Resolution

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

No. 2418

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA, AUTHORIZING AND DIRECTING THE ENTERING INTO A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SAN LUIS, ARIZONA, WITH VON VERDE PARTNERS LLC FOR THE DEVELOPMENT OF PROPERTY LOCATED BETWEEN AVENUE E AND D AND BETWEEN COUNTY 24 ½ STREET AND COUNTY 25TH STREET.

WHEREAS, Von Verde Partners, Owner, desires to enter into a development agreement for Orchidea Development project to be located in San Luis, Arizona; and

WHEREAS, A.R.S. §9-500.05 grants power to a municipality to enter into development agreements; and

WHEREAS, the parties desire to enter into such agreement; and

WHEREAS, the applicant and the city staff agreed to all matters in the City's proposed development agreement; and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of San Luis as follows:

SECTION 1: That the development agreement proposed by the developer and staff of the City of San Luis, Arizona attached hereto as Exhibit "A", is hereby approved.

PASSED, APPROVED AND ADOPTED by the Mayor and City Council of the City of San Luis, Arizona, this **10th** day of **November** 2026.

_____
Nieves Riedel, Mayor

ATTEST:

_____
Sonia Cornelio, City Clerk

APPROVED AS TO FORM:

_____
Joseph Estes, City Attorney

DEVELOPMENT AGREEMENT

This Development Agreement (this "**Agreement**") is entered into as of November ___, 2026, by and between the CITY OF SAN LUIS, an Arizona municipal corporation (hereinafter referred to as "**City**") and VON VERDE PARTNERS L.L.C., an Arizona limited liability company (hereinafter referred to as "**Developer**"). City and Developer are sometimes referred to herein as a "**Party**" and collectively as the "**Parties**".

R E C I T A L S

A. The property that is the subject of this Agreement is approximately 320 acres of vacant real property in the City of San Luis, Yuma County, which is legally described in **Exhibit A** attached hereto (the "**Property"**). The Property consists of the following site areas, as depicted in the Conceptual Parcel Map in **Exhibit B** (each a "Parcel" and collectively the "Parcels"):

i. Parcel K
ii. Parcel L
iii. Parcel M
iv. Parcel N
v. Parcel O
vi. Parcel P
vii. Parcel Q-1
viii. Parcel Q-2
ix. Parcel Q-3
x. Parcel R
xi. Parcel S
xii. Parcel T
xiii. Parcel U

B. Developer is the owner of each Parcel that makes up the Property. Developer desires to develop the Property with a master-planned development featuring a variety of residential, commercial and light industrial uses (the "**Project**").

C. The Parties desire to enter into this Agreement to accommodate the orderly development of the Property in multiple phases and to establish certain infrastructure obligations related to the development of each Phase (hereinafter defined) of the Project.

D. The City hereby acknowledges and agrees that significant benefits will accrue to the City from development of the Project by Developer, including, without limitation, development that results in orderly growth in the City, promotes additional economic development, and increases housing choices and employment opportunities in the City.

E. The Parties hereto acknowledge that this Agreement constitutes a "**Development Agreement**" within the meaning of Arizona Revised Statutes ("A.R.S.") § 9-500.05, and that, in

accordance therewith, it shall be recorded against the interest of City and Developer in the Property, in the Office of the Yuma County Recorder to give notice to all persons of its existence.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the Parties hereto, the Parties agree as set forth below:

AGREEMENT

ARTICLE I
DEFINITIONS

In addition to any words or terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth below whenever used in this Agreement, except where the context clearly indicates otherwise:

1.1 "**Agreement**" means this Development Agreement, together with all Exhibits referred to herein, all as may be amended from time to time in accordance with the terms and conditions hereof.

1.2 "**Approvals**" is defined in Section 4.4.

1.3 "**Conceptual Parcel Map**" is defined in Recital A and attached hereto as Exhibit B.

1.4 "**Conceptual Roadway Master Plan**" is attached hereto as Exhibit E.

1.5 "**Conceptual Sewer Master Plan**" is attached hereto as Exhibit C.

1.6 "**Conceptual Water Master Plan**" is attached hereto as Exhibit D.

1.7 "**Default**" is defined in Section 11.1.

1.8 "**Developer**" means Von Verde Partners L.L.C., an Arizona limited liability company.

1.9 "**Effective Date**" shall be the later of the date of execution by both Parties and the date on which the City action approving this Agreement becomes legally effective, including expiration of the minimum waiting period required by A.R.S. § 9-500.05(G)

1.10 "**Final Plat**" is defined in Section 5.2.

1.11 "**Master Infrastructure Plans**" is defined in Section 5.3.

1.12 "**Master Preliminary Plat**" is defined in Section 5.1.

1.13 "**Master Roadway Infrastructure Plan**" is defined in Section 5.3.3.

1.14 **"Master Wastewater Infrastructure Plan**" is defined in Section 5.3.1.

1.15 "**Master Water Infrastructure Plan**" is defined in Section 5.3.2.

1.16 "**Offsite Infrastructure Improvements**" is defined in Section 5.3.4.

1.17 "**Parcel**" is defined in Recital A.

1.18 "**Parcel K**" is identified in the Conceptual Parcel Map in Exhibit B.

1.19 "**Parcel L**" is identified in the Conceptual Parcel Map in Exhibit B.

1.20 "**Parcel M**" is identified in the Conceptual Parcel Map in Exhibit B.

1.21 "**Parcel N"** is identified in the Conceptual Parcel Map in Exhibit B.

1.22 "**Parcel O**" is identified in the Conceptual Parcel Map in Exhibit B.

1.23 "**Parcel P**" is identified in the Conceptual Parcel Map in Exhibit B.

1.24 "**Parcel Q-1**" is identified in the Conceptual Parcel Map in Exhibit B.

1.25 "**Parcel Q-2**" is identified in the Conceptual Parcel Map in Exhibit B.

1.26 "**Parcel Q-3**" is identified in the Conceptual Parcel Map in Exhibit B.

1.27 "**Parcel R**" is identified in the Conceptual Parcel Map in Exhibit B.

1.28 "**Parcel S**" is identified in the Conceptual Parcel Map in Exhibit B.

1.29 "**Parcel T**" is identified in the Conceptual Parcel Map in Exhibit B.

1.30 "**Parcel U**" is identified in the Conceptual Parcel Map in Exhibit B.

1.31 "**Parcel Owner**" is defined in Section 4.3.

1.32 **"Phase**" is defined in Section 4.2.

1.33 "**Project**" is defined in Recital B.

1.34 "**Property**" is defined in Recital A and attached hereto as Exhibit A.

1.35 "**Replat**" is defined in Section 5.2.

1.36 **"Rezone Application"** is defined in Section 3.1.

1.37 "**Termination Date"** is defined in Section 2.1.

1.38 "**Trunk Infrastructure Improvements**" shall mean, collectively, the Trunk Wastewater Infrastructure Improvements and the Trunk Water Infrastructure Improvements.

1.39 **"Trunk Wastewater Infrastructure Improvements**" is defined in Section 6.2.

1.40 "**Trunk Water Infrastructure Improvements**" is defined in Section 6.3.

ARTICLE II
THE AGREEMENT

2.1 Duration of Development Agreement. The term of this Agreement shall commence on the Effective Date and shall terminate on the date which is twenty (20) years after the Effective Date (the "**Termination Date**"). No notice of such termination is or shall be required.

ARTICLE III
ZONING

3.1 Existing Zoning; Zoning Amendments. The Property is currently zoned R1-6 (Single Residence Zoning District – Medium Density), R-2 (Multiple Residence Zoning District – Medium-High Density Residential), C-2 (Community Commercial) and L-I (Light Industrial). Developer and any Parcel Owner, at any time, may submit a request to the City to rezone any portion of the Property to accommodate the development of the Property by Developer or a Parcel Owner (each, a "**Rezone Application**"). If a Rezone Application is submitted, the Developer or Parcel Owner who submitted the Rezone Application will prepare and provide to the City all necessary application materials needed for the City to process the Rezone Application and place the Rezone Application on a City Council agenda for consideration of approval, and the City shall use good faith efforts to place such Rezone Application on a City Council agenda. Any decision regarding such application shall be subject to the sole discretion of the City Council.

ARTICLE IV
PROJECT / DEVELOPMENT OF THE PROPERTY

4.1 Project Regulation of Development. The Property shall be developed in accordance with this Agreement and all applicable regulations and development requirements of the City, including provision of adequate financial assurances, in effect at the time of development for each Phase, except for the Offsite Infrastructure Improvements (the size, location and extent of which are established by this Agreement and the Master Infrastructure Plans upon approval by the City). In developing the Offsite Infrastructure Improvements adequate financial assurances shall be posted. Permitted uses on the Property shall be in accordance with the underlying zoning for the Property, subject to any subsequent rezoning or modified entitlements approved by the City for the Property. With respect to the Offsite Infrastructure Improvements only, this Agreement governs and controls over conflicting ordinances, rules, regulations, standards, procedures, and administrative policies of the City.

4.2 Phasing. The Property shall be developed in multiple phases. Each Parcel identified on the Conceptual Parcel Map in **Exhibit B** constitutes a development "**Phase**." The Property (including each Parcel) may be developed in any sequence (no Parcel shall be required to be developed before any other Parcel). However, to accommodate the orderly construction of public infrastructure improvements (including wastewater, water, and roadway infrastructure improvements as set forth in this Agreement) needed to serve the entire Property upon full buildout, each Parcel shall be required to develop the Offsite Infrastructure Improvements required

by this Agreement and other applicable ordinances, rules, regulations, standards, procedures, and administrative policies of the City. Any deferred improvements or modifications to the Parcels not proposed or contemplated by this Agreement shall require an amendment and approval by the City.

4.3 Conveyance of Phases; Other Parcel Owners. The Parties recognize and agree that Developer may convey a Parcel to one or more subsequent property owners to develop such Parcel. Developer shall disclose this Agreement to any subsequent property owner. Any record owner of all or any portion of a Parcel shall be deemed a "**Parcel Owner**" under this Agreement and shall assume all rights and obligations under this Agreement as a Parcel Owner with respect to such Parcel acquired (for avoidance of doubt, a "Parcel Owner" includes Developer with respect to such Parcel owned by Developer). Conveyance of one or more Parcels by Developer or a Parcel Owner to other subsequent owners shall not require the City's prior approval for the conveyance; provided, however, the conveying Parcel Owner shall inform the City within thirty (30) days of the conveyance. Developer and Parcel Owners shall be subject to all ordinances, rules, regulations, standards, procedures, and administrative policies of the City now existing or as may be amended or adopted in the future, except as to the Offsite Infrastructure Improvements as set forth in this Agreement (and the Master Infrastructure Plan upon approval by the City). City may refuse to allow development on any Parcel if required improvements are not made in substance, manner or timing as set forth in this Agreement and other applicable ordinances, rules, regulations, standards, procedures and administrative policies of the City.

4.4 Processing of Development Plans. The City and Developer will cooperate in the processing of any permits, site plans, subdivision plats, or other development approvals (collectively, the "**Approvals**") required of or requested by Developer in connection with the development of each Phase of the Project.

ARTICLE V
PLATTING & MASTER SITE PLANNING

5.1 Master Subdivision Plat. Developer shall submit a preliminary subdivision plat application to the City identifying parcel/lot boundaries for each Parcel, consistent with the Conceptual Parcel Map (the "**Master Preliminary Plat**"). The Parties recognize and agree that the Master Preliminary Plat will require preliminary plat approval by City staff (no public hearing is required). The Master Infrastructure Plans (defined in Section 5.3 below) shall be submitted by Developer with the Master Preliminary Plat for the City's review and approval in accordance with the City's standard approval process and requirements.

5.2 Final Plat; Amendments/Replats. Following the City's approval of the Master Preliminary Plat, the parcel/lot boundaries for the Property shall be established via one or more final plats (each a "**Final Plat**"). Each Final Plat may include one or more Parcels or a portion of a Parcel, as identified in the Conceptual Parcel Map and Master Preliminary Plat. Each Final Plat shall be subject to administrative approval by City staff and this Development Agreement shall in no way be interpreted to guarantee Final Plat approval if the Final Plat submission does not meet the City's policies and requirements for Final Plat approval. While the Conceptual Parcel Map and Master Preliminary Plat identify the intended configuration of each Parcel to accommodate the

development of the Property, Developer and any Parcel Owner may modify the configuration of each Parcel or divide a Parcel into new parcels, lots, and/or tracts, through a new subdivision process which would include approval of a preliminary plat and final plat, or subsequent replat (each a "**Replat**"); provided, however, the Parties acknowledge and agree that the Conceptual Parcel Map in this Agreement shall govern the identification of Parcels for purposes of this Agreement (by way of example, if a Final Plat is approved that splits Parcel M into two parcels, both parcels shall be considered Parcel M for purposes of this Agreement as shown in the Conceptual Parcel Map). Any plat or Replat shall be subject to all ordinances, rules, regulations, standards, procedures, and administrative policies of the City now existing, or as may be amended or adopted in the future.

5.3 Master Plans. Developer shall prepare and submit to the City, for City's approval, the master infrastructure plans, which include the Master Wastewater Infrastructure Plan, Master Water Infrastructure Plan and the Master Roadway Infrastructure Plan described in Sections 5.3.1 through 5.3.3, alongside the Master Preliminary Plat application in accordance with this Section 5.3 (each a "**Master Infrastructure Plan**, and together, the "**Master Infrastructure Plans**"). All Master Infrastructure Plans submitted by Developer pursuant to the Article must be supported by an engineer's design report, prepared and sealed by an Arizona registered professional engineer. Developer shall submit all Master Infrastructure Plans and their corresponding Engineer's Design Report with the Master Preliminary Plat application.

Any proposed change to a plat, land use, density, intensity, infrastructure design, or development sequence that affects an assumption, capacity, alignment, access arrangement, or construction sequence reflected in an approved Master Infrastructure Plan or Engineer's report shall require submittal and City approval of the affected plan and report amendments before approval of the affected engineering or improvement plans or authorization of the affected construction.

5.3.1 Master Wastewater Infrastructure Plan. Developer shall prepare and submit to the City, for City's approval, a master wastewater infrastructure plan identifying the wastewater infrastructure improvements that will be needed to provide wastewater service for each Phase of the Project, which, upon approval by the City, shall constitute the "**Master Wastewater Infrastructure Plan**" under this Agreement. The Master Wastewater Infrastructure Plan shall be consistent with the Conceptual Sewer Master Plan in **Exhibit C**. The Master Wastewater Infrastructure Plan shall be submitted with an engineer's design report to confirm pipe size is adequate, and shall evaluate wastewater flows, collection-system capacity, pipe sizing, connection points, downstream constraints, and the improvements and sequencing necessary to serve each Phase and the Property at full buildout, which, for purposes of this Agreement, upon approval by the City will be known as the "**Approved Wastewater Engineer's Design Report**." No Parcel shall be developed in a manner that exceeds the capacity within the Trunk Wastewater Infrastructure Improvements, as determined by the Approved Wastewater Engineer's Design Report (as such report may be amended with the approval of the City). Any changes to the Master Preliminary Plat or Final Plat that may impact the Infrastructure will require an approved amendment to the Master Infrastructure Plans.

5.3.2 **Master Water Infrastructure Plan**. Developer shall prepare and submit to the City, for City's approval, a master water infrastructure plan identifying the water infrastructure improvements that will be needed to provide water (both potable and non-potable) service for each Phase of the Project, which, upon approval by the City, shall constitute the "**Master Water Infrastructure Plan**" under this Agreement. The Master Water Infrastructure Plan shall be consistent with the Conceptual Water Master Plan in **Exhibit D**. The Master Water Infrastructure Plan shall be submitted with an engineer's design report to confirm pipe size is adequate, and shall evaluate demands at each Phase and at full buildout, available supply and system capacity, pipe size, operating pressures, required fire flows, connection points, system looping, and construction sequencing, which, for purposes of this Agreement, upon approval by the City will be known as the "**Approved Water Engineer's Design Report**". No Parcel shall be developed in a manner that will exceed the capacity within the Trunk Water Infrastructure Improvements, as determined by the Approved Water Engineer's Design Report (as such report may be amended with the approval of the City). Any changes to the Master Preliminary Plat or Final Plat that may impact the Infrastructure will require an approved amendment to the Master Infrastructure Plans.

5.3.3 **Master Roadway Infrastructure Plan**. Developer shall prepare and submit to the City, for City's approval, a master roadway infrastructure plan identifying the roadway infrastructure improvements, rights-of-way, access rights, and construction sequence necessary to serve each Phase of the Project at full buildout, which, upon approval by the City, shall constitute the "**Master Roadway Infrastructure Plan**" under this Agreement. The Master Roadway Infrastructure Plan must identify the provision of secondary access to each Parcel and identify how and when such access will be developed. City may refuse development on any Parcel that does not have both primary and secondary access. The Master Roadway Infrastructure Plan must not allow for "scalloped streets." For purposes of this Agreement, "scalloped streets" means discontinuous roadway improvements that leave intervening unimproved segments or abrupt changes in pavement width, alignment, drainage, or pedestrian facilities that fail to meet applicable City requirements. The Master Roadway Infrastructure Plan shall be consistent with the Conceptual Roadway Master Plan in **Exhibit E**, provided that **Exhibit E** does not allow for "scalloped streets".

5.3.4 The wastewater infrastructure, water infrastructure, and roadway infrastructure improvements identified in the approved Master Infrastructure Plans (which includes the Trunk Infrastructure Improvements and the branch sewer and water lines identified within the Master Infrastructure Plans) shall constitute the "**Offsite Infrastructure Improvements**" for purposes of this Agreement. The Offsite Infrastructure Improvements identified in the approved Master Infrastructure Plans constitute both the master (trunk) offsite improvements required to provide the development opportunity for the Property as well as the branch sewer and water lines located on each Parcel to connect to the Trunk Infrastructure Improvements. However, such improvements are not necessarily reflective of all infrastructure improvements required for the development of each Parcel (including, but not limited to, additional sewer and water lines, drainage improvements or streets within each Parcel as may be required by the City in accordance with applicable City ordinances, rules, regulations, standards, procedures and administrative policies of the City. In addition to the Offsite Infrastructure Improvements (the size, location and extent of which are established by this Agreement and the Master Infrastructure

Plans upon approval by the City), the City reserves the right to require additional offsite improvements and/or dedications as required for the development of each Parcel in accordance with Arizona law, the City's ordinances, rules, regulations, standards, procedures, and administrative policies of the City now existing, or as may be amended or adopted in the future. In the City's discretion, all water and wastewater infrastructure shall be designed and built in a contiguous and operationally practical fashion. The water system shall be looped to reduce dead ends. These requirements shall apply to all Master Infrastructure Plans.

5.4 Right-of-Way Dedications. The Master Preliminary Plat shall identify the existing half-street right-of-way dedications and any additional right-of-way dedications to be made (and associated roadway improvements to be constructed) as part of the development of the Project for the following roadways within or adjacent to the Property: (i) Avenue D, (ii) 24th Avenue, (iii) County 24 ½ Street, (iv) Avenue E, and (v) County 25th Street. Any future development of the Property must not allow for "scalloped streets". Unless half streets are permitted by the City's ordinances, rules, regulations, standards, procedures, or administrative policies of the City now existing, or as may be amended or adopted in the future, no half streets will be allowed, all right of way dedications, together with previous half street dedications, will comply with the City's full street dedication requirements; provided, however, notwithstanding the foregoing, in no event shall Developer or any Parcel Owner be required to dedicate any right-of-way for any property that is not a Parcel subject to this Agreement. This limitation shall not relieve Developer or a Parcel Owner of the obligation to obtain property rights necessary for its required improvements, or an alternative design approved by the City, before the applicable approval or construction milestone. The City shall have no obligation under this Agreement to acquire or condemn property or to fund the acquisition of property rights for Developer or a Parcel Owner.

5.4.1 Existing Right-of-Way Dedications. The Parties recognize and agree that certain half-street right-of-way dedications for County 25th Street, Avenue E, 24th Avenue, Avenue D and County 24 ½ Street have already been made, as shown on the Conceptual Roadway Master Plan in Exhibit E. The City will require additional right-of-way dedications for certain Parcels as set forth in Article IX of this Agreement.

5.4.2 New Right-of-Way Dedications. The Parties recognize and agree that the new/additional right-of-way dedications for public roads shall be identified in the Master Preliminary Plat and shall be in accordance with Article IX of this Agreement. For any new right-of-way dedications for County 25th Street, Avenue E, 24th Avenue, Avenue D and County 24 ½ Street that have not yet been dedicated to the City per Article IX herein, such dedications shall be made to the City within ninety (90) days from the Effective Date of this Agreement via a Final Plat, map of dedication or separate instrument to effectuate a right-of-way dedication as approved by the City. The right-of-way dedications shall include the necessary visibility triangles.

5.5 Phasing of Improvements; Assurances. To accommodate the phased development of the Property, the construction of the subdivision improvements for the Property (including, but not limited to, the Offsite Infrastructure Improvements) will be constructed in phases as each Parcel develops in accordance with this Agreement. The Offsite Infrastructure Improvements identified in the approved Master Infrastructure Plans constitute the master (trunk) offsite improvements required to provide the development opportunity for the Property as well as

the branch sewer and water lines located on each Parcel to connect to the Trunk Infrastructure Improvements as currently designed and planned, and any amendments may require additional infrastructure improvements as required by the City. However, such improvements are not necessarily reflective of all infrastructure improvements required for the development of each Parcel (including, but not limited to, additional sewer and water lines, drainage improvements or streets within each Parcel as may be required by the City in accordance with applicable City ordinances, rules, regulations, standards, procedures and administrative policies of the City. For other offsite improvements not specifically set forth in this Agreement or the Master Infrastructure Plans, the City reserves the right to require additional offsite improvements and/or dedications as required for the development of each Parcel in accordance with the City's ordinances, rules, regulations, standards, procedures, and administrative policies of the City, including provision for adequate financial assurances, now existing, or as may be amended or adopted in the future. Such additional offsite infrastructure improvements, right-of-way dedications, or easement dedications shall be made either as a condition of rezoning, as a condition for the issuance of any building permit, as a condition for a variance, or as part of the approval of any Final Plat. Except for the Offsite Infrastructure Improvements (the size, location and extent of which are established by this Agreement and the Master Infrastructure Plans upon approval by the City), any development of the Property or any Parcel shall be subject to all ordinances, rules, regulations, standards, procedures, and administrative policies of the City now existing or as may be amended or adopted in the future as existing at the time of development. In developing the Offsite Infrastructure Improvements adequate financial assurances shall be posted.

5.6 Initial Lot Split for Parcel Q-3. Developer may submit a lot split application to the City (including prior to any Final Plat for a Parcel) to establish the parcel boundaries for Parcel Q-3 (the "**Initial Lot Split**"). The City shall process and approve the Initial Lot Split as a lot split through the lot split application without requiring a Final Plat. Alongside the submittal of the lot split application for the Initial Lot Split, Developer shall submit to the City improvement plans for the improvements required under this Section. Approval of the Initial Lot Split shall be conditioned upon the following improvements for Parcel Q-3, which shall be constructed or installed by the Parcel Owner of Parcel Q-3: (a) construction of the 50-foot half-street segment of County 25th Street adjacent to Parcel Q-3, including required curb cuts and driveways; provided, however, that no sidewalks shall be required; (b) a water main tap for domestic and fire services (it being acknowledged that there is an existing 10-inch water main within County 25th Street along the frontage of Parcel Q-3 that is already installed); (c) a 15-inch sewer main extension within County 25th Street along the frontage of Parcel Q-3; (d) a retention basin to handle stormwater runoff from County 25th Street; and (e) landscaping along the County 25th Street frontage of Parcel Q-3. Before final approval and authorization to record the Initial Lot Split, the required improvement plans shall be approved, required financial assurances shall be posted, and dedications and easements then required shall be executed and recorded or provided for recording concurrently with the division documents.

5.7 Special Taxing Districts. Developer will agree to the formation of a street lighting improvement district to pay for the costs to operate and maintain required streetlights required as a result of the development of the Property and any enhanced municipal district needed to provide required municipal services to the Property.

ARTICLE VI
MASTER OFFSITE INFRASTRUCTURE / TRUNK INFRASTRUCTURE

6.1 **Offsite Infrastructure Phasing**. In recognition of the Project phasing, the City agrees that the Offsite Infrastructure Improvements may be constructed by Developer in phases as each Parcel within the Project develops. In addition to the Offsite Infrastructure Improvements (the size, location and extent of which are established by this Agreement and the Master Infrastructure Plans upon approval by the City), the City reserves the right to require additional offsite improvements and dedications in accordance with Arizona law, its ordinances, rules, regulations, standards, procedures, and administrative policies, now existing or as may be amended or adopted in the future, and any rezoning, plat, lot split, variance, conditional use permit, or building permit may be so conditioned. Except for the right-of-way dedications for the public roadways as set forth in Article IX (which shall be dedicated within 90 days from the Effective Date of this Agreement), required infrastructure improvements shall be made at the time of the development of a Parcel and right-of-way dedications or easement dedications for a Parcel shall be made either at the time of rezoning, as a condition for the issuance of any building permit, or as part of the approval of any Final Plat, variance, or conditional use permit.

6.2 **Trunk Wastewater Infrastructure Improvements**. As conceptually shown by the Conceptual Sewer Master Plan in **Exhibit C**, the following trunk wastewater infrastructure improvements will be needed to accommodate necessary wastewater connections in order to provide wastewater service for each Phase of the Project (collectively, the "**Trunk Wastewater Infrastructure Improvements**") – Developer shall submit the corresponding Engineer's report required by Section 5.3 to demonstrate that the proposed facilities are adequate and meet applicable City requirements. The stated pipe diameters are subject to modification through the City-approved Master Wastewater Infrastructure Plan and Approved Wastewater Engineer's Design Report.

6.2.1 A 15-inch sewer main extension within 24th Avenue from County 25th Street to County 24 ½ Street, as further identified, specified or modified by the Master Wastewater Infrastructure Plan approved by the City (the "**24th Avenue Sewer Main Extension**").

6.2.2 A 15-inch sewer main extension within County 25th Street from the existing sewer main at/near the eastern boundary of Parcel Q-3 to Avenue E, as further identified, specified or modified by the Master Wastewater Infrastructure Plan approved by the City (the "**County 25th Street Sewer Main Extension**").

6.2.3 A 15-inch sewer main at/near the shared property line of Parcel S and Parcel R to the northern boundary of Parcel S and Parcel R, as further identified, specified or modified by the Master Wastewater Infrastructure Plan approved by the City (the "**Parcel S-R Sewer Main Extension**").

6.2.4 Development and connection of each Parcel shall comply with the capacity limitations described in the approved Master Infrastructure Plans described in Section 5.3. No

Parcel shall be developed in a manner that will cause the capacity within the Trunk Wastewater Infrastructure Improvements to be exceeded, as determined by the Approved Wastewater Engineer's Design Report (as such report may be amended with the approval of the City).

6.3 Trunk Water Infrastructure Improvements. As conceptually shown by the Conceptual Water Master Plan in **Exhibit D**, the following trunk water infrastructure improvements will be needed to accommodate necessary water connection in order to provide water service for each Phase of the Project (collectively, the "**Trunk Water Infrastructure Improvements**") - Developer shall provide an engineer's report to ensure that such pipe sizes are adequate and meet the City's requirements:

6.3.1 A 10-inch water main extension within County 24 ½ Street from Avenue D to Avenue E, as further identified, specified or modified by the Master Water Infrastructure Plan approved by the City (the "**County 24 ½ Street Water Main Extension**").

6.3.2 A 10-inch water main extension within 24th Avenue from County 25th Street to County 24 ½ Street, as further identified, specified, or modified by the Master Water Infrastructure Plan approved by the City (the "**24th Avenue Water Main Extension**").

6.3.3 A 10-inch water main extension at/near the shared property line of Parcel S and Parcel R to the northern boundary of Parcel S and Parcel R, as further identified, specified, or modified by the Master Water Infrastructure Plan approved by the City (the "**Parcel S-R Water Main Extension**").

6.3.4 No Parcel shall be developed in a manner that will cause the capacity within the Trunk Water Infrastructure Improvements to be exceeded, as determined by the Approved Water Engineer's Design Report (as such report may be amended with the approval of the City).

6.4 Reserved.

6.5 Construction Obligations. In recognition of the fact that the development of the Project will occur in Phases, in order to ensure the orderly development of each Parcel, as each Parcel within the Project develops, each Parcel shall have the following construction obligations:

6.5.1 Trunk Infrastructure Improvements. At the time of development of a Parcel, the Parcel Owner of such Parcel being developed shall construct, at its sole cost and expense (subject to reimbursement in accordance with Section 10.1 of this Agreement), the portion of the Trunk Wastewater Infrastructure Improvements and the Trunk Water Infrastructure Improvements which are necessary (and have not yet been developed) to provide water and sewer service to such Parcel being developed. Upon completion, the portion of the Trunk Wastewater Infrastructure Improvements and Trunk Water Infrastructure Improvements constructed by the Parcel Owner shall be dedicated to the City for ownership, operation, and maintenance in accordance with the ordinances, rules, regulations, standards, procedures, and administrative policies of the City.

6.5.2 Branch Connections. At the time of development of a Parcel, the Parcel Owner of such Parcel being developed shall construct, at its sole cost and expense (subject to

potential reimbursement in accordance with Section 10.2), the branch water line and sewer line improvements located on its Parcel and the branch water line and sewer line improvements located on any other Parcels that are necessary for such Parcel to connect the Trunk Wastewater Infrastructure Improvements and Trunk Water Infrastructure Improvements in accordance with the Master Wastewater Infrastructure Plan and Master Water Infrastructure Plan. To the extent branch lines are required to be constructed on another Parcel in order to connect to the Trunk Infrastructure Improvements, the Parcel Owner of the Parcel being developed shall be responsible for constructing such branch lines on the other Parcel (and such other Parcel Owner shall grant the easements required by Section 6.6 for the construction and installation of such infrastructure improvements), subject to future reimbursement from the non-constructing Parcel Owner in accordance with Section 10.2. Upon completion, the branch water line and sewer line improvements constructed by the Parcel Owner shall be dedicated to the City for ownership, operation, and maintenance in accordance with the ordinances, rules, regulations, standards, procedures, and administrative policies of the City.

6.5.3 Extension to Parcel Edges. In order to accommodate future connections as other Parcels develop, each Parcel Owner developing its Parcel shall be required to extend the Trunk Infrastructure Improvements and the other branch line water and sewer improvements to be constructed by such Parcel Owner to the edges of such Parcel Owner's Parcel in accordance with the approved Master Wastewater Infrastructure Plan and Master Water Infrastructure Plan. The City shall not issue any permits for the construction of water and sewer improvements on a Parcel unless the submitted/approved water and sewer plans for such Parcel comply with the requirements of this Section 6.5.3.

6.5.4 Submittal of Plans to Developer: To ensure compliance with the requirements in Section 6.5.3, each Parcel Owner that submits development plans to the City for the development of its Parcel shall provide copies of each submittal (and resubmittal) of water and sewer plans submitted to the City within five (5) days thereof. Developer shall have the opportunity to request revisions to such plans to the extent necessary to comply with Section 6.5.3, and, in such case, the developing Parcel Owner shall be required to make any such revisions to the development plans to the extent necessary to comply with Section 6.5.3, and, upon revision, shall resubmit the revised plans to the City.

6.6 Easements & Dedications. The Parties acknowledge and agree that, depending on the order of development of the Parcels within the Project, a Parcel Owner may need to construct Trunk Infrastructure Improvements or other branch wastewater or water infrastructure improvements in order to provide necessary connections and service to a developing Parcel in accordance with the Master Wastewater Infrastructure Plan and Master Water Infrastructure Plan. In such case, upon written request from the Parcel Owner developing its Parcel, the other Parcel Owner (of such Parcel upon which the infrastructure improvements are required to be placed) shall grant appropriate temporary construction, sewer and water easements in the form and of a location and size required by the City and as necessary to accommodate the construction of wastewater and water infrastructure improvements in accordance with the Master Wastewater Infrastructure Plan and Master Water Infrastructure Plan. Further, upon completion of such infrastructure improvements, the Parcel Owners shall mutually cooperate in dedicating such completed

infrastructure improvements to the City in the manner required by the City's ordinances, rules, regulations, standards, procedures, and administrative policies.

6.7 Construction by Other Parcel Owners. Any Parcel Owner shall have the right to construct all or any portion of the Trunk Infrastructure Improvements by providing written notice to the Parties, provided a Parcel Owner responsible for constructing such offsite improvements under this Agreement has not commenced construction of such portion of the Trunk Infrastructure Improvements.

ARTICLE VII
WASTEWATER INFRASTRUCTURE

7.1 Trunk Wastewater Improvements. The Trunk Wastewater Infrastructure Improvements specified in Section 6.2 constitute the trunk wastewater infrastructure improvements for the Project and will serve the other Parcels within the Project. In addition to the Trunk Wastewater Infrastructure Improvements (the size, location and extent of which are established by this Agreement and the Master Infrastructure Plans upon approval by the City), the City expressly has the right to require additional wastewater infrastructure improvements for the development of any Parcel in accordance with Arizona law and the City's ordinances, rules, regulations, standards, procedures, and administrative policies, now existing or as may be amended or adopted in the future, and may so condition any rezoning, plat, lot split, variance, conditional use permit, or issuance of any building permit.

With respect to all wastewater infrastructure required by this Article, all wastewater collection systems shall have stub outs adequately sized to serve other parcels within the service area.

7.2 Dedication. In accordance with the City's dedication requirements and process, upon completion, the wastewater infrastructure improvements constructed by a Parcel Owner will be dedicated to the City for ownership, operation, and maintenance, in accordance with the ordinances, rules, regulations, standards, procedures, and administrative policies of the City. City maintenance will only be in the public right of way.

7.3 City Services. After the Parcel Owner has satisfied the requirements for connection under this Agreement and other City requirements, and subject to the construction and dedication of the wastewater infrastructure improvements as may be required for each Parcel as set forth in this Agreement, the City agrees to provide wastewater service to each Parcel, subject to the ordinances, resolutions, rules, regulations, standards, procedures, and administrative policies of the City, as may exist at the time of development of said Parcel.

ARTICLE VIII
WATER INFRASTRUCTURE

8.1 Trunk Water Improvements. The Trunk Water Infrastructure Improvements constitute the trunk water infrastructure improvements for the Project and will serve the other Parcels within the Project. In addition to the Trunk Water Infrastructure Improvements (the size,

location and extent of which are established by this Agreement and the Master Infrastructure Plans upon approval by the City), the City expressly has the right to require additional water infrastructure improvements for the development of any Parcel in accordance with Arizona law and the City's ordinances, rules, regulations, standards, procedures, and administrative policies, now existing or as may be amended or adopted in the future, and may so condition any rezoning, plat, lot split, variance, conditional use permit, or issuance of any building permit. Water line improvements will be constructed such as to provide looped systems and avoid dead end lines as much as possible.

8.2 Dedication. In accordance with the City's dedication requirements and process, upon completion, the water infrastructure improvements installed with each Parcel will be dedicated to the City for ownership, operation, and maintenance, in accordance with the ordinances, rules, regulations, standards, procedures, and administrative policies of the City.

8.3 City Services. Subject to the construction and dedication of the water infrastructure improvements constructed by a Parcel Owner will be dedicated to the City for ownership, operation, and maintenance, in accordance with the ordinances, rules, regulations, standards, procedures, and administrative policies of the City. City maintenance will only be in the public right of way.

ARTICLE VIV
ROADWAY INFRASTRUCTURE

9.1 Right-of-Way Dedications; Roadway Improvements. In accordance with the City's dedication requirements and process, upon the following right-of-way dedications and roadway improvements for section line and mid-section line streets shall be required to be dedicated and constructed alongside each Parcel. In addition to the right-of-way dedications and roadway improvements for section line and mid-section line streets (the size, location and extent of which are established by this Agreement and the Master Infrastructure Plans), the City expressly has the right to require additional right of way dedications and roadway improvements for other streets within each Parcel for the development of such Parcel in accordance with Arizona law and the City's ordinances, rules, regulations, standards, procedures and administrative policies, now existing or as may be amended or adopted in the future, and may so condition any rezoning, plat, lot split, variance, conditional use permit, or issuance of any building permit. In addition, with respect to the right-of-way dedications and roadway improvements for section line and mid-section line streets as set forth in this Agreement and the Master Infrastructure Plans, the City reserves the right to require additional right-of-way from a Parcel as a condition to development of such Parcel to accommodate deceleration lanes and/or right-turn pockets that are warranted by a traffic impact analysis.

9.1.1 Parcel K. The Parcel Owner of Parcel K shall be required to dedicate (to the extent not already dedicated) and construct the 40-foot half-street segment of Avenue D adjacent to Parcel K and the 40-foot half-street segment of County 24 ½ Street adjacent to Parcel K, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.2 Parcel L. The Parcel Owner of Parcel L shall be required to dedicate (to the extent not already dedicated) and construct the 40-foot half-street segment of County 24 ½ Street adjacent to Parcel L and the 40-foot half-street segment of 24th Avenue adjacent to Parcel L, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.3 Parcel M. The Parcel Owner of Parcel M shall be required to dedicate (to the extent not already dedicated) and construct the 40-foot half-street segment of County 24 ½ Street adjacent to Parcel M and the 40-foot half-street segment of 24th Avenue adjacent to Parcel M, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.4 Parcel N. The Parcel Owner of Parcel N shall be required to dedicate (to the extent not already dedicated) and construct the 40-foot half-street segment of County 24 ½ Street adjacent to Parcel N and the 75-foot half-street segment of Avenue E adjacent to Parcel N, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.5 Parcel O. The Parcel Owner of Parcel O shall be required to dedicate (to the extent not already dedicated) and construct the 40-foot half-street segment of 24th Avenue adjacent to Parcel O, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.6 Parcel P. The Parcel Owner of Parcel P shall be required to dedicate (to the extent not already dedicated) and construct the 40-foot half-street segment of 24th Avenue adjacent to Parcel P, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.7 Parcel Q-1. The Parcel Owner of Parcel Q-1 shall be required to dedicate (to the extent not already dedicated) and construct the 40-foot half-street segment of 24th Avenue adjacent to Parcel Q-1, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.8 Parcel Q-2. The Parcel Owner of Parcel Q-2 shall be required to dedicate (to the extent not already dedicated) and construct the 50-foot half-street segment of County 25th Street adjacent to Parcel Q-2 and the 40-foot half-street segment of 24th Avenue adjacent to Parcel Q-2, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.9 Parcel Q-3. The Parcel Owner of Parcel Q-3 shall be required to dedicate (to the extent not already dedicated) and construct the 50-foot half-street segment of County 25th Street adjacent to Parcel Q-3, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.10 Parcel R. The Parcel Owner of Parcel R shall be required to dedicate (to the extent not already dedicated) and construct the 50-foot half-street segment of County 25th Street adjacent to Parcel R and the 40-foot half-street segment of 24th Avenue adjacent to Parcel R, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.11 Parcel S. The Parcel Owner of Parcel S shall be required to dedicate (to the extent not already dedicated) and construct the 50-foot half-street segment of County 25th Street adjacent to Parcel S and the 75-foot half-street segment of Avenue E adjacent to Parcel S, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.12 Parcel T. The Parcel Owner of Parcel T shall be required to dedicate (to the extent not already dedicated) and construct the 50-foot half-street segment of County 25th Street adjacent to Parcel T and the 75-foot half-street segment of Avenue E adjacent to Parcel T, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.13 Parcel U. The Parcel Owner of Parcel U shall be required to dedicate (to the extent not already dedicated) and construct the 75-foot half-street segment of Avenue E adjacent to Parcel U, as identified in the Conceptual Roadway Master Plan in **Exhibit E**.

9.1.14 Additional Right-of-Way at Roadway Intersections. The Parties recognize and agree that additional right-of-way shall be dedicated at the following roadway intersections to provide for adequate site visibility triangles in accordance with the City's standards for site visibility triangles at roadway intersections: (i) southeast corner of intersection of Avenue E and County 24 ½ Street (to be dedicated by Parcel N); (ii) southwest corner of intersection of County 24 ½ Street and 24th Avenue (to be dedicated by Parcel M); (iii) southeast corner of intersection of County 24 ½ Street and 24th Avenue (to be dedicated by Parcel L); (iv) southwest corner of intersection of Avenue D and County 24 ½ Street (to be dedicated by Parcel K); (v) northeast corner of intersection of 24th Avenue and County 25th Street (to be dedicated by Parcel Q-2); (vi) northwest corner of intersection of 24th Avenue and County 25th Street (to be dedicated by Parcel R); and (vii) northeast corner of intersection of Avenue E and County 25th Street (to be dedicated by Parcel T).

9.1.15 Additional Roadways. The right-of-way dedications and roadway improvements for section line streets and mid-section line streets are established by this Agreement (and the Master Infrastructure Plans upon approval by the City). The City expressly has the right to require additional right of way dedications and roadway improvements for other streets within each Parcel for the development of such Parcel or other Parcels within the Property in accordance with Arizona law and the City's ordinances, rules, regulations, standards, procedures and administrative policies, now existing or as may be amended or adopted in the future, and may so condition any rezoning, plat, lot split, variance, conditional use permit, or issuance of any building permit. In addition, with respect to the right-of-way dedications and roadway improvements for section line and mid-section line streets as set forth in this Agreement and the Master Infrastructure Plans, the City reserves the right to require additional right-of-way from a Parcel as a condition to development of such Parcel to accommodate deceleration lanes and/or right-turn pockets that are warranted by a traffic impact analysis.

9.1.16 Timing. All right-of-way dedications as set forth in this Article IX shall be dedicated to the City (to the extent not already dedicated) within ninety (90) days from the Effective Date of this Agreement via a Final Plat, map of dedication or separate instrument to effectuate a right-of-way dedication as approved by the City (except for additional right-of-way to be dedicated pursuant to Section 9.1.17, which shall be dedicated prior to development of a Parcel). The physical roadway improvements for each Parcel shall be part of the subdivision improvements associated with a Parcel and shall be constructed as a condition to the City's issuance of a building permit to develop vertical improvements on such Parcel. In the event of development without further platting of a Parcel, infrastructure improvements including roadway, sidewalks, water, wastewater, and street lighting shall be required as a condition of the issuance of a building permit.

9.1.17 Deceleration Lanes; Right-Turn Pockets. Notwithstanding anything to the contrary in this Agreement, the City reserves the right to require additional right-of-way from a Parcel as a condition to the development of such Parcel to accommodate deceleration lanes and/or right-turn pockets that are warranted by a traffic impact analysis. Any additional right-of-way dedications required pursuant to this Section 9.1.17 shall be made prior to the development of such Parcel and as a condition to the development of such Parcel.

ARTICLE X
REIMBURSEMENT FOR INFRASTRUCTURE IMPROVEMENTS

10.1 Reimbursement for Trunk Infrastructure Improvements. The Parties recognize and agree that the Trunk Wastewater Improvements and Trunk Water Improvements will be upsized to serve other Parcels within the Property and, therefore, will provide the development opportunity to the other Parcels within the Property. As such, Developer intends to apply to the City for a payback agreement with the City for the Trunk Wastewater Improvements and Trunk Water Improvements in accordance with City ordinances, which, if approved by the City, would result in the City collecting monies from Parcel Owners (and potentially other property owners outside the Property) seeking to connect to the Trunk Wastewater Improvements and Trunk Water Improvements and remitting an amount to the Parcel Owner(s) who installed such improvements in accordance with the terms of the payback agreement (the "**Payback Agreement**"). The approval of the Payback Agreement is at the discretion of the City. As such, Developer also desires to establish a private covenant via this Agreement, which shall burden and benefit each Parcel, for the reimbursement of the Trunk Wastewater Improvements and Trunk Water Improvements in the event a Payback Agreement is not entered into with the City (either because a Payback Agreement is not applied for or because the City does not approve a Payback Agreement). In the event a Payback Agreement with the City is not approved by the City (regardless whether a Payback Agreement has been applied for) at the time a Parcel Owner connects to any Trunk Wastewater Improvements or Trunk Water Improvements that were installed prior to the development of such Parcel Owner's Parcel, the private reimbursement obligations in Section 10.1.1 shall apply.

10.1.1 Each Parcel Owner that taps into the Trunk Wastewater Improvements or Trunk Water Improvements, shall be required to provide reimbursement to the Parcel Owner(s) that installed such improvements by paying a connection fee ("**Connection Fee**") to the Parcel Owner(s) that installed such improvements. Each Parcel Owner that connects to the following trunk infrastructure improvements shall be required to provide a Connection Fee to the Parcel Owner(s) who installed such improvement in an amount equal to its pro rata share (calculated based on gross acreage of the Parcels) of the total costs of constructing the following trunk infrastructure improvements: (i) the Trunk Wastewater Infrastructure Improvements, and (ii) the Trunk Water Infrastructure Improvements. For purposes of determining the amount of the Connection Fee, the "total costs" of constructing the Trunk Infrastructure Improvements shall include the construction contract price, the inspection and permit fees paid to the City, the engineering fees required for the preparation of plans and specifications, and the costs of acquiring the necessary property rights and/or easements to construct and install the Trunk Infrastructure Improvements. A Parcel Owner who installed any portion of the Trunk Infrastructure Improvements shall provide written request for reimbursement (a "**Reimbursement Request**") to

a Parcel Owner who has connected to the trunk infrastructure improvements that the requesting Parcel Owner installed. The Reimbursement Request shall include proof of payment and copies of all invoices (including from contractors and/or subcontractors who performed the work) demonstrating the total costs; and a Parcel Owner shall provide payment to the requesting Parcel Owner within 60 days of receiving the Reimbursement Request. The reimbursement obligations set forth in this Section 10.1.1 shall be private obligations enforceable by each Parcel Owner. The Parties recognize and agree that the City shall have no responsibility whatsoever for enforcing any such obligations. The obligation of a Parcel Owner to reimburse another Parcel Owner that installed the trunk water infrastructure improvements per this Section 10.1.1 shall be a private restriction that runs with, burdens and benefits the Parcels and shall inure to the benefit of and be binding upon the successors and assigns of the Parcel Owners.

10.1.2 For any additional offsite improvements required by the City (other than the Trunk Infrastructure Improvements established by this Agreement and the Master Infrastructure Plans upon approval by the City), a Parcel Owner responsible for constructing such additional offsite improvements shall be entitled to apply for a payback agreement with the City in accordance with City ordinances.

10.2 Reimbursement for Other Infrastructure Improvements. Per Section 6.5.2 of this Agreement, depending on the order of development of other Parcels, a Parcel Owner may be required to construct branch water line and sewer line improvements on another Parcel Owner's Parcel that would have been constructed by such other Parcel Owner (at such Parcel Owner's sole cost and expense) had such other Parcel Owner developed first. Accordingly, each Parcel Owner upon the development of its Parcel shall be required to reimburse any other Parcel Owner that previously constructed branch lines on its Parcel by paying a Connection Fee in an amount equal to one hundred percent (100%) of the total costs of constructing such branch lines located within the Parcel of the reimbursing Parcel Owner. For purposes of determining the amount of the Connection Fee, the "total costs" of constructing the branch lines shall include the construction contract price, the inspection and permit fees paid to the City, the engineering fees required for the preparation of plans and specifications, and the costs of acquiring the necessary property rights and/or easements to construct and install the Trunk Infrastructure Improvements.

ARTICLE XI
DEFAULT; TERMINATION

11.1 Default; Remedies; Effect of Termination. It shall be a default under this Agreement (a "**Default**") if any Party fails to perform any of its obligations under this Agreement, and such failure continues for a period of thirty (30) days after written notice from the non-defaulting Party specifying in reasonable detail the nature of such failure.

11.2 Parcel Owner's Remedies. If City is in Default under this Agreement (beyond any applicable cure period) and the Parties are unable to resolve City's Default, Developer and other Parcel Owners shall not have the right to terminate this Agreement, but shall have the right to pursue all other legal and equitable remedies which such Developer or Parcel Owner may have at law or in equity, including, without limitation, the right to seek specific performance requiring the City to fully and timely perform its obligations under this Agreement, the right to seek and obtain

damages, and the right to self-help; provided the City shall in no event be liable for punitive, incidental or consequential damages.

11.3 City's Remedies. If a Parcel Owner is in Default under this Agreement (beyond any applicable notice and cure period) and the Parties are unable to resolve the Parcel Owner's Default, City shall have the right to pursue any rights or remedies at law or in equity including the rights and remedies provided hereunder; provided that a Parcel Owner shall in no event be liable for punitive, incidental or consequential damages. If Developer is in Default under this Agreement (beyond any applicable notice and cure period) and the Parties are unable to resolve the Developer's Default, then in addition to the remedies in the preceding sentence, City shall have the additional right to terminate this Agreement upon written notice to the Parties.

11.4 Effect of Event of Termination. Upon the termination of this Agreement, this Agreement shall become null and void and no Party shall have any further rights or obligations hereunder except those obligations which expressly survive termination.

ARTICLE XII
REPRESENTATIONS

12.1 City Representations. City represents, warrants and covenants to the Parties as follows:

(a) The individuals executing this Agreement on behalf of City are authorized and empowered to bind City.

(b) City has the full right, power and authorization to enter into and perform its obligations under this Agreement and each of City's obligations and undertakings hereunder, and City's execution, delivery and performance of this Agreement have been duly authorized in compliance with the requirements of Arizona law.

(c) All consents and approvals necessary to the execution, delivery and performance of this Agreement by City have been obtained, and no further action needs to be taken by City in connection with such execution, delivery and performance.

(d) Each undertaking of City contained in this Agreement constitutes a valid, binding and enforceable obligation of City, enforceable according to its terms, whether considered at law or in equity..

12.2 Developer Representations. Developer represents, warrants and covenants to the Parties as follows:

(a) Developer is duly formed and validly existing under Arizona law, is registered to do business in Arizona, and the individual(s) executing this Agreement on behalf of Developer is authorized and empowered to bind Developer.

(b) Developer has the full right, power and authorization to enter into and perform this Agreement and the obligations and undertakings of Developer under this Agreement, and the execution, delivery and performance of this Agreement by Developer has been duly authorized and agreed to in compliance with its organizational documents and Arizona law.

(c) All consents and approvals necessary to the execution, delivery and performance of this Agreement by Developer have been obtained, and no further action needs to be taken by Developer in connection with such execution, delivery and performance.

ARTICLE XIII
GENERAL PROVISIONS; NOTICES

13.1 No Personal Liability. No member, official or employee of City shall be personally liable to the Parties, or any successor or assignee, (a) in the event of any Default or breach by City, (b) for any amount which may become due to the Parties or its successor or assign, or (c) pursuant to any obligation of City under the terms of this Agreement. No member, shareholder, director, partner, manager, officer or employee of the Parties shall be personally liable to City, or any successor or assignee, (a) in the event of any Default or breach by the Parties, (b) for any amount which may become due to City or its successor or assign, or (c) pursuant to any obligation of the Parties under the terms of this Agreement.

13.2 Liability and Indemnification. The Developer shall indemnify, protect, defend and hold harmless City, its Council members, officers, employees, and agents from any and all third party claims, demands, losses, damages, liabilities, fines, charges, penalties, administrative and judicial proceedings and orders, judgments, remedial actions of any kind (collectively, "Claims"), and all costs and cleanup actions of any kind, all costs and expenses incurred in connection therewith, including, without limitation, reasonable attorney's fees and costs of defense (collectively, "Costs") to the extent arising, directly or indirectly, in whole or in part, out of the execution and performance of this Agreement by a Party, except to the extent resulting from the negligence or willful misconduct of City or any of it employees, contractors, or agents.

13.3 Notices. All Notices which shall or may be given pursuant to this Agreement shall be in writing and transmitted by either (i) registered or certified U.S. mail, return receipt requested, or (ii) a nationally recognized express mail courier service, addressed as follows:

To Developer:
Von Verde Partners
10602 S. Camino Del Sol
Yuma, AZ 85367
Attn: Elizabeth Carpenter
(928) 503-0110

With copies to:
David J. Loo
Von Verde Partners
C/O Long Realty
10602 Camino del Sol
Yuma, AZ 85367

Snell & Wilmer
One E. Washington Street
Phoenix, Arizona 85004
Attn: Michael Maerowitz
(602) 382-6494

To the City: City Manager
San Luis City Hall
1090 E. Union Street (physical)
P.O. Box 1170
San Luis, Arizona 85349

A Party may designate any other address for this purpose by written notice to the other Parties in the manner described herein. The facsimile numbers and email addresses set forth in this Section 13.3 are for convenience in providing a duplicate notice and shall not be considered effective for purposes of providing the notices required or permitted pursuant to this Agreement.

13.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. This Agreement has been made and entered into in Yuma County, Arizona. This Agreement is subject to the cancellation provisions of A.R.S. § 38-511.

13.5 Successors and Assigns. This Agreement shall run with the land and all of the covenants and conditions set forth herein shall inure to the benefit of and be binding upon the successors and assigns of Developer and any Parcel Owner, the Parties hereto, including, without limitation, future City Councils. For avoidance of doubt, this Agreement and all the obligations herein bind the City (including, without limitation, future City Councils) and no future City Councils of the City may revoke or repeal the ordinance approving this Agreement in whole or in part without the mutual consent of the Parties, with the express exception to any changes Developer or any Parcel Owner may seek that are not currently proposed or contemplated by this Agreement. Developer may convey any Parcel to another owner without the City's prior consent, and conveyances of Parcels shall be governed by Section 4.3 of this Agreement. Any record owner of all or any portion of a Parcel shall be deemed a "Parcel Owner" under this Agreement and shall assume all rights and obligations under this Agreement as a Parcel Owner with respect to the Parcel (or portion) acquired by such Parcel Owner. Developer may not assign its rights and obligations under this Agreement, in whole or in part, without the City's prior written consent, which shall not be unreasonably withheld by the City. No City consent shall be required for an assignment to an entity owned or controlled by, or under common control with, Developer. If the City does not respond to a written request for consent to an assignment within ten (10) business days after receipt of such request, the City's consent shall be deemed granted.

13.6 Waiver. No waiver by a Party of any breach of any of the terms, covenants or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same for any other term, covenant or condition herein contained.

13.7 Attorneys' Fees. In the event of any actual litigation between the Parties in connection with this Agreement, the Party prevailing in such action shall be entitled to recover from the other Party all of its costs and fees, including reasonable attorneys' fees, which shall be determined by the court and not by the jury.

13.8 Severability. In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in full force and effect to the fullest extent permitted by law, provided that the overall intent of the parties is not materially vitiated by such severability.

13.9 Recitals and Exhibits. The Recitals set forth in the preamble of this Agreement and all exhibits attached hereto are incorporated into this Agreement by this reference as though fully set forth herein.

13.10 Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations and understandings of the parties hereto, oral or written, are hereby superseded and merged herein.

13.11 Recordation of Agreement. This Agreement shall be recorded in the Official Records of Yuma County, Arizona, within ten (10) days after its Effective Date.

13.12 Consents and Approvals. The Parties shall at all times act reasonably with respects to any and all matters which require such Party to review, consent or approve any act or matter hereunder, and shall promptly execute any documents necessary to evidence such review, consent or approval.

13.13 Estoppel Certificate; Financing. Each Party shall at any time and from time to time upon not less than ten (10) days' prior written notice from another Party execute, acknowledge and deliver to the requesting Party or its lender, or any other third party, a statement in writing (a) certifying that this Agreement is unmodified and in full force and effect (or if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect); and (b) acknowledging that there are not, to the Party's knowledge, any uncured Defaults on the part of the requesting Party hereunder, or specifying such Defaults if they are claimed. Any such statement may be relied upon by any existing or prospective lender, title insurer, assignee, or other third party. Each Party, further, agrees to provide such other reasonable assurances as may be necessary or required by a lender to facilitate the financing of any aspect of the Project, including the individual financing of only a portion of the Project or Property.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf by its Mayor and its seal to be hereunto duly affixed and attested to by the City Clerk, and Developer have executed the same on or as of the day and year first above written.

"CITY"

CITY OF SAN LUIS,
an Arizona municipal corporation

By_____
Nieves Riedel, Mayor

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

STATE OF ARIZONA)
) ss
COUNTY OF YUMA)

On this ____ day of November, 2026, before me, the undersigned officer, personally appeared Nieves Riedel, who acknowledged herself to be Mayor of the CITY OF SAN LUIS, an Arizona municipal corporation, whom I know personally and she, in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

NOTARY SEAL:

_____
Notary Public

My commission expires:

_____

"DEVELOPER"

VON VERDE PARTNERS L.L.C.,
an Arizona limited liability company

By:_____
Name: _____
Title: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of November, 2026, before me, the undersigned officer, personally appeared _____ who acknowledged him/herself to be the _____ of VON VERDE PARTNERS L.L.C., an Arizona limited liability company, whom I know personally and he/she, in such capacity, being authorized to do so, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

NOTARY SEAL:

_____
Notary Public

My commission expires:

_____

LIST OF EXHIBITS

Exhibit A	-	Legal Description of Property
Exhibit B	-	Conceptual Parcel Map
Exhibit C	-	Conceptual Sewer Master Plan
Exhibit D	-	Conceptual Water Master Plan
Exhibit E	-	Conceptual Roadway Master Plan

Exhibit "A"
Legal Description of Property

The South Half (S½) of Section 14, Township 11 South, Range 24 West, Gila and Salt River Base and Meridian, Yuma Conty, Arizona.

Except the West 417.42 feet of the East 457.42 feet of the North 417.42 feet of the South 1,737.42 feet of the Southeast quarter (SE1/4) of Section 14, Township 11 South, Range 24 West, Gila and Salt River Base and Meridian, Yuma Conty, Arizona.

And except parcel "C2" of the ATS lot Split as recorded in book 34 of plats, page 55, of the Yuma County Recorder's office, Yuma Couty, Arizona.

Exhibit “B”
Conceptual Parcel Map

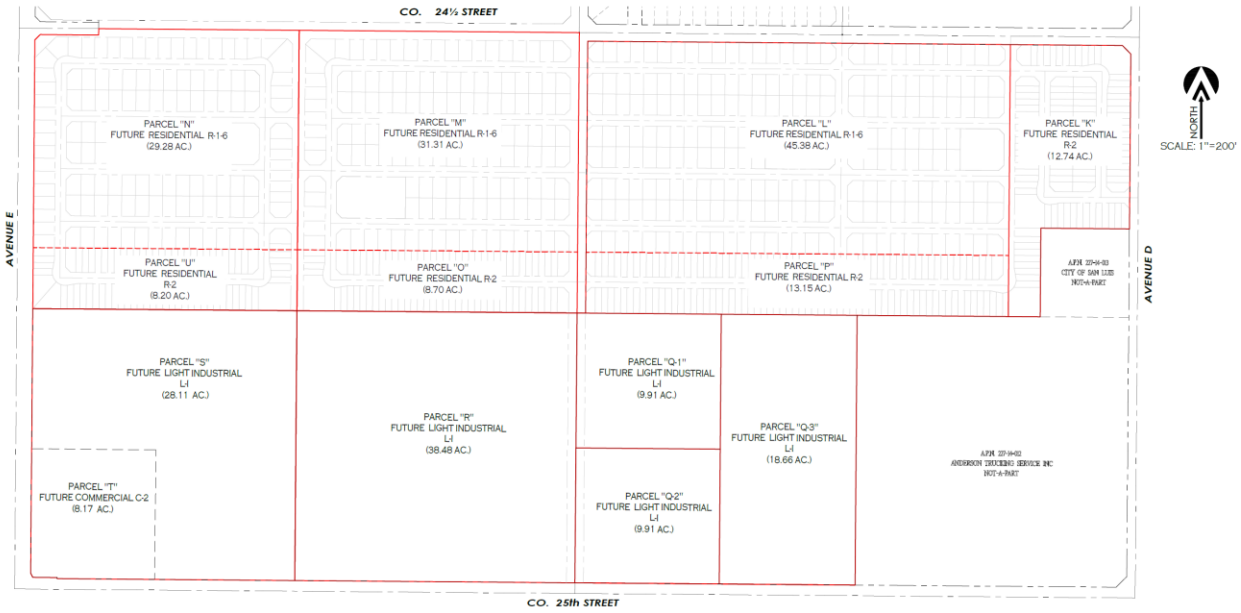


Exhibit "C"
Conceptual Sewer Master Plan

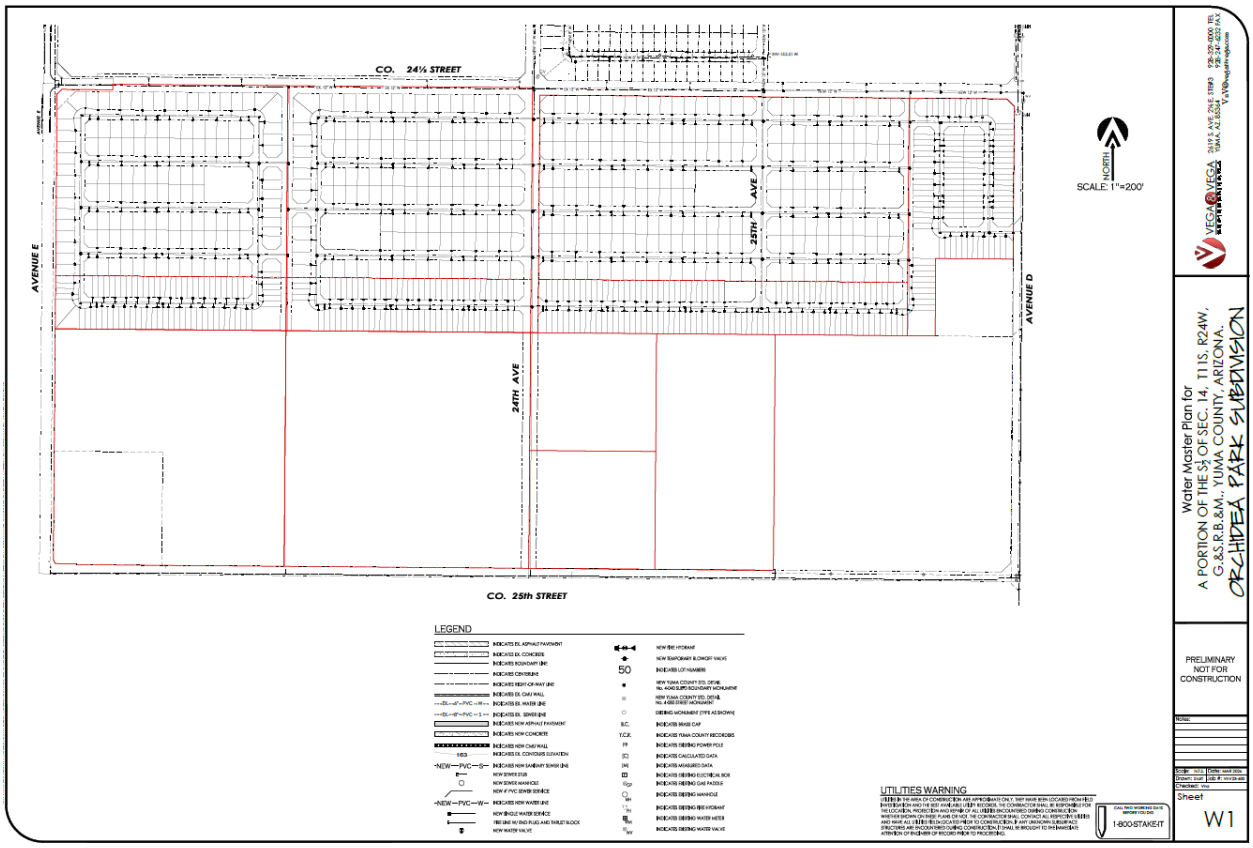
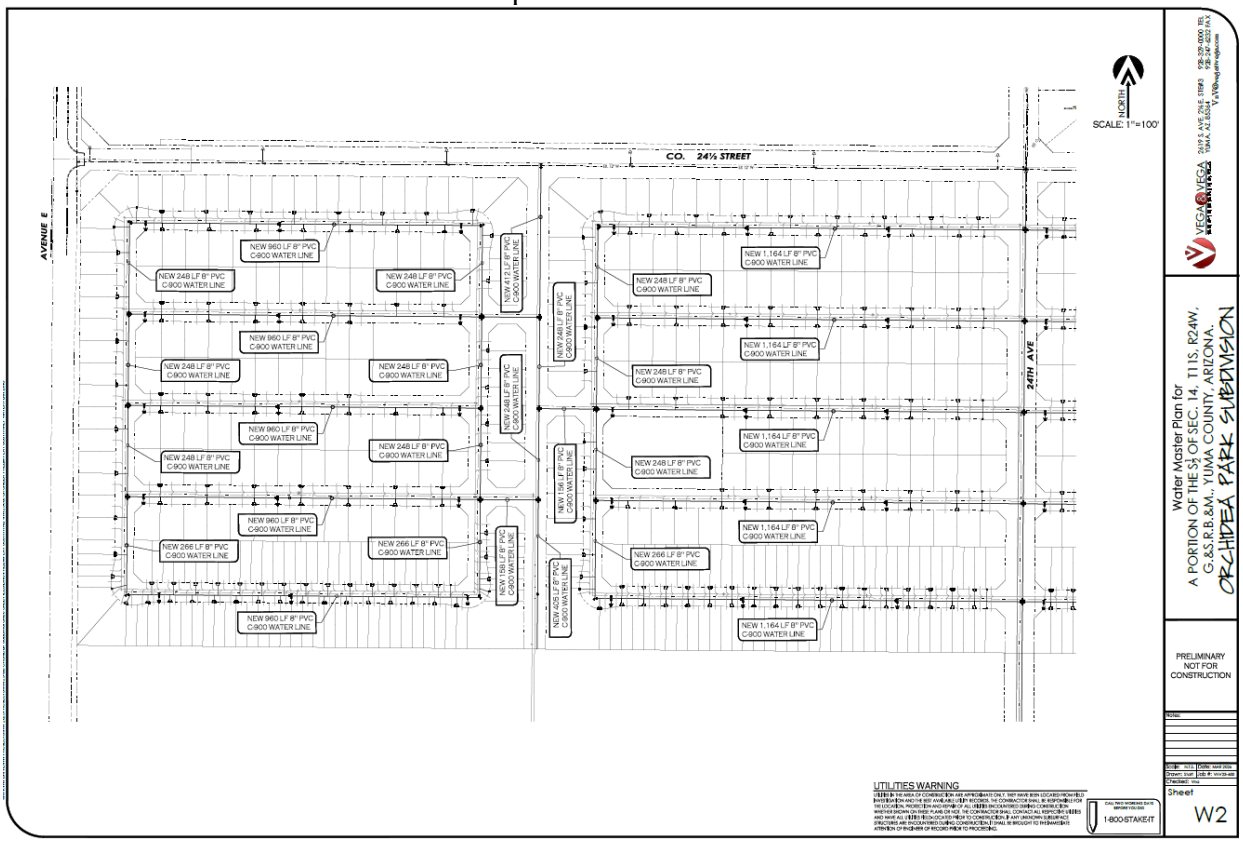
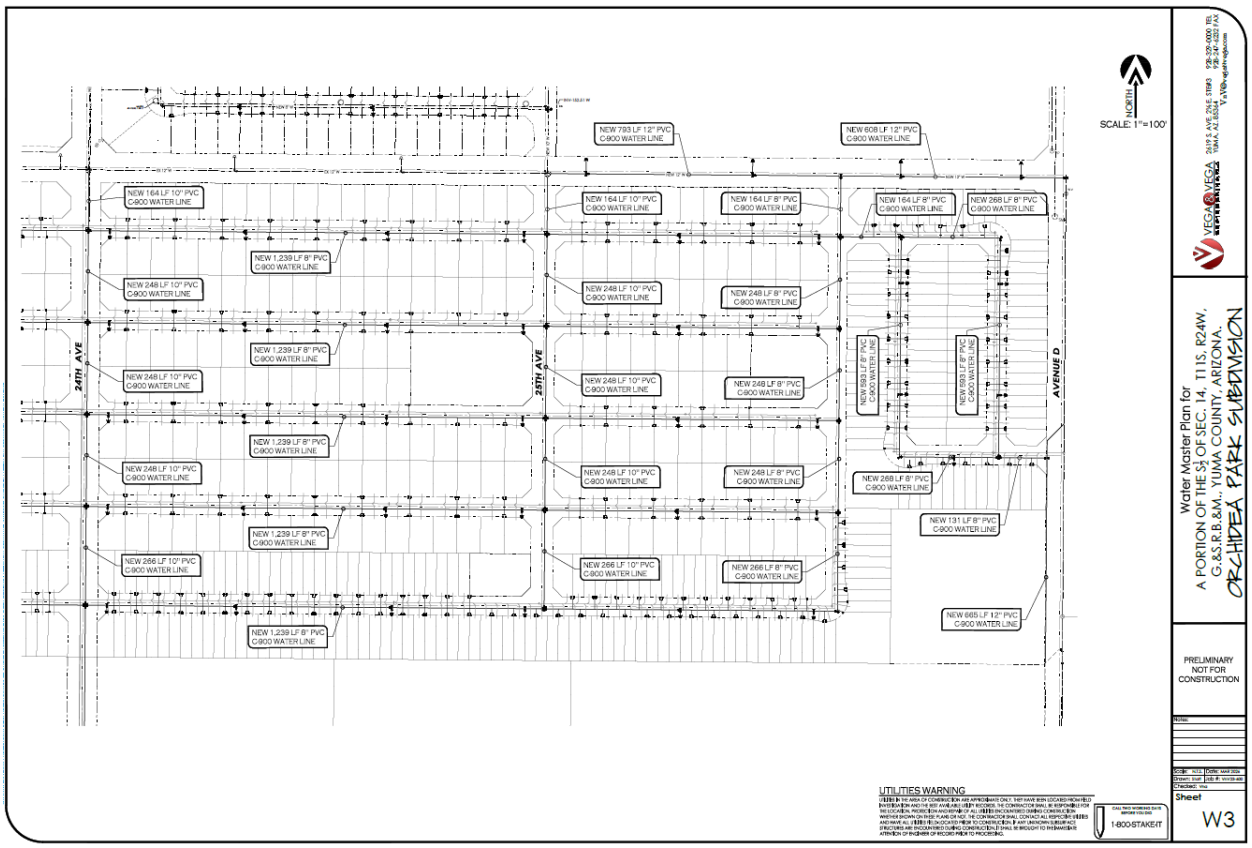
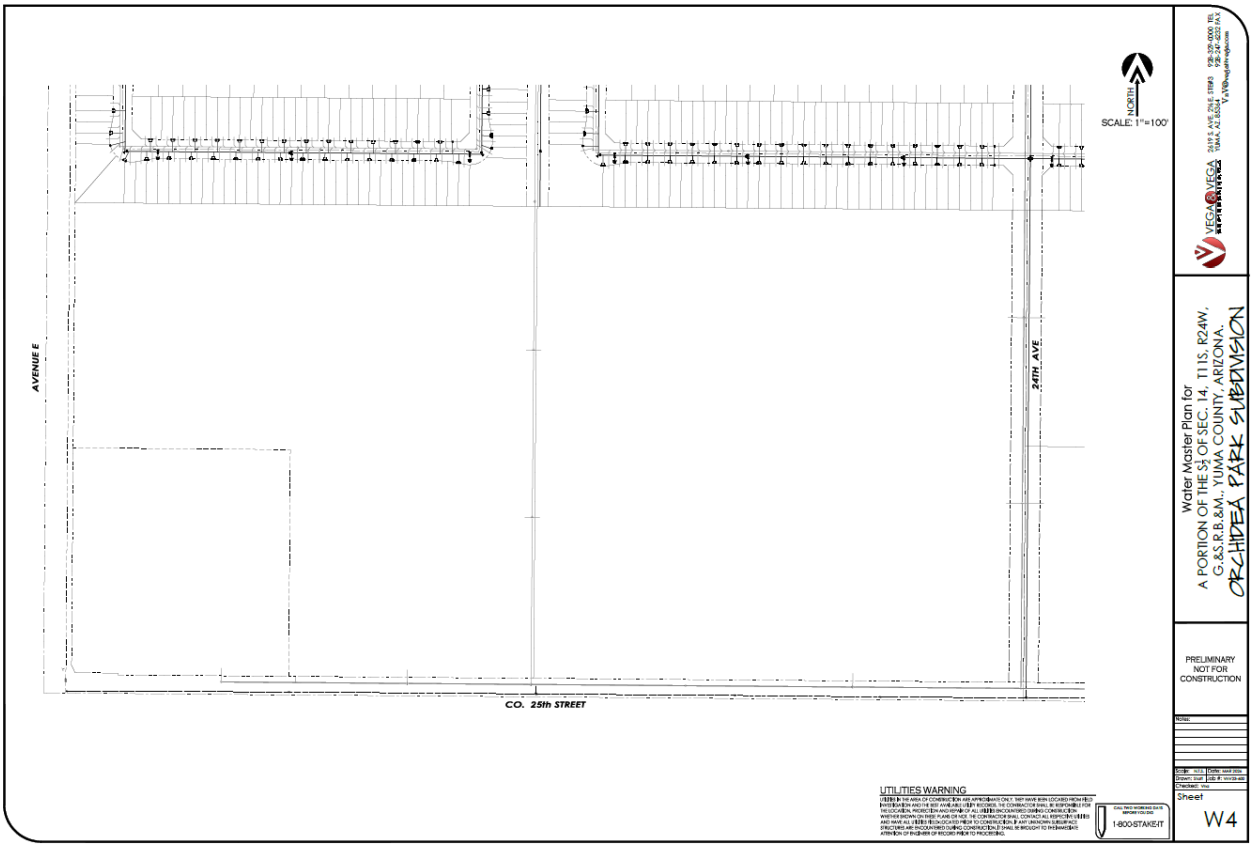


Exhibit "D"

Conceptual Water Master Plan




NEW 793 LF 12" PVC C-900 WATER LINE
NEW 608 LF 12" PVC C-900 WATER LINE
NEW 164 LF 10" PVC C-900 WATER LINE
NEW 164 LF 8" PVC C-900 WATER LINE
NEW 268 LF 8" PVC C-900 WATER LINE
NEW 1,239 LF 8" PVC C-900 WATER LINE
NEW 248 LF 10" PVC C-900 WATER LINE
NEW 248 LF 8" PVC C-900 WATER LINE
NEW 593 LF 8" PVC C-900 WATER LINE
NEW 288 LF 8" PVC C-900 WATER LINE
NEW 131 LF 8" PVC C-900 WATER LINE
NEW 266 LF 10" PVC C-900 WATER LINE
NEW 266 LF 8" PVC C-900 WATER LINE
NEW 665 LF 12" PVC C-900 WATER LINE
24TH AVE
25TH AVE
AVENUE D
NORTH
SCALE: 1"=100'
UTILITIES WARNING
1-800-STAKE-IT
VEGA VEGA
Water Master Plan for
A PORTION OF THE S½ OF SEC. 14, T11S, R24W, G.&S.R.B.&M., YUMA COUNTY, ARIZONA.
ORCHIDEA PARK SUBDIVISION
PRELIMINARY NOT FOR CONSTRUCTION
Sheet
W3


AVENUE E
24TH AVE
CO. 25th STREET
NORTH
SCALE: 1"=100'
UTILITIES WARNING
1-800-STAKE-IT
VEGA VEGA
Water Master Plan for
A PORTION OF THE S½ OF SEC. 14, T11S, R24W, G.&S.R.B.&M., YUMA COUNTY, ARIZONA.
ORCHIDEA PARK SUBDIVISION
PRELIMINARY NOT FOR CONSTRUCTION
Sheet
W4

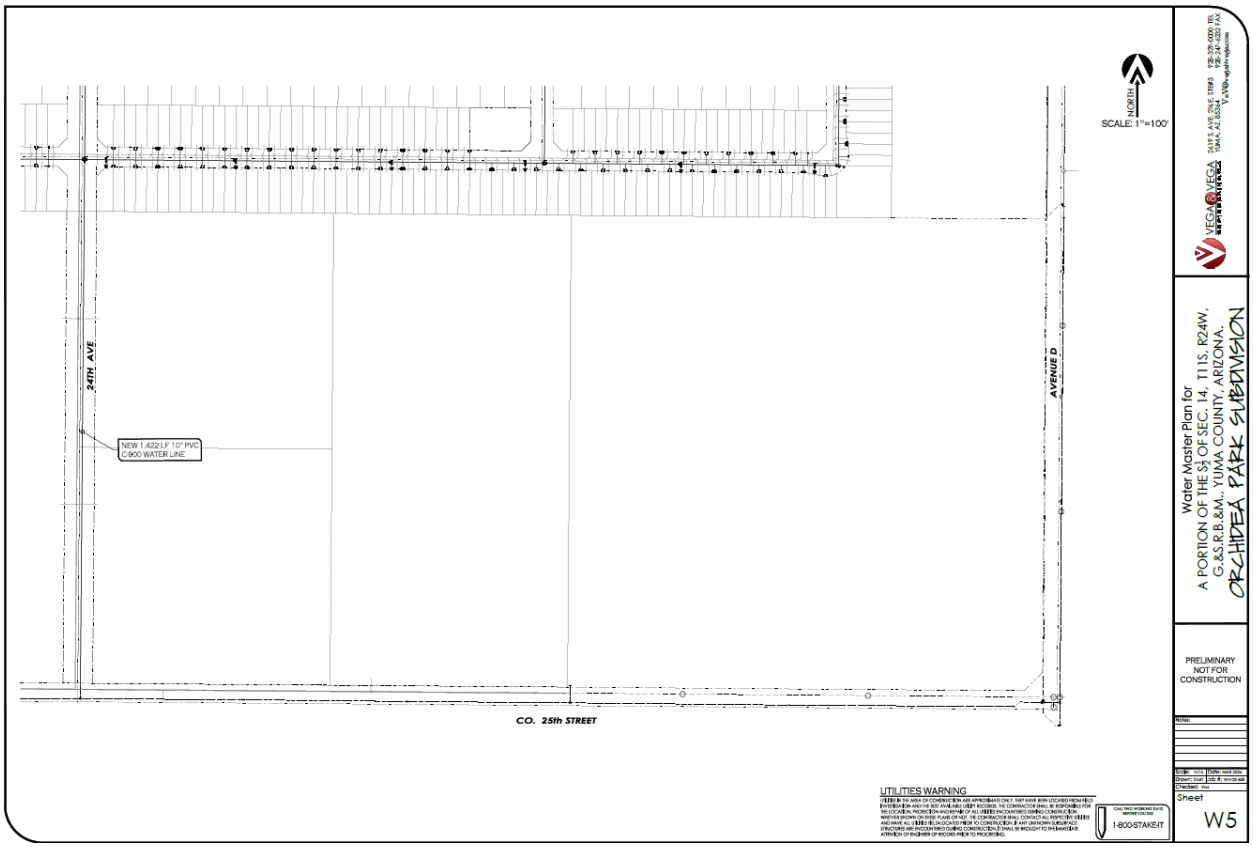

NORTH
SCALE: 1"=100'
24th AVE
AVENUE D
NEW 1,422 LF 10" PVC C-900 WATER LINE
CO. 25th STREET
UTILITIES WARNING
1-800-STAKE-IT
VEGA & VEGA
Water Master Plan for
A PORTION OF THE S½ OF SEC. 14, T11S, R24W, G.&S.R.B.&M., YUMA COUNTY, ARIZONA.
ORCHIDEA PARK SUBDIVISION
PRELIMINARY NOT FOR CONSTRUCTION
Sheet
W5

Exhibit "E"
Conceptual Roadway Master Plan

