

RESOLUTION NO. 12371

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE CITY MANAGER TO ENTER INTO A GROUND LEASE AND OPTION TO PURCHASE PREMISES, PARKING LICENSE AGREEMENT, PURCHASE AND SALE AGREEMENTS, DECLARATION OF PROPERTY RESTRICTIONS, AND RELATED TRANSACTION DOCUMENTS WITH SOLTRUST MAIN QOZB, LLC AND ITS PERMITTED ASSIGNEES FOR THE DEVELOPMENT OF CITY-OWNED PROPERTY GENERALLY LOCATED AT THE SOUTHWEST CORNER OF MAIN STREET AND SOUTH POMEROY.

WHEREAS, the City Council adopted the Central Main Plan that sets forth a vision and goals for a revitalized and active downtown, including the development of diverse residential, retail, and employment options.

WHEREAS, the City of Mesa ("City") previously contracted with a developer, The Grid at Mesa, LLC, to develop City-owned real property at 233 East Main Street, which is located in downtown Mesa at the southwest corner of E. Main Street and S. Pomeroy ("Property") and was commonly known as The GRID. At that time, the proposed development included the construction of residential improvements above or on top of the City-owned Pomeroy Garage. The entire Property, including the Pomeroy Garage property, is legally described in the attached Exhibit A.

WHEREAS, developer The Grid at Mesa, LLC ("Debtor") partially constructed a multi-story building on the northern portion of the Property now known as "Phase 1," did not commence construction on other portions of the Property now known as "Phase 2" and "Phase 3," and filed for Chapter 11 bankruptcy in March 2024.

WHEREAS, the bankruptcy court appointed a Chapter 11 Trustee to establish and administer a process for soliciting proposals and selecting another developer to complete the development of the Property.

WHEREAS, Soltrust Main QOZB, LLC, an Arizona limited liability company ("Developer"), submitted a proposal to the Chapter 11 Trustee for the completion of improvements on the Phase 1 parcel and for other improvements on the Phase 2 and Phase 3 parcels (all phases and improvements being the "Project").

WHEREAS, the City and the Chapter 11 Trustee selected Developer to complete the Project.

WHEREAS, the Project will enhance the economic welfare for the inhabitants of the City by, but not limited to, (i) providing for planned and orderly development of the Project consistent with the City's General Plan and Zoning; (ii) increasing tax revenues to City arising from or relating to the improvements to be constructed on the Property; (iii) providing a new residential area in the City's downtown; (iv) providing a vibrant, new commercial/retail/restaurant area in the

City's downtown to benefit the City's residents; (v) enhancing the economic welfare of the residents of City; and (vi) otherwise advancing the redevelopment goals of City.

WHEREAS, the City Council previously approved a Memorandum of Understanding that set forth the intentions of the City and Developer with respect to the three phases of development and improvements that are intended to be the Project, and an outline of various transaction documents relating to the development of the Project, including a ground lease with options for Developer to purchase the Property (except for the Pomeroy Garage property) in three phases ("Premises" as further defined below) and a license of parking space at the Pomeroy Garage. The three phases are generally depicted in the attached Exhibit B.

WHEREAS, as part of the administration of the Debtor's bankruptcy estate, the Chapter 11 Trustee filed a motion seeking the bankruptcy court's approval of the sale of estate assets to Developer and the compromise and settlement of asserted claims and liens against the Debtor and the City of Mesa, among others; and the bankruptcy court entered an order granting that motion and approving the transaction, contingent upon the City Council's approval of the transaction with Developer.

WHEREAS, to complete the Project, the City and Developer (and its permitted assignees) need to, and desire to, enter into a Ground Lease and Option to Purchase Premises ("Lease and Option Agreement"), Parking License Agreement, Purchase and Sale Agreement for each phase, Declaration of Property Restrictions, and other agreements and amendments as contemplated therein (all the foregoing, collectively, the "Transaction Documents").

WHEREAS, the Lease and Option Agreement contains terms, conditions, and deadlines for Developer's construction, development, and completion of residential units, amenities, commercial/retail/restaurant spaces, and public improvements on the Premises including the completion of the multi-story building on the Phase 1 parcel; the development of residential or hospitality components on the Phase 2 parcel, and the ability of the parties (the City through its City Manager) to negotiate and enter into an amendment that provides further detail on the minimum required improvements for this phase; and the development of residential units on the Phase 3 parcel.

WHEREAS, the Lease and Option Agreement also grants to Developer and its permitted assignees the ability to purchase the Premises at appraised value through options to purchase the Phase 1, Phase 2, and Phase 3 parcels, subject to terms and conditions as provided therein (individually, an "Option"). If Developer exercises an Option, the City and Developer will execute a Purchase and Sale Agreement for the applicable parcel of the Premises.

WHEREAS, "Premises" means, and the City intends and is authorized by this Resolution to sell, all of the property, lots, or portions of the property legally described in Exhibit A, except for the property upon which the Pomeroy Garage exists. The Premises is generally depicted in Exhibit B (as Phase 1, Phase 2, and Phase 3) and includes the Phase 1 parcel as legally described and depicted in Exhibit C. Each Purchase and Sale Agreement will include as an exhibit a legal description of the applicable portion of the Property to be conveyed.

WHEREAS, the Parking License Agreement grants Developer and its permitted assignees a non-exclusive license for parking space within the Pomeroy Garage to meet the certain specified parking demands for the Project.

WHEREAS, the City will record a Declaration of Property Restrictions on the Phase 1 parcel that will set forth use restrictions and terms of an encroachment permit to allow the encroachment of the Phase 1 building (as built) over the City's right-of-way.

WHEREAS, the City Council hereby determines it is appropriate to enter into the Transaction Documents, including granting the Options to convey the Premises and authorizing the conveyance of the Premises, by phases, upon the exercise of the applicable Option.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

Section 1: The City Council approves the Transaction Documents (the Lease and Option Agreement, Parking License Agreement, Purchase and Sale Agreement for each phase, and Declaration of Property Restrictions), authorizes the other agreements and amendments as contemplated therein, approves and authorizes the conveyance of the Premises (Phase 1, Phase 2, and Phase 3 parcels as either legally described or generally depicted in this Resolution) and the execution of future documents and agreements as necessary to carry out the provisions of the Transaction Documents.

Section 2: The City Manager, or his designee, is authorized on behalf of the City of Mesa to execute the Transaction Documents. Additionally, the City Manager, or his designee, is authorized to agree to, and enter into, amendments and modifications to the Transaction Documents, including the amendment of the Lease and Option Agreement relating to the development of Phase 2 as contemplated in the Lease and Option Agreement, as necessary to carry out the intent of the Transaction Documents or that are necessary to facilitate the development of Project and do not materially alter the terms of the Transaction Documents.

Section 3: The City Clerk is authorized and directed to attest to the signature of the City Manager, or his designee, on all such documents.

PASSED AND ADOPTED by the Council of the City of Mesa, Maricopa County, Arizona this 2 day of June, 2025.

APPROVED:

Mayor

ATTEST:

City Clerk

Exhibit A

APN 138-65-024, Lot 1 of The Grid, recorded in book 1570, Page 34, Maricopa County Records No. 20210100831, Lying within the Southeast quarter of Section 22, Township 1 North, Range 5 East, of the Gila and Salt River Meridian, Maricopa County, Arizona

Exhibit B

