

WHEN RECORDED RETURN TO:

City of Mesa (Beth Hughes-Ornelas)
55 North Center Street
Mesa, AZ 85201

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement" or "DA") is entered into the _____ day of _____, 2016, by and between Boa Sorte Limited Partnership, an Arizona limited partnership, Viel Gluck Limited Partnership, an Arizona limited partnership, and Ben Fatto Limited Partnership, an Arizona limited partnership (collectively referred to as "Owner") and the CITY OF MESA, an Arizona municipal corporation (the "City"). Owner and City are collectively referred to herein as the "Parties," or individually as the "Party."

RECITALS:

A. Owner is the owner of approximately 9.5 acres of property in the 9000 block of east Brown Road which is located west of Ellsworth Road on the north side of Brown Road in Mesa, Arizona, and legally described in Exhibit A and depicted in Exhibit B (the "Property").

B. The Owner has submitted an application to rezone the Property from Limited Commercial (LC) and Single Residence (RS-43) to Multiple Residence with a Planned Area Development Overlay (RM-2-PAD) to develop a transitional senior living facility.

C. The Owner and the City acknowledge that allowing transitional senior living facilities on the Property will have planning and economic benefits to both the City and the Owner.

D. The Parties desire to enter into this Agreement for the purpose of limiting the uses permitted on the Property to Congregate Independent Living, Assisted Living and Nursing and Convalescent Homes and intend this document to be a "Development Agreement" within the meaning of A. R. S. § 9-500.05.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, and the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties state, confirm and agree as follows:

1. Definitions. The following term, shall have the respective meaning set forth below.

“Congregate Independent Living” means a type of housing for independent individuals where the residents have their own private bedrooms, living quarters and kitchenettes but share with other residents of the same residential community a common dining room and often times share other recreational rooms or amenities.

2. Owner's Duties and Obligations. Owner, its successors and assigns agree that the obligations set forth in this Agreement are covenants running with the land that are binding and enforceable upon Owners, its successors and assigns.

2.1 Prohibited Uses. The uses listed below shall be prohibited on the Property.

- Single Residence;
- Multiple Residence;
- Day Care Group Home
 - Small Day Care;
 - Large Day Care;
- Group Residential
 - Boarding House;
 - Group Home for the Handicapped;
 - Group Housing;
- Home Occupations;
- Manufactured Home Parks;
- Manufactured Home Subdivisions;
- Recreational Vehicle Parks;
- Recreational Vehicle Subdivisions;
- Clubs and Lodges;
- Community Center;
- Community Gardens;
- Cultural Institutions;
- Day Care Centers;
- Hospital and Clinics
 - Clinics;
 - Hospitals;
- Parks and Recreation Facilities, Public;

Places of Worship;
Athletic Facilities When Accessory to a Church;
Day Care When Accessory to a Church;
Schools;
Social Services Facility;
Beds and Breakfast Inns;
Eating and Drinking Establishments
Restaurants, Full Service;
Restaurants, Limited Service;
Offices
Business and Professional;
Medical and Dental;
Personal Services, except as an accessory use that serves the residents and their guests;
Retail Sales General, except as an accessory use that serves the residents and their guests;
Utilities, Minor;
Accessory Dwelling Unit;
Medical Marijuana Patient and Caregiver Cultivations.

The only land uses permitted on the property are Congregate Independent Living, as defined in this Agreement, and Assisted Living and Nursing and Convalescent Homes as defined in the Mesa Zoning Ordinance, along with accessory food, transportation, recreation and service uses that serve the residents and their guests. To the extent there is a disagreement between the parties as to whether a use is allowed or permitted, such determination shall be submitted to the City's Zoning Administrator, who shall determine whether a proposed use is a prohibited use under this section of the Agreement, and such a decision shall be final and not subject to appeal.

3. Term/Termination. This Agreement shall become effective on the date this Agreement is recorded and shall continue in full force and shall automatically terminate upon the earlier of: (i) termination by the mutual written consent of the Owner and City pursuant to this Agreement (ii) the effective date of Council approved re-zoning which is in conflict with this Agreement, or (iii) twenty-five (25) years from the approval date of this Agreement.

4. General Provisions.

4.1 Recordation. This Agreement shall be recorded in its entirety in the Official Records of Maricopa County, Arizona, not later than ten days after its full execution by the Parties.

4.2 Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to

have been duly given if (A) delivered to the party at the address set forth below, (B) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below or (C) given to a recognized and reputable overnight delivery service, to the address set forth below:

The City: City of Mesa
20 East Main Street, Suite 750
Mesa, Arizona 85211
Facsimile: 480-644-2175
Attn: City Manager

With copy to: Mesa City Attorney's Office
20 East Main Street, Suite 850
Mesa, Arizona 85211
Facsimile: 480-644-2498
Attn: James Smith, Esq.

Owner: Ben Fatto Limited Partnership
Attn: Broc C. Hiatt
1223 S. Clearview Ave., Suite 103
Mesa, AZ 85209
Facsimile: 480-222-5809
Email: bhiatt@cardonhiatt.com

Boa Sorte Limited Partnership
Attn: Wilford R. Cardon
1819 E. Southern Ave., Suite B-10
Mesa, AZ 85204
Facsimile: (480) 505-9501
Email: wcardon@cardon.com

Viel Gluck Limited Partnership
Attn: Brent A. Bowden
1223 S. Clearview Ave., Suite 105
Mesa, AZ 85209
Facsimile: 480-222-5851
Email: bbowden@cardonbowden.com

With copy to: Brier, Irish & Hubbard, PLC
Attn: Jeffrey P. Hubbard
2400 East Arizona Biltmore Circle, Suite 1300
Phoenix, Arizona 85016-2159
Phone: 602-515-0160
Facsimile: 602-522-3946
Email: jhubbard@bihlaw.com

Berry Riddell LLC
Attn: Wendy R. Riddell
6750 E. Camelback Rd., Suite 100
Scottsdale, AZ 85251

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section. Notices shall be deemed received (A) when delivered to the party, (B) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage or (C) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

4.3 Choice of Law, Venue and Attorneys' Fees. The laws of the State of Arizona shall govern any dispute, controversy, claim or cause of action arising out of or related to this Agreement. The venue for any such dispute shall be Maricopa County, Arizona, and each Party waives the right to object to venue in Maricopa County for any reason. Neither Party shall be entitled to recover any of its attorneys' fees or other costs from the other Party incurred in any such dispute, controversy, claim, or cause of action, but each Party shall bear its own attorneys' fees and costs, whether the same is resolved through arbitration, litigation in a court, or otherwise.

4.4 Default. In the event a Party fails to perform or fails to otherwise act in accordance with any term or provision hereof (the "Defaulting Party") then the other Party (the "Non-Defaulting Party") may provide written notice to perform to the Defaulting Party (the "Notice of Default"). The Defaulting Party shall have 30 days from receipt of the Notice of Default to cure the default. In the event the failure is such that more than 30 days would reasonably be required to cure the default or otherwise comply with any term or provision herein, then the Defaulting Party shall notify the City of such and the timeframe needed to cure such default, so long as the Defaulting Party commences performance or compliance or gives notice of additional time needed to cure within said 30-day period and diligently proceeds to complete such performance or fulfill such obligation; provided further, however, that no such cure period shall exceed 90 days. Any written notice shall specify the nature of the default and the manner in which the default may be satisfactorily cured, if possible.

4.5 Good Standing; Authority. Each Party represents and warrants that it is a duly formed and legally valid existing entity under the laws of the State of Arizona with respect to Owner, or a municipal corporation within Arizona with respect to the City and that the individuals executing this Agreement on behalf of their respective Party are authorized and empowered to bind the Party on whose behalf each such individual is

signing.

4.6 Assignment. The provisions of this Agreement are binding upon and shall inure to the benefit and burden of the Parties, and all of their successors in interest and assigns.

4.7 Third Parties. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between the Parties. No term or provision of this Agreement is intended to, or shall be for the benefit of any person, firm or entity not a party hereto, and no such other person, firm, or entity shall have any right or cause of action hereunder.

4.8 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver of any breach shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant, or condition of this Agreement. No waiver shall be effective unless it is in writing and is signed by the Party asserted to have granted such waiver.

4.9 Further Documentation. The Parties agree in good faith to execute such further or additional instruments and documents and to take such further acts as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement.

4.10 Fair Interpretation. The Parties have been represented by counsel in the negotiation and drafting of this Agreement and this Agreement shall be construed according to the fair meaning of its language. The rule of construction that ambiguities shall be resolved against the Party who drafted a provision shall not be employed in interpreting this Agreement.

4.11 Computation of Time. In computing any period of time under this Agreement, the date of the act or event from which the designated period of time begins to run shall not be included. The last date of the period so completed shall be included unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday or legal holiday. The time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. (Phoenix, Arizona time) on the last day of the applicable time period provided herein.

4.12 Conflict of Interest. Pursuant to A.R.S. § 38-503 and § 38-511, no member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. This Agreement is subject to cancellation pursuant to the terms of A.R.S. § 38-511.

4.13 Entire Agreement. This Agreement, together with the following Exhibits attached hereto (which are incorporated herein by this reference) constitute the entire agreement between the Parties:

Exhibit A: Legal Description of the Property
Exhibit B: Depiction of the Property

All prior and contemporaneous agreements, representations and understandings of the Parties, oral or written, are superseded by and merged in this Agreement.

4.14 Time of the Essence. Time is of the essence in this Agreement and with respect to the performance required by each Party hereunder.

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

4.16 Proposition 207 Waiver. Developer hereby waives and releases the City from any and all claims under A.R.S. § 12-1134 et seq., including any right to compensation for reduction to the fair market value of the Property, as a result of the City's approval of this Agreement. The terms of this waiver shall run with the land and shall be binding upon all subsequent landowners and shall survive the expiration or earlier termination of this Agreement.

4.17 E-Verify. To the extent applicable under A.R.S. § 41-4401 and § 23-214, Owner represents and warrants compliance with all federal immigration laws and regulations that relate to their employees and their compliance with the E-verify requirements of A.R.S. 23-214(A). Breach of the above-mentioned warranty shall be deemed a material breach of the Agreement and may result in the termination of the Agreement by City. The City retains the legal right to randomly inspect the papers and records of any employee who works under this Agreement to ensure compliance with the above-mentioned laws.

4.18 Prior Appropriation. Pursuant to A.R.S. § 42-17106, the City is a governmental agency which relies upon the appropriation of funds by its governing body to satisfy its obligations. City represents that it intends to pay all monies due under this Agreement if such funds have been legally appropriated. City agrees to actively request funding for future fiscal periods in order to satisfy the terms of this Agreement. However, in the event that an appropriation is not granted and operating funds are not otherwise legally available to pay the monies due or to become due under this Agreement, City shall have the right to terminate the Agreement without penalty on the last day of the fiscal period for which funds were legally available. In the event of such termination, City agrees to provide a minimum of thirty (30) calendar days' advance written notice of its intent to terminate.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above:

“City”

CITY OF MESA, an Arizona
municipal corporation

By: _____
Christopher J. Brady, City Manager

ATTEST:

Dee Ann Mickelsen, City Clerk

APPROVED AS TO FORM

James Smith, City Attorney

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this _____ day of _____, 2016, by Christopher J. Brady, the City Manager for the CITY OF MESA, an Arizona municipal corporation.

Notary Public

My Commission Expires:

“Owner”

Boa Sorte Limited Partnership, an Arizona
limited partnership

By: _____

Its: _____

STATE OF _____)
County of _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 2016, by _____, the _____ of _____, Inc., a _____ corporation, on behalf of the corporation.

Notary Public

My commission expires:

“Owner”

Viel Gluck Limited Partnership, an
Arizona limited partnership

By: _____

Its: _____

STATE OF _____)
County of _____) ss.

The foregoing instrument was acknowledged before me this _____ day of
_____, 2016, by _____, the _____
of _____, Inc., a _____ corporation, on behalf of the corporation.

Notary Public

My commission expires:

“Owner”

Ben Fatto Limited Partnership, an
Arizona limited partnership

By: _____

Its: _____

STATE OF _____)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2016, by _____, the _____ of _____, Inc., a _____ corporation, on behalf of the corporation.

Notary Public

My commission expires:

EXHIBIT A
TO DEVELOPMENT AGREEMENT
LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B
TO DEVELOPMENT AGREEMENT
DEPICTION OF THE PROPERTY