

transferrable sewer capacity, a 1 ½ inch domestic use water meter, and a ¾ inch irrigation water meter.

NOW THEREFORE, in consideration of the premises and covenants contained in this Agreement, the Parties agree as follows:

1. **Recitals.** Each of the recitals above is true and accurate and incorporated here as a material part of this Agreement.

2. **Purpose.** Owner will redevelop the Yuma Mesa Property consistent with the Redevelopment Plan, Applicable Laws and the terms of this Agreement. For any parcel or parcels within the Central Business District and Yuma North End – 16th Street and 4th Avenue Redevelopment Area, Owner may seek, but is not required, to apply for the statutorily authorized GPLET abatement under A.R.S. § 42-6209. Pursuant to state statute, the GPLET abatement is available for a period of eight (8) years after the certificate or certificates of occupancy are issued for the government property improvements, as defined by A.R.S. §42-6201 *et seq.*, results in or will result in an increase in property value of at least one hundred per cent.

To facilitate the GPLET abatement, provided that all Applicable Laws and the terms of this Agreement are met, the City agrees to accept conveyance of fee title to the underlying real property and building improvements constructed or reconstructed on the Yuma Mesa Property, within the Central Business District and the Yuma North End – 16th Street and 4th Avenue Redevelopment Area, whether as a single parcel, multiple parcels proposed for separate, discrete leases, or as a whole (any of which shall be deemed a “**Transfer Property**” whose title is transferred to the City) and to leaseback the described grounds and government property improvements on the Transfer Property pursuant to the terms and conditions set forth in a lease (an “**Improvements Lease**”), for a term of up to eight (8) years beginning on the date of issuance of the certificate of occupancy for the government property improvements subject to the **Improvements Lease or Leases**. Any such Improvements Lease will be entered into within seven (7) years of the date of execution of this Agreement by both Parties. At the conclusion and termination of the Improvements Lease or Leases, the City will reconvey fee title to the Transfer Property to Owner in accordance with Section 13.5 of this Agreement.

3. **Term.** Unless subject to referendum or Court order, this Agreement goes into effect 30 days after approval by Resolution of the City Council and execution by both Parties (the “**Effective Date**”). This Agreement will terminate fifteen (15) years from the Effective Date (“**Term**”), with the exception that a covenant expressly stated in this Agreement as a perpetual covenant shall run with the land beyond the Term.

I. The Real Property Exchange

4. **Escrow.** The Parties acknowledge that escrow for the exchange of the ROW Property from Owner to the City and the City Exchange Property from the City to Owner has been initiated with Citizens Title & Trust (“**Escrow Agent**”) on July 9, 2014 as Escrow Agent’s escrow numbers 14110469 (City Exchange Property) and 14110468 (ROW Property) (“**Escrow**”).

approval by the City Council. The City Council shall approve or disapprove the Improvements Lease, according to its terms, by majority vote without the use of a consent calendar. **Rent shall be no more than one dollar per year for each Transfer Property for the term of the Improvements Lease.** Within thirty (30) days after entering into the Improvements Lease, the City shall record a memorandum of lease in the office of the Yuma County Recorder and submit to the Yuma County Treasurer and the Arizona Department of Revenue an abstract or copy of each.

13.4 Taxes and Assessments. The prime lessee shall notify the county treasurer and the government lessor and apply for the abatement before the government property lease excise tax (GPLET) is due and payable in the first year after the certificate of occupancy is issued (delinquent if not paid on or before December 1 of each year). The prime lessee, if subject to the GPLET or abatement pursuant to A.R.S. § 42-6209 shall: submit a return to the county treasurer at least sixty days before the taxes are due on a return form prescribed by the department of revenue and submit a copy of the return to the City. The return shall include the name and address of the prime lessee, and all of the information required pursuant to A.R.S. § 42-6204(B) If abatement applies, the prime lessee shall include a certification under penalty of perjury that all elements necessary to qualify for the abatement are satisfied for the year covered by the return.

Subject to abatement of the GPLET, all real, personal, leasehold, rental and other taxes or assessments of any kind or nature, whether general or special, levied, assessed or imposed upon the Yuma Mesa Property (or any part thereof) or Improvements Lease, shall be timely paid by Owner. This provision does not preclude Owner or any permitted sub-lessee of Owner from protesting the validity or amount of any tax or assessment.

13.5 Reconveyance. Upon the expiration or other termination of an Improvements Lease, the City shall promptly reconvey the Transfer Property by special warranty deed executed and delivered by the City to Owner or Owner's designee upon Owner's written instructions. Notwithstanding anything to the contrary contained herein or in the Improvements Lease, at any time after the expiration of the eighth (8th) year of the term of the Improvements Lease, the City shall have the right to terminate the Improvements Lease and put ownership of the Transfer Property to Owner by providing written notice of the City's intent to terminate the Improvements Lease and reconveying all interest in the Transfer Property by special warranty deed to Owner which Owner hereby agrees to accept. Upon reconveyance the City makes no warranty as to the condition of the Transfer Property and the improvements thereon. All Transfers of land and any improvements conveyed by or leased from the City to Owner will be delivered in their then "As Is" condition.

13.6 Condition of Title. Title to each Transfer Property shall be good and marketable and free and clear of all liens (except for first lien deeds of trust or mortgages held by Lenders that have executed a non-disturbance agreement in the form attached as Exhibit 14), restrictions, easements, and other encumbrances and title objections, other than the exceptions listed in this paragraph which include the following: (i) any continuing obligations encumbering the Transfer Property, (ii) taxes not yet due and payable upon the execution of the Improvements Lease, and (iii) the normal and customary patent and water rights endorsements appearing in policies of title insurance for properties located in the same area as the Transfer Property.