

When recorded, mail to:

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

**SECOND AMENDMENT TO DEVELOPMENT AGREEMENT
(Canyon del Rio)**

This Second Amendment to Development Agreement (Canyon Del Rio) ("Amendment") is entered into effective as of _____, 2026, by and between City of Flagstaff, a municipal corporation organized and existing under the laws of the State of Arizona ("City"), CDR DEVCORP LTD, an Arizona corporation ("CDR Devcorp"), and CDR Land Investors II, L.L.C., an Arizona limited liability company ("CDR Investors II", and together with CDR Devcorp, collectively, "CDR Developer"). CDR Devcorp and CDR Investors II each may be referred to herein as an "Owner" and collectively the "Owners". City and the Owners are each referred to herein as a "Party" and collectively as the "Parties".

RECITALS

A. City and Canyon del Rio Investors, LLC ("Original Developer") previously entered into that certain Development Agreement dated July 9, 2019, and recorded July 10, 2019, in the Official Records of Coconino County as Document No. 3846498 (the "Original Development Agreement"), as amended by that certain First Amendment to Development Agreement between City and CDR Developer dated February 11, 2025, and recorded April 9, 2025, in the Official Records of Coconino County as Document No. 4014910 (the "First Amendment", and together with the Original Development Agreement, the "Development Agreement").

B. Each Owner is a successor-in-title to Original Developer and collectively owns all, or a majority, of the Property subject to the Development Agreement. Each portion of the Property owned by an Owner is sometimes referred to as a "Parcel" and collectively, the "Parcels".

C. The Parties desire to further amend the Development Agreement as set forth in this Second Amendment, which is made pursuant to Section 10.8 of the Development Agreement.

D. Unless otherwise defined in this Amendment, initially capitalized terms used herein have the meanings given them in the Development Agreement.

AMENDMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Development Agreement and agree as follows:

1. Design and Construction of Roundabout.

a. Obligation to Design and Construct Roundabout. Subject to the other terms of this Amendment, CDR Developer agrees, at its sole cost and expense, to design and to construct (in substantial accordance with the Roundabout Plans, which must be approved by the City) a single lane roundabout at the intersection of the New JWP Right of Way and Whetstone (the "Roundabout"). The Roundabout will (i) be in the location, and have the approximate dimensions and layout, as shown on Exhibit "A" attached hereto, (ii) be built according to any applicable City engineering standards using standard roadway and related materials consistent with the type and quality used for the New JWP Right of Way, (iii) contain such landscaping within the Roundabout, in accordance with the City's landscape standards and (iv) include or connect bike and pedestrian infrastructure on the southwest corner of the Roundabout. The plans and specifications for the Roundabout are referred to herein as the "Roundabout Plans".

b. Acquisition of Additional Right-of-Way for Roundabout. The Parties acknowledge that in order for CDR Developer to construct the Roundabout, the City will need to acquire additional public rights-of-way, slope easements, drainage easements, detention easements, and temporary construction easements from the real property currently owned by Canyon Chappel Inc. and designated as Coconino County Assessor's Parcel Number 10608005G (the "Church Property"). The City agrees, at its sole cost and expense, to acquire all rights-of-way, slope easements, drainage easements, detention easements, and temporary construction easements required from the Church Property for the construction of the Roundabout in substantial accordance with the 60% design plans for the Roundabout (the "Roundabout Property Interests") within six (6) months after the City approves legal descriptions for the Roundabout Property Interests, which will be based on the 60% design plans (the "Roundabout Acquisition Deadline"). CDR Developer is responsible for obtaining the legal descriptions for the Roundabout Property Interests. The City agrees that any required temporary construction easements will also be for the benefit of CDR Developer to enable it to construct the Roundabout. The City will not be responsible for compensating CDR Developer for any CDR Developer property interests required for construction of the Roundabout. The City's acquisition of either (i) a permanent right of entry with respect to the Roundabout Property Interests in favor of the Parties permitting construction, operation and maintenance of the Roundabout or (ii) immediate possession of the Roundabout Property Interests, while condemnation or purchase of the same is pending completion, will satisfy the City's acquisition of Roundabout Property Interests under this Section 1(b) and Section 3; provided, however, that the City will continue to have the obligation to complete such condemnation or purchase of the Roundabout Property Interests within a commercially reasonable period of time.

c. City's Contribution to Roundabout. City will pay CDR Developer \$197,000 towards its share of the costs and expenses to construct and design the Roundabout within thirty (30) days after CDR Developer commences construction of the Roundabout and issues the City an invoice for said amount.

d. Brighton's Contribution to Roundabout. The Parties agree that CDR Developer's agreement to design and construct the Roundabout at its cost and expense fulfills the obligation of the real property currently designated as Coconino County Assessor's Parcel Number 10608003F, and currently owned by Burch 6, LLC (the "Brighton Property") to contribute to, or share in, the payment of any costs and expenses for the Roundabout. Therefore, the City will not delay or condition any approvals related to the Brighton Property on the design or construction of the Roundabout, or the payment thereof.

e. Removal of Other Transportation Obligations: In exchange for CDR Developer's construction of the Roundabout in accordance with the Roundabout Plans, the design of which is beyond what would normally be required by CDR Developer to allow for easier future connection to the east, and the other promises of CDR Developer hereunder, the City agrees that neither CDR Developer, nor the Brighton Property, nor the owner thereof, will be required to design, construct, or pay for: (a) the northbound Left Turn Lane at Crest Stone from 4th Street or (b) the Left Turn Restriction Median at 4th St.

f. Timing of Design and Construction.

1. Coordination. The Parties agree that the Roundabout Plans and the construction of the Roundabout will not be tied to, or required for, the City's review and approval of the Block Plat for Phase 2 of the Property (the "Block Plat"), any other approvals for Phase 2 of the Property, the Roadway Plans, or any other approvals related to the New JWP Right-of-Way. The Roundabout Plans may be prepared and submitted separately and independently of the foregoing matters, and the City agrees to expedite its review and approval of the Roundabout Plans to the extent not prohibited by any applicable City codes or ordinances.

2. Timing of Construction. CDR Developer will construct the Roundabout as part of its construction of the New JWP Right-of-Way.

3. City's Failure to Acquire Roundabout Property Interests. The City and CDR Developer agree that CDR Developer will incur additional construction costs if CDR Developer is unable to simultaneously construct the Roundabout with the New JWP Right-of-Way due to the City failing to acquire the Roundabout Property Interests. Notwithstanding anything to the contrary contained herein, CDR Developer shall have no obligation to construct the Roundabout until the City acquires all of the required Roundabout Property Interests and notice thereof is provided to CDR Developer. If the City has not obtained the required Roundabout Property Interests by the Roundabout Acquisition Deadline or the date on which CDR Developer has obtained all required approvals to proceed with construction of the New JWP Right of Way, whichever is later, the City acknowledges that such delay will be a breach of the Agreement by the City that may cause CDR Developer to incur additional costs and expenses, and that CDR Developer will have the right, subject to compliance with Section 9.2 of the Original Development Agreement, to pursue a claim against the City to recover all of its damages, including increased construction costs, arising from or caused by the failure of the City to timely acquire the required Roundabout Property Interests.

g. No Further Obligations. The City agrees that except for the obligations of the Owners as contemplated by the Development Agreement (as amended by this Amendment), after completion of the Roundabout, no Owner or other future owner of the Property will have any further obligation to design, construct, or pay for any additional traffic improvements at the Whetstone and JWP intersection.

2. No Church Property Improvements. Neither CDR Developer, nor any other owner of the Property, is required to design, construct, improve or pay for any improvements adjacent to or for the benefit of the Church Property. The owner of the Church Property will be solely responsible to design, construct, improve and pay for such improvements when it develops the portion of the Church Property requiring such improvements.

3. Removal of Additional Roadway Contribution. The Parties agree that CDR Developer will not be required to pay the Additional Roadway Contribution (which is set forth in Section 6(c) of the First Amendment). In furtherance of the foregoing, the following language is hereby deleted from Section 6(c) of the First Amendment:

“and (2) it will pay an additional cash in lieu of construction payment to the City in the amount of \$270,000 (the “Additional Roadway Contribution”) prior to the issuance of a building permit for the 500th Dwelling Unit within the Property. The Additional Roadway Contribution may be used by the City for other area regional traffic improvements.”

4. Block Wall Materials. Per the First Amendment, retaining walls for the New JWP Right-of-Way were to be “integral color split face block, color to be determined during design”. For the avoidance of doubt, CDR Developer and the City agree that any retaining walls for the New JWP Right of Way may also be built using so called “Lock + Load Retaining Wall Stones” or such other materials as may be agreed to between the CDR Developer and the City Engineer. The color and materials of any such retaining walls will be submitted with a building permit application.

5. City Purchase of Right-of-Way for JWP across the Property. Pursuant to Section 2 of the First Amendment, the City is responsible for compensating Dedicating Owners for their respective ROW Dedications (as defined in Section 1(a) of the First Amendment). The Parties obtained ROW Appraisals pursuant to Section 2(b) of the First Amendment but were not able to agree on mutually agreeable additional Appraisal Assumptions. A dispute arose between the City and Dedicating Owners regarding the ROW Appraisals and the various assumptions on which they were based. However, in order to avoid potential litigation, and in lieu of the City initiating condemnation proceedings to acquire the ROW Dedications without regard to the ROW Appraisals, the Parties negotiated in good faith using the ROW Appraisals, agreed to forego any further ROW Appraisals, and have now reached agreement on the fair market value of the ROW Dedications. Therefore, and notwithstanding anything to the contrary contained in the Development Agreement, the Parties hereby agree that the total ROW Purchase Price for all ROW Dedications is \$6,105,107.26, which will be paid to the applicable Dedicating Owners pursuant to Section 2(d) of the First Amendment. Exhibit “B” to this Second Amendment provides the agreed upon amounts of the ROW Purchase Price to be paid to each Dedicating Owner and an accounting of the portions of the ROW Purchase Price attributable to the value of land and easements to be purchased and the compensation paid for lost lot premiums, as required by Section 2(c) of the First Amendment.

- a. Payment for Brighton Dedication. Pursuant to Section 1(g) of the First Amendment, Brighton has agreed through a separate recorded agreement with CDR Developer to dedicate the portion of the New JWP Right of Way located on its property to the City, and the City has agreed to pay CDR Developer for the dedicated property interests from Brighton. Payment to CDR Developer for the dedicated property interests from Brighton will be made within thirty (30) days of those dedications being made and accepted by the City. If Brighton fails to dedicate the property interests required for the New JWP Right of Way in accordance the timeline outlined in the agreement between CDR Developer and Brighton, CDR Developer acknowledges that such failure to dedicate will be a breach of the Agreement by CDR Developer that may cause the City to incur additional costs and expenses, and that the City will have the right, subject to compliance with Section 9.2 of the Original Development Agreement, to pursue a claim against CDR Developer to recover all of its damages arising from or caused by the failure of Brighton to make its required dedications, including any increased costs to acquire the property interests whether through separate negotiations with Brighton or condemnation.

6. General Modifications

- a. Conflicts with Development Agreement and Settlement and Release Agreement. Except as stated herein, the Development Agreement shall remain in full force and effect and is hereby ratified and approved. If there is any inconsistency between the terms of the Development Agreement and the terms of this Amendment, the provisions of this Amendment will govern and control the rights and obligations of the parties. Furthermore, if there is any inconsistency between the terms of the Development Agreement, as amended hereby, and the terms of that certain Settlement and Release Agreement recorded May 13, 2013 as Instrument No. 3662048 in the Official Records of the Coconino County, Arizona, Recorder, as amended by that certain Amendment to Settlement and Release Agreement dated January 29, 2015 (and as otherwise amended, collectively, the "Settlement Agreement"), the terms of the Development Agreement, as amended hereby, will govern and control the rights and obligations of the parties. This Amendment may be signed in counterparts.

- b. Amendment. The Parties agree that notwithstanding the fact that certain owners of portions of the Property may not have executed this Amendment, this Amendment shall nevertheless be binding upon the Parties hereto and binding on those portions of the Property now or hereafter owned by the Owners executing this Amendment, as is permitted in accordance with Section 10.8 of the Development Agreement.

- c. Conflicts. In the event of any conflicts between the terms of this Second Amendment and the terms of the Development Agreement, the terms of this Second Amendment shall control.

- d. Conflict of Interest. This Amendment and the Development Agreement may be cancelled by the City pursuant to A.R.S. § 38-511.

[Balance of Page Intentionally Left Blank; Signature Page Follows]

[Signature Page to Second Amendment to Development Agreement]

IN WITNESS WHEREOF, City and Owners have executed this Second Amendment as of the date first set forth above.

“City”

City of Flagstaff, an Arizona municipal corporation

Becky Daggett, Mayor

Attest:

City Clerk

Approved as to form:

City Attorney

STATE OF ARIZONA)
COUNTY OF COCONINO)

ACKNOWLEDGMENT

On this _____ day of _____, 202__, before me, a Notary Public, personally appeared Becky Daggett, Mayor of the City Flagstaff, known to be or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument and acknowledged that she executed the same on behalf of the City of Flagstaff, for the purposes therein contained.

Notary Public
My Commission Expires: _____

[Signature Page to Second Amendment to Development Agreement]

IN WITNESS WHEREOF, City and Owners have executed this Second Amendment as of the date first set forth above.

CDR DEVCORP LTD, an Arizona corporation

By:_____

Name: Clint Whiting

Its: President

STATE OF ARIZONA)

COUNTY OF _____)

On this _____ day of _____, 202__, before me, a Notary Public, personally appeared Clint Whiting known to me to be or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument and acknowledged that he/she executed the same on behalf of CDR DEVCORP LTD, an Arizona corporation, for the purposes therein contained.

Notary Public
My Commission Expires:_____

[Signature Page to Second Amendment to Development Agreement]

IN WITNESS WHEREOF, City and Owners have executed this Second Amendment as of the date first set forth above.

CDR LAND INVESTORS II, L.L.C., an Arizona limited liability company

By: CDR 276, LLC, an Arizona limited liability company, its member and manager

By: CADERI Holdings, LLC, an Arizona limited liability company, its member

By _____
Name _____
Title: Member

By: SMS-CDR Investments, LLC, its member

By _____
Name _____
Title: Manager

STATE OF ARIZONA)
COUNTY OF _____)

On this _____ day of _____, 202__, before me, a Notary Public, personally appeared _____ known to me to be or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument and acknowledged that he/she executed the same as _____ of CADERI Holdings, LLC, an Arizona limited liability company, a member of CDR 276, LLC, an Arizona limited liability company, the member and manager of CDR Land Investors II, L.L.C., an Arizona limited liability company, for the purposes therein contained.

Notary Public
My Commission Expires: _____

STATE OF ARIZONA)
COUNTY OF _____)

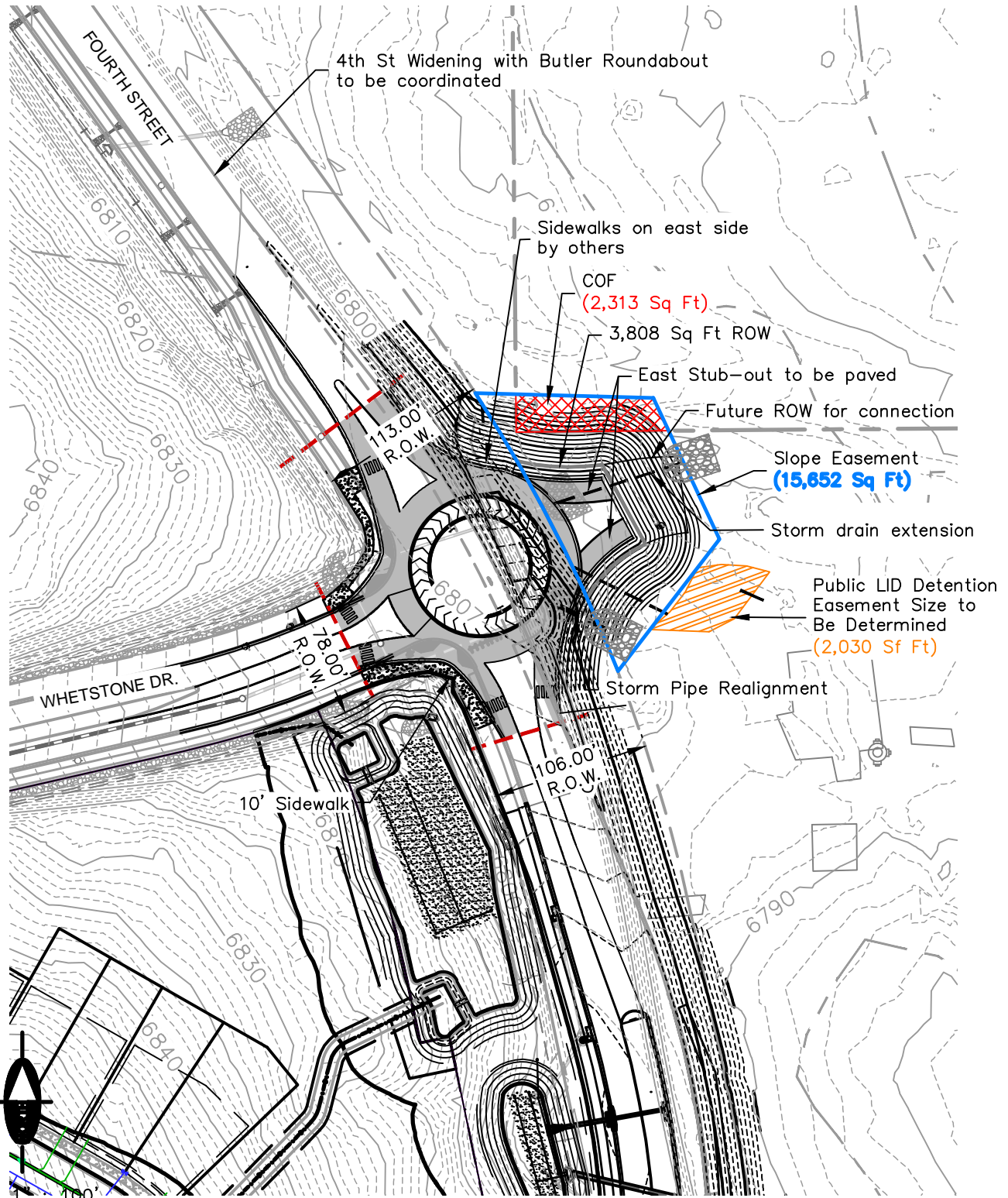
On this _____ day of _____, 202__, before me, a Notary Public, personally appeared _____ known to me to be or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument and acknowledged that he/she executed the same as _____ of SMS-CDR Investments, LLC, a member of CDR 276, LLC, an Arizona limited liability company, the member and manager of CDR Land Investors II, L.L.C., an Arizona limited liability company, for the purposes therein contained.

Notary Public
My Commission Expires: _____

Exhibit "A"

Scope of Roundabout

[SEE ATTACHED]



WHETSTONE DRIVE AND 4th ST (WITH CONTOURS)

SHEET 1 OF 1	DRAWN BY:	BH
	DATE:	9/26/25
	SCALE:	AS SHOWN
	JOB NO:	223357

J.W. POWELL BLVD.
CONCEPT ROUNDABOUT
 COCONNO FLAGSTAFF



Exhibit "B"

Breakdown of ROW Purchase Price

[SEE ATTACHED]

Exhibit B

Acquisition		
LP1 Acquisition Area: CDR DEVCORP LTD		
ROW Value: \$375,000/Acre	\$	937,875.00
Drainage and Slope Easements valued at 75% of ROW Value		
	\$	336,093.75
Loss of Lot Premiums	\$	1,081,809.61
LP1-Total Compensation	\$	2,355,778.36
LP2 Acquisition Area: CDR LAND INVESTORS II LLC		
ROW Value: \$300,000/Acre	\$	1,504,200.00
Drainage and Slope Easements valued at 75% of ROW Value		
	\$	698,850.00
Drainage Basin valued at 11.63% of ROW Value	\$	76,959.00
Loss of Lot Premiums	\$	1,271,357.40
LP2-Total Compensation	\$	3,551,366.40
LP3-Acquisition Area: BURCH 6 LLC		
ROW Value: \$250,000/Acre	\$	188,250.00
Slope Easements valued at 35% of ROW Value	\$	9,712.50
Loss of Lot Premiums	\$	-
LP3-Total Compensation	\$	197,962.50
LAND VALUE ACQUISITION TOTAL	\$	3,751,940.25
LOSS OF LOT PREMIUMS	\$	2,353,167.01
ACQUISITION TOTAL	\$	6,105,107.26