

DEVELOPMENT DONATION CONTRACT

This Agreement ("the Agreement") is entered into by and between the Amphitheater Unified School District No. 10 of Pima County, Arizona, (also known as Amphitheater Public Schools), a political subdivision of the State of Arizona ("District") and Kai Enterprises/JMK Family Properties ("Developer"), relating to "the Projects" located at La Cholla Boulevard and Naranja Drive Northwest and Southwest. The Projects are also known as Project No. OV1114-002 and Project No. OV1114-003 in Pima County, Arizona.

RECITALS

A. Quality Schools. High quality schools and school facilities are in the best interest of the present and future homeowners and business located with the Projects and the District.

B. Description of Projects. The initially proposed plan for the Projects consisted of approximately 753 single-family residential units and commercial development. This plan may be modified.

C. Enrollment Impact. District schools that would serve the Projects' locations are presently designated as Wilson K-8 School, and Ironwood Ridge High School, both of which have limited enrollment capacity for new students. The District has notified the Town of Oro Valley of each school's capacity for new students relating to the Projects.

D. Limitation of Ability to Build. The District is financially constrained in its ability to build new school facilities by the lack of designated state funding for that purpose, as well as the inherent limitations of the Arizona State School Facilities Board funding mechanisms.

E. Mitigation of Impact and Limitation. Donations to the District by the Developer will mitigate the impact of the Projects upon the District and will mitigate the limitation of the District's ability to build, improve, and/or equip school facilities.

AGREEMENT

In consideration of the potential impact of the Projects on the limited resources of the District, the parties have agreed to the following:

1. Payment of Education Donation. Developer of the Projects will contributing an Education Donation of One Thousand Five Hundred Dollars (\$1,500.00) for each detached single-family residential unit, and Four Hundred Fifty Dollars (\$450.00) for each apartment unit, if any, townhome and condominium residence constructed within the Projects.

2. Forbearance of District Objection to the Project. In consideration for the Education Donation which Developer agrees to pay, the sufficiency and value of which is fully acknowledged and accepted by the Developer, the District will reissue correspondence to the Town of Oro Valley describing the impact of the Projects on the District's enrollment capacity. The reissued correspondence will explain that the District's ability to meet enrollment demands arising from the Projects will be greatly aided by the support provided through the Developer's donations pursuant to this contract.

3. Time and Manner of Donation Payments. The Education Donation for each single family residence shall be paid by Developer, or its successors or assignees, to Amphitheater Public Schools at closing of escrow for each individual sale of a residence within the Projects. The Education Donation for each apartment unit, in aggregate, shall be paid by Developer, or its successors or assignees, to Amphitheater Public Schools at the start of construction of the multi-family apartment project.

4. Succession of Education Donation Obligation. The obligation to pay the Education Donation shall be that of the Developer, and should Developer sell or convey its land or interest therein to a third party, shall remain that of Developer, unless Developer enters into a subsequent agreement with a successor or assign for assumption of the donation obligation. Developer shall take all appropriate steps to notify its successors and assignees of the obligation to pay the Education Donation to the District and shall secure District's approval of any agreement for assumption of the donation obligation by a successor or assign, prior to entering into any such agreement.

Dated this _____ day of November, 2014.

Amphitheater Public Schools

By Its Superintendent

Dated this _____ day of November, 2014.

Kai Enterprises/JMK Family Properties
(Developer)

By Its Vice President

Patrick Nelson

James M. Kai