 11 Wastewater
11 Treatment Plant to 4.5 million gallons per day.

12 IT IS FURTHER ORDERED that Johnson shall file with Docket Control, as a compliance
13 item in this docket, within two years of the effective date of this Decision, copies of the Approval to
14 Construct issued by the Arizona Department of Environmental Quality for the water and wastewater
15 facilities needed for Phase 1 of each of the developments located within the requested extension
16 areas.

17 IT IS FURTHER ORDERED that Johnson Utilities, L.L.C., is hereby granted an extension of
18 time, until October 25, 2009, to file the Aquifer Protection Permits for the Copper Basin Regional
19 Wastewater Treatment facility, as ordered in Commission Decision Nos. 68235 and 68237.

20 IT IS FURTHER ORDERED that if Johnson Utilities, L.L.C. fails to meet any of the above
21 outlined timeframes, the Certificate of Convenience and Necessity conditionally granted herein shall
22 be considered null and void after due process.

23 IT IS FURTHER ORDERED that Johnson Utilities, L.L.C., has satisfied the condition set
24 forth in Commission Decision Nos. 68235, 68236 and 68237, by filing its rate case on March 31,
25 2008, in Docket No. WS-02987A-08-0180.

26 ...

27 ...

1 IT IS FURTHER ORDERED that Johnson Utilities, L.L.C. shall annually file as part of its
2 annual reports, an affidavit with the Utilities Division attesting that it is current on its property taxes
3 in Arizona.

4 IT IS FURTHER ORDERED that this Decision shall not become effective until the first day
5 of the month after Johnson Utilities, L.L.C., files in Docket Control documentation from Arizona
6 Department of Environmental Quality that the Pecan Wastewater System is in full compliance with
7 Arizona Department of Environmental Quality and Staff files confirmation of such compliance with
8 Docket Control, and the current rate case filing is found to be sufficient.

9 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

11 Lowell S. Gleason
12 CHAIRMAN

COMMISSIONER

13 Jeffrey K. Hatch-Neller
14 COMMISSIONER

COMMISSIONER

Gary Stein
COMMISSIONER

15
16 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
17 Director of the Arizona Corporation Commission, have
18 hereunto set my hand and caused the official seal of the
19 Commission to be affixed at the Capitol, in the City of Phoenix,
20 this 3rd day of July, 2008.

Brian C. McNeil
21 BRIAN C. McNEIL
22 EXECUTIVE DIRECTOR

23 Willard Miller
24 DISSENT

25 R. P. Ryan
26 DISSENT
27 YBK:db
28

1 SERVICE LIST FOR: JOHNSON UTILITIES COMPANY, L.L.C.

2 DOCKET NO.: WS-02987A-06-0667

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EXHIBIT A

LEGAL DESCRIPTION

WALKER BUTTE

THE NORTHWEST QUARTER OF SECTION 14, TOWNSHIP 4 SOUTH, RANGE 8 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA; AND

THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER; AND THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 4 SOUTH, RANGE 8 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA;

EXCEPT THERE FROM ANY PORTION LYING WITHIN THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY; AND

A PARCEL OF LAND, BEING WITHIN A PORTION OF THE NORTH HALF (N1/2) OF SECTION 3, TOWNSHIP 5 SOUTH, RANGE 8 EAST, GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA DESCRIBED AS FOLLOWS:

THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 3.

Legal DescriptionFlorence Plaza

A PORTION OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 36, AND A PORTION OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 4 SOUTH, RANGE 8 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 3" BRASS CAP MARKING THE NORTHEAST CORNER OF SECTION 36, FROM WHICH A BRASS CAP MARKING THE NORTH QUARTER CORNER OF SECTION 36 BEARS SOUTH 88 DEGREES 59 MINUTES 19 SECONDS WEST, A DISTANCE OF 2617.56 FEET; AND FROM WHICH A 3" ALUMINUM CAP MARKING THE EAST QUARTER CORNER OF SECTION 36 BEARS SOUTH 00 DEGREES 20 MINUTES 15 SECONDS EAST, A DISTANCE OF 2643.59 FEET, SAID NORTHEAST CORNER MARKING THE POINT OF BEGINNING;

THENCE SOUTH 00 DEGREES 20 MINUTES 15 SECONDS EAST ALONG THE EAST BOUNDARY OF THE NORTHEAST QUARTER OF SECTION 36, A DISTANCE OF 660.90 FEET TO A SET NAIL (MONUMENTED 33' WEST BY A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512);

THENCE SOUTH 89 DEGREES 04 MINUTES 15 SECONDS WEST ALONG THE SOUTH BOUNDARY OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 36, A DISTANCE OF 960.08 FEET TO A 5/8" REBAR WITH ALUMINUM CAP RLS #37512;

THENCE NORTH 00 DEGREES 13 MINUTES 20 SECONDS WEST, A DISTANCE OF 659.54 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #27512;

THENCE NORTH 00 DEGREES 17 MINUTES 29 SECONDS WEST, A DISTANCE OF 57.86 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512 TO A POINT OF NON-TANGENT CURVATURE WHOSE RADIUS BEARS NORTH 00 DEGREES 52 MINUTES 53 SECONDS WEST, 24545.95 FEET;

THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 00 DEGREES 04 MINUTES 01 SECONDS, A DISTANCE OF 28.68 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512;

THENCE NORTH 89 DEGREES 03 MINUTES 07 SECONDS EAST, A DISTANCE OF 790.56 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512, TO

A POINT OF CURVATURE WHOSE RADIUS BEARS NORTH 00 DEGREES 56 MINUTES 53 SECONDS WEST, 707.56 FEET MARKED BY A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512;

THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 06 DEGREES 06 MINUTES 26 SECONDS, A DISTANCE OF 75.37 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512;

THENCE NORTH 81 DEGREES 34 MINUTES 51 SECONDS EAST, A DISTANCE OF 31.66 FEET TO A SET NAIL;

THENCE SOUTH 00 DEGREES 20 MINUTES 04 SECONDS EAST, A DISTANCE OF 64.95 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512;

THENCE NORTH 88 DEGREES 59 MINUTES 19 SECONDS EAST ALONG THE NORTH BOUNDARY OF THE NORTHEAST QUARTER OF SECTION 36, A DISTANCE OF 33.00 FEET TO 3" BRASS CAP MARKING THE POINT OF BEGINNING;

EXCEPT THE 150' SOUTHERN PACIFIC RAILROAD RIGHT-OF-WAY MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 3" BRASS CAP MARKING THE NORTHEAST CORNER OF SECTION 36, FROM WHICH A BRASS CAP MARKING THE NORTH QUARTER CORNER OF SECTION 36 BEARS SOUTH 88 DEGREES 59 MINUTES 19 SECONDS WEST, A DISTANCE OF 2617.56 FEET; AND FROM WHICH A 3" ALUMINUM CAP MARKING THE EAST QUARTER CORNER OF SECTION 36 BEARS SOUTH 00 DEGREES 20 MINUTES 15 SECONDS EAST, A DISTANCE OF 2643.59 FEET;

THENCE SOUTH 88 DEGREES 59 MINUTES 19 SECONDS WEST ALONG THE NORTH BOUNDARY OF THE NORTHEAST QUARTER OF SECTION 36, A DISTANCE OF 33.00 FEET TO 3" BRASS CAP;

THENCE NORTH 00 DEGREES 20 MINUTES 04 SECONDS WEST, A DISTANCE OF 64.95 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512;

THENCE SOUTH 81 DEGREES 34 MINUTES 51 SECONDS WEST, A DISTANCE OF 31.66 FEET TO A POINT OF CURVATURE WHOSE RADIUS BEARS NORTH 07 DEGREES 03 MINUTES 19 SECONDS WEST, 707.06 FEET MARKED BY A SET NAIL;

THENCE SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 4 DEGREES 58 MINUTES 40 SECONDS, A DISTANCE OF 61.43 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512 MARKING THE POINT OF BEGINNING;

THENCE SOUTH 64 DEGREES 59 MINUTES 19 SECONDS WEST ALONG THE SOUTH BOUNDARY OF THE SOUTHERN PACIFIC RAILROAD RIGHT-OF-WAY, A DISTANCE OF 917.53 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512;

THENCE NORTH 00 DEGREES 13 MINUTES 20 SECONDS WEST, A DISTANCE OF 165.22 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512;

THENCE NORTH 64 DEGREES 59 MINUTES 19 SECONDS EAST ALONG THE NORTH BOUNDARY OF THE SOUTHERN PACIFIC RAILROAD RIGHT-OF-WAY, A DISTANCE OF 512.01 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512;

THENCE NORTH 89 DEGREES 03 MINUTES 07 SECONDS EAST, A DISTANCE OF 354.25 FEET TO A SET 5/8" REBAR WITH ALUMINUM CAP RLS #37512, TO A POINT OF TANGENT CURVATURE WHOSE RADIUS BEARS NORTH 00 DEGREES 56 MINUTES 53 SECONDS WEST, 707.06 FEET;

THENCE EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 01 DEGREES 07 MINUTES 45 SECONDS, A DISTANCE OF 13.94 FEET TO A SET 5/8 REBAR WITH ALUMINUM CAP RLS #37512 MARKING THE POINT OF BEGINNING.

LEGAL DESCRIPTIONMONTESSA

THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER SECTION 36,
TOWNSHIP 4 SOUTH, RANGE 8 EAST OF THE GILA AND SALT RIVER BASE
AND MERIDIAN, PINAL COUNTY, ARIZONA:

EXCEPT THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTHEAST QUARTER
OF THE NORTHEAST QUARTER OF SAID SECTION 36,

THENCE NORTH 269.25 FEET THENCE WEST 809 FEET

THENCE SOUTH 269.25 FEET

THENCE EAST 809 FEET TO THE POINT OF BEGINNING, AND

EXCEPT THAT PORTION AS CONVEYED IN WARRANTY DEED RECORDED IN
INSTRUMENT NO. 03-70323 AND RE-RECORDED IN INSTRUMENT NO. 04-
11194, DESCRIBED AS FOLLOWS:

THE SOUTH 269.25 FEET OF THE SOUTHEAST QUARTER OF THE NORTHEAST
QUARTER OF SECTION 36, TOWNSHIP 4 SOUTH, RANGE 8 EAST OF THE GILA
AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA; EXCEPT
THE EAST 809.00 FEET THEREOF; AND

EXCEPT ANY AND ALL MINERALS, ORES AND METALS OF EVERY KIND
AND CHARACTER, AND ALL COAL, ASPHALTUM, OIL, GASES, FERTILIZERS,
FOSSILS AND OTHER LIKE SUBSTANCES IN OR UNDER SAID LAND AS
RESERVED TO THE STATE OF ARIZONA IN PATIENT TO SAID LAND.

Monterrra North, East and South Overall Exterior Legal Description:

Portions of the South half of the Southwest quarter of Section 29, Section 31 and the West half of Section 32, Township 4 South, Range 9 East, and of the Northeast quarter of Section 6, Township 5 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Beginning at the West quarter corner of said Section 31, which is monumented by a brass cap, from which the following corners bear for a basis of bearings:

1. The Southwest corner of said Section 31, which is monumented by a brass cap in a hand hole, bears South 00 degrees 26 minutes 24 seconds East, 2,644.09 feet,
2. The East quarter corner of said Section 31, which is monumented by a 5/8-inch rebar, bears North 89 degrees 58 minutes 50 seconds East, 5,232.23 feet;
3. The Northwest corner of said Section 31, which is monumented by a brass cap, bears North 00 degrees 25 minutes 51 seconds West, 2,643.50 feet;

Thence from said West quarter corner of said Section 31, North 00 degrees 25 minutes 51 seconds West, along the West line of the Northwest quarter of said Section 31, 1,706.61 feet;

Thence North 89 degrees 34 minutes 09 seconds East, 96.00 feet;

Thence North 79 degrees 40 minutes 38 seconds East, 330.95 feet to a point of curvature of a curve concave to the Northwest, having a radial bearing of North 10 degrees 19 minutes 22 seconds West, a radius of 700.00 feet, a chord bearing of North 67 degrees 43 minutes 03 seconds East, a chord distance of 290.11 feet and a central angle of 23 degrees 55 minutes 10 seconds;

Thence Northeasterly, along the arc of said curve, 292.23 feet to a point of tangency;

Thence North 55 degrees 45 minutes 28 seconds East, a distance of 567.96 feet to a point of curvature of a curve concave to the Northwest, having a radial bearing of North 34 degrees 14 minutes 32 seconds West, a radius of 200.00 feet, a chord bearing of North 38

degrees 25 minutes 53 seconds East, a chord distance of 119.13 feet and a central angle of 34 degrees 39 minutes 10 seconds;

Thence Northeasterly, along the arc of said curve, 120.96 feet to a point on a non-tangent line;

Thence South 89 degrees 57 minutes 26 seconds East, 1,382.41 feet to a point on the West line of the Northeast quarter of said Section 31, from which the North quarter corner of said Section 31, which is monumented by an aluminum cap, bears North 00 degrees 24 minutes 32 seconds West, 353.01 feet;

Thence South 00 degrees 24 minutes 32 seconds East, along said West line of the Northeast quarter of Section 31, 967.32 feet to the Northwest corner of the South half of the Northeast quarter of Section 31, from which the South quarter corner of Section 31, which is monumented by a rebar with cap, bears South 00 degrees 24 minutes 32 seconds East, 3,960.62 feet;

Thence South 89 degrees 59 minutes 33 seconds East, along the North line of said South half of the Northeast quarter of Section 31, 2,611.92 feet to the Northeast corner of said South half of the Northeast quarter of Section 31, from which the Northwest corner of said Section 32, which is monumented by an aluminum cap, bears North 00 degrees 26 minutes 41 seconds West, 1,319.10 feet, and from which said East quarter corner of Section 31 bears South 00 degrees 26 minutes 41 seconds East, 1,319.10 feet;

Thence North 89 degrees 53 minutes 15 seconds East, along the South line of the Northwest quarter of the Northwest quarter of said Section 32, 1,310.29 feet to the Southeast corner of said Northwest quarter of the Northwest quarter of Section 32;

Thence North 00 degrees 26 minutes 01 second West, along the East line of the Northwest quarter of the Northwest quarter of said Section 32, 1,319.57 feet to the Northeast corner of said Northwest quarter of the Northwest quarter of Section 32, from which the North quarter corner of said Section 32, which is monumented by a 1/2-inch rebar, bears North 89 degrees 52 minutes 01 second East, 1,310.54 feet;

Thence South 89 degrees 52 minutes 01 second West, along the North line of said Northwest quarter of the Northwest quarter of Section 32, 1,310.54 feet to said Northwest corner of Section 32;

Thence North 00 degrees 00 minutes 02 seconds East, along the West line of the South half of the Southwest quarter of Section 29, 1,321.09 feet to the Northwest corner of said South half of the Southwest quarter of Section 29, from which the West quarter corner of Section 29, which is monumented by a G.L.O. brass cap, bears North 00 degrees 00 minutes 02 seconds East, 1,321.09 feet;

Thence North 89 degrees 52 minutes 53 seconds East, along the North line of said South half of the Southwest quarter of Section 29, 2,618.40 feet to the Northeast corner of said South half of the Southwest quarter of Section 29, from which the North quarter corner of Section 29, which is monumented by a G.L.O. brass cap, bears North 00 degrees 06 minutes 57 seconds West, 3,962.09 feet;

Thence South 00 degrees 06 minutes 57 seconds East, along the East line of said South half of the Southwest quarter of Section 29, 1,320.44 feet to said North quarter corner of Section 32;

Thence South 00 degrees 25 minutes 22 seconds East, along the East line of the West half of said Section 32, 3,960.66 feet to the Northeast corner of the South half of the Southwest quarter of said Section 32, from which the South quarter corner of said Section 32, which is monumented by a 1-inch iron pipe, bears South 00 degrees 25 minutes 22 seconds East, 1,320.60 feet;

Thence South 89 degrees 55 minutes 13 seconds West, along the North line of said South half of the Southwest quarter of Section 32, 592.51 feet

Thence South 32 degrees 17 minutes 51 seconds West, 502.29 feet;

Thence South 37 degrees 05 minutes 50 seconds West, 490.61 feet;

Thence South 70 degrees 21 minutes 02 seconds West, 406.16 feet;

Thence South 85 degrees 17 minutes 03 seconds West, 228.72 feet;

Thence North 82 degrees 11 minutes 11 seconds West, 188.02 feet;

Thence South 84 degrees 58 minutes 14 seconds West, 428.10 feet;

Thence South 73 degrees 14 minutes 04 seconds West, 240.96 feet to a point on the East line of the Southeast quarter of said Section 31, from which the Southeast corner of said Section 31, which is

monumented by an aluminum cap, bears South 00 degrees 27 minutes 44 seconds East, 270.08 feet, and from which said East quarter corner of Section 31 bears North 00 degrees 27 minutes 44 seconds West, 2,370.00 feet;

Thence continuing South 73 degrees 14 minutes 04 seconds West, 17.33 feet;

Thence South 66 degrees 43 minutes 53 seconds West, 296.87 feet;

Thence South 52 degrees 55 minutes 37 seconds West, 245.51 feet to a point on the South line of the Southeast quarter of said Section 31, from which the Southeast corner of said Section 31 bears North 89 degrees 58 minutes 32 seconds East, 487.38 feet;

Thence South 89 degrees 58 minutes 32 seconds West, along the South line of the Southeast quarter of said Section 31, 200.69 feet to a point, from which said South Quarter Corner of Section 31 bears South 89 degrees 58 minutes 32 seconds West, 1,927.13 feet, said point also being a point on a non-tangent curve, concave to the East, having a radial bearing of South 65 degrees 06 minutes 43 seconds East, a radius of 770.54 feet, a chord bearing of South 16 degrees 31 minutes 16 seconds West, a chord distance of 224.24 feet and a central angle of 16 degrees 44 minutes 02 seconds;

Thence Southerly, along the arc of said curve, 225.04 feet to a point of tangency;

Thence South 08 degrees 09 minutes 15 seconds West, 176.65 feet to a point of curvature on a curve, concave to the Northwest, having a radial bearing of North 81 degrees 50 minutes 45 seconds West, a radius of 295.98 feet, a chord bearing of South 42 degrees 12 minutes 07 seconds West, a chord distance of 331.43 feet and a central angle of 68 degrees 05 minutes 43 seconds;

Thence Southwesterly, along the arc of said curve, 351.77 feet to a point of tangency;

Thence South 76 degrees 14 minutes 58 seconds West, 297.84 feet;

Thence South 77 degrees 33 minutes 14 seconds West, 265.27 feet;

Thence South 74 degrees 50 minutes 07 seconds West, 147.12 feet;

Thence South 86 degrees 00 minutes 59 seconds West, 93.74 feet to a point on a non-tangent curve, concave to the South, having a radial bearing of South 03 degrees 59 minutes 05 seconds East, a radius of 332.92 feet, a chord bearing of South 71 degrees 51 minutes 18 seconds West, a chord distance of 162.89 feet and a central angle of 28 degrees 19 minutes 13 seconds;

Thence Westerly, along the arc of said curve, 164.56 feet to a point of tangency;

Thence South 57 degrees 41 minutes 42 seconds West, 21.13 feet to a point on a non-tangent curve, concave to the North, having a radial bearing of North 27 degrees 48 minutes 59 seconds West, a radius of 488.56 feet, a chord bearing of South 69 degrees 04 minutes 12 seconds West, a chord distance of 117.16 feet and a central angle of 13 degrees 46 minutes 24 seconds;

Thence Westerly, along the arc of said curve, 117.44 feet to a point on a non-tangent line;

Thence South 75 degrees 57 minutes 28 seconds West, 240.06 feet to a point on a non-tangent curve, concave to the North, having a radial bearing of North 14 degrees 00 minutes 33 seconds West, a radius of 205.59 feet, a chord bearing of North 83 degrees 45 minutes 17 seconds West, a chord distance of 142.35 feet and a central angle of 40 degrees 30 minutes 31 seconds;

Thence Westerly, along the arc of said curve, 145.35 feet to a point of tangency;

Thence North 63 degrees 30 minutes 01 second West, 122.12 feet;

Thence North 65 degrees 16 minutes 13 seconds West, 52.68 feet to a point on the West line of said Northeast quarter of Section 6;

Thence North 01 degree 11 minutes 22 seconds West, along the West line of the Northeast quarter of said Section 6, 877.81 feet to said South quarter corner of Section 31;

Thence South 89 degrees 53 minutes 51 seconds West, along the South line of the Southwest quarter of said Section 31, 2,618.04 feet to said Southwest corner of Section 31;

Thence North 00 degrees 26 minutes 24 seconds West, along the West line of the Southwest quarter of said Section 31, 2,644.09 feet to said West quarter corner of Section 31 and the point of beginning.

Monterra South
Overall Legal Description:

That portion of the South Half and the Northwest Quarter of Section 31 and the Southwest Quarter of Section 32 of Township 4 South, Range 9 East of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the West Quarter Corner of said Section 31, which is monumented by a brass cap, from which the following corners bear for a Basis of Bearings:

1. The Southwest Corner of said Section 31, which is monumented by a brass cap in handhole, bears S00°26'24"E, a distance of 2644.09 feet,
2. The Northwest Corner of said Section 31, which is monumented by a brass cap, bears N00°25'51"W, a distance of 2643.50 feet,
3. The East Quarter Corner of said Section 31, which is monumented by a 5/8" rebar, bears N89°58'50"E, a distance of 5232.23 feet;

THENCE from said West Quarter Corner of said Section 31, N00°25'51"W along the West Line of said Northwest Quarter of Section 31, a distance of 89.51 feet;

THENCE N89°33'36"E, a distance of 1054.99 feet;

THENCE S00°26'24"E, a distance of 150.00 feet;

THENCE N89°33'36"E, a distance of 900.96 feet;

THENCE S00°24'32"E, a distance of 228.55 feet;

THENCE N89°35'28"E, a distance of 333.36 feet;

THENCE S48°51'21"E, a distance of 273.48 feet;

THENCE N44°47'20"E, a distance of 66.70 feet;

THENCE N47°26'12"E, a distance of 369.82 feet;

THENCE S47°40'39"E, a distance of 349.21 feet;

THENCE S48°37'27"E, a distance of 15.43 feet;

THENCE S53°33'40"E, a distance of 65.00 feet;

THENCE S61°32'32"E, a distance of 65.00 feet;

THENCE S69°31'24"E, a distance of 65.00 feet;

THENCE S77°30'15"E, a distance of 65.00 feet;

THENCE S85°29'07"E, a distance of 65.00 feet;

THENCE S89°44'03"E, a distance of 4.21 feet;

THENCE S89°59'33"E, a distance of 1378.52 feet to a point on a non-tangent curve concave to the East, having a radial bearing of S63°51'14"E, a radius of 2042.50 feet, a chord bearing of S14°38'07"W, a chord distance of 815.19 feet and a central angle of 23°01'19";

THENCE southerly along the arc of said curve, a distance of 820.70 feet to a point on a non-tangent line;

THENCE S86°37'20"E, a distance of 85.00 feet to a point on a non-tangent curve concave to the Northeast, having a radial bearing of S86°53'13"E, a radius of 113.59 feet, a chord bearing of S43°27'20"E, a chord distance of 164.98 feet and a central angle of 93°08'15";

THENCE southeasterly along the arc of said curve, a distance of 184.65 feet to a Point of Tangency;

THENCE N89°58'32"E, a distance of 483.61 feet to a point on the East Line of the Southeast Quarter of said Section 31, from which said East Quarter Corner of Section 31 bears N00°27'44"W, a distance of 1426.24 feet, and from which the Southeast Corner of said Section 31, which is monumented by aluminum cap, bears S00°27'44"E, a distance of 1213.84 feet;

THENCE continuing N89°58'32"E into said Southwest Quarter of Section 32, a distance of 352.71 feet to a Point of Curvature of a curve concave to the North, having a radial bearing of N00°01'28"W, a radius of 925.00 feet, a chord bearing of N88°07'18"E, a chord distance of 59.85 feet and a central angle of 03°42'28";

THENCE easterly along the arc of said curve, a distance of 59.86 feet to a point on a non-tangent line;

THENCE S00°01'28"E, a distance of 476.94 feet;

THENCE N89°58'32"E, a distance of 50.00 feet;

THENCE S00°01'28"E, a distance of 150.00 feet;

THENCE S89°58'32"W a distance of 30.00 feet;
THENCE S00°01'28"E, a distance of 232.29 feet;

THENCE S84°58'14"W, a distance of 195.32 feet;

THENCE S73°14'04"W, a distance of 240.96 feet to a point on said East Line of the Southeast Quarter of Section 31, from which said East Quarter Corner of Section 31 bears N00°27'44"W, a distance of 2370.00 feet, and from which said Southeast Corner of Section 31 bears S00°27'44"E, a distance of 270.08 feet;

THENCE continuing S73°14'04"W into said Southeast Quarter of Section 31, a distance of 17.33 feet;

THENCE S66°43'53"W, a distance of 296.87 feet;

THENCE S52°55'37"W, a distance of 245.51 feet to a point on the South Line of said Southeast Quarter of Section 31, from which said Southeast Corner of Section 31 bears N89°58'32"E, a distance of 487.38 feet;

THENCE S89°58'32"W along said South Line of the Southeast Quarter of Section 31, a distance of 2127.81 feet to the South Quarter Corner of said Section 31, which is monumented by a rebar with cap;

THENCE S89°53'51"W along the South Line of the Southwest Quarter of said Section 31, a distance of 152.57 feet to a point, hereafter referred to as "Point A";

THENCE continuing S89°53'51"W along said South Line of the Southwest Quarter of said Section 31, a distance of 2465.46 feet to said Southwest Corner of Section 31;

THENCE N00°26'24"W along the West Line of said Southwest Quarter of Section 31, a distance of 2644.09 feet to said West Quarter Corner of Section 31 and the POINT OF BEGINNING;

EXCEPT the following portion, hereafter referred to as "Parcel 1-10";

"Parcel 1-10 (Future School Site)"

BEGINNING at said "Point A";

THENCE N00°06'09"W, a distance of 964.96 feet;

THENCE N11°40'21"E, a distance of 36.47 feet;

THENCE N28°40'09"E, a distance of 36.67 feet;

THENCE N36°16'00"E, a distance of 39.67 feet;

THENCE N30°02'21"E, a distance of 75.16 feet;

THENCE continuing N30°02'21"E, a distance of 85.00 feet to a point on a non-tangent curve concave to the Northeast and having a radial bearing of N30°02'21"E, a radius of 1075.50 feet, a central angle of 18°36'15", a chord bearing of N50°39'32"W and a chord distance of 347.69 feet, said point also being the TRUE POINT OF BEGINNING of "Parcel 1-10";

THENCE northwesterly along the arc of said curve, a distance of 349.22 feet to a point on a tangent line;

THENCE N41°21'24"W, a distance of 127.86 feet to a point on a tangent curve concave to the Northeast and having a radius of 1206.50 feet and a central angle of 03°21'16";

THENCE northwesterly along the arc of said curve, a distance of 70.63 feet to a point on a non-tangent line;

THENCE N44°47'20"E, a distance of 481.54 feet;

THENCE S54°38'15"E, a distance of 114.76 feet;

THENCE S51°01'42"E, a distance of 65.00 feet;

THENCE S50°38'58"E, a distance of 67.27 feet;

THENCE S54°15'39"E, a distance of 72.06 feet;

THENCE S58°11'54"E, a distance of 72.06 feet;

THENCE S62°08'10"E, a distance of 72.06 feet;

THENCE S66°04'25"E, a distance of 72.06 feet;

THENCE S70°00'40"E, a distance of 72.06 feet;

THENCE S73°56'55"E, a distance of 72.06 feet;

THENCE S77°53'11"E, a distance of 72.06 feet;

THENCE S81°49'26"E, a distance of 72.06 feet;

THENCE S85°45'41"E, a distance of 72.06 feet;

THENCE S89°41'16"E, a distance of 69.05 feet;

THENCE N89°47'14"E, a distance of 65.00 feet;

THENCE S89°59'33"E, a distance of 9.02 feet;

THENCE S00°00'27"W, a distance of 442.37 feet;

THENCE S78°58'44"W, a distance of 138.37 feet to a point on a tangent curve concave to the North and having a radius of 1075.50 feet and a central angle of 41°03'37";

THENCE westerly along the arc of said curve, a distance of 770.74 feet to the TRUE POINT OF BEGINNING of "Parcel 1-10".

Above described portion contains approximately the following area, more or less:

Gross Area of Monterra South		
12,200,594.21 sq. feet	280.09 acres	
Area of Exception Parcel 1-10		
641,099.66 sq. feet	14.72 acres	
Remainder Area of Monterra South		
11,559,494.55 sq. feet	265.37 acres	