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July 12, 2007

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PLEASE REPLY TO TUCSON

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La Paloma Property Owners Association, Inc.
c/o Tanis A. Duncan, Statutory Agent
548 E. Speedway
Tucson, AZ 85705

Don Pope, President
La Paloma Property Owners Association, Inc.
1870 W. Prince Road #47
Tucson, AZ 85705

Re: Acquisition of Portion of Campo Abierto by Catalina Foothills Unified School
District No. 16

Dear Ms. Duncan and Mr. Pope:

This firm represents Catalina Foothills Unified School District No. 16 (the "District"). As you know, the Association currently is the Plaintiff in a case filed in Arizona Superior Court in which the Association alleges that the District has no rights in that portion of Campo Abierto described on Exhibit "A" hereto. It is the District's position that it does have rights to use Campo Abierto to the same extent as any other owner of real property in La Paloma, and that these rights will be confirmed in the pending lawsuit. Nevertheless, the District must take such action as may be necessary to ensure its immediate right of access from Block 24 of La Paloma to Campo Abierto. Therefore, I am providing this letter to you pursuant to the requirements of A.R.S. §12-1116. You should be aware that if you accept the offer outlined in this letter, and if the District should prevail in the pending lawsuit and its ownership of a right of access in Campo Abierto are confirmed by the Court, the District will seek to recoup any monies accepted by the Association pursuant to the offer contained in this letter.

The District hereby offers to purchase the access rights to the property described on Exhibit "A" hereto for \$56,000, which the District deems to be just compensation for the interest in the property to be acquired. Enclosed for your information is an appraisal prepared by KB Appraisers dated May 25, 2007, which supports the amount of the proposed just compensation.

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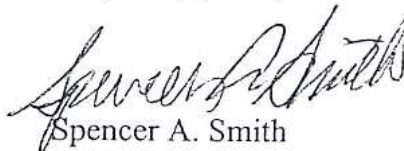
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If you do not accept this offer, after the expiration of twenty days from the date of this letter, the District will initiate a condemnation action in Pima County Superior Court, including a request for immediate possession of the interest sought to be acquired.

Nothing in this letter shall be construed as an admission with respect to the District's assertion of ownership of the rights covered by the enclosed appraisal and this offer. The District continues to maintain that it is entitled to the access rights that are the subject of this appraisal under the certain Final Order of Condemnation issued by the Superior Court on March 11, 1994, and will continue its efforts to establish those rights in the pending Pima County Superior Court action.

Very truly yours,



Spencer A. Smith

rl
enc

c Terry Downey
Dr. Mary Kamerzell



La Paloma

Mary Kamerzell, Ph.D,
Superintendent of Schools
CATALINA FOOTHILLS SCHOOL DISTRICT
2101 East River Road
Tucson, AZ 85718

Terry Downey, Associate Superintendent
CATALINA FOOTHILLS SCHOOL DISTRICT
2101 East River Road
Tucson, AZ 85718

Re: La Paloma / Access to Campo Abierto

Dear Dr. Kamerzell and Ms. Downey:

The La Paloma Property Owners Association (“LPPOA”) authorized filing the Complaint in Pima County Superior Court Cause No. C20070499 to obtain a judicial determination of whether or not the Catalina Foothills School district (“CFSD”) enjoyed access rights, other than pedestrian, to Campo Abierto. LPPOA believes that, in light of the circumstances surrounding the 1994 Stipulated Judgment in Pima County Superior Court Cause No. 293276, vehicular access over Campo Abierto was not contemplated for a school facility. More recently, the Pima County Superior Court determined there is a factual dispute regarding the interpretation of the 1994 Judgment which may require a trial on the merits. Due to the length of time litigation inevitably requires, LPPOA will respond to CFSD’s request to access Campo Abierto at CFSD’s proposed alignment with the private access way to the east intended to serve Blocks 22 and 25 in the La Paloma subdivision.

In providing this response, LPPOA is limiting its review to the criteria referenced on the La Paloma Subdivision Plat, and not its more broad-based authority authorized in the recorded Covenants, Conditions & Restrictions recorded at Docket 742, page 1015-60, and the subsequent amendments thereto. Moreover, this response does not rely upon the well-founded contention CFSD agreed not to utilize the private subdivision streets for its planned school facility in negotiating a resolution of the condemnation case in 1994. This response addresses only the authority set forth and the duties imposed in the Dedication and in the subdivision notes set forth on the La Paloma subdivision plat, recorded in Book 37 of Maps & Plat at page 21, records of the Pima County Recorder’s Office, Pima County, Arizona.

La Paloma is a well-thought out master-planned community. Campo Abierto, north of Sunrise Drive was designed and intended to provide direct access to Block 22, a one-acre CB-1 zoned parcel, and to Block 25, a 7-acre TR zoned parcel. The median, vegetation, monumentation, sight visibility, and travel and stacking lanes on Campo Abierto were designed to accommodate the access way to the CB-1 and TR parcels south of the gated entryway, and the through traffic necessary for residential access north of the gated entryway. Block 24, acquired by CFSD, was planned for residential development and was provided significant frontage along Campo Abierto north of the guardhouse for safe ingress and egress. CFSD’s proposal to construct an access way on Campo Abierto south of the guardhouse is inconsistent with the planned engineering and design criteria; it will create unacceptable traffic congestion at the intersection of Blocks 22 and 25. More importantly, it will create an unsafe condition

Mary Kamerzell, Ph.D,
Superintendent of Schools
CATALINA FOOTHILLS SCHOOL DISTRICT
Re: La Paloma / Access to Campo Abierto

Terry Downey, Associate Superintendent
CATALINA FOOTHILLS SCHOOL DISTRICT

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due to the road design, the location of the guardhouse, monumentation, and the raised medians and the attendant mature vegetation.

The Board Members placed considerable weight upon their responsibility to insure the safety of property owners and invitees utilizing the private streets. The Subdivision Plat places the private streets both "under the total control of the La Paloma Property Owners Association" and imposes upon us the responsibility "for their operation, safety, and maintenance...." In fulfilling this obligation, LPPOA by CFSD through Rick Engineering and submitted requested Curtis Lueck & Associates, a highly qualified civil engineer, review all information generated by CFSD through Rick Engineering and submitted to Pima County. Mr. Lueck first observed Rick Engineering failed to take into consideration the amount of traffic that would be generated once the State of Arizona's CB-1 zoned parcel is developed. Rick Engineering also failed to discuss additional traffic that would be generated from Block 24 once CFSD completes the development on the balance of Block 24. Our own analysis reflects CFSD's proposal imposes the need for appreciable design modifications to Campo Abierto and the surrounding improvements.

If it is CFSD's intention to submit a more meaningful proposal, it must be one that addresses all geometric elements such a driveway width, curb radii, sight visibility triangles, and specific proposals to meet Pima County urban Cross-section standards. Inasmuch as CFSD is requesting a change from that intended by the Subdivision Plat, CFSD must also submit its own cost estimate to implement these improvements together with design criteria to best preserve the attractiveness of this private access way. LPPOA feels it would be entirely inappropriate to assess its members the cost of design changes and further improvements necessary to accommodate this proposed change. CFSD's present proposal fails to meet the minimum criteria established by the La Paloma Subdivision Plat, and is rejected.

Sincerely,
LA PALOMA PROPERTY OWNERS ASSOCIATION

Andy Genor, President