

December 1, 2020

Mr. Larry Kirch  
Development Services  
Director 300 East  
Superstition Boulevard  
Apache Junction, AZ 85119

Dear Mr. Kirch,

Two of the real estate industry's most prominent companies, D.R. Horton and Brookfield Residential, have partnered to bring high-quality master-planned community development to the City of Apache Junction (the "City"). D.R. Horton has consistently delivered top-quality new homes to homebuyers across the nation, maintaining a commitment to excellence and the top spot as America's largest homebuilder. Brookfield Residential is one of the largest real estate managers and developers in the world, whose core objective is to create the best places to call home.

D.R. Horton's and Brookfield Residential's initial planning effort and entitlement requests will encompass approximately 8,100 acres (the "Site") of land currently situated in Pinal County, south of the municipal boundaries of the City and is commonly referred to as the first phase of "Superstition Vistas", a 270 square mile area of land owned in trust by the Arizona State Land Department. The Site is made up of two parcels, the first is approximately 2,783 acres of land auctioned by the Arizona State Land Department on November 4, 2020 where D.R. Horton was the winning bidder (the "Auction Property") and the second parcel consists of approximately 5,306 acres which is being retained by the State Land Department for future disposition (the "Retained Property").

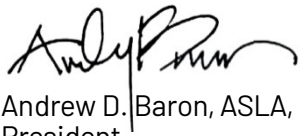
The Auction Property and the Retained Property zoning will be processed as two separate applications for Master Planned Community ("MPC") zoning. D.R. Horton and Brookfield Residential will be the applicant for the Auction Property and the Arizona State Land Department will be the applicant for the Retained Property. Each application will be accompanied by a MPC plan containing the criteria by which the City will administer and regulate the zoning and development of the Auction Property and the Retained Property, respectively. Each MPC plan will include overall land use budgets including residential densities and intensities as well as allowable non-residential uses, densities and intensities. The land use budgets will be utilized in preparing the master infrastructure studies to support the requested entitlements. The MPC plan for the Auction Property will also establish parameters for development including development standards, site planning, aesthetics or other planned features.

The MPC plans will divide the Auction Property and the Retained Property into Development Units and the respective land use budgets will allocate land uses, densities and intensities within each of the Development Units. The MPC plans will also provide for processes to approve and amend Development Unit Plans and will provide for smaller Planning Units to be created within Development Units. Planning Units will allow for right-sized construction phasing and more finite land planning. This hierarchy of planning (Development Units further divided into Planning Units) allows the respective development teams to plan and construct more manageable physical areas. The concept for Development Units and Planning Units will be further detailed within the MPC plan describing how they will be prepared, reviewed, implemented, and amended.

The Auction Property and the Retain Property will each be accompanied by a pre-annexation development agreement (the “PADAs”) by the applicants as stated above, which will set forth, among other things, the rights and obligations of the respective parties for implementation of the MPC Plans, provision of certain infrastructure and public services. The PADAs will also include provisions governing assignment of rights and obligations to successors and assigns of the respective properties.

Finally, as you are aware, large scale master-planning requires flexibility to manage through various market cycles and changing consumer demands. The MPC zoning documents and PADAs contemplated for the Auction Property and the Retained Property will establish a vision for the Site and a regulatory framework offering flexibility for uses, design and implementation based on end users and market cycles. This flexibility will be a benefit to the State and State Land Trust beneficiaries, the City and all current and future development partners.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew D. Baron", with a stylized flourish at the end.

Andrew D. Baron, ASLA, LEED AP  
President