

Upon recording return to:
City Clerk
City of Flagstaff
211 W Aspen Ave.
Flagstaff, AZ 86001

DEVELOPMENT AGREEMENT

between
CITY OF FLAGSTAFF
and
LONE TREE RANCH, L.P.
for
LONE TREE RANCH

THIS DEVELOPMENT AGREEMENT (“**Agreement**”) is made as of _____, 2026, by and between Lone Tree Ranch, L.P., an Arizona limited partnership (“**Developer**”) and the City of Flagstaff, Arizona, a municipal corporation organized and operated under the laws of the State of Arizona (the “**City**”). City and Developer may be referred to in this Agreement as “**Party**” in the singular, and collectively as the “**Parties**.”

RECITALS

A. A.R.S. § 9-500.05 authorizes the City to enter into development agreements with landowners and persons having an interest in real property in order to facilitate development of property.

B. Developer is developer of approximately 8.51 acres of real property generally located at the northeast corner of Lone Tree Road and Pine Knoll Drive, legally described in Exhibit A (the “**Property**”).

C. Developer desires to undertake entitlement, permitting, and related activities to develop the Property for use as an affordable multi-family community (the “**Project**”).

D. To facilitate development of the Project, Developer has requested that the City process Direct-to-Ordinance Zoning Map Amendment PZ-24-00224-04 to rezone the Property from High-Density Residential – Resource Protection Overlay (HR-RPO) and Suburban Commercial – Resource Protection Overlay (SC-RPO) to High-Density Residential – Resource Protection Overlay only.

E. The Parties desire to enter into this Agreement to facilitate development of the Project, as generally (i) depicted on the Civil Site Plan included with PZ-24-00224-03, dated October 2025 and attached to this Agreement as Exhibit B (the “**Site Plan**”) and (ii) described in

the Project Narrative included with PZ-24-00224-04, dated October 2025 and attached to this Agreement as Exhibit C (the “**Narrative**”).

F. This Agreement and the Project, described and conditioned as set forth in this Agreement, are consistent with the Flagstaff Regional Plan 2030 in effect on the Effective Date of this Agreement, as set forth below.

G. Developer desires to respond to the City’s “Housing Crisis Emergency Declaration” (Resolution No. 2020-66) by providing affordable housing options.

H. The City has an interest in ensuring that development of the Property complies with City standards for development and engineering improvements, and the City believes that development of the Property pursuant to this Agreement will result in planning, safety, and other benefits to the City and its residents.

I. Developer acknowledges that development of the Property pursuant to this Agreement will be beneficial and advantageous to the Developer because it provides assurances to the Developer that it will have the ability to develop the Property in general conformance with this Agreement.

J. The City and Developer acknowledge that this Agreement is a development agreement pursuant to the provision of A.R.S. § 9-500.05.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and agreements set forth herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and in order to fulfill the foregoing objectives, the Parties agree as follows:

1. RECITALS & EXHIBITS. The foregoing recitals and attached Exhibits are material to this Agreement and are hereby incorporated into this Agreement as though they were fully set forth in this Section.

2. DEFINITIONS. Unless context clearly indicates otherwise, the following terms shall have the meaning set forth below.

2.1 “Certificate of Occupancy” means a document issued by an authorized City official (i) setting forth that a building or structure legally complies with the City’s building codes, the Flagstaff Zoning Code, and other pertinent state and local requirements and (ii) affirming that such a building may be used for the purpose(s) stated therein.

2.2 “City” means the City of Flagstaff, Arizona, a municipal corporation organized and operated under the laws of the State of Arizona, as stated in this Agreement’s preamble, as well as any successor public body or entity.

2.3 “Developer” means Lone Tree Ranch, L.P. an Arizona limited partnership, as stated in this Agreement’s preamble, as well as any subsequent “Developer” as contemplated

in Section 8.14 of this Agreement.

2.4 “Incentive” means any regulatory flexibility, deviation, reduction, waiver, bonus, or other benefit granted by the City to Developer pursuant to this Agreement and applicable provisions of the City Code, including, without limitation, adjustments to development standards, density, design requirements, landscaping requirements, parking, or other zoning or land use regulations, in exchange for the public benefits and commitments provided by Developer under this Agreement. More than one Incentive may be referred to collectively as the “Incentives.”

2.5 “Project” means development of an affordable multi-family community on the Property, as stated in this Agreement’s recitals. The Project shall generally conform with the uses, intensities, and densities shown on the Site Plan and described in the Narrative, as conditioned by Ordinance No. 2026-05.

3. ENTITLEMENTS.

3.1 Zoning Map Amendment. Developer hereby agrees to be subject to all the terms, conditions, and stipulations of the Ordinance No. 2026-05 (the “**Ordinance**”), this Agreement, the Site Plan, including any approved minor modifications to development standards or engineering variances (collectively, the “**Entitlements**”). In addition to the provisions for reversion set forth in the Ordinance and the Flagstaff City Code, the Developer’s failure to obtain a Certificate of Occupancy for the Project within five (5) years of the effective date of the Ordinance shall entitle the City, in its sole discretion, to conduct a public hearing for the purpose of reverting the High Density Residential zoning on the Property to its former zoning classification of Suburban Commercial (SC) and High Density Residential (HR) with Resource Protection Overlay and with conditions, in accordance with Arizona Revised Statutes § 9-462.01.

3.2 Zoning. Developer intends to develop the Property for use as an affordable multi-family residential community. The Property is currently zoned High-Density Residential – Resource Protection Overlay (HR-RPO) and Suburban Commercial – Resource Protection Overlay (SC-RPO). Developer has requested that the Property be zoned solely to High Density Residential – Resource Protection Overlay (HR-RPO) pursuant to Zoning Map Amendment Application No. PZ-24-00224-04. Upon approval of the Ordinance, any zoning regulations, conditions, or requirements imposed on the Property by any prior rezoning ordinance(s) shall be superseded and rescinded as set forth therein.

3.3 Development Standards. For a period of five (5) years from the Effective Date, development of the Property, as well as the requirements for improvements, will be governed by the Flagstaff Zoning Code, ordinances, regulations, rules, guidelines, and standards (collectively, the “**Applicable Standards**”) in effect on the Effective Date. For any development application(s) made after five (5) years from the Effective Date, the Applicable Standards in effect at the time of application shall apply. Notwithstanding the foregoing, the provisions, regulations, rules, and guidelines contained in the City Engineering Standards, Building Code, and Fire Code in effect at the time of application shall apply to all development applications.

4. **INCENTIVES.** In consideration of the terms, provisions, covenants, restrictions, and conditions set forth in this Agreement, the City hereby grants Developer the following Incentives for the use and benefit of the Project, which shall be in addition to, and not in limitation of, any other incentives, benefits, or programs for which Developer may otherwise be eligible. Notwithstanding any provision in this Section, changes to the Site Plan must comply with the provisions set forth in Section 5.2 of this Agreement.

4.1 Resource Reduction Incentive. The minimum preservation rate for forest resources on the Property shall be calculated using the rates applicable to residential zones found in Table 10-50.90.060.B.2.a of the Code, reduced by fifty percent (50%) as authorized under Table 10-30.20.040.B of the Code, resulting in a minimum required forest preservation rate of twenty-five percent (25%). Developer agrees to protect at least twenty-five percent (25%) of the forest resources on the Property, with trees located on steep slopes eligible to be counted toward such forest resources as permitted by the Code.

4.2 Density Bonus Incentive. The maximum allowed residential density on the Property shall be calculated using the density standards applicable to High-Density Residential (HR) Zoning Districts, found in Table 10-40.30.030.C of the Code, increased by forty-five percent (45%) as authorized under Table 10-30.20.050.A of the City Code and as limited by projected density for the Property in Regional Plan 2030. To conform with the restrictions in the Regional Plan, the Project is allowed to include no more than 168 dwelling units.

4.3 Parking Incentive. The minimum number of parking spaces applicable to the Project shall be calculated using the ratios applicable to affordable dwelling units found in Table 10-50.80.040.A of the Code, such that the required number of spaces for the Project is 306 parking spaces (the “Parking Requirement”). Pursuant to Section 10-30.20.040.B.3.b of the Code, the Parking Requirement shall be further reduced by fifteen percent (15%) because the Project is located within one quarter mile of a transit stop, such that the required number of spaces for the Project shall be 260 parking spaces under such reduction. Developer agrees to provide at least 260 parking spaces at the Project.

4.4 Landscaping Incentive. Pursuant to Section 10-30.20.040.B.5 of the Code, the required minimum number of planted trees across all applicable landscaping categories on the Property shall be reduced by ten percent (10%). Any additional landscaping reductions required by Developer shall be subject to approval as development standards modifications in accordance with the Code.

4.5 Development Standards Modifications. Upon Council approval, Developer shall be entitled to take the following adjustments of property development standards pursuant to Section 10-30.20.040.4 in connection with the Project.

4.5.1 Site Layout and Parking.

- (a) Eliminate the “building forward” design guideline that calls for building fronts to be located at or near a sidewalk edge to allow parking between the Lone Tree Ranch’s buildings and Pine Knoll Drive;
- (b) Reduce the required parking stall width from nine (9) feet to approximately

eight (8) feet, six (6) inches to allow for shade canopy columns; and

(c) Adjust the number of parking stalls that may be aligned in a row before requiring a landscape island from eight (8) to twelve (12).

4.5.2 Building and Architectural Standards.

(a) Increase the permissible height of exposed or visible retaining walls from five (5) feet to thirteen (13) feet;

(b) Decrease the required recess depths along primary façade planes from approximately six (6) feet and eight (8) feet to approximately two (2) feet and four (4) feet;

(c) Allow windows to be installed in a single vertical plane with the building's exterior façade.

4.5.3 Landscape Standards.

(a) Reduce the number of trees installed on the Property from 175 to 120.

5. DEVELOPMENT PLAN.

5.1 Development Plan. Developer will construct a multi-family development, including any necessary onsite and offsite improvements, as generally set forth in the Site Plan approved by the City with conditions, subject to any minor modifications approved by the City and as set forth in impact analyses completed for the Project and approved by the City. The Project is further conditioned by the Ordinance, the Narrative, and this Agreement. The Project will consist of approximately one hundred sixty-eight (168) multi-family residential dwelling units, all of which will serve individuals earning 60% AMI or less for a minimum of thirty years.

5.2 Modifications. Development standards in the Site Plan may be modified through the minor modification process in Flagstaff Zoning Code Section 10-20.40.090. Further modifications may be considered and approved by the Director of Planning and Development Services if the proposed modifications do not alter the character of the development or significantly increase the development's transportation or utility impacts. Modifications permitted under this Section shall not require an amendment to this Agreement.

6. OBLIGATIONS.

6.1 Flagstaff Urban Trail System.

(a) If Developer constructs the Project, Developer shall dedicate an approximately five (5) foot wide pedestrian easement along the Property's northeastern boundary to accommodate development of the Flagstaff Urban Trail System ("FUTS"), as shown on the Site Plan. The location and extent of this easement may be modified by mutual agreement of the City's Planning and Development Services Director, the City

Engineer, and Developer at any time prior to construction of the Project.

(b) If Developer constructs the Project, Developer shall also cause, at Developer's sole expense, rough grading to occur on the City-owned parcel, assigned Coconino County APN 104-08-011A, to the Property's immediate north. This rough grading shall be adequate in both area and slope to accommodate the FUTS segment displayed on the Site Plan and shall be conducted concurrently with the Project's construction.

(c) The City shall provide any temporary construction easements needed by Developer to perform the rough grading required by Section 6.1(b).

6.2 Rights-of-Way. If Developer constructs the Project, Developer shall dedicate: (i) approximately one (1) foot of public right-of-way along Lone Tree Road, as shown on the Site Plan; (ii) approximately two (2) feet back-of-walk public right-of-way along Pine Knoll Drive, as shown on the Site Plan; (iii), right-of-way sufficient to accommodate a westbound right-turn lane on Pine Knoll Drive approaching Lone Tree Road, as shown on the Site Plan; and (iv) a twenty five (25) foot corner cut-off at the northeast corner of Pine Knoll Drive and Lone Tree Road.

6.3 Affordable Housing. In exchange for the Incentives described in Section 4, Developer shall provide one hundred percent (100%) of the total unit count within the Project as income-restricted rental units for households earning, on average, up to sixty percent (60%) of the Area Median Income ("AMI"), as defined by the United States Department of Housing and Urban Development, or its successors, with no single household exceeding one hundred percent (100%) of AMI (the "**Affordable Units**"). The Project shall be subject to the Low-Income Housing Tax Credit ("LIHTC") program for a minimum of thirty (30) years pursuant to that certain Land Use Restriction Agreement ("LURA"), as may be amended in accordance with its terms, approved by the Arizona Department of Housing and recorded against the Property as part of the LIHTC transaction. Developer will provide a copy of the LURA to the City within thirty (30) days of its recordation..

6.4 Rental Management. No lease or rental agreement for any of the Project's units shall be for less than thirty (30) days.

6.5 Permits and Building Fees. Notwithstanding Section 3.3 of this Agreement, Developer agrees and acknowledges that the fees in effect at the time of a submittal of an application or permit apply.

6.6 Gates and Access Control. Any driveway serving the Project that is controlled by a gate shall be designed and constructed such that entering vehicles fully clear the public roadway before stopping. Any such gate shall be operated by an automated access system to prevent vehicles entering from impeding cross traffic on a public roadway.

6.7 Transit Easement. If Developer constructs the Project, the City or its designated transit provider shall have the right to request, in writing, that Developer dedicate a public transit and pedestrian access easement (the "**Transit Easement**") sufficient in size to accommodate a sheltered bus stop where the current Mountain Line bus stop is generally

located north of the northeast corner of the intersection of Lone Tree and Pine Knoll. Upon receipt of such a request, Developer shall dedicate the Transit Easement, provided that (i) the existing right-of-way along Lone Tree Road is insufficient in size to accommodate a standard sheltered bus stop at the time of the City's request, and (ii) the Transit Easement extends no more than three (3) feet beyond the approximately one (1) foot right-of-way along Lone Tree Road dedicated pursuant to Section 6.2 of this Agreement.

Construction and maintenance of any structures or improvements within the Transit Easement shall be the sole responsibility of the City or its designated transit provider. Notwithstanding the foregoing, the size and location of the Transit Easement shall be limited to a size and location that does not prevent or otherwise interfere with the permitting and construction of the Project as generally depicted on the Site Plan.

7. DEFAULT; REMEDIES.

7.1 Events Constituting Default. Either Party to this Agreement shall be deemed to be in default under this Agreement if such Party breaches any obligation required to be performed by the respective Party hereunder within any time period required for such performance and such breach or default continues for a period of thirty (30) days after written notice thereof from the other Party; provided, however, that if the nature of the default is such that it cannot reasonably be cured within the 30-day period, no default shall be deemed to exist if the Party failing to perform commences a cure within such 30-day period and thereafter diligently and expeditiously pursues such cure to completion within sixty (60) days.

7.2 Dispute Resolution. If a dispute arising out of this Agreement cannot be resolved by the Parties, the Parties agree that there shall be a moratorium on litigation for no less than forty-five (45) days, during which time the Parties shall attempt to settle the dispute by nonbinding mediation before commencing litigation. The mediations shall be held under the commercial mediation rules of the American Arbitration Association. The mediator selected shall have at least five (5) years' experience in mediating or arbitrating disputes relating to commercial property development. The costs of any such mediation shall be divided equally between the City and the Developer or in such other fashion as the mediator may order. The results of the mediation shall be nonbinding on the Parties, and any Party may initiate litigation upon the conclusion of mediation.

7.3 Developer's Remedies. If the City is in default under this Agreement and fails to cure such default within the time described in Section 7.1 above, then the Developer may terminate this Agreement by delivering written notice to the City, in addition to all other legal and equitable remedies which the Developer may have.

7.4 City's Remedies. If the Developer is in default under this Agreement fails to cure such default within the time described in Section 7.1 above, then in addition to all legal and equitable remedies which the City may have, the City may terminate this Agreement by written notice to the Developer.

7.5 Development Rights in the Event of Termination. Upon the termination of this Agreement as provided herein, Developer shall have no rights to develop the Property pursuant

to this Agreement.

7.6 No Personal Liability. No current or former member, manager, officer, director, agent, representative, official, employee or other natural person of the City or Developer shall, when acting within the scope of their official capacity, be personally liable (i) in the event of any default or breach by the Parties, as applicable; (ii) for any amount which may become due to the nonbreaching party or its successor or assign; or (iii) pursuant to any obligation of the Parties, as applicable, under the terms of this Agreement.

7.7 Liability and Indemnification. Developer shall indemnify, protect, defend and hold harmless the City, its Council members, officers, employees, and agents for, from and against any and all claims, demands, losses, damages, liabilities, fines, charges, penalties, administrative and judicial proceedings and orders, judgments, remedial actions of any kind, including, without limitation, reasonable attorney’s fees and costs of defense arising, directly or indirectly, in whole or in part, out of the performance of this Agreement by City or Developer (excluding in all events any breach of this Agreement by the City or willful misconduct by the City or its Council Members, officers, employees, or agents), or nonperformance of this Agreement by the Developer.

8. GENERAL PROVISIONS.

8.1 Effective Date and Term. This Agreement shall be effective upon execution by the Parties and recordation in accordance with A.R.S. § 9-500.05 (as amended) (the “**Effective Date**”). The term of this Agreement shall extend from the Effective Date and shall automatically terminate thirty (30) years from the date the Project’s residential units are first placed into service.

8.2 Notices. All notices and communications provided for herein, or given in connection herewith, shall be validly made if in writing and delivered personally or sent by registered or certified United States Postal Service mail, return receipt requested, postage prepaid to:

To City:
City Manager
City of Flagstaff
211 West Aspen Avenue
Flagstaff, Arizona 86001

City Attorney
City of Flagstaff
211 West Aspen Avenue
Flagstaff, Arizona 86001

To Developer:
Lone Tree Ranch, L.P.
Attn: Matthew Klein
8825 North 23rd Avenue, Suite 100
Phoenix, Arizona 85021

Gammage & Burnham, PLC
Attn: Lindsay C. Schube
40 North Central Avenue, Floor 20
Phoenix, Arizona 85004

With a Copy to:

Lender (Upon notice by Developer)

Tax Credit Investor (Upon notice by
Developer)

Notice and communications may also be delivered to such other addresses as either Party may from time to time designate in writing and deliver in a like manner. Any such change of address notice shall be given at least ten (10) days before the date on which the change is to become effective. Notices given by mail shall be deemed delivered 72 hours following deposit in the United States Postal Service in the manner set forth above.

The City acknowledges that Developer will obtain financing for the acquisition, development and/or construction of the real property and/or improvements to be constructed on the Project in whole or in part, from time to time, by one or more third parties (individually a “Lender,” and collectively the “Lenders”). In addition to the foregoing, the Developer or its permitted assign may admit a limited partner or non-managing or investor member (the “Tax Credit Investor”), as applicable, in order to facilitate an investment by the Tax Credit Investor of capital contributions which will be utilized to develop the Project. Upon notice to the City by Developer, copies of all subsequent written notices and communications provided to the Developer shall simultaneously be provided to Lender and Tax Credit Investor at the addresses set forth above, including but not limited to any notices of breach or default.

8.3 Waiver. Delay in exercising any right or remedy shall not constitute a waiver thereof, and no waiver by the Parties of the breach of any provision of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or of any other provision of this Agreement.

8.4 Headings. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only, and shall not control or affect the meaning or construction of any of the provisions of the Agreement.

8.5 Authority. The Parties represent to each other that they have full power and authority to enter into this Agreement, and that all necessary actions have been taken to give full force and effect to this Agreement. Developer represents and warrants that it is duly formed and validly existing under the laws of the State of Arizona and that it is duly qualified to do business in the State of Arizona and is in good standing under applicable state laws. The Developer and the City warrant to each other that the individuals executing this Agreement on behalf of their respective parties are authorized and empowered to bind the party on whose behalf each individual is signing. Developer represents to the City that by executing this Agreement, Developer binds the Property and all persons and entities having any legal or equitable interest therein to the terms of the Agreement.

8.6 Entire Agreement. This Agreement, including the following exhibits which are incorporated in this Agreement by reference, constitutes the entire agreement between the Parties and supersedes any prior written or oral understandings or agreements between the Parties. This provision applies only to the entirety of this Agreement; additional and separate zoning stipulations and agreements with the City may apply to the Property, and this provision has no effect on them.

Exhibit A *Legal Description of Property*

Exhibit B *Approved Site Plan*

Exhibit C *Project Narrative*

8.7 Amendment. This Agreement may be amended, in whole or in part and with respect to all or any portion of the Property, only with the mutual written consent of the Parties to this Agreement or by their successors in interest or assigns. The City shall record the amendment or cancellation in the official records of the Coconino County Recorder.

8.8 Severability. If any other provision of the Agreement is declared void or unenforceable, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect.

8.9 Governing Law. The laws of the State of Arizona shall govern the interpretation and enforcement of this Agreement. This Agreement has been made and entered into in Coconino County, Arizona, and any lawsuit to dispute or enforce any provision of this Agreement must be brought in Coconino County, Arizona.

8.10 Recordation of Agreement and Subsequent Amendment; Cancellation. The City will record this Agreement, and any amendment or cancellation of it, in the official records of the Coconino County Recorder no later than ten (10) days after the City and the Developer execute the Agreement, amendment, or cancellation, as required by A.R.S. § 9-500.05.

8.11 No Partnership or Third-Party Beneficiaries. This Agreement does not create any partnership, joint venture, or other arrangement between Developer and the City. Except as expressly set forth herein, 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.

8.12 Conflict of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. This Agreement is subject to the cancellation provisions of A.R.S. § 38-511.

8.13 Compliance with All Laws. Developer will comply with all applicable federal, state, and county laws, as well as with all applicable City ordinances, regulations and policies.

8.14 Successors and Assigns; Restriction on Assignment by Developer. The rights and obligations of the Parties under this Agreement are covenants that run with the land. The provisions of this Agreement shall inure to the benefit and be binding upon any successors and assigns of the parties hereto. Notwithstanding anything contained in the foregoing to the contrary, until completion of construction of the Project, the right of Developer to assign its rights, duties, and obligations under this Agreement shall be limited to the following:

(a) Assignment made by the Developer as security in connection with obtaining financing and the exercise of lender remedies with respect thereto, including but not limited to, any transfer of the Project to such lender upon foreclosure, deed in lieu or similar event or any transfer by the lender after such foreclosure, deed in lieu or similar event, which shall be deemed permitted hereunder;

(b) An assignment of all rights and obligations of Developer under this Agreement to a person or entity reasonably acceptable to and approved by the City; except that if Developer retains an ownership interest and management control in such person or entity, then the City's prior approval shall not be required; or

(c) An assignment by Developer of its rights and obligations under this Agreement to a corporation, partnership, joint venture, limited liability company, trust, or other legal entity which is controlled by, under common control with, or which controls Developer.

Except for those instances set forth above, Developer shall not transfer or assign any part of its rights and/or obligations arising under this Agreement without the prior written approval of the City, which approval shall not be unreasonably withheld, conditioned, or delayed. After the completion of construction of the Project, Developer may assign this Agreement to any purchaser without the City's consent (provided that the City is notified of such assignment).

8.15 Restriction on Assignment by City. The City shall not transfer or assign all or any part of its rights and obligations under this Agreement without the prior written consent of the Developer, which consent may not be unreasonably withheld, conditioned, or delayed.

8.16 Time of the Essence. Time is of the essence in implementing the terms of this Agreement.

9. SUBORDINATION. Notwithstanding any other provision of this Agreement, the Parties expressly agree that this Agreement, and all rights and obligations arising hereunder, shall be subordinate to the terms, conditions, and requirements of any applicable agreements, contracts, grants, loans, or regulatory documents between Developer and the State of Arizona, the United States Government, or any agency or instrumentality thereof. In the event of any conflict between the terms of this Agreement and any such state or federal requirements, the state or federal requirements shall control. The City acknowledges that performance under this Agreement may be subject to modification as reasonably necessary to comply with federal or state requirements, and agrees to cooperate with Developer in effectuating any such modifications. In addition to the foregoing, this Agreement, and all rights and obligations arising hereunder, shall be subordinate to the terms, conditions, and requirements of any financing obtained by the Developer in connection with the development, construction or operation of the Project, and upon the election of any such lender, this Agreement shall terminate and be of no further force and effect in the event of a foreclosure, delivery of deed in lieu or similar event.

10. OPTION TO CURE. Each Lender shall have the right (but not the obligation) hereunder to cure a breach or default and/or to assume Developer's position with respect to this Agreement

and the City hereby agrees to recognize such rights of the Lender and to otherwise permit the Lender to assume all of the rights and obligations of the Developer under this Agreement. In addition, the Tax Credit Investor shall have the right (but not the obligation) hereunder to cure a breach or default of the Developer, and the City agrees to accept any such cure tendered by a Tax Credit Investor as if such cure was tendered by the Developer.

11. WAIVER OF CLAIM FOR DIMINUTION IN VALUE. Developer waives and fully releases all financial loss, injury, claims, and causes of action that the Developer may have, now or in the future, for any “diminution in value” and for any “just compensation” under the Private Property Rights Protection Act, codified in A.R.S §§ 12-1131 through 12-1138 (the “**Act**”), in connection with the application of the City’s existing land use laws, including the Ordinance. This waiver constitutes a complete release of all claims and causes of action that may arise or may be asserted under the Act regarding the subject Property. Developer agrees to indemnify, hold harmless, and defend City, its officers, employees, and agents, from any and all claims, causes of actions, demands, losses, and expenses, including attorney’s fees and litigation costs, that may be asserted by or may result from any of the present owners of any interest in the Property seeking potential compensation, damages, attorney’s fees, or costs under the Act that they may have, as a result of the application of the City’s existing land use laws, including this Agreement and the Ordinance, upon the Property.

[signatures on the following pages]

[signature page to DEVELOPMENT AGREEMENT FOR LONE TREE RANCH]

IN WITNESS WHEREOF this Agreement has been duly authorized, approved and executed by Developer and City as of the date and year first above set forth.

CITY:

City of Flagstaff, an Arizona municipal corporation

By: _____

Name: _____

Title: _____

Attest:

City Clerk

Approved as to form and authority:

City Attorney

STATE OF)
) SS
COUNTY OF)

The foregoing instrument was acknowledged before me by _____, the _____ of the City of Flagstaff, Arizona (the "City"), on behalf of the City.

Subscribed and sworn to before me this _____, 2025

Notary Public

NOTARY SEAL:

EXHIBIT A

Legal Description of the Property

EXHIBIT B

Approved Site Plan

EXHIBIT C

Project Narrative