



McDowell Mountain Backbowl, LLC

January 22, 2009

Mr. Greg Williams
Senior Planner
City of Scottsdale
7447 East Indian School Road
Scottsdale, AZ 85251

Re: Sereno Canyon – Infrastructure Issues

Dear Mr. Williams:

This letter is a follow up to [discussions between Don Hadder and our representative, David Gulino, regarding infrastructure that will serve both our Sereno Canyon project and other surrounding developments.

As you are aware, we have had discussions with Rudy De Paola with GBD40, LLC regarding the installation of a waterline through phase 3 of Sereno Canyon to serve the project to the east of Sereno Canyon known as Tiara Estates. Mr. De Paola requested that McDowell Mountain Backbowl, LLC (“MMB”) install a waterline within an easement located within Sereno Canyon in order to serve Tiara Estates under a cost sharing agreement. While we have expressed a willingness to install the waterline despite the fact that the waterline is not required for Sereno Canyon and that MMB is not obligated to do so under its zoning stipulations, the terms proposed by Mr. De Paola are unacceptable to MMB. Since the public utility easement necessary for installation of the waterline has already been dedicated, we suggested to Mr. De Paola that GBD40 assume responsibility for installation of the waterline. In connection with that installation, we believe that GBD40 should be required to blast and excavate for all utilities that will ultimately need to be installed in the easement. Otherwise, the installation of other utilities in that easement could be problematic, could increase development costs for MMB and could potentially disrupt water service to the Tiara Estates residents. Of course, the surface of the easement area will need to be restored to its prior condition following installation of the waterline.

In addition, I understand that Mr. De Paola has raised a question about MMB’s obligation to complete the remainder of Ranch Gate Road. As you know, MMB is obligated to install Ranch Gate Road from Happy Valley Road to 128th Street pursuant to the zoning stipulations for Sereno Canyon. No timeframe is contained in the stipulations for construction of Ranch Gate Road. However, in keeping with commitments made by MMB to provide for an alternative access route to Sereno Canyon in order to minimize traffic through existing neighborhoods along Alameda

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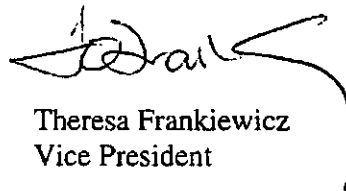
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Road, MMB already has improved Ranch Gate Road from 118th Street to its entrance in connection with the development of Phase 1 of Sereno Canyon. MMB intends to complete the remaining approximately 1300 feet of Ranch Gate Road contemporaneously with the development of Phase 4 of Sereno Canyon in order to accommodate approved ingress and egress via 128th Street. Given current market conditions, the timing of this construction is unknown.

The stipulations for Tiara Estates require that GBD40 provide paved access to that project, but contemplate that such access may need to be provided prior to completion of Ranch Gate Road. (See Stipulation No. 59 of the Development Review Board Report for Tiara Estates which provides that prior to issuing a certificate of occupancy for any home in Tiara Estates, "the lot shall have paved access. 128th Street improvements are required to either extend to Ranch Gate Road (if paved) or Dynamite Boulevard.") Thus if GBD40 wishes to commence construction on Tiara Estates prior to completion of Ranch Gate Road, it may be necessary to extend 128th Street from Dynamite Boulevard as contemplated by the stipulations.

I hope this information has been helpful. If I can answer any further questions regarding the Sereno Canyon project please feel free to call me.

Very truly yours,



Theresa Frankiewicz
Vice President

TF:saj

cc: Mr. David G. Gulino
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