CANDACE OWENS
COCONINO COUNTY RECORDER
OFFICIAL RECORDS OF
COCONINO COUNTY
INST: 97-37363 FEE:$ 43.50
AT THE REQUEST OF:
CITY OF SEDONA
DATE: 12/30/1997 TIME: 12:34
DKT: 2054 PG: 631 PAGES: 076

City of Sedona
Department of Community Development
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DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement") is entered into by and between the CITY OF SEDONA, an Arizona municipal corporation ("City"), and THE CLIFFS AT OAK CREEK, L.L.C., an Arizona limited liability company ("Developer").

RECITALS

A. The Developer owns that real property located within the municipal boundaries of the City of Sedona in Coconino County, Arizona, as depicted on the map attached hereto as Exhibit "A" and legally described on Exhibit "B" (the "Property"). The Property is part of the Uptown Area.

B. The portion of the Property east of U.S. 89A currently is zoned predominantly C-1, which allows the Developer to develop that portion of the Property through the piece-meal sale and development of pad sites or as one unified development. The portion of the Property west of U.S. 89A currently is zoned RM-2. The Developer's conceptual master plan for the entire Property provides for a unified development that includes a time-share resort, associated recreational facilities, and retail establishments, and is attached hereto as Exhibit "C" (the "Master Plan"). The Master Plan sets forth the development plans for the Property consistent with the City's current subdivision and zoning regulations and with the City's site improvement standards. The Master Plan also depicts the three phases in which the Property will be developed.

C. The Developer and the City acknowledge that development of the Property pursuant to the Master Plan is consistent with the Sedona Community Plan (the "General Plan") and will result in a high-quality, unified, and master-planned development that is more beneficial to the City than development of the Property as isolated uses on separate pads and parcels, as

the zoning currently permits. Particularly because of the Property's location as the northern gateway to the City, the City acknowledges the superior visual impact provided by the unified development of the Property with consistent architecture and landscaping.

D. The time-share portion of the development will contain no more than 195 approximately 1700 square foot units, each of which may be equipped with a double lockout feature (each approximate 1700 square foot unit shall be referred to herein as a "Unit"). Each Unit may be conveyed for up to 51 weekly intervals (each of which weekly interval is a "Unit Interval"). The Developer understands the City's concerns about time-share development contributing its fair share to the City, and is committed to being a good corporate citizen in the City. To that end, the Developer will contribute a one-time conveyance fee and a yearly homeowners' fee per Unit Interval as set forth in Section 1.8.

E. The Developer and the City recognize that parking in the Uptown Area is inadequate to meet the demand of visitors. The Developer desires to provide both parking for the Property and additional parking (both vehicular and bus) to serve visitors to the Uptown Area. As depicted in the Master Plan, the Developer will construct a parking structure with access easily visible and accessible to Uptown Area visitors from State Route 89A. While constructing the parking structure on the hillside adds significant cost, this parking structure enables the remainder of the Property to be pedestrian oriented and provides the most user-friendly parking options for visitors to the Uptown Area. In addition, although the Developer is required to provide only 15 bus parking spaces, to assist in the parking solution for Uptown, the Developer will provide for public use a total of 20 bus parking spaces.

F. As a further benefit to the Developer, and City, and the Uptown Area merchants and visitors, the Developer will participate in the formation of a parking district or authority by the City, which would arrange for the construction and operation of a public transportation system that currently is planned to include one parking structure and two parking lots, as well as a public shuttle system.

G. The Developer and the City recognize that residents and visitors to the Uptown Area would benefit tremendously by the installation of a pedestrian cross-walk, vehicle turn-around lane, signal light, and caution light in accordance with the recommendations of the traffic study prepared by Shephard-Wesnitzer, Inc., dated October 10, 1997 and approved by the City and the Arizona Department of Transportation, which is attached hereto as Exhibit "D" (the "Traffic Study").

H. The Developer will provide a benefit to the community by providing a public park, with a low-water crossing across Oak Creek to reach accessory parking, which provides public access to approximately 2000 linear feet of Oak Creek currently not available to the public and access to the Forest Service trail heads. The community receives a further benefit because the Developer will dedicate the park to a non-profit trust for maintenance and operation purposes, or retain ownership, with the attendant maintenance and operation obligations.

I. The Developer and the City recognize the importance of public gathering places in the Uptown Area. As part of the development of the Property, the Developer will construct a public civic plaza as a focal point for Uptown, as well as performance areas in the park.

J. The Developer and the City recognize the importance of providing multi-family housing in the City, and desire to off-set the impact of the project on the multi-family housing needs in the City. The City will provide certain concessions not otherwise available to Developer to accomplish the provision of multi-family housing, which are set forth in Section 1.10.

K. The Developer recognizes the current physical and operational constraints of the City's wastewater treatment plant (the "Plant"), and the City recognizes that the Developer has the legal right, in compliance with all applicable laws, to construct and operate an on-site treatment plant that would accept flows from the first phase of the Property. The parties acknowledge that such construction is not desirable given the proximity of Oak Creek to the Property and the availability of sewer to the Property upon completion of the City's expansion of its wastewater treatment plant (the "City Plant"). The Property is located in area E of phase 1, as defined in the Consent Judgment between the City and the Arizona Department of Environmental Quality, which includes the part of the Uptown area north of Art Barn Road. The City acknowledges that it is obligated pursuant to the Consent Judgment to provide sewer services to all area E property by April 21, 1999. Based on existing land uses on the Property and as defined by the limitations and restrictions of the Consent Judgment, upon receipt of a Notice of Availability, the existing development on the Property would upon connection discharge 36 ERUs under the City's standard calculations. The use of the 36 ERUs may make construction of the on-site treatment plant unnecessary. However, it is understood that events beyond the control of the City and/or the Developer may prevent the actual physical connection of the Property to the City sewer system and City Plant and that the Developer may find it necessary to utilize an on-site treatment system as a last resort.

L. The City acknowledges that the development of the Property and construction of public improvements are of such magnitude that the Developer requires assurances from the City of the Developer's ability to complete the development of the Property pursuant to the Master Plan before it can secure private financing for the development of the Property. The City and the Developer acknowledge that the development of the Property pursuant to this Agreement will result in significant benefits to the Developer and the City by providing assurances to the Developer that it will have the ability to develop the Property in accordance with the General Plan and the Master Plan, provided that the Developer pays the applicable development fees.

M. The parties understand and acknowledge that this Agreement is a "Development Agreement" within the meaning of, and entered into pursuant to the terms of, Arizona Revised Statutes 9-500.05, in order to facilitate the development of the Property by providing for the conditions, terms, and requirements for the construction and installation of certain infrastructure as set forth in Section 1, and for development rights and assurances related to the development of the Property as set forth in Section 2.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and agreements set forth herein, the parties hereto state, confirm and agree as follows:

AGREEMENT

1. Infrastructure.

1.1 Street/Traffic Flow Improvements.

As part of the initial phase of development, the Developer shall construct and dedicate the pedestrian crosswalk, vehicle turn lane, signal light, caution light, and other improvements required to mitigate project-related impacts in accordance with the Traffic Study and Master Plan.

1.2 Parking Structure.

As part of the second phase of development, the Developer shall construct the parking structure depicted on the Master Plan. The parking structure may not exceed five terraced stories or 55 feet in height, measured from the lowest floor of the structure to the highest roof, and including the retail and time-share space. The majority of the parking structure will be constructed below grade, and will not be visible from Highway 89A. The parking structure is depicted in Exhibit "E."

1.3 Calculation and Construction of Required Parking.

1.3.1 General parking requirements. The Developer must meet the City requirements, as established in this Agreement, for passenger vehicles and bus parking. The required number of parking spaces for the time-share portion of the project is 2 spaces per Unit for Units constructed with the double lock-out feature, and 1.35 spaces per Unit for Units constructed with a single lock-out feature. The number of parking spaces required by the City shall be reduced by fifteen percent for shared parking. The required parking for the Property (assuming all Units are constructed with the double lockout feature) with the shared parking reduction is shown on the Master Plan. 75 of the required number of spaces may be constructed in the park, as provided in Section 1.5. below.

1.3.2 Bus parking. The parties agree that bus parking is inappropriate for a pedestrian oriented development, which is contemplated by the Master Plan for the Property, and that required bus parking would be better accommodated off the Property. The Developer is required to provide 15 bus spaces for the project. The Developer may fulfill this requirement by providing 20 bus spaces off the Property proximate to proposed shuttle stops in the Uptown vicinity, in a location agreeable to the City and Developer. These 20 bus spaces shall be counted as 120 of the required parking spaces required as provided in Section 1.3.1, and shall not be considered off-site parking as described below.

1.3.3 Off-Site parking. If the Developer does not construct the required number of passenger vehicle parking spaces on the Property, the Developer shall provide 1.1 parking spaces off the Property and within the boundaries of the parking district established pursuant to Section 1.4 below for every parking space not constructed on the Property. The Developer must determine whether to use off-site parking spaces during the first phase of development. If the Developer concludes that it will utilize off-site parking, it must provide financial assurances in a form reasonably acceptable to the City and in an amount reasonably sufficient to acquire the necessary land and perform the necessary construction of the off-site parking spaces at such time as the first building permit is pulled for which the off-site parking will be required.

1.3.4 Surface parking. The Developer shall use its best efforts to minimize the impact on native trees when constructing the surface parking on the Property.

1.4 Parking District.

The parties shall analyze the formation of a parking district or authority in the Uptown Area to address current and anticipated parking needs. The area of the proposed parking district will be generally consistent with the Main Street boundaries for Uptown. The purpose of the parking district is to construct and manage parking facilities, which may include a parking structure, parking lots, and a shuttle system (collectively, the "Parking Facilities"). The Developer agrees to identify sites for the location of the Parking Facilities, prepare an economic model to determine the potential revenue stream generated by the Parking Facilities, and understand potential merchant contributions to the parking district (by parking validation or otherwise). The parties anticipate that, if the projected revenue stream from the Parking Facilities is sufficient to back the issuance of revenue bonds and support the operating costs of the Parking Facilities, then an entity (either public or private) can utilize revenue bonds to construct and operate the Parking Facilities. As soon as practicable after completion of the Developer's analysis of the above factors, and the Developer's and City's concurrence that the parking district or authority is feasible, the parties will use their best efforts to form the parking district or authority.

1.5 Public Park.

As part of the initial phase (not later than completion of phase 1) of development, the Developer shall construct the first phase of the park as depicted on the Master Plan. The first phase of the park shall include trailheads and a parking lot, which initially will contain not more than 75 spaces, but which may be expanded as depicted on the Master Plan for project operational reasons, provided that the City's Community Development Director administratively approves the expansion, which approval shall not unreasonably be withheld. The park shall provide public access to Oak Creek and the Forest Service trail heads, and shall be open to the public in perpetuity upon completion of phase 1 construction. The Developer or a non-profit trust will set reasonable hours of operation for the park, and shall operate and maintain the park. Any operation or maintenance agreement between Developer and a third party entity shall be

subject to reasonable review and approval by the City. The Developer shall either name the City as an additional insured or post a reconstruction bond for the parking lot, to ensure that the parking lot is reconstructed in the event that it is negatively impacted by flooding. The parking lot must comply with Coconino County Flood Control District requirements. The Developer shall provide financial assurances reasonably acceptable to the City for the relocation off the Property and within the boundaries of the parking district of 25 of the parking spaces constructed in the park to ensure that, if the parking lot cannot be reconstructed, the 25 spaces will be constructed elsewhere.

The second phase of the park shall be constructed as part of the second phase of development, and may include an amphitheater with an initial capacity of up to 150 people and other passive recreational amenities. Amphitheater events reasonably anticipated to generate more than 150 people shall require a Temporary Use Permit from the City; all events at the amphitheater shall comply with the City's Code.

1.6 Oak Creek Overlook Viewing Area.

The viewing area that is located between the destination restaurant and the club, as depicted on the Master Plan, shall be open to the public.

1.7 Public/Private Sewer Agreement.

The Developer agrees to connect the Property and the project to the City sewer system in compliance with any Notice of Availability that the Developer receives at any time from the City and to pay the then-applicable sewer capacity or connection fees. The Developer agrees that it will provide to the City an easement for sewer lines across, under, and through the Property, the location of which easement shall not negatively impact the development or use of the Property pursuant to the Master Plan and shall be subject to the reasonable approval of the Developer. If, by reason of events beyond the control of the City and/or Developer, physical connection of the Property to the City sewer system and Plant cannot be provided to the project in accordance with the timetables set forth in the Consent Judgment, the City shall have no liability to the Developer.

1.8 Homeowners' Assessment.

The Developer will pay to the City a one-time payment of $100 per Unit Interval within 30 days after the conveyance of each Unit Interval. The Developer contemplates and the City acknowledges that each Unit Interval may be conveyed in whole or in segments. The Developer will pay the one time $100 payment after the first segment of the Unit Interval is conveyed, if the Unit Interval is conveyed in segments. The Developer will pay to the City an ongoing annual payment for each Unit Interval, after the initial year of conveyance, of $50 for each Unit Interval. The purpose of the fee is to recognize that the City cannot collect similar taxes on time share units as it does on hotel/motel users, and provide a means for the Developer, as a good corporate citizen, and future time-share interval owners, to contribute to the City's operation and

maintenance expenditures that benefit the community at large. For purposes of clarification, the intended calculation for determining the homeowners' assessments due the City shall be:

(a) $100 x 195 (or the actual number of Units constructed, if fewer) x 51 (for "upon sale" assessment); and

(b) $50 x 195 (or the actual number of Units constructed, if fewer) x 51 (for annual assessment thereafter).

Such assessments shall be in the form of a covenant running with the land for so long as the Units are maintained as time share units.

The annual assessment for each Unit Interval shall be adjusted every three years as follows:

(a) The Consumer Price Index for All Urban Consumers (All Cities--All Items) (1982-84) (the "Index") will be used in adjusting the annual assessment. If the Index is subsequently discontinued, the Developer shall have the right to select a comparable index formula or table generally accepted and employed by the real estate profession, subject to the City's approval, which shall not unreasonably be withheld.

(b) The Index for the month in which the first final Certificate of Occupancy is issued for a Unit ("Base Month") shall be compared with the same calendar month for each subsequent adjustment ("Adjustment Month").

(c) The annual assessment payable during each subsequent three-year period shall be the sum of (i) the annual assessment payable during the three-year period immediately preceding the Adjustment Month, plus (ii) that same amount multiplied by a fraction, the numerator of which is the amount by which the Adjustment Month Index exceeds the immediately preceding Adjustment Month Index, and the denominator of which is the immediately preceding Adjustment Month Index. Notwithstanding the foregoing, in the event the Index adjustment for any three-year period is more than five percent, the annual assessment payable for the next three-year period shall be increased a maximum of five percent.

(d) During the Adjustment Month and continuing until the Index for the Adjustment Month is published, the Developer shall be entitled to estimate the Index for the Adjustment Month and to adjust the annual assessment in accordance with this Section. At such time as the Index for the Adjustment Month is published, the annual assessment shall be adjusted and the Developer shall determine if it is necessary to make adjustments for the period such estimate was being used. If the Developer has overpaid, the City shall credit Developer with the amount of such overpayment on the next annual assessment due. If the Developer has

underpaid, the Developer shall pay all additional amounts due with the next annual payment due.

(e) If the official base of the Index changes from the base upon which the Base Month Index is computed, such Index shall thereafter be adjusted to the base upon which said Base Month Index is determined before the computation indicated above is made.

1.9 Water Usage.

The Developer shall utilize low flow plumbing fixtures in all buildings constructed on the Property. In addition, the Developer shall incorporate low water use and native plant landscaping in its landscaping plans, which also will include ornamental and exotic plants. Developer agrees to investigate the feasibility of incorporating water storage tanks in the parking structure and to incorporate such tanks where reasonably feasible from an engineering, fiscal, and aesthetic standpoint.

1.10 Multi-Family Housing and Employee Transportation.

Developer agrees to include in its Master Plan twelve (12) apartment units rentable for not less than 90 days per lease in order to provide a multi-family housing element to the project. Developer shall have the discretion as to the location, design and size of such apartment units (up to 1000 square feet per unit). For a period of ten (10) years after issuance of the certificates of occupancy for the apartment units (the "Rental Period"), Developer agrees not to sell, transfer, deed, or otherwise convey such apartment units without the prior written consent of the City except for purposes of leasing or renting such units for 90 days or more per term. Developer shall not be required to provide additional parking beyond the required parking as set forth in Section 1.3 above. Such apartment units are intended to be an integral part of Developer's desired "village" effect for the project, and shall be completed not later than completion of phase 3 of the project (apartment units must be completed in order for issuance of Certificate of Occupancy for phase 3). Such apartment units will not count against City Land Development Code limits as to lot coverage or maximum square footage or against the project's Master Plan allowances. The apartment units must otherwise comply with the City's health, safety and building codes.

If the Developer incorporates the following portions of the Additional Property described in Section 2.7 into this Agreement, the Developer shall provide additional apartment units within the project as follows: the Phillipi Trust property, 4 additional apartment units; La Vista Motel, 2 additional apartment units; and Lomacasi, 2 additional apartment units. These additional apartment units shall be subject to the provisions of this Section applicable to the original 12 apartment units to be constructed on the Property.

The Developer intends to investigate sites for other affordable housing in the region, and to use its best efforts to work with other employers to provide a shuttle system for employee

transportation.

1.11 Infrastructure Assurance. The parties hereto acknowledge and agree that the City, prior to issuing a particular construction permit or permits, shall require the Developer to provide assurances which are appropriate and necessary to assure that the installation of Infrastructure Improvements, including but not limited to the parking structure, or other subdivision improvements directly related to such building permit or permits will be completed ("Infrastructure Assurance"). In such case, the Developer may elect any one or combination of the following methods of Infrastructure Assurance: a performance bond, an irrevocable and unconditional standby letter of credit, the City's holding of certificates of occupancy for the parcel to be improved with the Infrastructure Improvements until such improvements are completed (the "C of O Hold"), a third-party trust whereby the City is the beneficiary of such trust, or any other method commonly accepted by the City for similar developments. All assurances provided by the Developer shall comply with the applicable provisions of the City's subdivision ordinance relating to such assurances, as established in Section 2.2.

Once the Developer has complied with the required Infrastructure Assurances the Developer shall have the right to replace such initial method of Infrastructure Assurance, either in whole or in part, with any of the other above methods of Infrastructure Assurance. The City agrees that within ten (10) working days from the City's approval of the particular completed Infrastructure Improvements for which the City has required and the Developer has provided Infrastructure Assurance, the City shall release such Infrastructure Assurance, in whole or in part as may be appropriate under the circumstances, in the manner provided in the applicable subdivision ordinance, as established in Section 2.2.

2. Development Plans.

2.1 Master Plan. Concurrently with the approval of this Agreement and upon the City's review and due consideration, the City hereby approves the Master Plan for the development of the Property. Thereafter, development of the Property by the Developer shall be in accordance with the Master Plan, as may be amended from time to time, which shall include provisions for construction of a public park with access to Oak Creek and the Forest Service trail heads, a public civic plaza, and the street and traffic/pedestrian flow improvements as indicated by the Traffic Study. The Developer is authorized to implement the types of uses, building heights, and densities and intensities of uses, as set forth in the Master Plan, and will be accorded all approvals necessary to permit the Developer to implement the Master Plan, subject to the City's review and approvals of rezoning applications, site plans and specifications, and other similar items in accordance with the City's zoning, subdivision, and other applicable ordinances as established in Section 2.2. The City, having exercised its discretion in approving the Master Plan, agrees to cooperate reasonably in processing the approval or issuance of such permits, plans, specifications, plats and/or other development approvals of or for the Property as may be requested by the Developer in order to implement, and which are reasonably consistent with, the Master Plan, provided that the Developer complies will all applicable requirements, as established in Section 2.2, pays all applicable fees, including without limitation,

grading fees and building permit fees, and subject to the City's review and approval thereof, in accordance with its zoning, development and design review, subdivision, and other applicable ordinances, as established in Section 2.2. Developer shall submit all necessary documentation and acquire all necessary building permits from the City for phase 1 of the project not later than three (3) years from receipt by Developer of all necessary development review and rezoning approvals by the City.

2.2 Regulation of Development. The rules, regulations, ordinances, and official policies of the City applicable to and governing the development of the Property shall be those rules, regulations, and official policies that are existing and in force for the City as of the recording of this Agreement, and the city shall not impose or enact any additional conditions, zoning exactions, dedications, rules, or regulations applicable to or governing the development of the Property except only as follows: (i) future generally applicable land use rules, regulations and official policies of the City that are consistent with the express provisions of this Agreement and not contrary to the existing land use regulations applicable to and governing the development of the Property, provided that such land use rules, regulations and official policies shall not in any manner, whether directly or indirectly, adversely impact the development of the Property as contemplated under this Agreement and provided that such future land use rules, regulations and official policies shall be applied in the most minimal and the least intrusive manner as otherwise applied by the City; (ii) future generally applicable land use rules, regulations, and official policies of the City that are not consistent with the express provisions of this Agreement or contrary to the existing land use regulations applicable to and governing the development of the Property that the Developer may agree in writing apply to the development of the Property; (iii) future generally applicable land use rules, regulations, and official policies of the City enacted as necessary to comply with future state and federal laws and regulations, provided that in the event any such state or federal laws or regulations prevent or preclude compliance with this Agreement, such affected provisions of this Agreement shall be modified as may be necessary to meet the minimum requirements of such state and federal laws and regulations; (iv) future generally applicable land use rules, regulations, and official policies of the City reasonably necessary to alleviate legitimate and bona fide harmful and noxious uses, particularly those related to the City's provision of sewer service, in which event any rule, regulation, or policy imposed in an effort to contain or alleviate such harmful and noxious use shall be the most minimal and the least intrusive alternative possible and may be imposed only after public hearing and comment and shall not, in any event, be imposed arbitrarily; and (v) future generally applicable imposition of taxes or filing, review, or development impact fees, or modifications thereto, so long as such taxes or fees are imposed or charged uniformly by the City to all persons and entities. Notwithstanding the foregoing, future land use rules, regulations, and official policies of the City, except for moratoria as described in Section 2.3, shall apply to major amendments to the Master Plan, but shall not apply to minor amendments or to those portions of the Master Plan not affected by such major amendment. For purposes of this Section, major amendment shall mean the following: (i) an increase in the approved totals of dwelling units or gross leasable area of the Property; (ii) a significant change in the boundaries of the Property; (iii) any change that would have significant impact on areas adjoining the Property; and (iv) any change that would have a significant traffic impact on roadways adjacent

or external to the Property.

2.3 Moratoria. The parties hereby acknowledge and agree that the Master Plan contemplates and provides for the phasing of the development of the Property and that no moratorium, or future ordinance, resolution or other land use rule or regulation imposing a limitation on the conditioning, rate, timing or sequencing of the development of property within the City and affecting the Property or any portion thereof shall apply to or govern the development of the Property or improvement of individual lots within the subdivision, whether affecting parcel or subdivision maps, building permits, occupancy permits or other entitlements to use issued or granted by the City, except as may be necessary to: (i) comply with any state or federal laws or regulations, provided that if any such state or federal law or regulation prevents or precludes compliance with any provision of this Agreement, such affected provisions shall be modified as may be necessary to meet the minimum requirements of such state or federal law or regulation; or (ii) alleviate or otherwise contain a legitimate, bona fide harmful and noxious use of the Property in which event any ordinance, rule, or regulation to be imposed in an effort to contain or alleviate such harmful and noxious use shall be the most minimal and the least intrusive alternative possible and may be imposed only after public hearing and comment and shall not, in any event, be imposed arbitrarily. In the event of any such moratorium, future ordinance, resolution or rule or regulation, unless taken by the City as provided under the two exceptions contained in the preceding sentence, the Developer shall continue to be entitled to apply for and receive approvals for the implementation of the Master Plan in accordance with the rules, regulations, and official policies applicable to and governing the development of the Property existing and in force as of the date of this Agreement.

2.4 Building Heights.

Buildings to be located on the portion of the Property east of Highway 89A depicted on the Master Plan may be up to 32 feet in height, measured parallel to grade and exclusive of architectural penetrations. The Developer may construct architectural penetrations on buildings, provided the same are non-habitable or non-leasable space (other than for storage or utility leases) not to exceed a maximum height of 36 feet, measured parallel to grade, and provided that such architectural penetrations do not exceed ten percent of the total building footprint on the Property. All buildings abutting the southeast side of Highway 89A shall be one story only, in order to preserve view corridors. The height of buildings to be located on the portion of the Property west of Highway 89A shall be determined in accordance with Section 1.2 above.

2.5 Historic Sensitivity.

The Developer shall use reasonable efforts to incorporate the historic elements on the Property into its development.

2.6 Set-Back Waivers.

Where existing commercially-zoned portions of the Property abut other commercially-

zoned properties or parcels not a part of this project, the City agrees to grant a waiver of PD (Planned Development) set-back requirements.

2.7 Additional Property. The City hereby consents and agrees to amend this Agreement from time to time at the sole request of Developer to incorporate into this Agreement the whole or any portion of the following properties: (i) the 3 acre orchard (Phillipi Trust property); (ii) Upwest Leather (the leather shop/Deines Trust); (iii) La Vista Motel; (iv) Lomacasi Cottages; and (v) Copiapo (collectively, the "Additional Property") if and when Developer acquires an interest in any part or all of such Additional Property. The City and Developer agree that if Developer acquires an interest in any part or all such Additional Property or portions thereof: (1) thereafter, such Additional Property shall be included in the Property and shall be subject to and shall benefit from all provisions of this Agreement applicable thereto and any reference herein to the Property shall include such Additional Property; and (2) the City and Developer shall cooperate to prepare and record with the Coconino County Recorder's Office an amendment to this Agreement describing such Additional Property to be incorporated. If such Additional Property is included as Property, amendments to the Master Plan to accommodate such Additional Property shall not qualify as major amendments pursuant to Section 2.2 above.

3. Dispute Resolution.

3.1 Expedited City Decisions. The parties agree that if at any time an impasse has been reached with the City Staff on any issue affecting the Property, each party shall appoint a representative to act as a liaison between the various departments and the Developer. The Developer shall have the right to immediately appeal to the City Representative for an expedited decision pursuant to this paragraph. If the issue on which an impasse has been reached is an issue where a final decision can be reached by the City Staff, the City Representative shall give the Developer a final decision within fifteen (15) business days after the request for an expedited decision is made. If the issue on which an impasse has been reached is one where a final decision requires action by the City Council, the City Representative shall be responsible for scheduling a City Council hearing on the issue within four (4) weeks after the request for an expedited decision is made; provided, however, that if the issue is appropriate for review by the City Manager, the matter shall be submitted to the City Manager first, and then to the City Council. Adverse decisions of the City Staff pursuant to the development review and approval process as set forth in the applicable City ordinances and state law may be submitted by the Developer to the City Council, or to the City Manager first, if appropriate, for its consideration, review and decision. Both parties agree to continue to use reasonable good faith efforts to resolve any impasse pending any such expedited decision. If the parties do not satisfactorily resolve the impasse pursuant to this Section, then Section 5.15 shall apply.

3.2 Timing. The City acknowledges the necessity for expeditious review by the City of all plans and other materials ("Submitted Materials") submitted by the Developer to the City hereunder or pursuant to any zoning procedure, permit procedure, or other governmental procedure pertaining to the development of the Property and agrees to use its reasonable efforts

to accomplish such an expeditious review of the Submitted Materials whenever possible.

3.3 Default. Failure or unreasonable delay by either party to perform any term or provision of this Agreement with respect to implementation of the Master Plan for a period of ninety (90) days (the "Cure Period") after written notice thereof from the other party shall constitute a default under this Agreement. Notwithstanding the above, the Cure Period shall commence to run upon the Developer's appeal for an expedited decision pursuant to Section 3.1 above. Said notice shall specify the nature of the alleged default and the manner in which said default may be satisfactorily cured, if possible.

4. Notices and Filings.

4.1 Manner of Serving. All notices, filings, consents, approvals and other communications provided for herein or given in connection herewith shall be validly given, filed, made, transmitted or served if in writing and delivered personally or sent by registered or certified United States mail, postage prepaid, if to:

The City, the City Council, the City Clerk:	City of Sedona 102 Roadrunner Drive Sedona, Arizona 86336 Attn: City Manager
with copies to:	City of Sedona 102 Roadrunner Drive Sedona, Arizona 86336 Attn: City Attorney
and:	City of Sedona Department of Community Development 102 Roadrunner Drive Sedona, Arizona 86336 Attn: Director of Community Development
the Developer:	The Cliffs At Oak Creek Development, L.L.C. 181 Art Barn Road Sedona, Arizona 86336 Attn: Russ Hanna
with a copy to:	Gallagher & Kennedy 2600 North Central Avenue 19th Floor Phoenix, Arizona 85004-3020 Attn: Dana Stagg Belknap, Esq.

or to such other addresses as either party hereto may from time to time designate in writing and deliver in a like manner.

4.2 Mailing Effective. Notices, filings, consents, approvals and communication given by mail shall be deemed delivered seventy-two (72) hours following deposit in the U.S. mail, postage prepaid and addressed as set forth above.

5. General.

5.1 Term. The term of this Agreement shall commence on the date of execution by both parties hereto and shall automatically terminate on the tenth (10th) anniversary of such date; provided, however, that Developer may extend the term hereof for one (1) additional period of ten (10) years because of then-existing market and other economic conditions, upon written notice delivered to the other party at least three (3) months prior to the expiration hereof.

5.2 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the City or Developer of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

5.3 Attorneys' Fees. In the event any party hereto finds it necessary to bring an action at law or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof, or by reason of any breach of default hereunder, the party prevailing in any such action or other proceeding shall be paid all reasonable costs and reasonable attorneys' fees by the other party, and in the event any judgment is secured by said prevailing party, all such costs and attorneys' fees shall be included therein, such fees to be set by the court and not by jury.

5.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all parties may be physically attached to a single document.

5.5 Headings and Recitals. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof. The Recitals set forth at the beginning of this Agreement are hereby acknowledged and incorporated herein and the parties hereby confirm the accuracy thereof.

5.6 Exhibits. Any exhibit attached hereto shall be deemed to have been incorporated herein by this reference with the same force and effect as if fully set forth in the body hereof.

5.7 Further Acts. Each of the parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement. Without limiting the generality of the foregoing, the City shall cooperate in good faith and process promptly any requests and applications for plat or permit approvals or revisions, and other necessary approvals relating to the development of the Property by the Developer and its successors.

5.8 Future Effect.

5.8.1 Time and Successors. Time is of the essence of this Agreement. All of the provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. The Developer may assign its rights under this Agreement, in whole or in part, without the consent of the City. The Developer may assign its obligations under this Agreement, in whole or in part, provided that the City has approved the assignment to such assignee which approval shall not unreasonably be withheld. Notwithstanding the foregoing, to the extent permitted by law, the Developer's rights hereunder may only be assigned by a written instrument, recorded in the Official Records of Coconino County, Arizona, expressly assigning such rights, and no obligation of the Developer hereunder shall be binding upon anyone owning any right, title or interest in the Property unless such obligation has been specifically assumed in writing or unless otherwise required by law. In the event of a complete assignment by Developer of all rights and obligations of Developer hereunder, Developer's liability hereunder shall terminate effective upon the assumption by Developer's assignee, provided that the City has approved the assignment to such assignee, which approval shall not unreasonably be withheld. The City's approval shall not be required for a complete or partial assignment by Developer of rights and obligations of Developer to a subsidiary, partner, and/or other affiliate of Developer.

The Developer shall promptly notify the City of changes in the identity of the parties associated with the Developer, in joint ventures or partnerships for the purposes of acquiring and developing the Property or any part thereof, which are known to the Developer or its officers.

5.9 No Partnership and Third Parties. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between the Developer and the City. No term or provision of this Agreement is intended to, or shall, be for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

5.10 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understanding of the parties, oral or written, are hereby superseded and merged herein.

5.11 Amendment. No change or addition is to be made to this Agreement except by

a written amendment executed by the parties hereto. Within ten (10) days after any amendment to this Agreement, such amendment shall be recorded by, and at the expense of the party requesting the amendment, in the Official Records of Coconino County, Arizona.

5.12 Names and Plans. Developer shall be the sole owner of all names, titles, plans, drawings, specifications, ideas, programs, designs and work products of every nature at any time developed, formulated or prepared by or at the instance of the Developer in connection with the Property or any General Plan; provided, however, that in connection with any conveyance of portions of the Infrastructure as provided in this Agreement such rights pertaining to the portions of the Infrastructure so conveyed shall be assigned to the extent that such rights are assignable, to the appropriate governmental authority.

5.13 Good Standing; Authority. The Developer represents and warrants that it is duly formed and validly existing under the laws of Arizona. The City represents and warrants that it is an Arizona municipal corporation duly qualified to do business in the State of Arizona and is in good standing under applicable state laws. Both parties hereto represent and warrant that the individual(s) executing this Agreement on behalf of the respective parties are authorized and empowered to bind the party on whose behalf each such individual is signing.

5.14 Severability. If any provision of this Agreement is declared void or unenforceable, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect. If any applicable law or court of competent jurisdiction prohibits or excuses the City from undertaking any contractual commitment to perform any act hereunder, this Agreement shall remain in full force and effect, but the provision requiring such action shall be deemed to permit the City to take such action at its discretion. If, however, the City fails to take the action specified hereunder, the Developer shall be entitled to terminate this Agreement and proceed under Section 5.18 to exercise those remedies available to it.

5.15 Governing Law/Mediation. This Agreement is entered into in Arizona and shall be construed and interpreted under the laws of Arizona. In particular, this Agreement is subject to the provisions of A.R.S. §38-511. This Agreement has been negotiated by separate legal counsel for the City and the Developer, and no party shall be deemed to have drafted this Agreement for purposes of construing any portion of this Agreement for or against any party. Any dispute, controversy, claim or cause of action arising out of or relating to this Agreement shall be subject to the City's dispute resolution process, which is set forth at Ordinance No. 95-20.

Notwithstanding the mediation provisions set forth herein, either party may submit, by demand letter, correspondence or notice, to the other party, any claim, counterclaim, dispute or other matter in question between the Developer and the City arising out of or relating to this Agreement or the Project, and such claim, counterclaim, dispute or other matter in question shall be subject to and decided by arbitration in accordance with the Rules for Non-Administered Arbitration of Business disputes (the "Rules") of the Center for Public Resources ("CPR") currently in effect, except as provided herein and except where modified by the provisions

hereof.

Any arbitration arising out of this Agreement or the Project may include, by consolidation or joinder, or in any other manner, at the discretion of either the Developer or the City, any other entities or persons whom the Developer or the City, as the case may be, believes to be substantially involved in a common question of law or fact.

All demands for arbitration and all responses thereto that include any monetary claim, must contain a statement that the total sum or value in controversy as alleged by the party making such demand or response is not more than $150,000.00 (exclusive of interest and arbitration fees and costs). The arbitrators will not have jurisdiction, power or authority to consider or make findings (except the denial of their own jurisdiction) concerning any controversy where the amount at issue is more than $150,000.00 (exclusive of interest and arbitration fees and costs) or to render a monetary award in response thereto against any party which totals more than $150,000.00 (exclusive of interest and arbitration fees and costs). Notwithstanding the foregoing provisions, the parties may mutually agree to waive the jurisdictional limitations set forth in this sub-paragraph. In the event of such mutual waiver, all other provisions in this sub-paragraph shall apply.

Demand for arbitration shall be filed with the other party in accordance with the Rules. A demand for arbitration shall be made within a reasonable time after the claim, dispute, or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question could be barred by the applicable statute of limitations.

In the event the amount in controversy is less than $50,000.00, a sole arbitrator shall be appointed in accordance with the Rules. In the event the amount in controversy is $50,000.00 or more, the demanding party shall appoint one party-appointed arbitrator in its notice demand for arbitration. The responding party may within ten (10) days, appoint a second party-appointed arbitrator. The party-arbitrators shall appoint a third arbitrator in accordance with the Rules. If the party-arbitrators fail to appoint a third arbitrator, the third arbitrator shall be appointed in accordance with the Rules. If the responding party fails to appoint a second party-appointed arbitrator within the time so provided, selection of the second arbitrator shall be in accordance with Rules.

The Arizona Rules of Civil Procedure Article V (Depositions and Discovery), Rules 26 through 37 inclusive, shall apply except as limited herein:

a. No more than one (1) four (4) hour deposition of each party may be taken;

b. Each party shall be limited to one (1) expert witness per claim or cause of action;

c. Discovery shall be completed on, and no further discovery shall be permitted after, ninety (90) days from the date of the filing of the first demand for arbitration.

The decision of the arbitrators shall be in accordance with the laws of the State of Arizona and the United States The arbitrators shall prepare written findings of fact and conclusions of law upon which the decision and award shall be based. The arbitrators may award compensatory damages and attorneys' fees and costs to the prevailing party. The arbitrators shall have the authority to award consequential damages or punitive damages, and the parties hereby waive any claim to those damages to the fullest extent allowable by law.

The demanding party shall select the locale of the arbitration, but shall not choose a location greater than twenty-five (25) miles from the project site.

This agreement to arbitrate shall be specifically enforceable by either party under the prevailing laws of the State of Arizona and the United States. Any award rendered by the arbitrators shall be final and enforceable by any party to the arbitration, and judgement shall be made upon it in accordance with the applicable laws of any court having jurisdiction thereof. The arbitrators' decision shall be final and conclusive as to the facts. Either party may appeal manifest errors of law to a court of competent jurisdiction within fifteen (15) days of the award.

Unless otherwise agreed in writing, and notwithstanding any other rights or obligations of either of the parties under the Agreement, the Developer and the City shall carry on with the performance of their respective duties, obligations and services hereunder during the pendency of any claim, dispute or other matter in question giving rise to arbitration or mediation, as the case may be.

5.16 Recordation. No later than ten (10) days after this Agreement has been executed by the City and the Developer, it shall be recorded in its entirety by the City, at the expense of the Developer, in the Official Records of Coconino County, Arizona.

5.17 No Developer Representations. Except as specifically set forth herein, nothing contained herein or in the Master Plan shall be deemed to obligate the City or Developer to complete any part or all of the development of the Property.

5.18 Default and Remedies. If a party to this Agreement is in default under any provision of this Agreement, the non-defaulting party shall be entitled, without prejudice to any other right or remedy that it may have under this Agreement, at law or in equity, to specific performance by the defaulting party of this Agreement, or, in the alternative, to terminate this Agreement as if this Agreement had expired in the normal course and to exercise any and all other remedies available to it at law or in equity.

5.19 City Approval. If the City is required pursuant to this Agreement to give its prior written approval, consent or permission, such approval, consent or permission shall not be

unreasonably withheld or delayed.

5.20 Conflicts of Interest. The Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professionals' services such as architects, realtors, and attorneys.

5.21 Limitation on Damages. Notwithstanding any other provision in this Agreement, neither the City nor the Developer shall in any event be responsible or liable for punitive damages as a result of any act or omission in connection with this Agreement.

5.22 Nonliability of City Officials and Employees. Except for mandamus and other special actions, no member, official, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount that may become due to the Developer or successor, or under any obligation under the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year written below.

APPROVED AS TO FORM AND AUTHORITY

The foregoing Agreement has been reviewed by the undersigned attorney who has determined that it is in proper form and within the power and authority granted under the laws of the State of Arizona to the City of Sedona.

Jon M. Paladini
Jon M. Paladini
Attorney for City of Sedona

Date: 12/19/97

CITY OF SEDONA, an Arizona municipal corporation

By Jean H. Hinkley
Mayor

Date: December 22, 1997

ATTEST:

Marie Brocon
City Clerk

THE CLIFFS AT OAK CREEK, L.L.C., an Arizona limited liability company

By: Sedona Creekview, L.L.C., an Arizona limited liability company

By: Blake Maddox
President, Meridian West, Inc.

Its: Managing Member

Date: December 15, 1997

7337-EP, LLC, an Arizona limited liability company

By: Roy W. Higgs
its President

Date: December 15, 1997

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing document was acknowledged before me the 18th day of December, 1997, by Blake Madden, President of Meridian West, Inc., managing member of Sedona Creekview, L.L.C.

Helen Buzby
Notary Public

My commission expires:

March 11, 1999

OFFICIAL SEAL
HELEN BUZBY
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm Expires March 11, 1999

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing document was acknowledged before me the 15th day of December, 1997, by Roy D. Higgs, President of _____, managing member of 7337-EP, LLC.

Helen Buzby
Notary Public

My commission expires:

March 11, 1999

OFFICIAL SEAL
HELEN BUZBY
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires March 11, 1999

LIST OF EXHIBITS

A. Map of the Property

B. Legal Description of the Property

C. Master Plan

D. Traffic Study

E. Parking Structure

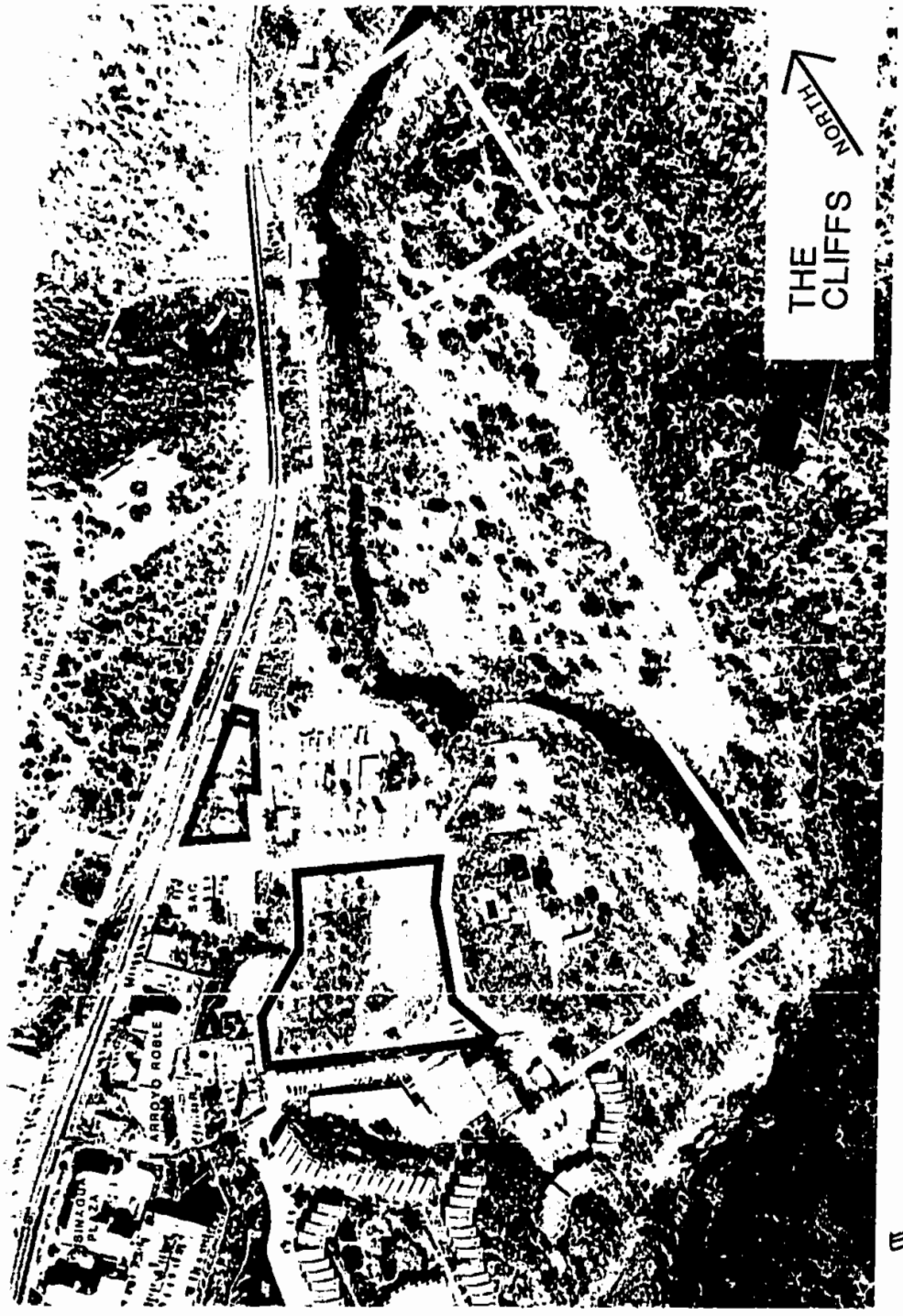


EXHIBIT A

2051-653

TITLE COMMITMENT

EXHIBIT "A"

PARCEL NO. 1:

A parcel of land located in the Northwest quarter of Section 8, Township 17 North, Range 6 East, of the Gila and Salt River Base and Meridian, Coconino County, Arizona, and Lots 44, 45 and Tract A of Sierra Vista Subdivision, recorded in Case 2, Map 20, records of Coconino County County, Arizona, more particularly described as follows:

Continued...

EXHIBIT B

2054-654

TITLE COMMITMENT

EXHIBIT "A"

COMMENCING at a BLM Brass Cap marking the Southwest corner of said Northwest quarter, from which the Northwest corner of said Northwest quarter bears North 00° 03' 23" West, a distance of 2629.73 feet;
thence North 29° 43' 14" East, a distance of 1258.67 feet (North 29° 04' East, 1260.34 feet - Record) to a point on the Westerly right-of-way of U.S. Highway 89-A;
thence North 51° 38' 23" East, along said right-of-way, a distance of 373.93 feet (North 51° 17' East, 374 feet - Record) to a 1/2" rebar with Brass Tag marked "LS 14184" and the TRUE POINT OF BEGINNING;
thence North 38° 21' 29" West, a distance of 84.77 feet (North 38° 43' 00" West 84.70 feet - Record) to a 1/2" rebar with Brass Tag marked "LS 14184";
thence North 53° 12' 20" East, a distance of 110.25 feet (North 52° 43' 00" East, 110.00 feet - Record) to a 1/2" rebar with Brass Tag marked "LS 14184";
thence North 48° 51' 44" East, a distance of 51.90 feet (North 48° 41' 00" East, 52.07 feet - Record) to a 1/2" rebar with Brass Tag marked "LS 14184";
thence North 39° 56' 20" West, along a Southwesterly line of Tract A of said subdivision, a distance of 45.44 feet (North 40° 44' 07" West, 45.49 feet - Record) to a 1" pipe;
thence North 53° 06' 19" East, along the Northwesterly line of said Tract A, a distance of 123.19 feet (North 52° 25' 03" West 121.66 feet - Record) to a 1/2" rebar;
thence North 15° 46' 36" West, along the Westerly line of Lot 45 of said subdivision, a distance of 89.85 feet (North 16° 10' 19" West, 90.13 feet - Record) to a 1/2" rebar;
thence North 14° 46' 06" West, a distance of 15.78 feet to a nail and shiner;
thence North 51° 45' 08" East, a distance of 121.58 feet to a concrete nail and plastic disc marked "LS 19853";
thence North 52° 17' 18" East, a distance of 91.68 feet to a concrete nail and plastic disc marked "LS 19853";
thence along a non-tanget curve in a Northeasterly direction said curve being concave to the Northwest, having a radius of 91.13 feet, arc length of 41.70 feet, a chord bearing of North 40° 15' 05" East, and a chord length of 41.34 feet to a concrete nail and plastic disc marked "LS 19853"; thence South 62° 51' 33" East, along a non-tangent line, a distance of 16.00 feet to a concrete nail and plastic disc marked "LS 19853" marking the most Northerly corner of Lot 44 of said subdivision;
thence South 26° 40' 09" West, along the Northerly line of said Lot 44, a distance of 24.46 feet (South 26° 23' 08" West, 24.64 feet - Record) to a 1/2" rebar;
thence South 87° 11' 31" East, a distance of 129.35 feet (South 87° 24' 52" East, 130.17 feet - Record) to a 1/2" rebar marking the Northeast corner of said Lot 44;
thence South 87° 33' 26" East, along the Northerly line of said Tract A, a

Continued...

TITLE COMMITMENT

EXHIBIT "A"

distance of 160.58 feet (South 87° 24' 52" East, 162.85 feet - Record) to the Westerly right-of-way of said Highway 89-A and a 1/2" rebar with Brass Tag marked "LS 14184";
thence along said Westerly right-of-way on a non-tangent curve in a Southwesterly direction, said curve being concave to the Northwest, having a radius of 534.00 feet, arc length of 67.33 feet, a chord bearing of South 41° 46' 40" West, and a chord length of 67.28 feet to a 1/2" rebar with Brass Tag marked "LS 14184" marking Highway 89A S.C. 93+78.75, 66' Left;
thence along said Westerly right-of-way, along a line 66.00 feet Northwesterly of, and parallel to Highway 89-A centerline spiral, having a chord bearing of South 49° 37' 02" West, and chord length of 123.63 feet to a ADOT Right-of-Way Marker at T.S. 92+47.85, 66' Left;
thence South 51° 38' 23" West, along said Westerly right-of-way, a distance of 592.09 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 2:

A parcel of land in the Northwest quarter of Section 8, Township 17 North, Range 6 East, of the Gila and Salt River Base and Meridian, Coconino County, Arizona, more particularly described as follows:

Continued...

TITLE COMMITMENT

EXHIBIT "A"

COMMENCING at the Southwest corner of said Northwest quarter from which the Northwest corner of said Northwest quarter bears North 00° 03' 23" West, a distance of 2,629.73 feet;
thence North 32° 33' 58" East, a distance of 1,235.49 feet (North 30° 53' 52" East, 1,236.88 feet - record) to the centerline P.C. Sta 1,146 + 38.6 of Highway 89A;
thence NOrth 51° 37' 13" East, along said centerline, a distance of 785.28 feet (North 51° 17' East, 785 feet - record);
thence South 38° 22' 47" East (South 38° 43' East - record), a distance of 40.00 feet to the Southeasterly right of way of said Highway and the TRUE POINT OF BEGINNING;
thence North 51° 37' 13" East (North 51° 17' East - record), along said rights of way, a distance of 180.60 feet to a nail in a concrete right of way marker, marking the beginning of an offset to the centerline spiral;
thence along said offset, having a chord bearing of North 49° 30' 12" East, and a chord distance of 135.19 feet to the P.C. of a curve in a Northeasterly direction;
thence along said curve concave to the Northwest, having a radius of 640.00 feet, arc length of 33.28 feet, central angle of 002° 58' 48", a chord bearing of North 43' 52' 49" East, and a chord length of 33.28 feet;
thence leaving said right of way along a non-tangent line which bears South 51° 22' 47" East, a distance of 204.59 feet (South 51° 43' East, 203.65 feet - record);
thence South 24° 52' 13" West (South 24° 32' West - record), a distance of 305.80 feet;
thence North 63° 11' 53" West, a distance of 290.49 feet (North 63° 28' West, 290.50 feet - record) to a 1/2 inch rebar with cap "Landmark LS #14184";
thence North 38° 05' 59" West, a distance of 63.85 feet (North 38° 43' West, 63.70 feet - record) to the TRUE POINT OF BEGINNING.

PARCEL NO. 3:

A parcel of land located in the Northwest quarter of Section 8, Township 17 North, Range 6 East of the Gila and Salt River Base and Meridian Coconino County, Arizona, more particularly described as follows:

Continued...

TITLE COMMITMENT

EXHIBIT "A"

COMMENCING at the Southwest corner of said Northwest quarter, from which the Northwest corner of said Northwest quarter bears North 00° 03' 23" West, a distance of 2,629.73 feet;
thence North 00° 03' 23" West, along the West line of said Northwest quarter, a distance of 997.36 feet (North 00° 33' 30" East, 999.8 feet - Record);
thence North 89° 56' 07" East, a distance of 1,453.69 feet (South 89° 27' East, 1,465 feet - Record) to a 1/2 inch rebar with cap marked "Landmark LS #14184" and the TRUE POINT OF BEGINNING;
thence North 37° 37' 35" East, a distance of 112.83 feet (North 38° 00' East, 113 feet - Record) to a 1/2 inch rebar with cap marked "Landmark LS #14184";
thence North 61° 34' 57" East, a distance of 107.06 feet (North 62° 00' East, 107 feet - Record) to a 1/2 inch rebar;
thence North 33° 47' 57" East, a distance of 100.00 feet (North 34° 13' East, 100 feet - Record) to a 1/2 inch rebar with cap marked "LS #19853";
thence North 89° 34' 57" East, a distance of 290.20 feet (East, 280 feet - Record), to a point on the East line of the Northeast quarter of the Northwest quarter of the Southeast quarter of the Northwest quarter;
thence South 00° 50' 56" East, a distance of 560.06 feet (South, 560 feet more or less - Record), to the Southeast corner of the Southeast quarter of the Northwest quarter of the Southeast quarter of the Northwest quarter;
thence South 89° 38' 12" West, a distance of 328.50 feet (West, 330 feet more or less - Record), to a 1/2 inch rebar with cap marked "Landmark LS #14184" marking the Southwest corner of said Southeast quarter of the Northwest quarter of the Southeast quarter of the Northwest quarter;
thence South 00° 43' 32" East, along the East line of the East half of the Southwest quarter of the Southeast quarter of the Northwest quarter, a distance of 102.52 feet (South, 108 feet - Record) to a 1/2 inch rebar with cap marked "LS #19853";
thence South 89° 25' 05" West, a distance of 211.92 feet (West - Record) to a 1/2 inch rebar with cap marked "LS #19853";
thence North 00° 34' 21" West, a distance of 118.86 feet (North, 119 feet - Record), to a 1/2 inch rebar with cap marked "Landmark LS #14184";
thence North 63° 54' 57" West, a distance of 67.16 feet (North 62° 00" West, 67.1 feet - Record) to a 1/2 inch rebar;
thence North 00° 34' 44" West, a distance of 114.96 feet (North 115 feet- Record) to a 1/2 inch rebar with cap marked "Landmark LS #14184";
thence North 25° 26' 34" East, a distance of 196.98 feet (North 26° 00' East, 200 feet - Record) to the TRUE POINT OF BEGINNING.

Continued...

TITLE COMMITMENT

EXHIBIT "A"

PARCEL NO. 4:

A parcel of land in the Northwest quarter of Section 8, Township 17 North, Range 6 East, of the Gila and Salt River Base and Meridian, Coconino County, Arizona, described as follows:

Continued...

TITLE COMMITMENT

EXHIBIT "A"

BEGINNING at the Northeast corner of the Southwest quarter of the Northeast quarter of the Northeast quarter of the Northwest quarter, of said Section 8;
thence South 00° 58' 45" East, a distance of 333.55 feet to the Southeast corner of said Southwest quarter of the Northeast quarter of the Northeast quarter of the Northwest quarter of said Section 8;
thence South 89° 20' 42" West, a distance of 325.38 feet to the Southwest corner of said Southwest quarter of the Northeast quarter of the Northeast quarter of the Northwest quarter of said Section 8;
thence South 00° 50' 56" East, a distance of 665.72 feet to the Southeast corner of the Southwest quarter of the Northeast quarter of the Northwest quarter, of said Section 8;
thence continuing South 00° 50' 56" East, a distance of 104.48 feet to the Northeast corner of the parcel of land described in Docket 1375, page 865;
thence South 89° 34' 57" West, a distance of 290.20 feet to the Northwest corner of last said parcel;
thence North 33° 47' 57" East, a distance of 53.80 feet to the most Easterly corner of the parcel of land described in Docket 1563, page 391;
thence North 63° 11' 53" West, a distance of 108.86 feet to the most Southerly corner of the parcel of land described in Docket 683, page 559;
thence North 24° 52' 13" East, a distance of 305.80 feet to the most Easterly corner of last said parcel;
thence North 51° 22' 47" West, a distance of 204.59 feet to the most Northerly corner of last said parcel and a point on the Southeasterly right-of-way of U.S. Highway 89-A;
thence along said right-of-way of the following courses and distances:
thence along the arc of a curve in a Northeasterly direction, said curve being concave to the Northwest, having a radius of 640.00 feet, arc length of 95.92 feet, central angle of 008° 35' 15", a chord bearing of North 38° 21' 51" East, to Highway Sta. 95+00, 40.00 feet right;
thence South 56° 06' 16" East, along a non-tangent line, a distance of 40.00 feet to Highway Sta. 95+00, 80.00 feet right;
thence along the arc of a non-tangent curve in a Northeasterly direction, said curve being concave to the Northwest, having a radius of 680.00 feet, arc length of 4.81 feet, central angle of 000° 24' 18", a chord bearing of North 33° 41' 35" East, to C.S. Sta. 95+04,24, 80.00 feet right;
thence along an offset line, 80.00 feet from the centerline spiral said offset line having a chord bearing of North 29° 23' 20" East, a distance of 139.55 feet to S.T. Sta. 96+35.14 BK. and Sta. 96+34.79 AHD., 80.00 feet right;
thence North 27° 14' 26" East, a distance of 165.21 feet to Sta. 98+00, 80.00 feet right;
thence North 62° 45' 34" West, a distance of 14.00 feet to Sta. 98+00, 66.00 feet right;
thence North 27° 14' 26" East, a distance of 112.46 feet to the Southwest

Continued...

TITLE COMMITMENT

EXHIBIT "A"

corner of the parcel of land described in Docket 1601, page 070;
thence leaving said right-of-way, South 62° 45' 34" East, a distance of 35.00 feet to the Southeast corner of last said parcel;
thence North 27° 14' 26" East, a distance of 50.00 feet to the Northeast corner of last said parcel;
thence North 62° 45' 34" West, a distance of 35.00 feet to the Northwest corner of last said parcel and to said Southeasterly right-of-way;
thence North 27° 14' 26" East, along said right-of-way, a distance of 87.36 feet to Sta. 100+50, 66.00 feet right;
thence North 62° 45' 34" West, along said right-of-way, a distance of 33.00 feet to Sta. 100+50, 33.00 feet right;
thence North 27° 14' 26" East, along said right-of-way, a distance of 11.18 feet to the North line of the Southeast quarter of the Northwest quarter of the Northeast quarter of the Northwest quarter of said Section 8;
thence North 89° 13' 22" East, a distance of 366.08 feet to the TRUE POINT OF BEGINNING.

PARCEL NO. 5:

A tract of land in the Northwest quarter of Section 8, Township 17 North, Range 6 East, of the Gila and Salt River Base and Meridian, Coconino County, Arizona, more particularly described as follows:

Continued...

TITLE COMMITMENT

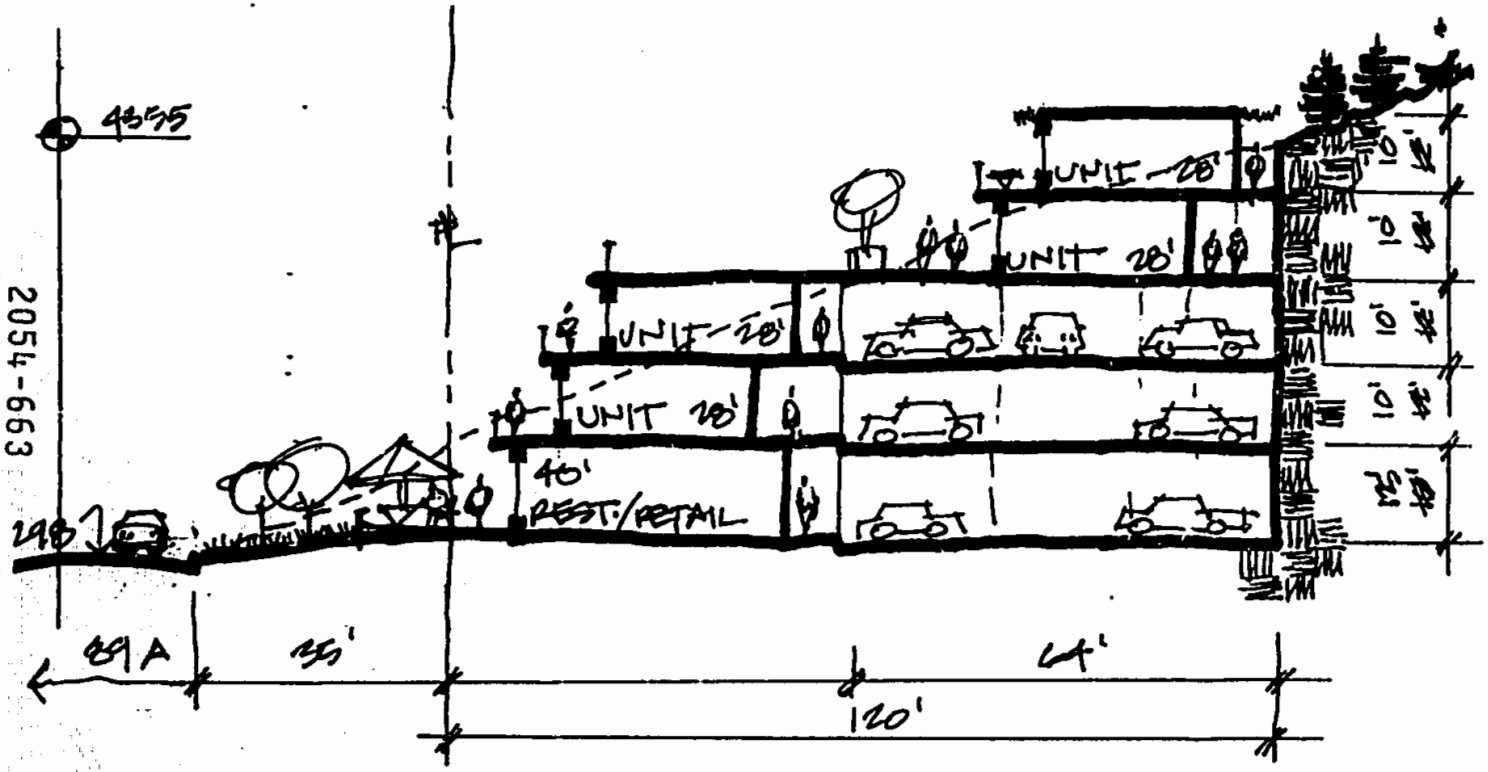
EXHIBIT "A"

BEGINNING at a point on the Southeasterly line of Highway 89A, a distance of North 1323.79 feet and East 1067.93 feet from the West quarter corner of said Section 8, said Point of Beginning is also distant along said highway line, North 51° 17' 00" East, a distance of 119.01 feet from the most Northerly corner of the H.H. Neninger property as described in Book 41 of Official Records, pages 576-577;
thence along the Northeasterly line of Sedona Art Center property, South 61° 41' 00" East, (Record South 63° 07' 13" East) a distance of 143.5 feet and South 53° 18' 00" East, (Record South 54° 44' 13" East), a distance of 64.37 feet;
thence leaving said Art Center property South 62° 09' 00" East, a distance of 289.2 feet to the Northwesterly line of the Arizona Water Company property;
thence along said Northwesterly line, North 37° 03' 00" East (Record North 38° 00' 00" East), a distance of 20 feet, and North 61° 13' 00" East, (Record North 62° 00' 00" East), a distance of 107 feet and North 33° 26' 00" East (Record North 34' 13' 00" East), a distance of 100 feet;
thence leaving said Arizona Water Company property North 33° 26' 00" East, a distance of 53.2 feet;
thence North 63° 28' 00" West, along a Southerly prolongation of, and along the Westerly boundary of that parcel described in Book 50 of Official Records, page 291, a distance of 398.9 feet to the most Easterly corner of the Vue Motel property;
thence along the Vue Motel boundary line, South 30° 36' 00" West, a distance of 135.97 feet;
thence North 38° 43' 00" West, a distance of 20 feet;
thence South 31° 37' 00" West, a distance of 90.7 feet;
thence North 61° 53' 00" West, a distance of 135.0 feet to a point on the Southeasterly line of Highway 89A;
thence along said Highway, South 51° 17' 00" West, a distance of 21.35 feet to the Point of Beginning.

TOGETHER WITH an easement for road purposes fifteen (15') feet in width lying contiguous with and Southwesterly of the line above described as South 62° 09' 00" East, a distance of 289.2 feet.

HILLSIDE VILLAGE
SECTION 1"=20'
A

EXHIBIT E



CONCEPTUAL
SITE PLAN
EXHIBIT
C
2054-664

THE CLIFFS

TRAFFIC IMPACT ANALYSIS

PREPARED FOR:

Sedona Creekview L.L.C.
181 Art Barn Road
Sedona, Arizona 86336

PREPARED BY:

SHEPHARD - WESNITZER, INC.
P.O. BOX 3924
WEST SEDONA, ARIZONA

October 6, 1997

JOB # 96006

EXHIBIT D

2054-665

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INTRODUCTION AND EXECUTIVE SUMMARY

20.5 acres of property have been acquired on the eastern outskirts of Sedona, Arizona to develop a mixed-use development; "The Cliffs". It has been determined by the Arizona Department of Transportation (ADOT) and the City of Sedona that a traffic impact analysis is required for this development to ensure that the efficiency and safety in traffic operations are maintained on Alternate State Route 89 (SR 89-A).

It has been determined that a Category I traffic impact analysis is required for this development per ADOT's *Traffic Impact Analysis for Proposed Development* guideline. A category I analysis is characterized as a small development: one with less than 500 peak hour trips. The study horizon for this type of classification is the opening year where full occupancy and build-out are assumed. Study areas include site access drives and adjacent signalized intersections and/or major unsignalized intersections per the Category I criteria.

The Cliffs development has been revised significantly since the Fall of 1996. Some of the land uses have changed and in turn, peak hour volumes have been reduced. The traffic impacts, established in last fall's traffic impact analysis, that were found acceptable have only improved. Impacts relating to the transportation network have only been reduced by the new site plan. For example, the relocation of the parking structure will alleviate Cliffs Drive serving the west side of the site by splitting the traffic of the development instead of having 100% of the traffic on the west side.

PURPOSE OF THE REPORT AND STUDY OBJECTIVES

This traffic impact analysis is for the purpose of the development agreement currently being negotiated between the applicant and the City of Sedona scheduled to be completed in November 1997.

The proposed mixed-use development is expected to access SR 89-A, a State owned and maintained highway. The development is also expected to impact the City of Sedona's traffic network. Therefore both ADOT and the City of Sedona require a Traffic Impact Analysis to determine the development's impacts on traffic safety and efficiency in the study area.

The objectives of this Traffic Impact Analysis are to determine the traffic impacts of the proposed development on SR 89-A and to recommend any needed improvements to maintain efficient and safe traffic operations. The specific study objectives are as follows:

- Evaluate the proposed intersection of SR 89-A and Cliffs Drive and recommend any needed improvements.
- Evaluate the SR 89-A and Art Barn intersection and recommend any needed improvements.
- Evaluate the location of the proposed roadway and access locations and recommend any needed improvements.
- Evaluate the Level of Service of SR 89-A and recommend any needed improvements.
- Evaluate pedestrian movements generated by the site including interaction with other Uptown land uses and recommend any needed improvements.
- Evaluate proposed parking.
- Evaluate internal circulation including parking structure and recommend any needed improvements.
- Possible elimination of right-of-way parking along Uptown Sedona.
- Proposed zone changes.

EXECUTIVE SUMMARY

A mixed-use development is proposed for a 20.5 acre parcel located on the eastern outskirts of Uptown Sedona, Arizona. Upon completion in 2003, the proposed mixed-use development is expected to generate 4,521 trips per day (139 and 381 vehicles per hour during the morning and

evening peak hours, respectively). The majority of trips are expected to be tourist trips. These trips are primarily expected to originate via SR 179 and SR 89-A. Due to the type of project, primarily retail, only PM peak hours were analyzed in this traffic impact analysis.

An analysis was performed for both existing conditions and for proposed conditions at the estimated completion date of 2003. The analysis considers traffic operations, roadway capacities, and safety aspects of the transportation network in the vicinity of the site.

An analysis of the existing conditions indicate that, at present, improvements are necessary to enhance traffic operations in the vicinity of the site. Regardless of whether or not the Cliffs development is constructed, the following improvements are needed to enhance existing conditions:

- Install or mitigate needs for a traffic signal at Forest Road
- Install or mitigate needs for a traffic signal at Jordan Road.
- Address unsafe pedestrian activity in Uptown.
- Address shortage of parking spaces in Uptown which includes 88 parking spaces within the ADOT right-of-way.

The analysis of proposed conditions resulted in recommendations which would mitigate anticipated traffic concerns. The following traffic mitigation measures are recommended:

- Art Barn Road will remain as the access to the Sedona Art Center (S.A.C.), but will only be used by the Cliffs development as a service vehicle access only.
- Install a traffic signal at SR 89-A and Cliffs Drive to include pedestrian signals and crosswalks. The proposed location of the signal provides adequate distance to operate concurrently with a signal at Forest Road or Jordan Road.
- Install southbound left turn lane on SR 89-A accessing Art Barn Road. A 50 foot storage with a 105 foot deceleration length including a 60 foot bay taper is recommended.
- Install northbound left turn lane on SR 89-A accessing Cliffs Drive into the parking

structure. An 80 foot storage with a 105 foot deceleration length including a 60 foot bay taper is recommended.

- Install northbound right turn lane on SR 89-A accessing Cliffs Drive. A 140 foot storage length with a 105 foot deceleration length including a 60 foot bay taper is recommended. This right turn lane should be maximized during design. The taper is to begin at the Art Barn Road radius return to maximize the storage length.
- Install southbound left turn lane on SR 89-A accessing Cliffs Drive. A 135 foot storage with a 105 foot deceleration length including a 60 foot bay taper is recommended.
- Install southbound right turn lane on SR 89-A accessing Cliffs Drive. A 75 foot storage length with a 105 foot deceleration length including a 60 foot bay taper is recommended.
- The second access into the parking structure will be right in / right out only and will be signed as such. A raised concrete median island preventing other movements should be installed. The Signs within the structure should direct traffic heading towards Sedona to exit at the second access and traffic heading towards Oak Creek Canyon / Flagstaff to exit at Cliffs Drive. Install southbound right turn lane on SR 89-A. Storage will not be needed due to the free flow movement. A 105 foot deceleration length including a 60 foot bay taper is recommended. It is also recommended that the deceleration lane include a 160 foot designated area to provide for a two bus turn-out including a 60 foot bay taper. The total length of the right turn lane will be a maximum of 265 feet in length or as allowed by design. The turn-out will be striped as a bus pull-out.
- Westbound Cliffs Drive will provide a 12 foot wide left turn lane, a 12 foot wide through lane, and a 12 foot wide right turn lane for egress. One hundred forty five feet of storage will be provided for stacking vehicles. A 16 foot wide lane will be provided for ingress.
- Eastbound Cliffs Drive (egress from parking garage) will provide a 12 foot wide left turn lane and a 12 foot wide through / right turn lane for egress. This exit lane will be shared due to the anticipation of low volumes for these two movements. Two 12 foot wide ingress lanes will be provided.
- A sidewalk should be installed along the east SR 89-A frontage from Art Barn Road to Cliffs Drive. This sidewalk will provide the "creekside" and "retail village"of the project with pedestrian access to and from the site from existing Uptown shops on the east side of

SR 89-A. A walkway will be provided along the west SR 89-A frontage. This walkway will provide pedestrian access to and from the "hillside" of the project to the existing Uptown shops on the west side of SR 89-A. The pedestrian network within the development should be planned to lead pedestrians wanting to cross from the "hillside" to the "creekside" and retail "village" or vice versa to cross at the traffic light.

- Reduce speed limit from 40 mph to 25 mph in the vicinity of the site. The location will be field located.
- The developer is willing to incorporate a transit system serving the tourist attractions in the Uptown area and Tlaquepaque. The transit will make a loop between the two resorts at set intervals with two stops in Uptown Sedona.
- With the on-site transit, a transit pull-off on the west side of SR 89-A will be needed between Cliffs Drive and Art Barn Road. This pull-off will help service the handicapped, the guests of the hillside casitas, and retail shops. The pull-off will be incorporated into the southbound right turn lane as discussed above.

The conclusions of this report indicate that the Cliffs development will have traffic impacts on the existing transportation network. Implementation of the recommendations as outlined above will mitigate the impacts of the development and provide safe and efficient traffic operation in the vicinity of the site.

PROPOSED DEVELOPMENT

The proposed development is a 20.5 acre mixed-use development located on both sides of SR 89-A on the north outskirts of Sedona, Arizona. The overall development will consist of timeshares, restaurants, and retail. The three phase construction of the development will be completed by 2003.

SITE LOCATION

The Proposed Cliffs development is located on both sides of SR 89-A on the northern outskirts of Sedona, Arizona. The development is on a 20.5 acre combined parcel at the edge of Uptown Sedona commencing at Art Barn Road. The project site location is shown on Figure 1 -- Vicinity Map.

LAND USE AND DENSITY

The total floor area will cover 411,500 square feet. The land use of the proposed development will consist of the following:

DESCRIPTION	INDEP. VARIABLE
CREEKSIDE	
Timeshare	132 units
RETAIL VILLAGE	
Timeshare	35 units
Restaurant	15,000 sq. ft.
Retail	40,000 sq. ft.

Galleries	5,000 sq. ft.
Microbrewery	3,400 sq. ft.
HILLSIDE	
Timeshare	28 units
Restaurant	8,600 sq. ft.
Retail	7,600 sq. ft.

SITE PLAN

Figure 2 displays the proposed development plan which illustrates the location of the roadways, the building configurations, parking layout, and site boundary lines. SR 89-A at the proposed site is a two-lane, two-way, north/south highway with a 100 foot right-of-way and comprises of the northern boundary for the majority of the creekside (eastern) 20.0 acres and the eastern boundary for the 2.5 hillside acres (west of SR 89-A).

Vehicular access to the creekside 20.0 acres east of SR 89-A is provided via two roadways on SR 89-A. The first access will be the proposed Cliffs Drive, a 24 foot wide street which will be designed to accommodate bus traffic making all radius returns within the project a minimum of 20 feet inside and 40 feet outside. The second access will be the existing Art Barn Road which will function as a service vehicle access for the development and continue to serve the S.A.C. A delivery area will be set-up where businesses will receive merchandise. A turn-around will be provided to provide for service vehicles entering and exiting the loading dock. Access to the hillside property will be into the proposed parking structure. Two access drives will be provided. The first will be through a west leg at the proposed Cliffs Drive / SR 89-A intersection. The second will be a driveway aligned with Art Barn Road providing right in / right out turn movements only.

DEVELOPMENT PHASING AND TIMING

The proposed Cliffs development will consist of a three phase construction. The first phase will begin in construction during the Summer of 1998 with an expected completion date of Spring of 1999. The total (completion of all phases) duration of construction will be estimated at 5 years, year 2003. The phasing schedule is as follows:

PHASE I - *RETAIL VILLAGE:*

▸ Microbrewery	3,400 sq. ft.
▸ Restaurant	15,000 sq. ft.
▸ Retail	35,000 sq. ft.
▸ Timeshares	35 units
▸ Galleries	5,000 sq. ft.
▸ Clubhouse	10,000 sq. ft.
▸ Temporary surface parking	No. of spaces per city code of Phase I land uses
▸ River Crossing	
▸ Road improvements	
▸ Install signal at SR 89-A (if warranted by actual counts)	

PHASE II - *HILLSIDE:*

▸ Restaurant	8,600 sq. ft.
▸ Retail	7,600 sq. ft.
▸ Timeshares	28 units
▸ Parking structure	280 spaces

PHASE III - *CREEKSIDE:*

▸ Creekside Timeshares	132 units
▸ East creekside parking lot	140 spaces
▸ Amphitheater	150 seats
▸ Natural Zone Park	7 acres
▸ Complete common area amenities	

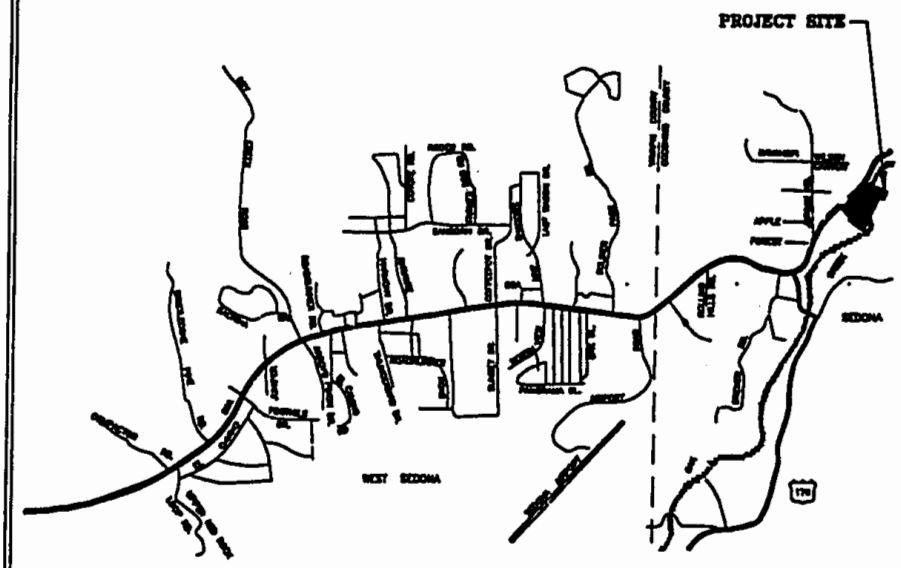
For the purpose of this traffic impact analysis, a continuous construction phase will be assumed with a final completion date of 2003.

PARKING

A total of 770 parking spaces are required per the City of Sedona Code not including a bus credit or shared parking. The Cliffs development will provide a total of 635 parking spaces including 20 bus parking spaces off-site per the predevelopment plan discussed below. With reductions for 20 bus parking spaces and a 15% shared parking reduction, a total of 552 spaces are required. The analysis does not take into account any reductions for valet parking or the trolley system. With an estimated 15% shared parking and bus credit, there will be an additional 83 spaces available. With additional spaces provided in the Uptown area, ADOT can move towards its goal of eliminating on-street parking along SR 89-A. The parking analysis is provided in the appendix.

The applicant is in the process of preparing documents for the predevelopment of a parking authority in Uptown. It will include an analysis of a bonding authority, a revenue stream, a pro forma, a preliminary site analysis, and a parking structure design.

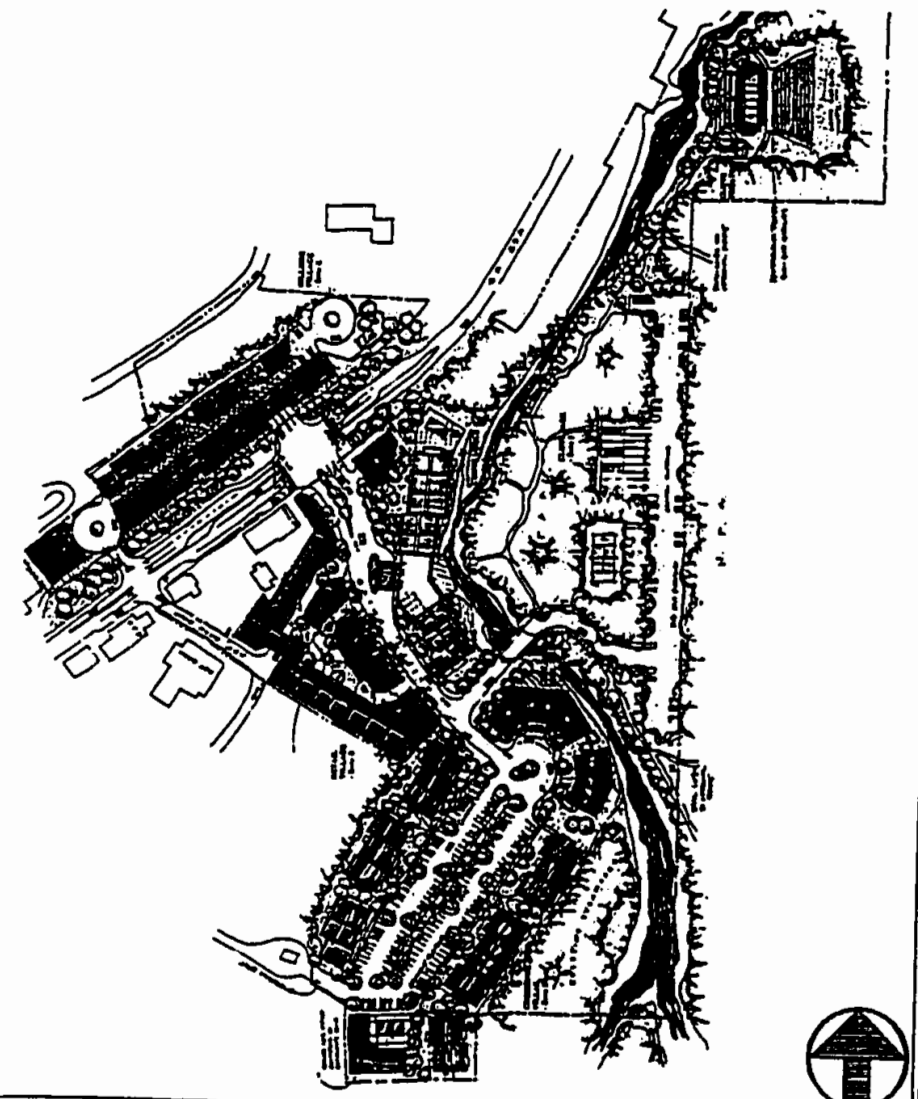
THE CLIFFS TRAFFIC IMPACT ANALYSIS



SHEPHARD–WESNITZER, INC. CONSULTING ENGINEERS 1146 W. Hwy. 89A, Ste. 2 WEST SEDONA, AZ 86340 PHONE (602) 282–1061	VICINITY MAP	FIGURE 1

2054-678

THE CLIFFS TRAFFIC IMPACT ANALYSIS



SHEPHARD–WESNITZER, INC.
CONSULTING ENGINEERS
1146 W. Hwy. 89A, Ste. 3 WEST SEDONA, AZ 86340
PHONE (602) 282-1061

SITE PLAN

FIGURE 2

2054-679

STUDY AREA CONDITIONS

STUDY AREA

The area of significant traffic impacts and the influence area have been established based on the size, density, and characteristics of the proposed development. The existing and proposed land uses surrounding the site, as well as the site's accessibility, have been considered in determining the site's study and influence areas.

AREA OF SIGNIFICANT TRAFFIC IMPACT

Due to the proposed development generating less than 500 trips in the peak hour, the development will undergo a Category I traffic impact analysis per ADOT's Traffic Impact Analysis for Proposed Development. In accordance with that document, the areas of significant traffic impact were determined to consist of the following:

- The development's proposed intersection of SR 89-A and Cliffs Drive.
- The intersection of Art Barn Road and SR 89-A.

INFLUENCE AREA

Development's influence area consists of the geographic area surrounding the development from which it is expected to draw the majority of its trips. The proposed Cliffs development influence area was determined by considering the expected regional tourist attractiveness of the development. The CH2MHill *Sedona Origin - Destination Study* was used in determining the influence area.

The proposed mixed-use development is located in Uptown Sedona, a tourist based area. Therefore the majority of the patrons of the development will be tourists. The majority of the trips will be generated from the south via SR 89-A and SR 179.

LAND USE

The property is located on the eastern outskirts of Sedona, Arizona. Under present conditions the majority of the property on which the proposed resort development will be located is vacant and underdeveloped. A trailer park and one single family residence currently exist on the east property. The majority of existing land uses surrounding the property are strip retail consisting of small shops geared towards tourism. South of the property lies the Sedona Art Center and Art Barn. South of the Art Center lies the Arroyo Roble Hotel. West of the Hotel begins a row of continuous shops on both sides of SR 89-A. North of the property, across SR 89-A above the 2.5 acre "hillside" property lies a residential neighborhood.

The property is an assemblage of five contiguous parcels. The majority of the 20.5 acres is presently zoned C-1 with the exception of the 2.5 acre Hillside parcel that is zoned RM-2 and a small portion east of the creek that is presently zoned RS-36. In 1994, the 2.5 acre Hillside parcel received a Sedona Community Plan Map change and is now identified on the Community Plan as commercial. The entire Cliffs development will be seeking a zoning consolidation into a Planned Development (PD) during the planning period. All of the proposed uses in the development are permitted under the existing C-1 zoning and under the PD zoning the development is seeking. The property will be replatted to reflect the single ownership of the five assembled parcels.

Other proposed developments which could impact traffic in the study area are as follows:

- The "Y" Project -- A 15.3 acre resort development accessing via a proposed fourth leg at SR 89-A / SR 179 intersection. The resort will consist of 109 time-share condominiums and approximately 31,000 square feet of specialty retail and restaurant uses.

SITE ACCESSIBILITY

The proposed development includes two roadways on SR 89-A accessing the eastern 18.0 acres which will provide access to and from the eastern site (creekside & retail village); Cliffs Drive, providing public access and Art Barn Road providing service vehicle access. The western 2.5 acre "hillside" parcel will provide two access locations on SR 89-A into the proposed parking structure.

SR 89-A is the major roadway link between Sedona and Flagstaff to the north and Sedona and Cottonwood to the south and currently carries 8,415 vehicles per day at the project site. SR 89-A at the site is a two-lane, two-way, north/south roadway with exclusive left turn lanes at Jordan Road (southbound), and at Forest Road (northbound). West of the Forest Road intersection, SR 89-A widens into a four-lane roadway with a continuous left turn lane. At the SR 179 "Y" intersection, an exclusive southbound left turn lane is provided.

The posted speed limit on SR 89-A north of Art Barn Road is 40 mph. West of Art Barn Road, the posted speed limit is 25 mph through Uptown. The speed limit then changes back to 40 mph west of Forest Road.

ANALYSIS OF EXISTING CONDITIONS

The analysis of existing conditions included the following items:

- physical characteristics
- traffic volumes
- capacity
- safety of the street network

The analysis of existing conditions provides a base against which the incremental traffic impacts of the proposed development can be measured.

PHYSICAL CHARACTERISTICS

In the report section "Area of Significant Traffic Impact", three intersections were identified to comprise the area of significant areas impacted. The following describes the intersection cross sections.

The intersection of SR 89-A and Art Barn Road is an unsignalized "T" intersection. SR 89-A at the intersection is a 25 foot wide two-lane, two-way, north/south roadway. SR 89-A provides a northbound right turn lane into Art Barn Road. Within the turn lane, a bus turn-out is provided. The speed limit on SR 89-A is currently 40 mph north of Art Barn Road and 25 mph south of Art Barn Road. Art Barn Road comprises the east leg of the intersection. It is a 22 foot wide two-lane, two-way, east/west roadway with a 15 mph posted speed limit. Art Barn approaches SR 89-A at a steep grade. Sight distance for vehicles turning onto SR 89-A is not desirable. Vehicles parked at the Leather Shop within the right-of-way obstruct views to the north.

The Jordan Road and SR 89-A intersection is presently a skewed unsignalized "T" intersection. SR 89-A is a two-lane, two-way, north/south roadway with a posted speed limit of 25 mph. SR 89-A provides a northbound left turn lane into Jordan Road. Jordan road comprises the west leg of the intersection and is stop sign controlled. Jordan Road provides an exclusive left turn lane and an exclusive right turn lane onto SR 89-A in addition to an ingress lane.

SR 89-A and Forest Road is an unsignalized "T" intersection. North of the intersection, SR 89-A is a two-lane, two-way, north/south roadway with a posted speed limit of 25 mph. South of the intersection, SR 89-A, widens to a four-lane roadway with a continuous center turn lane and provides an exclusive northbound left turn lane into Forest Road. South of the intersection, the speed limit on SR 89-A is posted at 40 mph. Forest Road comprises the west leg of the intersection and is stop sign controlled. It provides exclusive left and right turn egress lanes in addition to an ingress lane.

TRAFFIC VOLUMES

CH2M Hill was retained by the City of Sedona to produce a corridor assessment of the Sedona transportation network, *Sedona Highway Corridor Assessment*, December 1996. The five section document establishes turning movement counts (24 hr, AM peak, and PM peak) at several intersections and roadway sections throughout the City, origin-destination data, growth rate, and other transportation related data for the City of Sedona.

Traffic volume records, as reported by the *Sedona Highway Corridor Assessment* indicated 7,886 ADT in 1995 (8,288 VPD x .986 seasonal factor x .974 weekday factor x .979 axle factor) on SR 89-A. A growth rate of 3.30% established in the corridor study was used to project the 1995 volume to a present day volume on SR 89-A of 8,415 ADT.

Turning movements during PM peak hours at the intersections of SR 89-A / Forest Road and Jordan Road counted by ADOT in 4/94 and 1/92, respectively, were incorporated into this

analysis.

Figure 3 illustrates the existing traffic volumes on the roadway network. Due to the proposed development's dominating PM peak hour movements, only PM peak hour volumes will be analyzed in this traffic impact analysis.

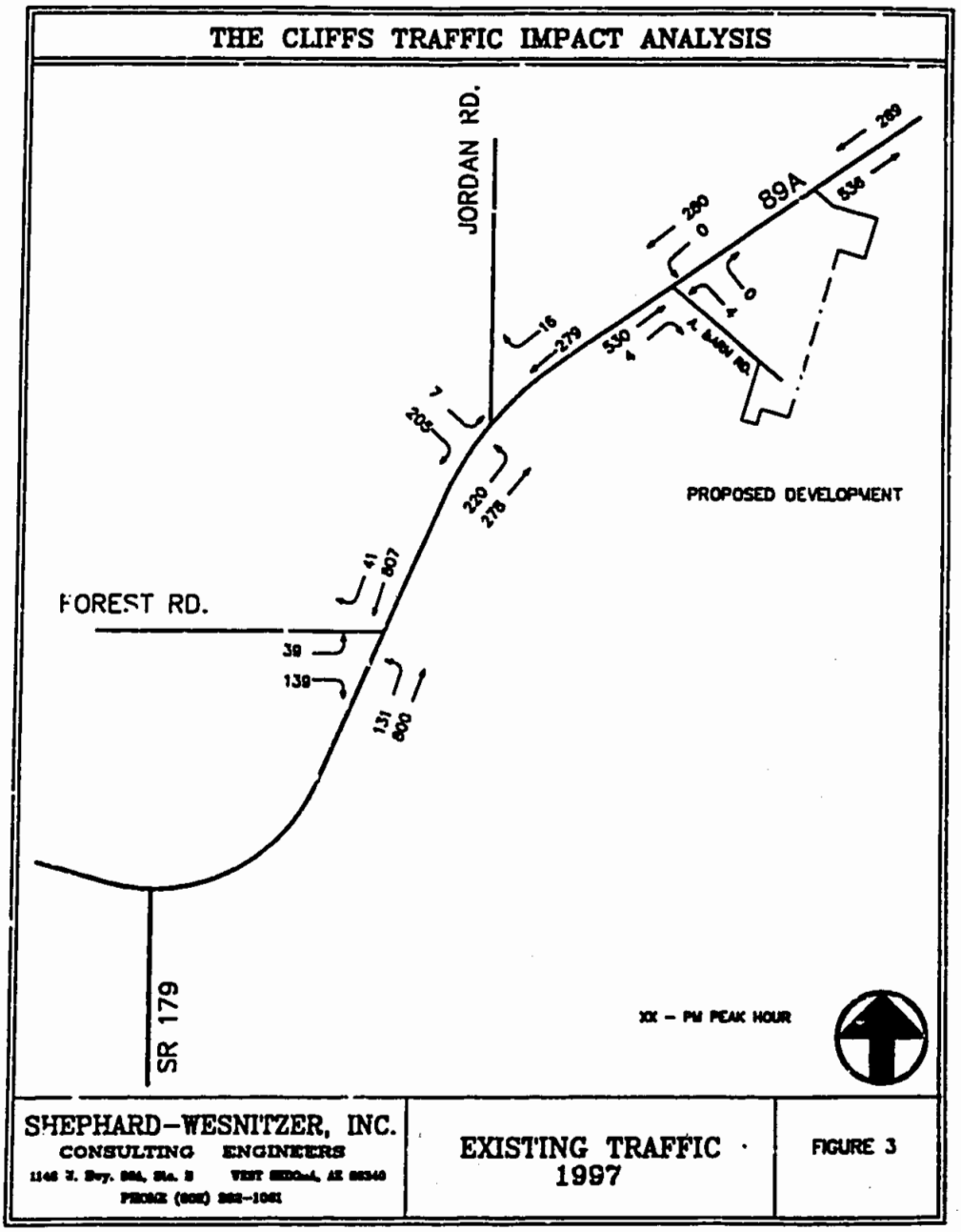
LEVEL OF SERVICE

The level of service (LOS) for the existing network was determined using the methods and procedures presented in the *1994 Highway Capacity Manual, Special Report 209* (HCM). Table 1 illustrates the existing LOS for the study area. The existing PM peak hour traffic conditions for the unsignalized intersections of SR 89-A with Forest Road, and SR 89-A with Jordan were also analyzed in this study. A two-lane analysis for SR 89-A was performed.

The completed LOS analysis worksheets are provided in the Appendix.

SAFETY

An analysis of existing roadway conditions from a safety perspective was performed by analyzing the available three year accident data for the study area. The vehicular accident records for the study area were obtained from A.D.O.T's Risk Management Department. The accidents records listed 28 accidents in the study area. The majority (32%) of the accidents were rear-end collisions. Safety for pedestrians in the Uptown area is an on-going concern due to the lack of cross-walks to reduce pedestrian - vehicle conflicts while crossing SR 89-A. One accident involved a vehicle - pedestrian / bicycle collision. Thirty percent of the vehicles involved in a collision were from out of state. The accident records are included in the Appendix.


THE CLIFFS TRAFFIC IMPACT ANALYSIS
JORDAN RD.
89A
PROPOSED DEVELOPMENT
FOREST RD.
SR 179
XX – PM PEAK HOUR
SHEPHARD–WESNITZER, INC.
CONSULTING ENGINEERS
EXISTING TRAFFIC
1997
FIGURE 3

2054-686

Table 1

Existing Levels of Service

UNSIGNALIZED INTERSECTION	PM Peak
SR 89A / Forest Road	
EB Left	F
Right	C
NB Left	B
SR 89A / Jordan Road	
EB Left	C
Right	A
NB Left	A
SR 89A / Art Barn Road	
WB Left >	
Right	C
SB Left	A
ROADWAY SEGMENT	
SR 89A at the site	D

PROJECTED TRAFFIC

SITE TRAFFIC FORECASTING

The horizon year for the development is the opening year, 2003. A five step process was used to forecast the site traffic. This process involved: 1) estimating the amount of traffic generated by the site; 2) determining the mode of transportation for these trips; 3) determining the amount of pass-by and on-site interaction traffic ; 4) distributing the traffic; and 5) assigning the traffic to specific routes.

Trip Generation

The average daily traffic volume and PM peak hour volumes generated by the proposed development have been estimated using trip rates provided by the Institute of Transportation Engineer's (ITE) *Trip Generation, Fifth Edition.* Table 3 summarizes the ITE trip generations for the proposed uses. The proposed development is expected to generate a total of 4,521 daily trips with 381 PM peak hour trips. Refer to Table 3 for explanation of the double lockout analysis of timeshares.

Mode Split

At present, a transit system does not exist. The developer is willing to start a trolley system that would make a loop between Tlaquepaque and the Cliffs development with two stops in Uptown Sedona. Additionally, pedestrian access to the development will be encouraged.

An on-site shuttle service will be available to transport patrons of the Cliffs Development.

Pass-By Traffic

Pass-by-traffic (traffic already on the adjacent streets entering the development) can provide a percentage of the development traffic. For this development, a 38.5% factor was used for pass-by-traffic. ITE data of several comparably sized retail centers, as published in the *Trip Generation* manual, was used in deriving the pass-by-traffic percentage.

On-site interaction traffic (traffic already on-site sharing uses) can also provide a percentage of the development traffic. An analysis of ITE Mixed-Use projects published in the *Trip Generation* manual indicated that a 45% reduction for site interaction is reasonable for this type of project and its location.

Trip Distribution

Factors relating to the distribution of the estimated traffic volumes are based on Uptown Sedona being the point of origination or destination for the majority of trips. The number of trips originating or terminating at the site from each direction was derived using the tourist data derived in the *Sedona Highway Corridor Assessment*, December 1996. For example, the directional distribution of traffic from the west of the site is based on the percentage of tourists (coming from the west via SR 89-A and from the south via SR 179) with a destination of Uptown Sedona. The distribution of the site trips is presented in Table 3.

Table 2
Site Distribution

Approach Route	Percent of Total Site Traffic
To/from the east via SR 89-A	15
To/from the west via SR 89-A	30
To/from the south via SR 179	55

Typical traffic distributions for retail sites as reported in *Transportation and Land Development* were incorporated into this analysis. All of the site generated traffic will access the development via Cliffs Drive other than service vehicles using Art Barn Road. Ninety percent of the site traffic entering the development from the east would use Cliffs Drive with the remainder using the second parking structure access. Patrons exiting towards Sedona out of the Parking structure will be signed to exit at the second parking access and patrons exiting toward Flagstaff / Oak Creek Canyon will be signed to exit at Cliffs Drive.

Site Traffic Assignment

The projected site traffic volumes were assigned to the area roadway network using the directional distributions developed previously. The generated trips were adjusted by the pass-by traffic and on-site interaction traffic and assigned to the particular routes. The traffic assignments are shown in Figure 4.

NON-SITE TRAFFIC FORECASTING

The non-site or background traffic volumes representing the amount of traffic which will be on the area roadway network without the proposed development were projected for the horizon year 2003. The yearly 3.30% growth rate, established previously, was used to forecast the background traffic. The projected background traffic volumes for the opening year, 2003 are illustrated on Figure 5.

TOTAL TRAFFIC

The forecasted non-site traffic was combined with the projected site traffic to identify the total traffic volumes within the area of significant traffic impacts. These volumes are illustrated in Figure 6.

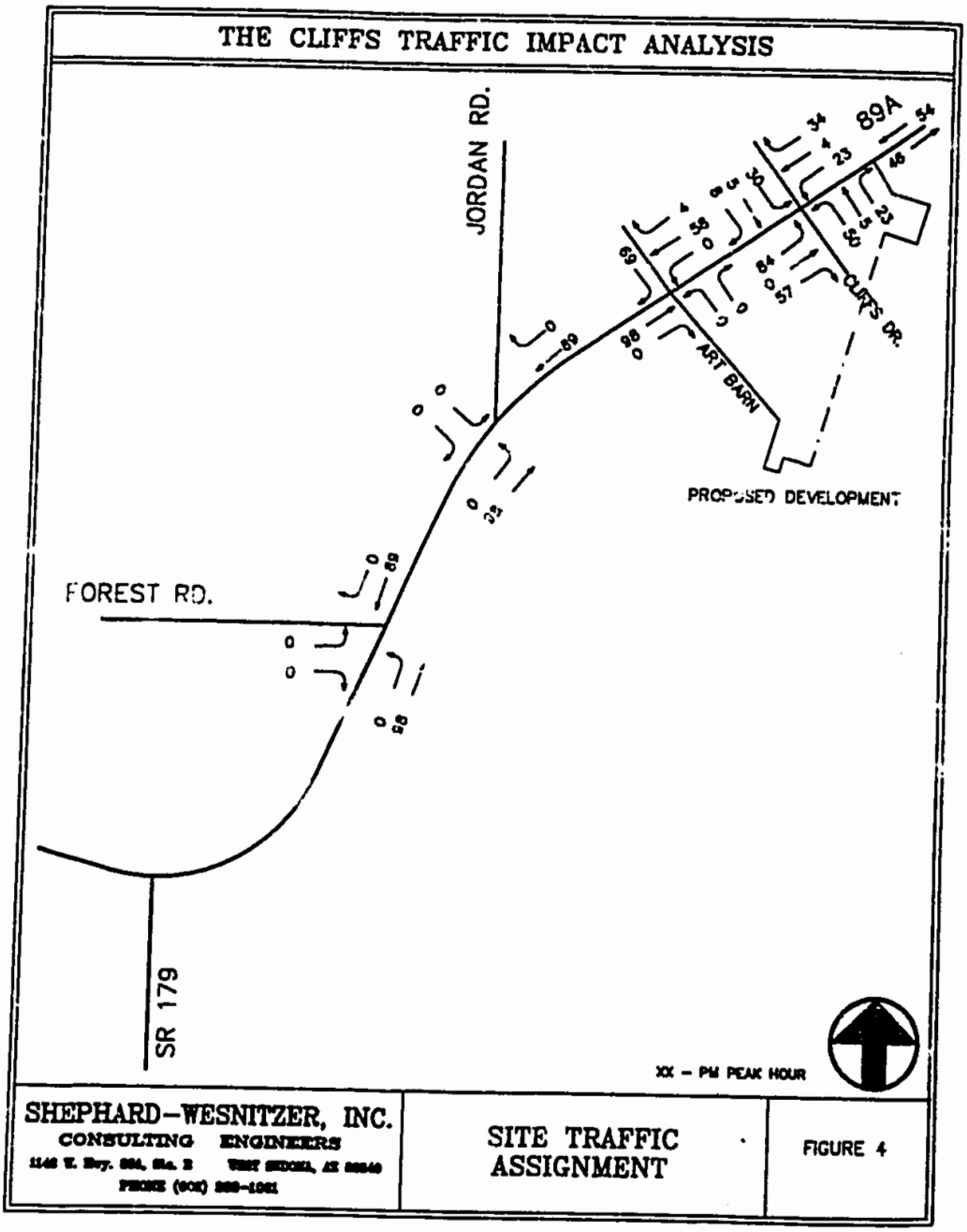
TABLE 1 - TRAFFIC GENERATION

LAND USE	ITE CODE	VARIABLE	TIME PERIOD	EQUATION	% ENTERING	TOTAL	AM TOTAL	AM In	AM out	PM TOTAL	PM In	PM out
Timeshare	SWI	207	*Weekday*	T = 6.60*X	50%	1366						
			AM peak	T = .5*X	35%		104	36	68			
			PM peak	T = .61*X	45%					126	57	69
Restaurant	831	15	*Weekday*	Ln(T) = .679Ln(X)+4.79	50%	1308						
			AM peak	T = .92*X	94%		14	13	1			
			PM peak	T = 7.66*X	70%					115	81	34
Retail	820	35	*Weekday*	T = 88.92*X	50%	3112						
			AM peak	T =2.09*X	63%		73	46	27			
			PM peak	T = 8.20*X	50%					287	144	143
Gallery	Art barn #'s	5	*Weekday*	T = 12*X	50%	60						
			AM peak	T = .15*X	50%		8	4	4			
			PM peak	T = .15*X	50%					8	4	4
Timeshare	SWI	56	*Weekday*	T = 6.60*X	50%	370						
			AM peak	T = .5*X	35%		28	10	18			
			PM peak	T = .61*X	45%					34	15	19
Microbrewery	SWI	3.4	*Weekday*	T = 39.0*X	50%	133						
			AM peak	N/A	0%		0	0	0			
			PM peak	T = 9.0*X	70%					31	22	9
Timeshare	SWI	45	*Weekday*	T = 6.60*X	50%	297						
			AM peak	T = .5*X	35%		23	8	15			
			PM peak	T = .61*X	45%					27	12	15
Retail	820	7.6	*Weekday*	T = 88.92*X	50%	676						
			AM peak	T =2.09*X	63%		16	10	6			
			PM peak	T = 8.20*X	50%					62	31	31
Restaurant	831	8.6	*Weekday*	Ln(T) = .679Ln(X)+4.79	50%	802						
			AM peak	T = .92*X	94%		8	8	0			
			PM peak	T = 7.66*X	70%					68	46	20
Park	411	7	*Weekday*	Ln(T) = .401Ln(X)+3.78	50%	96						
			AM peak	T = .05*Weekday	72%		5	4	1			
			PM peak	T = .07*Weekday	35%					7	2	5
					SUB-TOTAL =	8220	279	139	140	763	414	349
					site 'nteraction =	3699	140	70	70	382	207	175
					SUB- TOTAL =	*4521*	*139*	*69*	*70*	*381*	*207*	*174*
					pass-by =	1741	35	17	18	95	52	44
					NET TOTAL =	*2780*	*104*	*52*	*52*	*286*	*155*	*130*

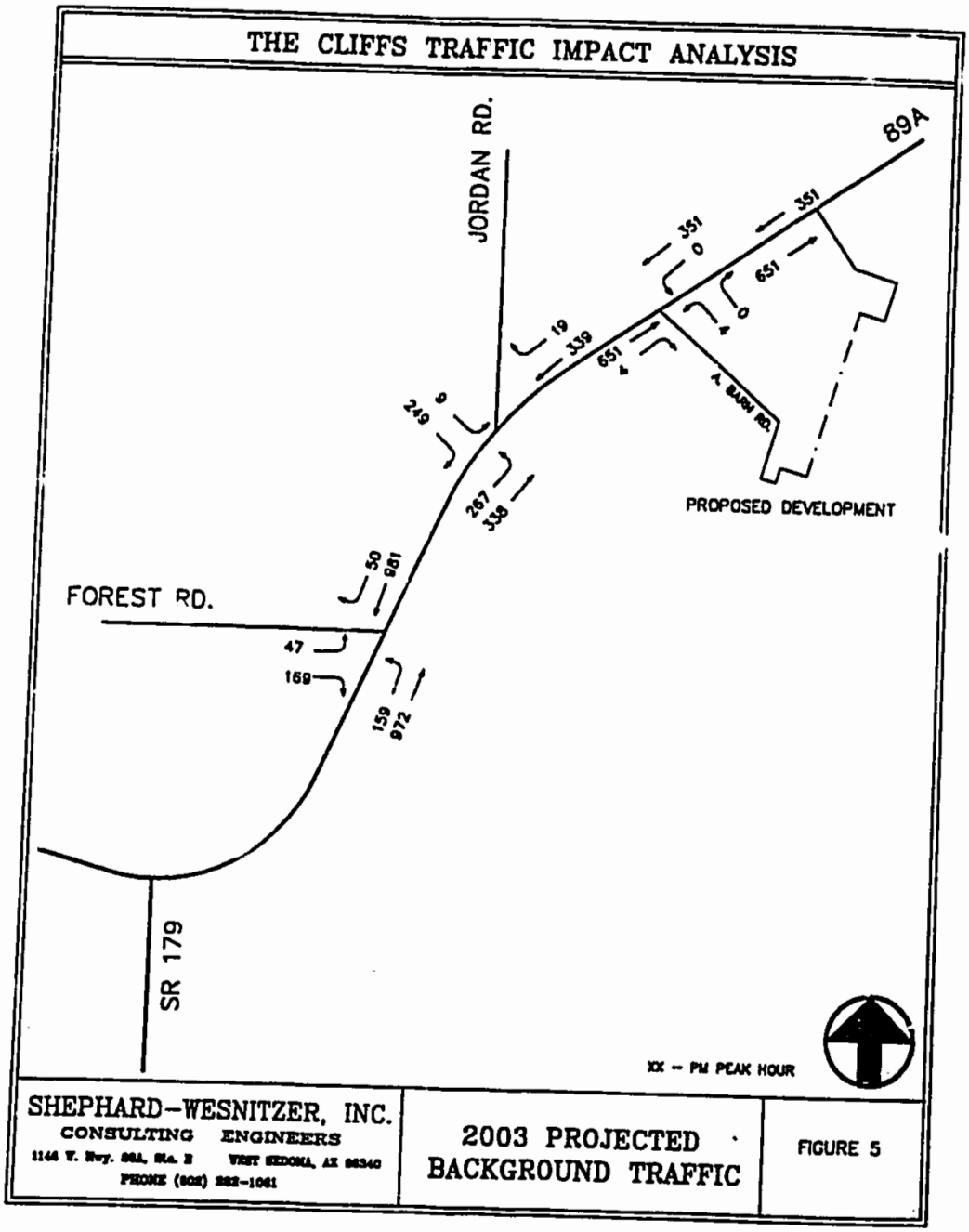
* NOTE: Timeshare units have been factored by the City of Sedona parking factor of 1.35 to account for lockout units. The 195 T.S. were multiplied by 0.35 yielding 69 extra T.S. to account for lock-outs. The 69 was subtracted from 195 and again multiplied by 0.35 to account for the double lock-out yielding 44 T.S. The total number of T.S. generating traffic is anticipated to be 195+69+44 = 308 units

2054-691

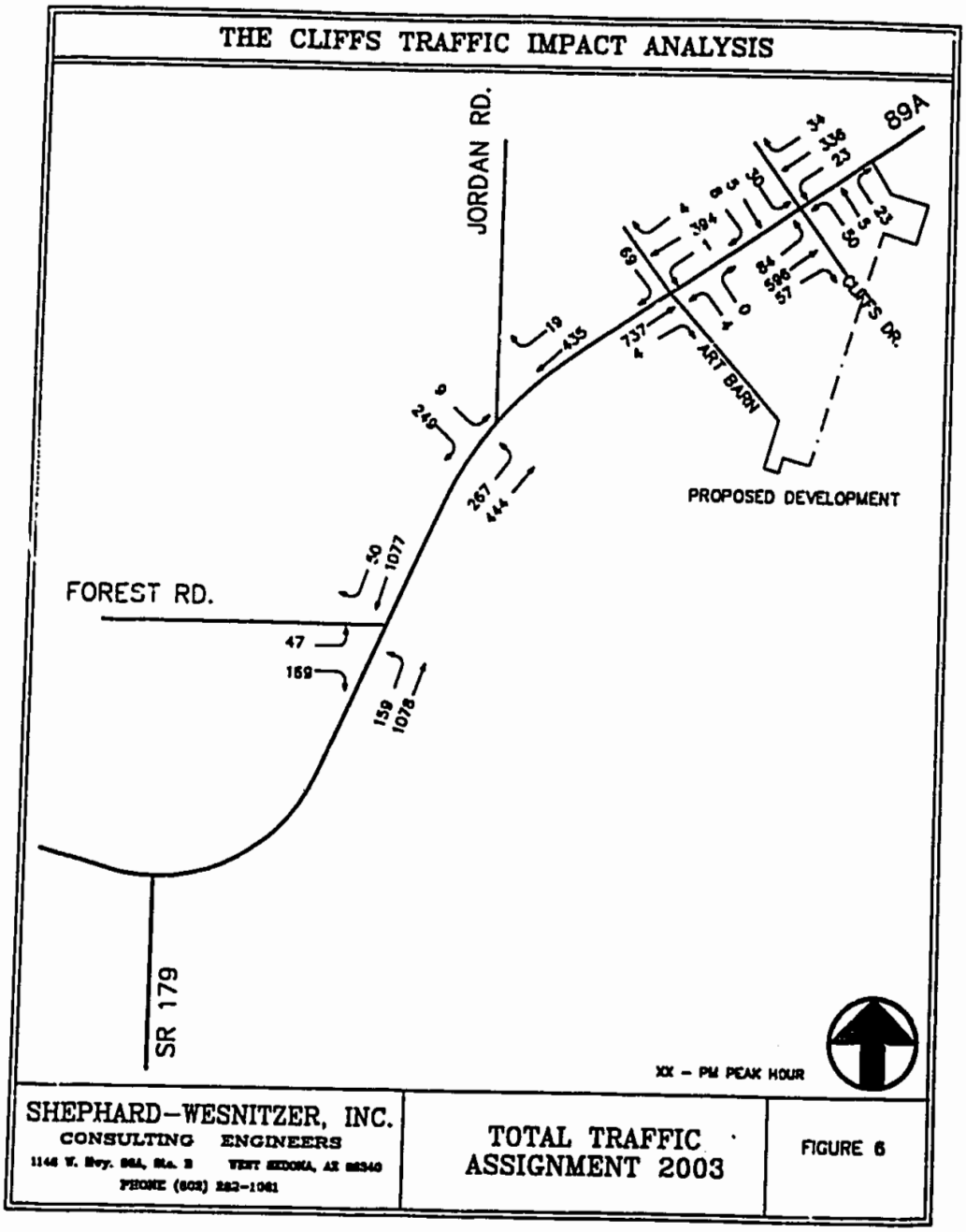
EXHIBIT 25


THE CLIFFS TRAFFIC IMPACT ANALYSIS
JORDAN RD.
89A
ART BARN
COURTS DR.
PROPOSED DEVELOPMENT
FOREST RD.
SR 179
XX – PM PEAK HOUR
SHEPHARD–WESNITZER, INC.
CONSULTING ENGINEERS
SITE TRAFFIC ASSIGNMENT
FIGURE 4

2054-692


THE CLIFFS TRAFFIC IMPACT ANALYSIS
JORDAN RD.
89A
351
0
351
651
0
4
19
339
651
4
249
0
A. BAUM RD.
PROPOSED DEVELOPMENT
267
338
50
981
FOREST RD.
47
169
159
972
SR 179
XX - PM PEAK HOUR
SHEPHARD-WESNITZER, INC.
CONSULTING ENGINEERS
1446 W. Hwy. 89A, Ste. B WEST SEDONA, AZ 86340
PHONE (602) 282-1061
2003 PROJECTED BACKGROUND TRAFFIC
FIGURE 5

2054-693


THE CLIFFS TRAFFIC IMPACT ANALYSIS
JORDAN RD.
89A
FOREST RD.
SR 179
ART BARN
CLIFFS DR.
PROPOSED DEVELOPMENT
XX - PM PEAK HOUR
SHEPHARD-WESNITZER, INC.
CONSULTING ENGINEERS
1144 W. Hwy. 89A, Ste. 2 WEST SEDONA, AZ 86340
PHONE (602) 282-1061
TOTAL TRAFFIC ASSIGNMENT 2003
FIGURE 6

2054-694

TRAFFIC AND IMPROVEMENT ANALYSIS

The effects of the total projected traffic on the traffic conditions within the area of significant traffic impacts were analyzed. Any needed roadway improvements were identified.

SITE ACCESS

The access roadways for the proposed Cliffs development were analyzed with regard to traffic operations and safety.

The anticipated traffic operations of each access was evaluated. With the proposed addition of a northbound right turn lane on SR 89-A into Cliffs Drive, it is recommended that the existing right-of-way parking in front of the Leather Shop and La Vista Motel be removed. Without the right-of-way parking, the sight distance on Art Barn Road will be improved. It is anticipated that Art Barn Road and Cliffs Drive will operate at an acceptable manner.

Stopping sight distance was analyzed for the SR 89-A westbound horizontal curve approaching the site. A 200 foot length is recommended for a speed limit of 30 mph. The stopping sight distance was found to be 260' at the worst case.

LEVEL OF SERVICE ANALYSIS

A level of service analysis was conducted: 1) to show the relation between traffic operations and roadway geometrics; 2) to identify needs; and 3) to identify alternative designs. Three types of analysis were used: 1) a roadway segment analysis; 2) a signalized intersection analysis; and 3) an unsignalized intersection analysis. These analyses were performed in accordance with the procedures and methodology presented in the HCM.

For each horizon year, the following three scenarios were analyzed:

- Non-site traffic only (without the proposed development)
- Total traffic (with non-site and the proposed development)
- Total traffic with improvements (if applicable)

Table 4 summarizes the results of the level of service analyses for the impacted areas. The calculation sheets are provided in the Appendix.

SIGNAL WARRANT ANALYSIS

A signal warrant analysis was performed at the proposed SR 89-A and Cliffs Drive intersection. With the anticipated volumes in the horizon year 2003, a signal is warranted on four of eleven warrants per the *Manual on Uniform Traffic Control Devices* (MUTCD). Warrants 2, 3, 9, and 11 are expected to be met.

QUEUING ANALYSIS

A queuing analysis for the left turn lanes on SR 89-A at Cliffs Drive and Art Barn Road and on Cliffs Drive was performed to determine the queue lengths which need to be accommodated. The following AASHTO procedures were used for the analyses:

Signalized Intersections:

vehicles/cycle = 2 x (veh./hr) / (cycles/hr)

storage length = (veh./cycle) x 25 ft

Unsignalized Intersections:

Vehicles/2 min. period = (veh./hr.) / (30min./hr.)

Storage length = veh./2min. period x 25 ft

SR 89-A at Cliffs Drive SB left turn storage:

vehicles/cycle = 2 x (23) / (32) = 1.44

storage length = (1.44) x 25 ft = 36'; round to nearest 25' therefore storage = 50'

SR 89-A at Cliffs Drive NB left turn storage:

vehicles/cycle = 2 x (111) / (32) = 5.25

storage length = (5.25) x 25 ft = 131'; round to nearest 25' therefore storage = 150'

SR 89-A at Cliffs Drive NB thru Que length:

vehicles/cycle = 2 x (596) / (32) = 37.25

storage length = (37.25) x 25 ft = 931'; round to nearest 25' therefore que = 950'

SR 89-A at Cliffs Drive SB thru Que length:

vehicles/cycle = 2 x (336) / (32) = 21

storage length = (21) x 25 ft = 525'

Cliffs Drive left turn storage:

vehicles/cycle = 2 x (50) / (32) = 3.13

storage length = (3.13) x 25 ft = 78'; round to nearest 25' therefore storage = 100'

Table 4

Projected Levels of Service

UNSIGNALIZED INTERSECTION	2003 PM Peak
SR 89A / Forest Road	
EB Left	F/F
Right	C/D
NB Left	C/C
SR 89A / Jordan Road	
EB Left	C/D
Right	B/B
NB Left	A/B
SR 89A / Art Barn Road	
EB right	na/A
WB Left >	
Right	C/C
SB Left	A/A
SIGNALIZED INTERSECTION	
SR 89A / Cliffs Drive	na/B
ROADWAY SEGMENT	
SR 89A at the site	D/D

X/Y = LOS of each scenario considered

X = LOS without the proposed development

Y = LOS with proposed development

ROADWAY IMPROVEMENTS

The following briefly describes the roadway improvements proposed on the existing network.

At the intersection of SR 89-A and Art Barn Road, the roadway improvements consists of a southbound left turn lane to facilitate entrance into the proposed development. With this exclusive left turn lane, left turning traffic will not impede the southbound through traffic.

Relative to improvements at the SR 89-A and Cliffs Drive intersection. the roadway improvements consist of a southbound left turn lane and southbound right turn lane to facilitate the turning movements and to minimize the disruption of southbound through traffic. A northbound left turn lane and right turn lane are also recommended to reduce friction.

At the second access to the parking structure directly across Art Barn Road, a right turn lane will be provided to reduce speed differential brought on by right turning vehicles. Left turns will not be allowed into this access.

TRAFFIC SAFETY

In consideration to traffic safety, Art Barn Road does not provide an acceptable sight distance for service vehicle traffic exiting the development. It is recommended that the parking within the right-of-way at the Leather shop be removed therefore improving the sight distance to the north and allowing for a longer northbound right turn lane into Cliffs Drive.

The sight distance at the proposed location for Cliffs Drive has been evaluated and found to be adequate. A caution of a cross road ahead east of the intersection before the signal is installed and a caution (signal assembly ahead) when the signal is installed is recommended for westbound traffic due to the horizontal curve coming into Sedona. It is recommended that Cliffs Drive have a minimum corner radius of 40 feet to facilitate turning movements.

PEDESTRIAN CONSIDERATIONS

With the opening of this development, pedestrian activity is expected to increase. Crosswalks are recommended to be installed across SR 89-A on the east and west leg. Due to this anticipated pedestrian activity, sidewalks / walkways on both sides of SR 89-A will be constructed. Pedestrian crossing will need to be included in the signal phasing. With the installation of the crosswalks across SR 89-A at the Cliffs Drive intersection, a set point of crossing will be established, therefore eliminating some of the existing pedestrian random crossing.

SIGNAL NEEDS

The proposed intersection of SR 89-A and Cliffs Drive will need a signal in order to allow efficient entering and exiting into the development. The developer will be responsible for the costs of the installation. With the developer taking on the installation costs and SR 89-A roadway improvements at the site, a careful review of other warranted costs should be taken into account.

CONCLUSION

The proposed Cliffs development located on the eastern edge of Uptown Sedona can be supported by the existing roadway system if the recommendations discussed in the following page are adhered to. The expected 4,521 trips the proposed development is expected to generate will impact the existing network. However per the *Sedona Highway Corridor Assessment*, December 1996, existing network conditions justify improvements (i.e. traffic signals at Forest Road and Jordan, improvements at SR 89-A and SR 179 intersection, and pedestrian crossings in Uptown) regardless of the construction of the development. Although, with the construction of the proposed development, additional improvements will be needed. Those improvements are addressed in the following section.

Pedestrian activity in the vicinity of the site, is expected to increase. This increase suggests providing pedestrian facilities (i.e. crosswalks and pedestrian signals) which are presently absent throughout Uptown Sedona.

RECOMMENDATIONS

The existing roadway network can service and support the additional traffic generated by the proposed development if the following recommendations are implemented. These recommendations are divided into two groups, those which are necessary for existing conditions and those which are necessary as a result of the proposed development.

EXISTING NEEDS:

- Install or mitigate needs for a traffic signal at Forest Road.
- Install or mitigate needs for a traffic signal at Jordan Road.
- Address unsafe pedestrian activity in Uptown.

DEVELOPMENT NEEDS:

- Art Barn Road will remain as the access to the Sedona Art Center (S.A.C.), but will only be used by the Cliffs development as a service vehicle access only.
- Install a traffic signal at SR 89-A and Cliffs Drive to include pedestrian signals and crosswalks. The proposed location of the signal provides adequate distance to operate concurrently with a signal at Forest Road or Jordan Road.
- Install southbound left turn lane on SR 89-A accessing Art Barn Road. A 50 foot storage with a 105 foot deceleration length including a 60 foot bay taper is recommended.
- Install northbound left turn lane on SR 89-A accessing Cliffs Drive into the parking structure. An 80 foot storage with a 105 foot deceleration length including a 60 foot bay taper is recommended.
- Install northbound right turn lane on SR 89-A accessing Cliffs Drive. A 140 foot storage length with a 105 foot deceleration length including a 60 foot bay taper is recommended. This right turn lane should be maximized during design. The taper is to begin at the Art Barn Road radius return to maximize the storage length.

- Install southbound left turn lane on SR 89-A accessing Cliffs Drive. A 135 foot storage with a 105 foot deceleration length including a 60 foot bay taper is recommended.
- Install southbound right turn lane on SR 89-A accessing Cliffs Drive. A 75 foot storage length with a 105 foot deceleration length including a 60 foot bay taper is recommended.
- The second access into the parking structure will be right in / right out only and will be signed as such. A raised concrete median island preventing other movements should be installed. The Signs within the structure should direct traffic heading towards Sedona to exit at the second access and traffic heading towards Oak Creek Canyon / Flagstaff to exit at Cliffs Drive. Install southbound right turn lane on SR 89-A. Storage will not be needed due to the free flow movement. A 105 foot deceleration length including a 60 foot bay taper is recommended. It is also recommended that the deceleration lane include a 160 foot designated area to provide for a two bus turn-out including a 60 foot bay taper. The total length of the right turn lane will be a maximum of 265 feet in length or as allowed by design. The turn-out will be striped as a bus pull-out.
- Westbound Cliffs Drive will provide a 12 foot wide left turn lane, a 12 foot wide through lane, and a 12 foot wide right turn lane for egress. One hundred forty five feet of storage will be provided for stacking vehicles. A 16 foot wide lane will be provided for ingress.
- Eastbound Cliffs Drive (egress from parking garage) will provide a 12 foot wide left turn lane and a 12 foot wide through / right turn lane for egress. This exit lane will be shared due to the anticipation of low volumes for these two movements. Two 12 foot wide ingress lanes will be provided.
- A sidewalk should be installed along the east SR 89-A frontage from Art Barn Road to Cliffs Drive This sidewalk will provide the "creekside" and "retail village"of the project with pedestrian access to and from the site from existing Uptown shops on the east side of SR 89-A. A walkway will be provided along the west SR 89-A frontage. This walkway will provide pedestrian access to and from the "hillside" of the project to the existing Uptown shops on the west side of SR 89-A. The pedestrian network within the development should be planned to lead pedestrians wanting to cross from the "hillside" to the "creekside" and retail "village" or vice versa to cross at the traffic light.
- Reduce speed limit from 40 mph to 25 mph in the vicinity of the site. The location will be

field located.

- The developer is willing to incorporate a transit system serving the tourist attractions in the Uptown area and Tlaquepaque. The transit will make a loop between the two resorts at set intervals with two stops in Uptown Sedona.
- With the on-site transit, a transit pull-off on the west side of SR 89-A will be needed between Cliffs Drive and Art Barn Road. This pull-off will help service the handicapped, the guests of the hillside casitas, and retail shops. The pull-off will be incorporated into the southbound right turn lane as discussed above.

APPENDIX

HILLSIDE VILLAGE
SECTION 1"=20'
A

EXHIBIT E