

JUL 10 2014



**Chandler • Arizona**  
*Where Values Make The Difference*

**MEMORANDUM Economic Development – Council Memo ED15-001**

**DATE:** JUNE 23, 2014

**TO:** MAYOR AND CITY COUNCIL

**THRU:** RICH DLUGAS, CITY MANAGER *MR*  
 MARSHA REED, ASSISTANT CITY MANAGER *MR*  
 CHRISTINE MACKAY, ECONOMIC DEVELOPMENT DIRECTOR *CM*

**FROM:** KIM MOYERS, DOWNTOWN REDEVELOPMENT MANAGER *KM*

**SUBJECT:** RESOLUTION NO. 4785 DEVELOPMENT AGREEMENT WITH WP WEST ACQUISITIONS, LLC, FOR ALTA STEELYARD

**RECOMMENDATION:** Staff recommends City Council adopt Resolution No. 4785 authorizing the execution of a Development Agreement for “Alta Steelyard” between the City of Chandler and PR III/Wood Chandler Apartments, LLC (“Wood Partners”), authorizing use of the Government Property Lease Excise Tax (GPLET), authorizing the System Impact Fees relating to park development be applied to a future planned park in the neighborhood to the south of the development, and authorize the Mayor to sign all related documents as approved by the City Attorney.

**BACKGROUND/DISCUSSION:** In 2009, the CMC Steel plant closed its location at the southeast corner of Washington Street and Frye Road, and placed the property for sale. In accordance with the South Arizona Avenue Corridor Study, which identified this property as future high-density residential, Staff began to work with the brokerage team to market the property. The completion of City Hall, and most recently the completion of ASU/TechShop, have been of benefit in providing justification for the planned development of the property.

Wood Partners is now in the process of purchasing the property to develop 301 high-density residential units. As part of their development requirements, Wood Partners is requesting that the City provide for a 25-year GPLET rate, which is a provision in Arizona’s Tax Code that allows for a specific dollar value per square foot assessment, as opposed to the traditional assessment that is based on the value of the property. The current rate for high-density residential projects is \$0.76 per square foot and is divided among all taxing jurisdictions as dictated by a formula outlined in the Statute. Further,

#8

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**THRU:**            RICH DLUGAS, CITY MANAGER *mf*  
                          MARSHA REED, ASSISTANT CITY MANAGER *for:*  
                          CHRISTINE MACKAY, ECONOMIC DEVELOPMENT DIRECTOR *MR* *CM*

**FROM:**            KIM MOYERS, DOWNTOWN REDEVELOPMENT MANAGER *KM*

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**BACKGROUND/DISCUSSION:** In 2009, the CMC Steel plant closed its location at the southeast corner of Washington Street and Frye Road, and placed the property for sale. In accordance with the South Arizona Avenue Corridor Study, which identified this property as future high-density residential, Staff began to work with the brokerage team to market the property. The completion of City Hall, and most recently the completion of ASU/TechShop, have been of benefit in providing justification for the planned development of the property.

Wood Partners is now in the process of purchasing the property to develop 301 high-density residential units. As part of their development requirements, Wood Partners is requesting that the City provide for a 25-year GPLET rate, which is a provision in Arizona’s Tax Code that allows for a specific dollar value per square foot assessment, as opposed to the traditional assessment that is based on the value of the property. The current rate for high-density residential projects is \$2.00 per square foot and is divided among all taxing jurisdictions as dictated by a formula outlined in the Statute. Further,

Memo No. ED15-001

June 23, 2014

Page 2

because the site is located in both the City's existing Central Business District and the City's Redevelopment Area, this site will also be able to take advantage of an 8-year abatement on all Property Tax, as part of the requested 25-year GPLET.

In accordance with City Code, the project will be responsible for paying all required System Impact Fees as permits are issued for the buildings. Wood Partners is requesting that the Park Impact Fees, in the amount of \$675,444, be utilized for a future planned park.

As part of the Development Agreement, the City will provide water and wastewater pipelines to the project, as well as construct Washington Street from Frye Road to south of Elgin Street.

**FINANCIAL IMPLICATIONS:** Abatement of Property Tax for an 8-year period due to use of the GPLET program with property being located in both the Central Business District and a Redevelopment Area, and use of GPLET program for up to 25-years. Construction of Washington Street and a water line, from Frye Road to Elgin Street, through the FY14-15 Capital Improvement Program (CIP).

**PROPOSED MOTION:** Move City Council adopt Resolution No. 4785 authorizing the execution of a Development Agreement for "Alta Steelyard" between the City of Chandler and PR III/Wood Chandler Apartments, LLC ("Wood Partners") authorizing use of the Government Property Lease Excise Tax (GPLET) and authorizing the System Impact Fees relating to park development be applied to a future planned park in the neighborhood to the south of the development, and authorize the Mayor to sign all related documents as approved by the City Attorney.

Attachments: Resolution No. 4785  
Development Agreement  
Site Map

RESOLUTION NO. 4785

A RESOLUTION OF THE CITY OF CHANDLER, ARIZONA, APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF CHANDLER AND PR III/WOOD CHANDLER APARTMENTS, LLC RELATING TO REAL PROPERTY LOCATED AT THE SOUTHEAST CORNER OF FRYE ROAD AND WASHINGTON STREET.

WHEREAS, PR III/WOOD CHANDLER APARTMENTS, LLC (“Wood Partners”) desire to develop certain real property in Chandler, Arizona, located at the southeast corner of Frye Road and Washington Street; and

WHEREAS, the City of Chandler (“City”) believes that development is beneficial to Wood Partners as well as to the citizens of Chandler, Arizona;

WHEREAS, the City and Wood Partners wish to enter into a development agreement, in accordance with A.R.S. §9-500.05, to address certain matters related to the development of the subject property;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chandler, Maricopa County, Arizona, as follows:

Section 1. Approves the City of Chandler entering into a Development Agreement with Wood Partners in substantially the form attached hereto as Exhibit “A” and incorporated herein by this reference.

Section 2. Authorize the Mayor of the City of Chandler to execute the Development Agreement and related documents for and on behalf of the City of Chandler.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this \_\_\_\_ day of July, 2014.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

APPROVED AS TO FORM:

\_\_\_\_\_  
Chandler City Attorney *GAB*

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4785 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the \_\_\_ day of July, 2014, and that a quorum was present thereat.

---

CITY CLERK

When recorded, return to:

\_\_\_\_\_

\_\_\_\_\_

Attn: \_\_\_\_\_

**DEVELOPMENT AGREEMENT**

**CITY OF CHANDLER,  
an Arizona municipal corporation**

**and**

**PR III/WOOD CHANDLER APARTMENTS, LLC,  
a Delaware limited liability company**

**Approved by City Council  
\_\_\_\_\_, 2014**

## DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the “**Agreement**”) is made by and between the CITY OF CHANDLER, an Arizona municipal corporation (“**Chandler**”) and PR III/WOOD CHANDLER APARTMENTS, LLC, a Delaware limited liability company (“**Developer**”). Chandler and Developer shall be referred to in this Agreement, collectively as “**Parties**,” and individually as a “**Party**.”

### RECITALS

A. Developer has acquired fee title to that certain real property legally described on the attached Exhibit A (the “**Property**”). The Property is located within the corporate limits of the City of Chandler in a portion of the City’s Central Business District established pursuant to Resolution No. 4646 approved by the Chandler City Council on October 25, 2012. A specific plan adopted by the Chandler City Council on January 17, 2008, known as the “Downtown Chandler South Arizona Avenue Area Plan,” identifies the Property by its prior use as the “Steel Yard” and designates it as an area planned for high density residential use. Developer intends to construct or cause to be constructed on the Property a multi-family residential development as described and depicted on the Preliminary Development Plan appearing on the attached Exhibit B (the “**Project**”), as approved by Chandler in connection with the Planned Area Development District (“**PAD**”) zoning designation granted \_\_\_\_\_, 2014.

B. Chandler and Developer hereby acknowledge and agree that development of the Project will result in significant direct and indirect benefits accruing to the City of Chandler and the general public, including, without limitation, increased property values of at least one hundred percent, increased tax revenues, increased opportunities for rental of multi-family housing within the City of Chandler, facilitation of the expansion of the employment base within the City of Chandler and incentivizing the redevelopment of adjacent properties and will otherwise improve or enhance the economic welfare of the inhabitants of the City of Chandler.

C. This Agreement is intended to set forth certain obligations of the Parties with respect to the contemplated development of the Property, as permitted by Arizona law. The Parties intend for this Agreement to be a “Development Agreement” within the meaning of A.R.S. § 9-500.05.

D. Chandler has determined that the proposed development of the Property is in accordance with this Agreement and is consistent with Chandler’s General Plan.

### AGREEMENT

IN CONSIDERATION of the foregoing recitals and representations and the mutual covenants and conditions in this Agreement, the Parties agree as follows:

SECTION 1. DEFINITIONS. In this Agreement, unless a different meaning clearly appears from the context:

1.1 **“Agreement”** means this Agreement, as amended or supplemented in writing from time to time, and includes all exhibits and schedules hereto. References to Sections or Exhibits are to this Agreement unless otherwise qualified.

1.2 **“Applicable Laws”** means the federal, state, county and local laws (statutory and common law), charter provisions, codes, ordinances, rules, regulations, permit requirements, fee schedules and assessments, and other requirements and official policies of Chandler which apply to the development of all or any part of the Property.

1.3 **“A.R.S.”** means the Arizona Revised Statutes as now or hereafter enacted or amended.

1.4 **“Certificate of Occupancy”** means a certificate issued by Chandler certifying that a building or other improvement is fit for occupancy in accordance with Applicable Laws.

1.5 **“Chandler”** means the City of Chandler, an Arizona municipal corporation (and any successor public body or officer hereafter designated by or pursuant to law).

1.6 **“Chandler City Code”** means the Code and Ordinances of the City of Chandler, Arizona, as designated in Section 1-1 thereof.

1.7 **“Commencement Date”** means as described in section 4.1A.

1.8 **“Developer”** means PR III/Wood Chandler Apartments, LLC, a Delaware limited liability company.

1.9 **“Effective Date”** means the date this Agreement shall have been duly executed by the Parties, such date being \_\_\_\_\_, 2014.

1.10 **“Final Development Approval”** means Developer shall have obtained all zoning and other development approvals sought by Developer from the City of Chandler and/or any other applicable other governmental and/or quasi-governmental authority having jurisdiction, and all periods during which any appeals, litigation, referendums, or any similar proceedings opposing such approvals may be instituted have elapsed without any such proceedings being filed or commenced; provided, however, if any such proceeding is filed or commenced, Final Development Approval shall not occur until the proceeding is finally resolved in favor of the Developer.

1.11 **“Force Majeure Events”** means any one or more of the following which prohibits or materially interferes with, delays or alters the performance of the applicable duty under this Agreement: strikes or lockouts; shortages of material (excluding those caused by lack of funds) or labor; acts of the public enemy; confiscation or seizure by any government or public authority; injunction, restraining order or other court order or decree, initiative or referendum action; wars or war-like action (whether actual and pending or expected, and whether de jure or de facto); blockades; insurrections; riots; civil disturbances; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; wash-outs; explosions; failure of essential and major equipment, machinery, materials or supplies or inability to acquire such items critical to the development or construction of the Project; nuclear reaction or radiation; radioactive contamination; any other

similar cause (excluding those caused by lack of funds) including the inability of any contractor, subcontractor, supplier or lender, which is not reasonably within the control of the Party claiming the right to alter, delay or postpone performance on account of such occurrence; changes in Applicable Laws; or any other event not within the reasonable control of the applicable Party.

1.12 **“GPLET”** means as described in Section 4.3.

1.13 **“Harris Park”** means the Chandler owned real property located adjacent to the south of the Property as depicted on Exhibit C.

1.14 **“Harris Park Renovation”** means as described in Section 3.1.

1.15 **“Lease”** means as described in Section 4.4.

1.16 **“Minimum Improvements”** means as described on Exhibit D.

1.17 **“Mortgagee”** means any Person holding a security interest in the Property by mortgage, deed of trust, collateral assignment or otherwise.

1.18 **“Parks Facility Impact Fee”** means any park facility fees owed by Developer in connection with the Project pursuant to Chapter 38 of the Chandler City Code.

1.19 **“Planned Area Development”** or **“PAD”** means as described in paragraph A of the Recitals.

1.20 **“Party”** and **“Parties”** mean as described in the introductory paragraph.

1.21 **“PDP Site Plan”** means the site plan included within the project narrative portion of the PDP.

1.22 **“Person”** means and includes natural persons, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures associations, limited liability companies, limited liability partnerships, trusts, land trusts, business trusts or other organizations, whether or not legal entities.

1.23 **“Preliminary Development Plan”** or **“PDP”** means the preliminary development plan approved in connection with the PAD.

1.24 **“Project”** means as described in paragraph A of the Recitals.

1.25 **“Property”** means as described in paragraph A of the Recitals.

1.26 **“Project Improvements”** means all buildings and other structures located within the Property.

1.27 **“Schedule of Performance”** means the Schedule of Performance described in Section 4.1, containing milestones for commencement and substantial completion of the Project Improvements, as the same may be amended from time to time.

1.28 “**Subdivision Plat**” means as described in Section 2.4.

1.29 “**Substantial Completion Date**” means as described in Section 3.1B.

1.30 “**Washington Street Improvements**” means as described in Section 3.3 and Exhibit G.

1.31 “**Washington Street Park**” means an approximately three (3) acre public park to be located south of the Project and generally bounded by Morelos Street to the north, Washington Street to the west, Kessler Street to the south and existing single-family homes to the east. Washington Street Park to be developed substantially in accordance with Chandler’s Neighborhood Park standards and the South Arizona Avenue Entry Corridor Study Final Report, dated October 20, 2006. Chandler shall have the sole authority to approve the Washington Street Park development plan at its reasonable discretion.

1.32 “**Zoning Code**” means Chapter 35 of the Chandler City Code.

1.33 “**Zoning Designation**” means as described in Section 2.1 hereof.

1.34 “**Zoning Ordinance**” means Ordinance No. \_\_\_\_\_ rezoning the Property to Planned Area Development with Midrise Overlay and Preliminary Development Plan approval.

## SECTION 2. DEVELOPMENT OF PROPERTY.

2.1 Development of Property. Chandler has approved the zoning designation, under the Zoning Code, of Planned Area Development (the “**Zoning Designation**”) for the Property, which included the approval of the Preliminary Development Plan. Chandler agrees that the Property may be developed as described and depicted and substantially in accordance with the Preliminary Development Plan, subject to Developer’s compliance with the terms of this Agreement and all Applicable Laws.

2.2 Moratoriums. In the event of any moratorium that is instituted pursuant to A.R.S. § 9-463.06, Developer or any owner of all or any portion of the Property shall be automatically granted a waiver of the applicability of such moratorium to develop the Property in accordance with the provisions of this Agreement, as described in A.R.S. § 9-463.06D.

2.3 Processing of Development Plans. Subject to Applicable Laws, Chandler and Developer will cooperate reasonably in processing the approval or issuance of any permits, site plans, subdivision plats or other development approvals requested in connection with development of the Project. Chandler further agrees that no unusual or extraordinary review or inspection requirements will be imposed by Chandler and that Chandler shall conduct all required inspections as expeditiously as possible. Developer shall be granted expedited review and processing of building plan submittals, building permit applications, and required inspections, at no additional cost to Developer.

2.4 Preliminary Development Plan, Site Plans, and Subdivision Plats. Chandler agrees that Developer or any owner of all or any portion of the Property shall have the right to

undertake and complete the development of the Project substantially in accordance with the Zoning Designation, the Preliminary Development Plan, any site plans or subdivision plats for the Property approved by Chandler through its normal and customary site plan or subdivision plat approval process (respectively, the “**PDP Site Plan**” or the “**Subdivision Plats**”), and the provisions of this Agreement. Such right to undertake and complete the development of the Project shall be vested as of the Effective Date for a period of three (3) years. Notwithstanding the foregoing, the Zoning Designation, the Preliminary Development Plan and any PDP Site Plans and/or Subdivision Plats shall be permanently vested upon either (i) Developer’s “material reliance” on the issuance of a building permit for the construction of any improvement on the Property, as the term “material reliance” is described under Arizona case law, or (ii) the construction of substantial off-site or on-site infrastructure improvements for the Project, subject to satisfaction of all conditions of the Zoning Ordinance.

### SECTION 3. PARKS RENOVATION; WASHINGTON STREET IMPROVEMENTS

3.1 Harris Park Renovation. Chandler, at its cost and as funding becomes available and allocated for such purpose, shall (i) landscape and otherwise improve the streetscape appearance of the south side of South Colorado Street between East Elgin Street and East Folley Street, and (ii) renovate and improve Harris Park with the Minimum Improvements depicted and described on the attached Exhibit D (“Harris Park Renovation”). Upon completion of the Harris Park Renovation, Chandler shall maintain Harris Park substantially in accordance with Chandler’s usual and customary program for the maintenance of similar public parks. Chandler represents that funds are available currently only for the design work related to the Harris Park Renovation and that construction funds have not been designated in the 2014-15 annual budget and 2015-2024 capital improvement program approved by Chandler City Council on June 12, 2014.

A. Design Work. Chandler shall proceed to undertake and complete the design work for the Harris Park Renovation on or before January 1, 2015, by using funds already budgeted and available for such purpose.

B. Construction Funds. Chandler’s staff shall submit a request for funding for construction of the Minimum Improvements and other work that comprises the Harris Park Renovation in connection with the 2015-16 annual budget and 2016-2025 capital improvement program approved by Chandler City Council, but the decision to provide the funding remains solely with the Chandler City Council. The construction work for the Harris Park Renovation shall commence within a reasonable period of time following final approval by the City Council of the aforementioned budget and capital improvement program.

3.2 Washington Park Improvements. Chandler agrees to use the Parks Facility Impact Fee, if any, to construct a Washington Street Park, a new public park located south of the Project as described in Section 1.32. Upon completion of Washington Street Park, Chandler shall maintain Washington Street Park substantially in accordance with Chandler’s usual and customary program for the maintenance of similar public parks.

3.3 Washington Street Improvements. The Parties hereby acknowledge and agree that pursuant to the 2014-15 annual budget and 2015-2024 capital improvement program approved by Chandler City Council on June 12, 2014, Chandler, at its sole cost and expense, shall

complete certain street improvements along South Washington Street between East Frye Road and East Elgin Street (“**Washington Street Improvements**”), such improvements being more particularly described on the attached Exhibit G.

A. Time for Performance. Chandler shall complete the design work for the Washington Street Improvements, at its sole cost and expense, on or before January 1, 2015. The construction contract for the improvements will be bid out and executed by March 31, 2015. The initial work to be done shall be the installation of the waterline within Washington Street so that it will be completed and available for the Developer to connect the lines, including fire lines, serving the Property prior to the Substantial Completion Date for the Project for the Property (the “**Waterline Improvements**”); provided, however, the Waterline Improvements shall be connected to the lines serving the Project no later than May 31, 2015 (the “**Waterline Completion Date**”). The balance of the Washington Street Improvements shall be completed in timely fashion.

B. Expected Commencement Date. The time periods set out in 3.3(A) are based upon Chandler’s understanding that Developer has already commenced plan review and other submittals for building permits, so that it is likely that building permits could be issued for the Property sometime in September or early October, 2014.

3.4 Right to Cure. In the event the Waterline Improvements are not connected and fully functional on or before the Waterline Completion Date, Developer shall have the right, but shall not be required, to pay such sums or do any act which requires the expenditure of monies which may be necessary or appropriate in order to complete the Waterline Improvements. In the event of the exercise of any such right by Developer, the Parties hereby agree the Developer shall be solely responsible for the cost and expense of completing the Waterline Improvements arising from and after the Waterline Completion Date and Developer shall not be entitled to reimbursement from Chandler.

#### SECTION 4. DEVELOPMENT MATTERS; CONVEYANCE AND LEASE.

4.1 Schedule of Performance. Chandler and Developer intend that the Project shall be developed pursuant to, and substantially in accordance with, the following Schedule of Performance. Developer shall use commercially reasonable efforts to ensure that the development of the Property occurs in accordance with the Schedule of Performance.

A. Commencement Date. Developer shall commence construction of the Project within eighteen (18) months from the later of (i) the Effective Date, or (ii) Final Development Approval (“**Commencement Date**”). For purposes of this Section 4.1, construction shall be deemed to have commenced upon the issuance of a grading permit for the Project.

B. Substantial Completion Date. Developer shall substantially complete development of the Project, as evidenced by obtaining the final Certificate of Occupancy for the Project Improvements no later than thirty-five (35) months after the Commencement Date (the “**Substantial Completion Date**”).

C. Extension of Time. The Commencement Date and Substantial Completion Date, as applicable, shall be extended for Force Majeure Events and may be extended for good cause as reasonably determined by the City Manager for the necessary period to commence construction or achieve Substantial Completion, in each case, no greater than an additional six (6) month period. Developer shall promptly notify Chandler of any Force Majeure Events and shall otherwise submit any requests for extension of the Commencement Date or Substantial Completion Date to the City Manager, in writing, with an explanation of the reason for the request. If Developer notifies Chandler of the occurrence of a Force Majeure Event, the time for performance shall be extended day for day during the continuance of the Force Majeure Event.

4.2 Compliance with Schedule of Performance. Subject to Force Majeure and any extensions of time periods granted by Chandler, if Developer fails to commence construction by the Commencement Date or to substantially complete construction of the Project by the Substantial Completion Date, then Chandler, as its sole remedy, may terminate this Agreement effective sixty (60) days following Chandler's delivery of written notice to Developer; provided, however, if Developer commences construction or substantially completes construction within such sixty (60) day period, Chandler shall not have the right to terminate.

4.3 Government Property Lease. Chandler has determined that the development of the Property with the Project and the lease of all or a portion of the Project Improvements subject to tax liability under the Government Property Lease Excise Tax (A.R.S. § 42-6201, et seq.) ("GPLET") (i) will enhance the economic viability of Chandler in numerous ways, including, without limitation, (A) increasing transaction privilege tax revenues and other revenues to Chandler, (B) increasing Chandler's employment base, (C) stimulating further economic development, and (D) otherwise improving or enhancing the economic welfare of the residents of Chandler; and (ii) is not likely to occur without the benefits provided in this Agreement; and (iii) will generate revenues and other benefits to Chandler that outweigh or are not disproportionate to the costs associated with these benefits.

4.4 GPLET Procedure. Chandler hereby acknowledges and agrees that if the Project is completed as contemplated substantially in compliance with the Schedule of Performance (as it may be amended or extended) and Developer has otherwise satisfied its obligations, in all material respects, under this Agreement (taking into account all applicable cure periods, if any), then Developer shall be entitled to the statutorily-authorized eight (8) year abatement of GPLET available pursuant to the provisions of A.R.S. §§ 42-6201 through 42-6210, inclusive. Chandler acknowledges its waiver of the requirement that Developer or its permitted assigns apply for the tax abatement provided by A.R.S. 42-6209(B). Upon issuance of the last Certificate of Occupancy for the Project, (i) Developer may convey the Property to Chandler by a special warranty deed in substantially the form of Exhibit E attached hereto, and (ii) contemporaneously with such conveyance, Chandler shall lease back the Property to Developer pursuant to a Government Property Land and Improvements Lease substantially in the form attached hereto as Exhibit F (the "**Lease**"). The term of the Lease shall be twenty-five (25) years from the date of conveyance of the Property to the Chandler. If Developer so elects to do so, the Property must be conveyed to Chandler within not more than six (6) months after the date of substantial completion of the Project as described in Section 4.1B. The Property must be conveyed to the Chandler free of all monetary liens or encumbrances other than liens for current property taxes

and assessments not yet due and payable that shall remain Developer's obligation for payment pursuant to the terms of the Lease. Any deed of trust liens on the Property securing financing for development of the Project shall be released from the fee interest in the Property and converted to leasehold deeds of trust encumbering only Developer's leasehold interest under the Lease contemporaneously with conveyance of the Property to Chandler.

## SECTION 5. DEFAULTS.

5.1 Events of Default. It shall be a default hereunder if either Party fails to perform any of its obligations hereunder 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 the failure; provided that if the nature of the default is such that it cannot reasonably be cured within the thirty-day period, no default shall be deemed to exist if the defaulting Party commences a cure within that thirty-day period and diligently and expeditiously pursues such cure to completion within one-hundred and eighty (180) days.

5.2 Remedies. In the event of a default hereunder and failure by the defaulting Party to timely cure the default as provided in Section 5.1, the non-defaulting Party shall have all remedies available to it at law or in equity. Chandler or Developer, or any successor-in-interest or assignee, may institute a legal action to cure, correct or remedy any default, to enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation, including suits for declaratory relief, specific performance, relief in the nature of mandamus and actions for damages, provided, however, that claims for damages shall be limited to actual damages. The Parties hereby waive any right to seek consequential, punitive, multiple, exemplary or any other damages other than actual damages for a breach of this Agreement by either Party.

5.3 Delays; Waivers. Except as otherwise expressly provided in this Agreement, any delay by any Party in asserting any right or remedy under this Agreement shall not operate as a waiver of any such rights or limit such rights in any way; and any waiver in fact made by such Party with respect to any default by the other Party shall not be considered as a waiver of rights with respect to any other default by the non-defaulting Party or with respect to the particular default except to the extent specifically waived in writing.

5.4 Rights and Remedies Cumulative. The rights and remedies of the Parties are cumulative, and the exercise by either Party of any one or more of such rights shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any other default by the other Party.

## SECTION 6. REPRESENTATIONS.

6.1 Chandler Representations. Chandler represents and warrants to Developer that:

A. Chandler is duly formed and validly existing under Arizona law and that the individual(s) executing this Agreement on behalf of Chandler is authorized and empowered to bind Chandler.

B. Chandler has the full right, power and authorization to enter into and perform this Agreement and each of Chandler's obligations and undertakings under this

Agreement, and Chandler's execution, delivery and performance of this Agreement have been duly authorized and agreed to in compliance with the requirements of its Charter and Arizona law.

C. All consents and approvals necessary to the execution, delivery and performance of this Agreement have been obtained, and no further action needs to be taken in connection with such execution, delivery and performance; provided, however, the Parties hereby acknowledge and agree that pursuant to Chandler's City Charter additional documents may require approval from Chandler City Council with respect to the final form of GPLET Lease.

D. Chandler will execute and acknowledge when appropriate all documents and instruments and take all actions necessary to implement, evidence and enforce this Agreement.

6.2 Developer Representations. Developer represents and warrants to Chandler that:

A. Developer is duly formed and validly existing under Delaware law and that the individual(s) executing this Agreement on behalf of the 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 of the obligations and undertakings of Developer under this Agreement, and the execution, delivery and performance of this Agreement 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 have been obtained, and no further action needs to be taken in connection with such execution, delivery and performance.

D. Developer will execute and acknowledge when appropriate all documents and instruments and take all actions necessary to implement, evidence and enforce this Agreement.

SECTION 7. MISCELLANEOUS.

7.1 Term. This Agreement shall be effective for all purposes on the Effective Date. The term of this Agreement shall be the later of (i) twenty-five (25) years from the Effective Date, or (ii) the expiration of the term of the Lease described in Section 4.4.

7.2 Notices. Except as otherwise required by law, any notice, demand or other communication given hereunder, shall be in writing and shall be given by personal delivery or be sent by certified or registered U.S. Mail, return receipt requested, addressed to the Parties at their respective addresses set forth below, or at such other address as a Party may designate in writing pursuant to the terms of this paragraph, or by facsimile machine or by any nationally recognized express or overnight delivery service (e.g., Federal Express or UPS), with all postage and other delivery charges prepaid:

To Developer: PR III/Wood Chandler Apartments, LLC  
c/o Wood Partners  
7975 N. Hayden Road, Suite A-100  
Scottsdale, Arizona 85258  
Attention: Todd Taylor  
Phone: 480-607-0622  
E-mail: tht@woodpartners.com

PR III/Wood Chandler Apartments, LLC  
c/o Wood Partners  
8 Greenway Plaza, Suite 600  
Houston, Texas 77046  
Attention: Patrick Trask  
Phone: 713-439-7900  
E-mail: pgt@woodpartners.com

With a copies to: Prudential Real Estate Investors  
4 Embarcadero Center, 27th Floor  
San Francisco, CA 94111  
Attention: Chris Tourtellotte  
Phone: 415-291-5026

and

Prudential Real Estate Investors  
4 Embarcadero Center, 27th Floor  
San Francisco, CA 94111  
Attention: Robert Jeans  
Phone: 973-683-1735

and

Comerica Bank  
2900 N. Loop West, 7<sup>th</sup> Floor  
Houston, Texas 77092  
Attention: Geoffrey N. Payne  
Phone: 713-507-7408  
E-mail: GNPayne@comerica.com

and

Snell & Wilmer L.L.P.  
One Arizona Center  
Phoenix, Arizona 85004-2202  
Attention: Nick Wood  
Phone: 602-382-6269  
Facsimile: 602-382-6070

To Chandler: City of Chandler  
Economic Development Office (MS 416)  
P. O. Box 4008  
Chandler, AZ 85244-4008  
Attention: Christine Mackay  
Economic Development Director  
Phone: 480-782-3035  
Facsimile: 480-782-3040

With a copy to: City of Chandler  
City Attorney's Office  
P. O. Box 4008  
Chandler, AZ 84244-4008  
Attention: Glenn A. Brockman  
Phone: 480-782-4643  
Facsimile: 480-782-4652

7.3 Effective Date of Notices. All such notices, demands or other communications will (i) if delivered personally or delivered through a same day delivery/courier service be deemed effective upon delivery or refusal to accept delivery by the addressee, and (ii) if delivered by U.S. mail in the manner described above be deemed effective upon the earlier of receipt or three (3) business days after deposit in a post office operated by the United States or with a United States postal officer (in each case regardless of whether such notice, demand or other communication is received by any other person to whom a copy of such notice, demand or other communication is to be delivered pursuant to this paragraph). Any notice sent by a recognized national overnight delivery service shall be deemed effective one (1) business day after deposit with such service. Any notice sent by facsimile machine shall be deemed effective upon confirmation of the successful transmission by the sender's facsimile machine. Notwithstanding the foregoing, no payment shall be deemed to be made until actually received in good and available funds by the intended payee. The Parties hereby acknowledge and agree that any formal notice transmitted solely by electronic mail shall be deemed ineffective.

7.4 Waiver of Right to Trial by Jury. The Parties expressly covenant and agree that in the event of a dispute arising from this Agreement, each Party waives any right to a trial by jury. In the event of litigation, the Parties agree to submit to a trial before the court.

7.5 Attorneys' Fees. In the event of commencement of a legal action in an appropriate forum by a Party to enforce any covenant or any of such Party's rights or remedies under this Agreement, including any action for declaratory or equitable relief, the prevailing Party in any such action shall be entitled to reimbursement of its reasonable attorneys' fees and court costs, including, but not limited to, its costs of expert witnesses, transportation, lodging and meal costs of the Party and witnesses, costs of transcript preparation and other reasonable and necessary direct and incidental costs of such dispute.

7.6 Recordation. This Agreement shall be recorded in its entirety in the Official Records of Maricopa County, Arizona not later than ten (10) days after execution of the Agreement by the Parties.

7.7 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Arizona, including the applicability of A.R.S. § 38-511.

7.8 Severability. If any provision of this Agreement is declared void or unenforceable, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect. If any applicable law or court of competent jurisdiction prohibits or excuses Chandler from undertaking any contractual commitment to perform under any provision hereunder, the remaining portions of this Agreement shall remain in full force and effect, and the Parties will negotiate diligently in good faith for such amendments of this Agreement as may be necessary to achieve the original intent of this Agreement, notwithstanding such invalidity or unenforceability.

7.9 Amendment. No change or addition is to be made to this Agreement except by written amendment executed by Chandler and Developer. Within ten (10) days after any amendment to this Agreement, such amendment shall be recorded in the Official Records of Maricopa County, Arizona.

7.10 Time is of the Essence and Successors. Time is of the essence in implementing the terms of this Agreement. Developer may assign all or any portion of its rights hereunder to any one or more Persons, including, without limitation, an Affiliate of Developer on such terms and conditions as Developer may deem appropriate, provided, however, that Developer may not convey all or any portion of its rights hereunder unless the corresponding obligations of Developer are completely assumed by the assignee of Developer's rights, the assignee accepts such obligations, and the obligations are specifically listed in the assignment. Developer may assign its rights under this Agreement to Comerica Bank or any other Mortgagee pursuant to Section 7.11. Notice of the assignment and assumption of Developer's obligations shall be reflected in a document that shall be executed by the assignee and Developer and recorded by Developer in the land records of Maricopa County, Arizona. Upon the recordation of such document and the assignee's written agreement to assume the obligations under this Agreement corresponding to such assignment, Developer will be released from the obligations assumed by the assignee. An "**Affiliate**" as applied to Developer, means any Person in which Developer, or any other Person directly or indirectly controlling Developer, owns a direct or indirect interest. For the purposes of this definition, "control" (including with correlative meaning, the terms "controlling," "controlled by" and "under common control"), as applied to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise. The burdens of this Agreement bind and the benefits of this Agreement inure to the Parties hereto and their successors in interest and assigns as provided in A.R.S. § 9-500.05.D, except to the extent an assignment is not authorized in this Section 7.10.

7.11 Mortgagee Assignment. Chandler consents to the pledge by Developer of all its rights, title and interests under this Agreement and the Lease to Comerica Bank, and agrees that any successor or assignee of Comerica, or any purchaser at foreclosure or a sale in a bankruptcy

proceeding, or other transferee pursuant to a transfer in lieu of foreclosure (collectively, "Comerica and its Assignees") shall also be entitled to all of Developer's rights, title and interest in this Agreement, the Lease and all related writings as if it were Developer. Chandler further agrees that Comerica and its Assignees will be treated as a "Leasehold Mortgagee" under the terms of the Lease, and shall have all the benefits, rights, protections and privileges of a Leasehold Mortgagee as if those benefits, rights, protections and privileges applied to this Agreement, the Lease and all related writings. Moreover, Chandler agrees not to terminate this Agreement or the Lease or exercise any of its other rights or remedies without affording to Comerica and its Assignees a period of time to remedy any such default by Developer, such period to commence upon the receipt by Comerica and its Assignees of written notice of such default. If Comerica or its Assignees commences or institutes foreclosure proceedings or states its intention to exercise any of its remedies under its "Leasehold Mortgage," as defined in the Lease, within sixty (60) days after receipt of written notice of such default, and then proceeds diligently to exercise such remedies so that it can attempt to cure Developer's default, Chandler will not exercise any of its rights or remedies, including without limitation termination of this Agreement and the Lease, and any purported termination by Chandler or Developer shall be ineffective.

7.12 Further Assurances. Each Party agrees to perform such other and further acts and to execute and deliver such additional agreements, documents, affidavits, certifications, acknowledgments and instruments as any other Party may reasonably require to consummate, evidence, confirm or carry out the matters contemplated by this Agreement or confirm the status of (i) this Agreement as in full force and effect, and (ii) the performance of the obligations hereunder at any time.

7.13 Business Days.

A. "Business Day" means any day of the week when the Chandler Transportation and Development Department is open to the public for the conduct of the department's business.

B. If the last day of any time period stated in this Agreement or the date on which any obligation to be performed under this Agreement shall fall on a Saturday, Sunday or legal holiday in the State of Arizona, then the duration of such time period or the date of performance, as applicable, shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday or legal holiday in the State of Arizona.

7.14 Section Headings. The Section headings contained in this Agreement are for convenience in reference only and are not intended to define or limit the scope of any provision of this Agreement.

7.15 No Partnerships, 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 Developer and Chandler. No term or provision of this Agreement is intended to, or shall, be for the benefit of any Person not a party hereto, and no such other Person shall have any right or cause of action hereunder, except for permitted transferees or assignees to the extent that they assume or succeed to the rights and/or obligations of Developer under this Agreement.

7.16 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all so executed shall constitute one agreement, binding on the Parties.

7.17 Nonrecourse. No Chandler Council member, Chandler official, representative, agent, attorney or employee shall be personally liable to Developer or to any successor in interest Developer, in the event of any default or breach by Chandler or for any amount which may become due to Developer or its successor, or with respect to any obligation of Chandler under the terms of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the liability of Developer under this Agreement shall be limited solely to the Property including all improvements located on the Property and shall not extend to or be enforceable against: (i) the other assets of Developer, (ii) the individual assets of any of the individuals or entities who are shareholders, members, managers, constituent partners, officers or directors of the general partners, managers or members of Developer; or (iii) the officers, shareholders, members or managers or constituent partners of Developer

7.18 Recitals, Exhibits. The Recitals set forth in Paragraphs A through E, inclusive, are incorporated herein by reference and form a part of this Agreement. The Parties agree that all references to this Agreement include all Exhibits designated in and attached to this Agreement, such Exhibits being incorporated into and made an integral part of this Agreement for all purposes. References to Sections or Exhibits are to this Agreement unless otherwise qualified.

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

7.20 Additional Provisions. Developer agrees to and does knowingly waive any and all rights to compensation for diminution in value pursuant to A.R.S. § 12-1134 that may now or in the future exist as a result of the approval or performance of, and all conditions, terms and agreements contained in this Agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Chandler has caused this Agreement to be duly executed in its name and behalf by its Mayor, and Developer has signed the same, on or as of the day and year first above written.

**CHANDLER:**

CITY OF CHANDLER,  
an Arizona municipal corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CHANDLER CITY ATTORNEY *GAB*

STATE OF ARIZONA        )  
  ) ss.  
County of Maricopa        )

The foregoing Agreement was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2014, by \_\_\_\_\_ of City of Chandler, an Arizona municipal corporation, on behalf of the municipal corporation.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

**DEVELOPER:**

PR III/WOOD CHANDLER APARTMENTS, LLC,  
a Delaware limited liability company

By: Wood Chandler, LLC, a Delaware limited liability  
company, its member

By: WP West Development Enterprises, L.L.C., a  
Delaware limited liability company, its sole  
member and manager

By: Wood Real Estate Investors, L.L.C., its  
manager

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

The foregoing Agreement was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by  
\_\_\_\_\_, the \_\_\_\_\_ of WP Wood Real Estate  
Investors, L.L.C., a Delaware limited liability company, the manager of on behalf of the limited  
liability company.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

## EXHIBIT A

### Property - Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MARICOPA, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

Parcel 1:

That part of the Northwest quarter of the Southwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at a point 198.3 feet South of a point on the North line of the Northwest quarter of the Southwest quarter of said section 34, which is 450 feet East of the Northwest corner of the Northwest quarter of the Southwest quarter of said section;

THENCE South 215.77 feet parallel to the West line of the said Section;

THENCE East 772.6 feet (Previously erroneously described as 722.6 feet) on a line parallel to the North line of the Southwest quarter of said Section;

THENCE North 215.77 feet on a line parallel to the West line of said Section to the Southeast corner of the property formerly owned by the ARIZONA EDISON COMPANY;

THENCE West 227.8 feet to the Southwest corner of the property formerly owned by the ARIZONA EDISON COMPANY;

THENCE West 544.8 feet to the beginning;

EXCEPT the South 100 feet of the West 300 feet thereof; and

EXCEPT a strip of land 50 feet wide lying 25 feet on each side of the following described center line of DELAWARE STREET extended. Starting at the intersection of FRYE ROAD formerly DENVER STREET) with DELAWARE STREET as shown on the plat of the TOWNSITE OF CHANDLER as recorded in the Maricopa County Recorder's Office in Book 5 of Maps, page 34, said intersection being the POINT OF BEGINNING;

THENCE in a Southerly direction 414.09 feet more or less to the intersection of DELAWARE STREET and FOLLEY STREET (formerly shown as an easement) as shown on the plat of the DOBSON ADDITION as recorded in the Maricopa County Recorder's Office in Book 36 of Maps, page 18.

Parcel 2:

BEGINNING at the Northwest corner of the Northwest quarter of the Southwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian, running thence due South a distance of 198.3 feet;

THENCE due East a distance of 994.8 feet; THENCE due North a distance of 198.3 feet;

THENCE due WEST a distance of 994.8 feet to the POINT OF BEGINNING, said property lying within the corporate limits of the CITY OF CHANDLER.

EXCEPT the West 370 feet thereof.

Parcel 3:

That part of the Northwest quarter of the Southwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as

follows:

BEGINNING at a point on the North line of the Southwest quarter of Section 34, a distance of 450 feet East of the Northwest corner thereof;

THENCE Southerly parallel to the West boundary line of said Section 34, a distance of 414.07 feet to the POINT OF BEGINNING;

THENCE Easterly and parallel to the North boundary line of the Southwest quarter of said section 34, a distance of 300 feet;

THENCE Northerly and parallel to the East boundary line of the Southwest quarter of said Section 34, a distance of 100 feet;

THENCE Westerly and parallel to the North boundary line of the Southwest quarter of said Section 34, a distance of 300 feet;

THENCE Southerly a distance of 100 feet to the POINT OF BEGINNING.

Parcel 4:

BEGINNING 994.8 feet East of the Northwest corner of the Northwest quarter of the Southwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian;

THENCE due South 198.3 feet;

THENCE due East 200 feet, more or less, to a point which is 105 feet West of the East line of

the Northwest quarter of the Southwest quarter of said Section 34;

THENCE South parallel to the East line of said Northwest quarter of the Southwest quarter a distance of 189.7 feet;

THENCE East 105 feet to the East line of the Northwest quarter of the Southwest quarter of said Section 34; THENCE North along said East line a distance of 388 feet to the Northeast corner thereof;

THENCE West 325 feet, more or less, to the PLACE OF BEGINNING;

EXCEPT that part lying East of the West line of a strip of land 50 feet wide lying 25 feet on each side of the following described centerline of DELAWARE STREET extended. Starting at the intersection of FRYE ROAD (formerly DENVER STREET) with DELAWARE STREET as shown on the plat of the TOWNSITE OF CHANDLER as recorded in the Maricopa County Recorder's Office in Book 5 of Maps, page 34, said intersection being the POINT OF BEGINNING;

THENCE in a Southerly direction 414.09 feet more or less to the intersection of DELAWARE STREET and FOLLEY STREET (formerly shown as an easement) as shown on the plat of the DOBSON ADDITION as recorded in the Maricopa County Recorder's Office in Book 36 of Maps, page 18;

AND EXCEPT the approximately 50 square feet as more particularly described in that certain quit claim deed in favor of the CITY OF CHANDLER, dated June 17, 1982, recorded July 1, 1982, in Docket 16126, page 760;

BEGINNING at the intersection of a line 33.00 feet South of the center of FRYE ROAD (formerly DENVER STREET) and a line 25.00 feet West of the center of DELAWARE STREET, as recorded in Book 5 of Maps, page 34, of Maricopa County records, said intersection being the TRUE POINT OF BEGINNING;

THENCE West along a line 33.00 feet South of and parallel with the center of said FRYE ROAD, 10.00 feet;

THENCE Southeast, to a point 25.00 feet West of the center of DELAWARE STREET and 10.00 feet South of the TRUE POINT OF BEGINNING;

THENCE North along a line 25.00 feet West of and parallel with the center of DELAWARE STREET, 10.00 feet, to the TRUE POINT OF BEGINNING.

PARCELS 1, 2, 3 AND 4 ABOVE ARE ALSO DESCRIBED AS FOLLOWS:

A PORTION OF LAND LOCATED IN THE SOUTHWEST QUARTER OF SECTION 34, TOWNSHIP 1 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT A BRASS CAP IN HANDHOLE MARKING THE WEST QUARTER CORNER OF SAID SECTION 34, FROM WHICH A BRASS CAP IN HANDHOLE MARKING THE SOUTHWEST CORNER OF SAID SECTION 34 BEARS SOUTH 00 DEGREES 38 MINUTES 02 SECONDS EAST, 2645.52 FEET;

THENCE NORTH 89 DEGREES 44 MINUTES 47 SECONDS EAST, ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 34, 448.61 FEET;

THENCE DEPARTING SAID EAST-WEST MID-SECTION LINE SOUTH 00 DEGREES 15 MINUTES 13 SECONDS EAST, 32.98 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF FRYE ROAD, SAID POINT ALSO BEING THE POINT OF BEGINNING;

THENCE ALONG SAID SOUTH RIGHT-OF-WAY LINE NORTH 89 DEGREES 44 MINUTES 39 SECONDS EAST, 544.92 FEET;

THENCE CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY LINE SOUTH 00 DEGREES 44 MINUTES 01 SECONDS WEST, 7.00 FEET;

THENCE CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY LINE NORTH 89 DEGREES 44 MINUTES 39 SECONDS EAST, 186.74 FEET;

THENCE CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY LINE SOUTH 44 DEGREES 48 MINUTES 10 SECONDS EAST, 4.21 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF DELAWARE STREET;

THENCE ALONG SAID WEST RIGHT-OF-WAY LINE SOUTH 00 DEGREES 39 MINUTES 00 SECONDS WEST, 370.52 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF FOLLEY STREET;

THENCE ALONG SAID NORTH RIGHT-OF-WAY LINE SOUTH 89 DEGREES 42 MINUTES 40 SECONDS WEST, 734.58 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF WASHINGTON STREET;

THENCE ALONG SAID EAST RIGHT-OF-WAY LINE NORTH 00 DEGREES 38 MINUTES 16 SECONDS EAST, 115.75 FEET TO THE NORTHWEST CORNER OF PARCEL 1 RECORDED IN BOOK 667, PAGE 46, MARICOPA COUNTY RECORDER;

THENCE DEPARTING SAID EAST RIGHT-OF-WAY LINE SOUTH 89 DEGREES 44 MINUTES 39 SECONDS WEST, 80.01 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF WASHINGTON STREET;

THENCE ALONG SAID WEST RIGHT-OF-WAY LINE NORTH 00 DEGREES 38 MINUTES 16 SECONDS EAST, 165.30 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF FRYE ROAD;

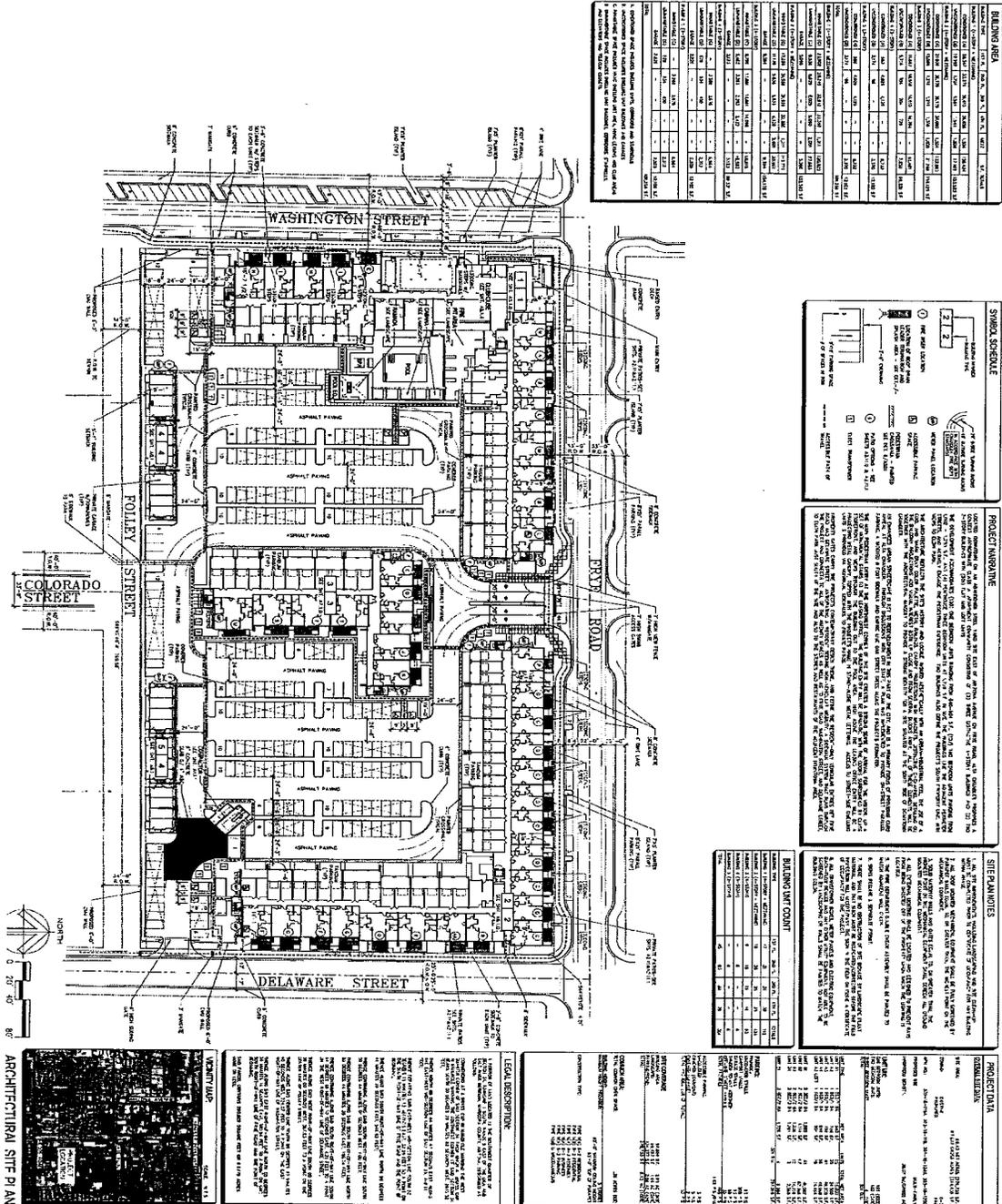
THENCE DEPARTING SAID WEST RIGHT-OF-WAY LINE OF NORTH 89 DEGREES 44

MINUTES 39 SECONDS EAST ALONG SAID SOUTH RIGHT-OF-WAY LINE, 80.01 FEET  
POINT OF BEGINNING.

APN: 303-18-120C, 303-18-115A, 303-18-120B, 303-18-119

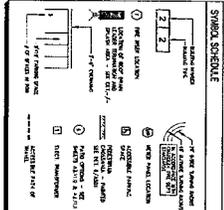
# EXHIBIT B

## Project - Preliminary Development Plan



**BUILDING DATA**

NO.	DESCRIPTION	AREA (SQ. FT.)	VOLUME (CU. FT.)	PERCENTAGE OF TOTAL
1	RESIDENTIAL	100,000	1,000,000	80%
2	COMMERCIAL	10,000	100,000	10%
3	PARKING	10,000	100,000	10%
4	LANDSCAPE	10,000	100,000	10%
5	UTILITIES	10,000	100,000	10%
6	STREETS	10,000	100,000	10%
7	OTHER	10,000	100,000	10%
<b>TOTAL</b>		<b>150,000</b>	<b>1,500,000</b>	<b>100%</b>



**PROJECT INFORMATION**

ALTA CHANDLER APARTMENT HOMES, 152 W. FRYE ROAD, CHANDLER, ARIZONA 85225. PROJECT NO. 100-100-0000. PREPARED BY BILTFORM ARCHITECTURE, 1000 N. CENTRAL AVENUE, SUITE 100, CHANDLER, ARIZONA 85225. DATE: 10/15/2020.

**SITE PARAMETERS**

PARAMETER	VALUE
TOTAL AREA	150,000 SQ. FT.
BUILDING FOOTPRINT	100,000 SQ. FT.
PARKING	10,000 SQ. FT.
LANDSCAPE	10,000 SQ. FT.
UTILITIES	10,000 SQ. FT.
STREETS	10,000 SQ. FT.
OTHER	10,000 SQ. FT.

**BUILDING UNIT COUNT**

UNIT TYPE	COUNT
1-BED	100
2-BED	50
3-BED	20
COMMERCIAL	1
<b>TOTAL</b>	<b>171</b>

**PRODUCTION**

PROJECT NO. 100-100-0000  
 DATE: 10/15/2020  
 PREPARED BY: BILTFORM ARCHITECTURE  
 1000 N. CENTRAL AVENUE, SUITE 100  
 CHANDLER, ARIZONA 85225  
 PHONE: 480-948-1000  
 WWW.BILTFORM.COM

**LEGAL DESCRIPTION**

ALTA CHANDLER APARTMENT HOMES, 152 W. FRYE ROAD, CHANDLER, ARIZONA 85225. PROJECT NO. 100-100-0000. PREPARED BY BILTFORM ARCHITECTURE, 1000 N. CENTRAL AVENUE, SUITE 100, CHANDLER, ARIZONA 85225. DATE: 10/15/2020.

**ARCHITECTURAL SITE PLAN**

SCALE: 1/8" = 1'-0"

**A1.0**

**ALTA CHANDLER**  
 Apartment Homes  
 152 W. FRYE ROAD, CHANDLER, ARIZONA 85225

**WOOD PARTNERS**  
 7975 North Hayden Road, A-103, Scottsdale, AZ. 85258  
 PHONE: 480-948-0000

**bilform**  
 architecture

bilform architecture  
 group, llc.  
 1000 N. CENTRAL AVENUE, SUITE 100  
 CHANDLER, ARIZONA 85225  
 PHONE: 480-948-1000  
 WWW.BILTFORM.COM

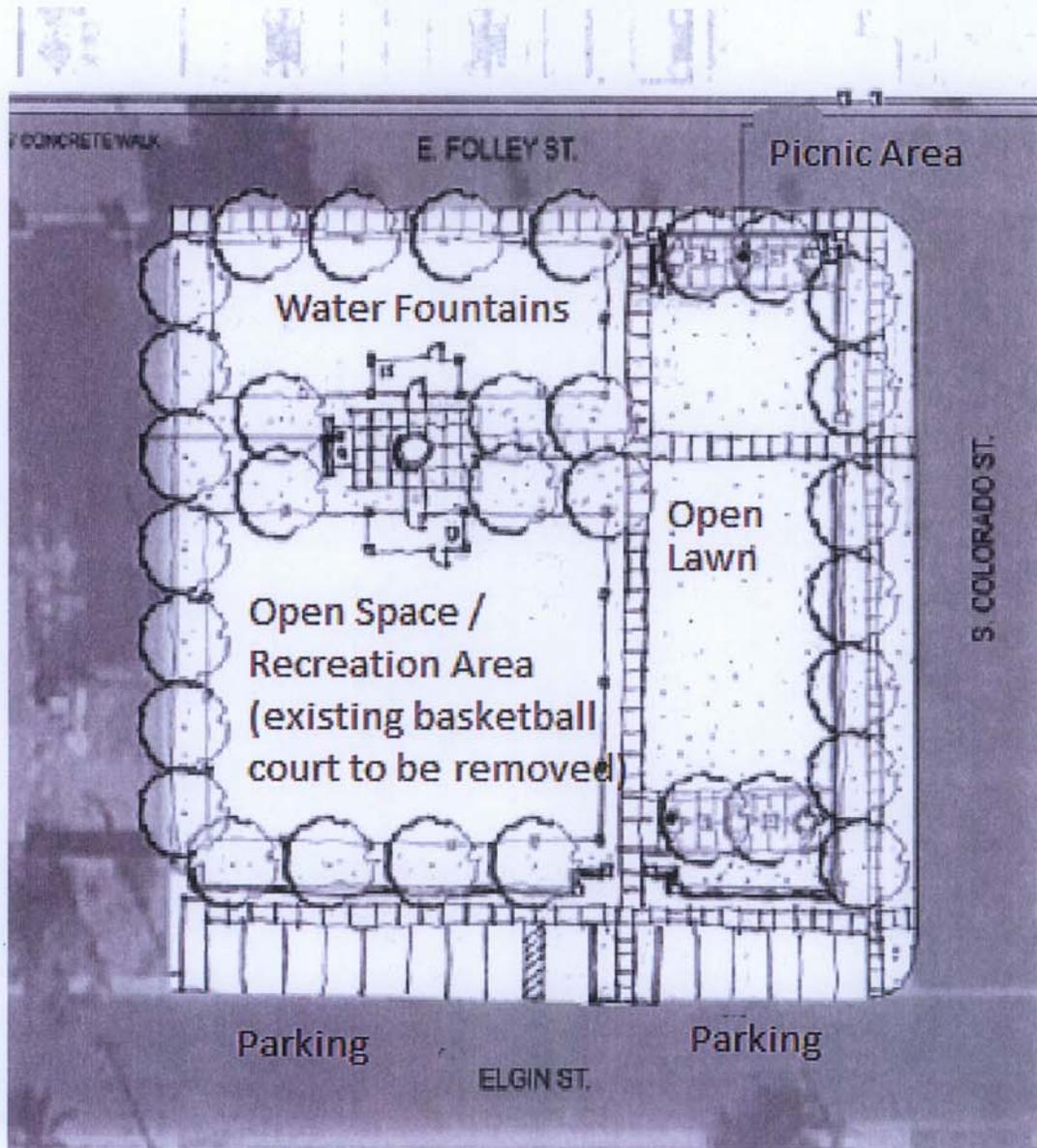
EXHIBIT C

Depiction of Harris Park



## EXHIBIT D

### Minimum Improvements - Site Plan



Final design of the park shall be subject to Chandler's 2014-2025 capital improvement plan. Chandler shall have the authority to approve the final Harris Park Renovation plan, provided, however, the existing basketball court shall be removed.

**EXHIBIT E**

**Special Warranty Deed**

SPECIAL WARRANTY DEED

For and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, PR III/WOOD CHANDLER APARTMENTS, LLC, a Delaware limited liability company ("Grantor") does hereby sell and convey to CITY OF CHANDLER, an Arizona municipal corporation, whose address is \_\_\_\_\_, Chandler, Arizona \_\_\_\_\_, the following described real property situated in Maricopa County, Arizona, together with all improvements situated thereon and all rights and privileges appurtenant thereto ("Property"):

See Exhibit "A" attached hereto and by this reference incorporated herein.

SUBJECT TO all taxes and assessments, reservations, any and all easements, rights-of-way, covenants, conditions, restrictions, liens and encumbrances of record or that would be shown by an accurate survey of the Property. Grantor does warrant and agree to defend the title against its acts and none other.

[NO FURTHER TEXT ON THIS PAGE; SIGNATURES APPEAR ON FOLLOWING PAGES]



**EXHIBIT "A"**

**[TO SPECIAL WARRANTY DEED]**

SEE EXHIBIT "A" TO DEVELOPMENT AGREEMENT

**EXHIBIT F**

**GPLET Lease**

**LAND AND IMPROVEMENTS LEASE**

[ ]

THIS LAND AND IMPROVEMENTS LEASE (“**Lease**”) is made and entered into as of the \_\_\_ day of \_\_\_\_\_, 2014 (the “**Effective Date**”) by and between the CITY OF CHANDLER, an Arizona municipal corporation (“**Landlord**”), and PR III/WOOD CHANDLER APARTMENTS, LLC, a Delaware limited liability company (“**Tenant**”). Landlord and Tenant shall be referred to in this Agreement, collectively as “**Parties**,” and individually as a “**Party**.”

**RECITALS**

A. Landlord and Tenant are entering into this Lease pursuant to that certain Development Agreement dated \_\_\_\_\_, 2014 and recorded \_\_\_\_\_, 2014 as Instrument No. \_\_\_\_\_ in the Official Records of Maricopa County, Arizona (the “**Development Agreement**”), and City Resolution No. \_\_\_\_\_, dated \_\_\_\_\_, 2014.

B. Landlord has title of record to the real property legally described on Exhibit A attached hereto and incorporated herein by this reference, together with all rights and privileges appurtenant thereto, and all present and future improvements thereon (collectively, the “**Premises**”). The Premises consist of a residential apartment project containing 301 total apartment units, as well as related amenities and improvements.

C. The Premises are “Government Property Improvements” under A.R.S. §42-6201(2), Landlord is a “Government Lessor” under A.R.S. §42-6201(1), and Tenant is a “Prime Lessee” under A.R.S. §42-6201(4).

D. The Premises are located in a single central business district in a redevelopment area established pursuant to Title 36, Chapter 12, Article 3 of Arizona Revised Statutes (A.R.S. §§36-1471 et seq.). The construction of the Premises resulted in an increase in property value of at least one hundred percent.

E. The Premises will be subject to the Government Property Lease Excise Tax as provided for under ARS §42-6202 (the “**GPLET**”). Pursuant to the Development Agreement, Landlord will abate the GPLET for the period beginning on the Effective Date and ending eight years thereafter, all as provided in A.R.S. §42-6209(A).

F. The Landlord acknowledges that construction of the Premises is a redevelopment of the land described in Exhibit A resulting in improvements to and new uses of such property, in that the Landlord and the general public will directly and indirectly realize substantial tangible and intangible benefits from the redevelopment of such land and the construction of the Premises described herein, including, without limitation, the redevelopment of a key commercial area

within the corporate boundaries of the City of Chandler, the facilitation of the expansion of the employment base within the City of Chandler, incentivizing the redevelopment of adjacent properties, and other benefits more particularly described in the Development Agreement. But for the GPLET abatement described in Recital E above, Tenant would not have caused the Premises to be constructed.

## AGREEMENT

For and in consideration of the rental and of the covenants and agreements hereinafter set forth to be kept and performed by Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises, subject to and upon all of the terms, covenants and agreements hereinafter set forth.

1. Quiet Enjoyment. Landlord covenants and agrees with Tenant that conditioned upon Tenant's paying the rent and other sums herein provided and performing and fulfilling, in all material respects, the covenants, agreements, conditions and provisions herein to be kept, observed or performed by Tenant, Tenant may at all times during the term hereof peaceably, quietly and exclusively have, hold and enjoy the Premises.

2. Term. The term of this Lease shall be for twenty-five (25) years, commencing on the Effective Date and ending at midnight on the 25<sup>th</sup> anniversary of the Effective Date, subject to earlier termination as provided herein ("**Lease Term**" or "**Term**").

3. Rent; GPLET Provisions. During the Term, Tenant shall pay the following amounts to Landlord at the times specified:

3.1 Rent. Tenant covenants to pay to Landlord as rent for the Premises the sum of \$1.00 per year on the Effective Date and every anniversary thereof. Tenant shall, without prejudice to its right to terminate this Lease as provided herein, have the right to prepay the rent for the entire Term.

3.2 Government Property Lease Excise Tax. As required under A.R.S. §§42-6206, Tenant is hereby notified of its potential tax liability under the GPLET provisions of A.R.S. §§42-6201 through 42-6209, as now or hereafter amended. Failure by Tenant to pay the tax after notice and an opportunity to cure could result in divesting Tenant of any interest in or occupancy of the government property improvements to which this Lease applies. However, Landlord hereby abates Tenant's GPLET obligation for the Premises pursuant to A.R.S. §42-6209 for an eight (8) year period commencing on the Effective Date. Landlord hereby waives any statutory requirement that Tenant apply for such abatement. Landlord agrees to take any additional action as necessary for Tenant to qualify for GPLET tax treatment so that (i) the period of abatement for the Premises will run for a period of eight (8) years from the Effective Date, and (ii) the Premises will be taxed as "government property improvements" in accordance with A.R.S. §§42-6201 through 42-6209, as now or hereafter amended from the expiration of the eight (8) year abatement period through the end of the Term (the "**Abatement Period**"). Following the Abatement Period, Tenant shall pay the GPLET pursuant to the rates specified in A.R.S. §42-6203B.

4. Leasehold Mortgage of Premises.

4.1 Tenant is hereby given the absolute right without the Landlord's consent to create a security interest in Tenant's leasehold interest under this Lease (and in any subleases and the rents, income and profits therefrom) by mortgage, deed of trust or collateral assignment or otherwise. Any such security interest shall be referred to herein as a "**Leasehold Mortgage,**" and the holder of a Leasehold Mortgage shall be referred to herein as a "**Leasehold Mortgagee.**"

4.2 No liability for the performance of Tenant's covenants and agreements hereunder shall attach to or be imposed upon any Leasehold Mortgagee, unless such Leasehold Mortgagee forecloses its interest and becomes the Tenant hereunder, following which the liability shall attach only during the term of ownership of the leasehold estate by said Leasehold Mortgagee.

5. Taxes; Lease Obligations.

5.1 Other Taxes. Tenant shall pay and discharge all general and special real estate and/or personal property taxes and assessments levied or assessed against or with respect to the Premises during the Term hereof and all charges, assessments or other fees payable with respect to or arising out of this Lease and all recorded deed restrictions affecting or relating to the Premises; provided, however, that Tenant shall not have any obligation to pay ad valorem real property taxes during the Term. Any sales, use, excise or transaction privilege tax consequence incurred by Landlord because of this Lease or in relation to the Premises or improvements included therein may be passed on to the Tenant either directly, if applicable, or as "additional rent."

5.2 Protest. Tenant may, at its own cost and expense, protest and contest, by legal proceedings or otherwise, the validity or amount of any such tax or assessment herein agreed to be paid by Tenant and shall first pay said tax or assessment under protest if legally required as a condition to such protest and contest, and the Tenant shall not in the event of and during the bona fide prosecution of such protest or proceedings be considered in default with respect to the payment of such taxes or assessments in accordance with the terms of this Lease.

5.3 Procedure. Landlord agrees that any proceedings contesting the amount or validity of taxes or assessments levied against the Premises or against the rentals payable hereunder may be filed or instituted in the name of Landlord or Tenant, as the case may require or permit, and the Landlord does hereby appoint the Tenant as its agent and attorney-in-fact, during the Term, to execute and deliver in the name of the Landlord any document, instrument or pleading as may be reasonably necessary or required in order to carry on any contest, protest or proceeding contemplated in this Section. Tenant shall hold the Landlord harmless from any liability, damage or expense incurred or suffered in connection with such proceedings.

6. Use. Subject to the applicable provisions of this Lease and A.R.S. §42-6201(2), the Premises may be used and occupied by Tenant for any lawful purpose.

7. Landlord Non-Responsibility. Landlord shall have no responsibility, obligation or liability under this Lease whatsoever with respect to any of the following:

7.1 Utilities, including gas, heat, water, light, power, telephone, sewage, and any other utilities supplied to the Premises;

7.2 Disruption in the supply of services or utilities to the Premises;

7.3 Maintenance, repair or restoration of the Premises; or

7.4 Any other cost, expense, duty, obligation, service or function related to the Premises.

8. Entry by Landlord. Landlord and Landlord's agents shall have the right at reasonable times and upon reasonable notice to enter upon the Premises for inspection, except that Landlord shall have no right to enter portions of any building or apartment dwelling unit on the Premises without consent of the occupant or as provided by law; and provided that no such entry shall unreasonably interfere with the conduct of Tenant's business on the Premises. Lessee shall have the right to accompany Developer at all times during any such inspection.

9. Alterations. Tenant shall have the right, in its sole and absolute discretion, and without the consent of Landlord, to construct additional improvements on the Premises, and to make subsequent alterations, additions or other changes to any improvements or fixtures on the Premises existing from time to time, and the Premises shall constitute all such improvements as they exist from time to time. In connection with any action which Tenant may take with respect to Tenant's rights pursuant hereto, Landlord shall not be responsible for and Tenant shall pay all costs, expenses and liabilities arising out of or in any way connected with such improvements, alterations, additions or other changes made by Tenant, including without limitation materialmen's and mechanic's liens. Tenant covenants and agrees that Landlord shall not be called upon or be obligated to make any improvements, alterations or repairs whatsoever in or about the Premises, and Landlord shall not be liable or accountable for any damages to the Premises or any property located thereon. Subject to the provisions of Section 13, Tenant shall have the right, in its sole and absolute discretion, and without the consent of Landlord, at any time to demolish or substantially demolish improvements located upon the Premises. In making improvements and alterations, Tenant shall not be deemed Landlord's agent and shall hold Landlord harmless from any expense or damage Landlord may incur or suffer.

10. Easements, Dedications and Other Matters. At the request of Tenant, Landlord shall (i) dedicate or initiate a request for dedication to public use of the improvements owned by Landlord within any roads, alleys or easements and convey any portion so dedicated to the appropriate governmental authority, (ii) execute (or participate in a request for initiation by the appropriate commission or department) petitions seeking annexation or change in zoning for all or a portion of the Premises, (iii) consent to the making and recording, or either, of any map, plat, condominium documents, or declaration of covenants, conditions and restrictions of or relating to the Premises or any part thereof, (iv) join in granting any easements on the Premises, and (v) execute and deliver (in recordable form where appropriate) all other instruments requested by Tenant with respect to Landlord's status as fee title owner of the Premises, and perform all other acts reasonably necessary or appropriate in connection with the development, construction, demolition, redevelopment or reconstruction of the Premises.

11. Insurance. During the Term, the Tenant shall, at Tenant's expense, maintain general public liability insurance against claims for personal injury, death or property damage occurring in, upon or about the Premises, with limits of liability not less than \$1,000,000.00 combined single limit. Tenant's policy of liability insurance shall name Landlord and all Leasehold Mortgagees as additional insureds. Upon ten (10) days prior written notice from Landlord, Tenant shall provide to Landlord certificates with respect to such policy of insurance or copies thereof required to be carried by Tenant under this Section 11 (which, at Tenant's option, may be done by giving Landlord access to an internet website containing such information). Tenant may self-insure the coverages required by this Section 11 with the prior approval of Landlord, which will not be unreasonably withheld, and may maintain such reasonable deductibles and retention amounts as Tenant may determine.

12. Liability; Indemnity. Except for any claims and liabilities which could have been asserted against Landlord if Landlord were not the owner of the Premises or if Landlord were not a party to this Lease, Tenant covenants and agrees that Landlord shall be free from liability and claims for damages by reason of any injury to any person or persons, including Tenant, or property of any kind whatsoever and to whomsoever while in, upon or in any way connected with the Premises during the Term or any extension hereof, or any occupancy hereunder, and Tenant hereby covenants and agrees to indemnify and hold harmless Landlord from all liability, loss, costs and obligations on account of or arising out of any such injuries or losses, however occurring, unless caused by the gross negligence, willful misconduct or purposeful omission of Landlord, its agents, employees, or invitees. Landlord agrees that Tenant shall have the right to contest the validity of any and all such claims and defend, settle and compromise any and all such claims of any kind or character and by whomsoever claimed, in the name of Landlord, as Tenant may deem necessary, provided that the expenses thereof shall be paid by Tenant. The provisions of this Section shall survive the expiration or other termination of this Lease.

13. Fire and Other Casualty. In the event that all or any portion of any improvements or fixtures within the Premises shall be totally or partially destroyed or damaged by fire or other casualty, then, at Tenant's election, either: (i) this Lease shall continue in full force and effect, and, subject to the applicable provisions of this Lease, Tenant, at Tenant's sole cost and expense, may, but shall not be obligated to, rebuild or repair the same; or (ii) this Lease shall terminate with respect to all of the Premises or to such portions of the Premises as Tenant may elect. Landlord and Tenant agree that the provisions of A.R.S. § 33-343 shall not apply to this Lease. In the event that, subject to the applicable provisions of this Lease, Tenant elects to repair or rebuild the improvements, any such repair or rebuilding shall be performed at the sole cost and expense of Tenant. If there are insurance proceeds resulting from such damage or destruction, Tenant shall be solely entitled to such proceeds, whether or not Tenant rebuilds or repairs the improvements or fixtures, subject to the applicable provisions of this Lease and of any Leasehold Mortgage.

14. Condemnation.

14.1 Entire or Partial Condemnation. If the whole or any part of the Premises shall be taken in condemnation proceedings, or by any right of eminent domain, or for any public or quasi-public use, or if Landlord shall deliver to a governmental authority a deed in lieu of condemnation or eminent domain by any competent authority for any public use or purposes

during the Term, this Lease shall terminate with respect to the part of the Premises so taken and any other portion of the Premises as may be specified by Tenant. Tenant reserves unto itself the right to claim any and all condemnation awards and to prosecute its claim in all appropriate courts and agencies for any award or damages based upon loss, damage or injury to its leasehold interest (as well as relocation and moving costs), and Landlord shall have no interest therein. In consideration of Tenant's payment for all of the cost of construction of the improvements constituting the Premises, Landlord hereby assigns to Tenant all claims, awards and entitlements relating to the Premises arising from the exercise of the power of condemnation or eminent domain.

14.2 Continuation of Lease. In the event of a taking of less than all of the Premises, this Lease shall continue in effect with respect to the portion of the Premises not so taken or so specified by Tenant to be removed from this Lease.

14.3 Temporary Taking. If the temporary use of the whole or any part of the Premises or the appurtenances thereto shall be taken, the Term shall not be reduced or affected in any way. The entire award of such taking (whether paid by way of damages, rent, or otherwise) shall be payable to Tenant, subject to the applicable provisions of this Lease and of any Leasehold Mortgage.

14.4 Notice of Condemnation. In the event any action is filed to condemn the Premises or Tenant's leasehold estate or any part thereof by any public or quasi-public authority under the power of eminent domain or in the event that an action is filed to acquire the temporary use of the Premises or Tenant's leasehold estate or any part thereto, or in the event that action is threatened or any public or quasi-public authority communicates to Landlord or Tenant its desire to acquire the temporary use thereof, by a voluntary conveyance or transfer in lieu of condemnation, either Landlord or Tenant shall give prompt notice thereof to the other and to any Leasehold Mortgagee. Landlord, Tenant and each Leasehold Mortgagee shall each have the right, at its own cost and expense, to represent its respective interest in each proceeding, negotiation or settlement with respect to any taking or threatened taking. No agreement, settlement, conveyance or transfer to or with the condemning authority affecting Tenant's leasehold interest shall be made without the consent of Tenant and each Leasehold Mortgagee.

15. Termination Option.

15.1 Grant of Option. Tenant or its successor, including any successor to Tenant's interest hereunder by foreclosure sale, trustee sale, or deed in lieu of foreclosure, shall have the option, in its sole and absolute discretion, exercisable by written notice to Landlord for any reason or for no reason, to terminate this Lease effective thirty (30) days after the date of such notice ("**Option**").

15.2 Title Vesting in Tenant. Simultaneously therewith, and effective as of any termination of this Lease, title to the Premises (including all improvements constituting a part thereof) shall automatically vest in Tenant and Landlord shall comply with the obligations under Section 20.

15.3 Leasehold Mortgagees and Tenant. If there are any Leasehold Mortgagees, Tenant may not as of such time terminate, modify or waive its Option under this Section 15 without the written approval of the Leasehold Mortgagees, and Landlord will not recognize or consent thereto without such approval.

16. Assignment; Subletting.

16.1 Transfer by Tenant. At any time and from time to time Tenant shall have the right, in its sole discretion, to assign this Lease and Tenant's leasehold interest or to sublease all of or any part of the Premises to any person or entity for any use permitted under this Lease, without the consent of the Landlord.

16.2 Liability. Each assignee, other than any residential subtenant, shall assume all of the obligations of Tenant under this Lease (but not for liabilities or obligations arising prior to such assignment becoming effective). Each assignment shall automatically release the assignor from any personal liability in respect of any obligations or liabilities arising under this Lease from and after the date of assignment, and Landlord shall not seek recourse for any such liability against any assignor or its personal assets. Landlord agrees that performance by a subtenant or assignee of Tenant's obligations under this Lease shall satisfy Tenant's obligations hereunder and Landlord shall accept performance by any such subtenant.

17. Default Remedies; Protection of Leasehold Mortgagee and Subtenants.

17.1 Default. Each of the following is a "**Default**" under this Lease: (a) Tenant's failure to pay rent or other sums required to be paid by Tenant under this Lease within fifteen (15) days following Tenant's receipt of written notice from Landlord stating that such payment was not made prior to its due date; or (b) the Tenant shall not have performed any of the other covenants, terms, conditions or provisions of this Lease within ninety (90) days after Tenant's receipt of written notice from Landlord specifying such failure; provided, however, that with respect to those failures that cannot with due diligence be cured within such ninety (90) day period, Tenant shall not be deemed to be in default hereunder if Tenant commences to cure such default within such ninety (90) day period and thereafter continues the curing of such default in good-faith with all due diligence.

17.2 Remedies. Upon the occurrence of any Default by Tenant and its continuance beyond any applicable grace or cure period set forth in Section 17.1, subject to the rights, privileges and protections granted to Leasehold Mortgagee pursuant to this Section 17 and Section 18 hereof, Landlord shall have the right and option to pursue all remedies available to it at law or in equity, provided, however that Landlord shall have the right to terminate this Lease only with respect to a Default for a failure of Tenant to procure and maintain insurance as required under Section 11 of this Lease. Any such right to terminate shall be exercised by Landlord through the delivery of written notice to Tenant and all Leasehold Mortgagees, in which case the Premises shall be subject to the provisions of Section 20. Notwithstanding the foregoing or any provision of this Lease to the contrary, Landlord and Tenant each hereby waive any right to seek consequential, punitive, multiple, exemplary or any other damages other than actual damages for a breach of this Lease by either Party.

It is expressly understood (i) time shall be of the essence; (ii) the failure of Landlord to exercise any right hereunder shall not constitute a waiver of any other or further default of Tenant, including any other or further default in the payment of Rent when due; and (iii) except as provided in this Section 17.2, the enumeration herein of express rights, options and privileges shall not limit Landlord thereto nor deprive Landlord of any other remedy or action or cause of action by reason of any default of Tenant, notwithstanding termination of Tenant's right to possession.

Tenant shall pay Landlord for all costs and expenses, including reasonable attorneys' fees and interest on all sums due at the rate of 10% per annum, compounded monthly from each due date until paid in full, incurred by Landlord in connection with the recovery of any rent due and unpaid under the terms of this Lease.

17.3 Leasehold Mortgagee Default Protections. If any Leasehold Mortgagee notifies Landlord in writing of the existence of its Leasehold Mortgage, and the name and address of the Leasehold Mortgagee, then, notwithstanding anything to the contrary to this Lease, until the time, if any, that the Leasehold Mortgage held by such Leasehold Mortgagee shall be satisfied and released of record or the Leasehold Mortgagee notifies Landlord in writing that its Leasehold Mortgage has been satisfied:

(i) No act or agreement between or on the part of Landlord or Tenant to cancel, terminate, surrender, or modify this Lease or Tenant's right to possession shall be binding upon or effective as against the Leasehold Mortgagee without its prior written consent.

(ii) Concurrently with any notice, demand, election or other communication that Landlord gives to Tenant hereunder (hereafter collectively "**Notices**"), Landlord shall give a copy of each such Notice to the Leasehold Mortgagee at the address designated by it. No Notice given by Landlord to Tenant shall be binding upon or affect Tenant or the Leasehold Mortgagee unless a copy of the Notice shall be given to the Leasehold Mortgagee pursuant to this subsection.

(iii) The Leasehold Mortgagee shall have the right for a period of sixty (60) days after the expiration of any grace period afforded Tenant to perform any term, covenant, or condition and to remedy any default by Tenant hereunder or such longer period as the Leasehold Mortgagee may reasonably require to effect a cure, and Landlord shall accept such performance with the same force and effect as if furnished by Tenant, and the Leasehold Mortgagee shall thereby and hereby be subrogated to the rights of Landlord. The Leasehold Mortgagee shall have the right to enter upon the Premises to give such performance.

(iv) In case of a default by Tenant in the performance or observance of any nonmonetary term, covenant or condition to be performed by it hereunder, if the Leasehold Mortgagee reasonably determines that such default cannot be cured without taking possession of the Premises, in such Leasehold Mortgagee's reasonable opinion, or if the Leasehold Mortgagee cannot cure such default, then Landlord shall not serve a notice of lease termination pursuant to Section 17.2, if and so long as:

(A) the Leasehold Mortgagee shall proceed diligently to obtain

possession of the Premises as mortgagee (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Leasehold Mortgagee from obtaining such possession); or

(B) the Leasehold Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Tenant's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure and subject to any order by a court of competent jurisdiction staying or otherwise precluding such Leasehold Mortgagee from obtaining such possession).

The Leasehold Mortgagee shall not be required to obtain possession or to continue in possession as mortgagee of the Premises pursuant to clause (A) above, or to continue to prosecute foreclosure proceedings pursuant to clause (B) above, if and when the default has been cured.

(v) If any Leasehold Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant, the times specified in Subsections (iv)(A) and (B) above, for commencing or prosecuting foreclosure or other proceedings shall be extended for the period of the prohibition.

(vi) No option of Tenant hereunder may be exercised, and no consent of Tenant allowed or required hereunder shall be effective, without the prior written consent of any Leasehold Mortgagee.

17.4 Protection of Subtenant. Landlord covenants that, notwithstanding any default under or termination of this Lease or of Tenant's possessory rights, Landlord: (i) shall not disturb the peaceful possession of the subtenant under its sublease so long as the subtenant complies with the terms and conditions of its sublease, and in the event of a default by a subtenant, Landlord may only disturb the possession or other rights of the subtenant as provided in the tenant's sublease, (ii) shall recognize the continued existence of the sublease, (iii) shall accept the subtenant's attornment, as subtenant under the sublease, to Landlord, as landlord under the sublease, and (iv) shall be bound by the provisions of the sublease, including all options, to the extent such provisions can be performed by Landlord. Notwithstanding anything to the contrary in this Lease, no act or agreement between or on the part of Landlord or Tenant to cancel, terminate, surrender or modify this Lease or Tenant's right to possession shall be binding upon or effective as against any subtenant without its prior written consent.

17.5 Liability of Leasehold Mortgagee. If any Leasehold Mortgagee becomes the Tenant hereunder, by foreclosure of the Leasehold Mortgage, or under a new Lease pursuant to Section 18 below, the Parties agree and acknowledge that such Leasehold Mortgagee shall not be liable or responsible for and shall not be deemed to have assumed liability for any prior actions, omissions, defaults, breaches or other events caused by or relating to any prior Tenant and such Leasehold Mortgagee shall only be liable and responsible for acts, omissions, defaults,

breaches or events occurring while it is Tenant, but the prior Tenant(s) shall not be released from liability for prior occurrences.

18. New Lease.

18.1 Right to Lease. Landlord agrees that, in the event of termination of this Lease for any reason (including but not limited to any Default by Tenant), at the request of the then first priority Leasehold Mortgagee, Landlord will enter into a new lease of the Premises with the most senior Leasehold Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original Term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided:

(i) Such Leasehold Mortgagee shall make written request upon Landlord for the new lease within sixty (60) days after the date such Leasehold Mortgagee receives written notice from Landlord that the Lease has been terminated;

(ii) Subject to the terms of Section 17.5 above, upon execution and delivery of any such new lease the Leasehold Mortgagee shall pay to Landlord any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Landlord shall have incurred by reason of such termination;

(iii) Such Leasehold Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Tenant, and, subject to the terms of Section 17.3 above, shall further remedy any other conditions which Tenant under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Leasehold Mortgagee; and

(iv) The Tenant under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises as Tenant had under the Lease immediately prior to its termination. Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this Section 18 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by their termination of this Lease.

18.2 No Obligation. Nothing herein contained shall require any Leasehold Mortgagee to enter into a new lease pursuant to this Section 18 or to cure any default of Tenant referred to above.

18.3 Possession. If any Leasehold Mortgagee shall demand a new lease as provided in this Section 18, Landlord agrees, at the request of, on behalf of and at the expense of the Leasehold Mortgagee, upon a guaranty from it reasonably satisfactory to Landlord, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or

remove the original Tenant from the Premises, but not any subtenants actually occupying the Premises or any part thereof.

18.4 Grace Period. Unless and until Landlord has received notice from each Leasehold Mortgagee that the Leasehold Mortgagee elects not to demand a new lease as provided in this Section 18, or until the period therefore has expired, Landlord shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Leasehold Mortgagee.

18.5 Effect of Transfer. Neither the foreclosure of any Leasehold Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Leasehold Mortgage), nor any conveyance of the leasehold estate created by this Lease by Tenant to any Leasehold Mortgagee or its designee by an assignment or by a deed in lieu of foreclosure or other similar instrument shall require the consent of Landlord under, or constitute a default under, this Lease, and upon such foreclosure, sale or conveyance, Landlord shall recognize the purchaser or other transferee in connection therewith as the Tenant under this Lease.

19. No Merger. In no event shall the leasehold interest, estate or rights of Tenant hereunder, or of any Leasehold Mortgagee, merge with any interest, estate or rights of Landlord in or to the Premises. Such leasehold interest, estate and rights of Tenant hereunder, and of any Leasehold Mortgagee, shall be deemed to be separate and distinct from Landlord's interest, estate and rights in or to the Premises, notwithstanding that any such interests, estates or rights shall at any time be held by or vested in the same person, corporation or other entity.

20. Surrender, Reconveyance.

20.1 Reconveyance Upon Termination or Expiration. On the last day of the Term or upon any termination of this Lease, whether under Section 15, Section 17 or otherwise, title to the Premises (including all improvements constituting a part thereof) shall automatically vest in Tenant or its successor, or Tenant's successor by foreclosure, as the case may be, at no cost or expense to Tenant other than as set forth in Section 20.4 below. Notwithstanding the foregoing, such automatic vesting shall not occur for any termination of this Lease if a Leasehold Mortgagee exercises its rights pursuant to Section 17 and enters into a new lease as described therein, or until Landlord has received notice from each Leasehold Mortgagee that the Leasehold Mortgagee elects not to demand a new lease as provided in Section 17, or until the period therefor has expired. Without limiting the generality of Section 17, such new lease shall include this Section 20.1 which will allow title to the Premises to vest in Leasehold Mortgagee, as the new Tenant thereunder, or any successor in interest to such Leasehold Mortgagee, upon the expiration or other termination of such new lease.

20.2 Reconveyance Documents. Without limiting the foregoing, promptly upon Tenant's request therefor, Landlord shall execute and deliver to Tenant: (i) a special warranty deed and bill of sale reconveying all of Landlord's right title and interest in the Premises (including all improvements constituting a part thereof) to Tenant; (ii) a memorandum in recordable form reflecting the termination of this Lease; (iii) an assignment of Landlord's right, title and interest in and to all licenses, permits, guaranties and warranties relating to the

ownership or operation of the Premises to which Landlord is a party and which are assignable by Landlord; and (iv) such other reasonable and customary documents as may be required by Tenant or its title insurer including, without limitation, FIRPTA, owner's affidavits and mechanic's lien affidavits, to confirm the termination of this Lease and the reversion of title to the Premises (including all improvements constituting a part thereof) in all respects in Tenant or its successor, or Tenant's successor by foreclosure, as the case may be.

20.3 Title and Warranties. Notwithstanding anything to the contrary in this Section 20.3, Landlord shall convey the Premises to Tenant subject only to: (i) matters affecting title as of the Effective Date, and (ii) matters created by or with the written consent of Tenant. The Premises shall be conveyed "AS IS" without representation or warranty whatsoever. Notwithstanding the prohibition on the creation of any liens by or through Landlord set forth in Section 23.2, upon any reconveyance, Landlord shall satisfy and fully release all liens and monetary encumbrances on the Premises created by Landlord.

20.4 Expenses. All costs of title insurance, escrow fees, recording fees and other expenses of the reconveyance to Tenant, except Landlord's own attorneys' fees and any commissions payable to any broker retained by Landlord, shall be paid by Tenant.

The provisions of this Section 20 shall survive the expiration or other termination of this Lease.

21. Trade Fixtures, Machinery and Equipment. Landlord agrees that all trade fixtures, machinery, equipment, furniture or other personal property of whatever kind and nature kept or installed on the Premises by Tenant or Tenant's subtenants may be removed by Tenant or Tenant's subtenants, or their agents and employees, in their discretion, at any time and from time to time during the entire Term or upon the expiration of this Lease. Tenant agrees that in the event of damage to the Premises due to such removal it will reasonably repair or restore the same. Upon request of Tenant or Tenant's assignees or any subtenant, Landlord shall execute and deliver any consent or waiver forms submitted by any vendors, lessors, chattel mortgages or holders or owners of any trade fixtures, machinery, equipment, furniture or other personal property of any kind and description kept or installed on the Premises by any subtenant setting forth the fact that Landlord waives, in favor of such vendor, lessor, chattel mortgagee or any holder or owner, any lien, claim, interest or other right therein superior to that of such vendor, lessor, chattel mortgagee, owner or holder. Landlord shall further acknowledge that property covered by such consent or waiver forms is personal property and is not to become a part of the realty no matter how affixed thereto and that such property may be removed from the Premises by the vendor, lessor, chattel mortgagee, owner or holder at any time upon default by the Tenant or the subtenant in accordance with the terms of such chattel mortgage or other similar documents, free and clear of any claim or lien of Landlord.

22. Estoppel Certificate. Landlord shall at any time and from time to time upon not less than ten (10) days' prior written notice from Tenant or any Leasehold Mortgagee execute, acknowledge and deliver to Tenant or the Leasehold Mortgagee a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any; (ii) acknowledging that there are not, to Landlord's knowledge, any uncured defaults on the part of

Tenant hereunder, or specifying such defaults if they are claimed; and (iii) certifying such other matters relating to this Lease as Tenant or the Leasehold Mortgagee may reasonably request. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the leasehold estate and/or the improvements. Landlord's failure to deliver a statement within the time prescribed shall be conclusive upon Landlord (i) that this Lease is in full force and effect, without modification except as may be represented by Tenant; (ii) that there are no uncured defaults in Tenant's performance; and (iii) the accuracy of such other matters relating to this Lease as Tenant as may have been set forth in the request.

## 23. General Provisions.

23.1 Attorneys' Fees. In the event of any suit instituted by either Party against the other in any way connected with this Lease, including any action for declaratory or equitable relief, the Parties respectively agree that the successful Party to any such action shall recover from the other Party a reasonable sum for its attorneys' fees and court costs in connection with said suit, including, but not limited to, its costs of expert witnesses, transportation, lodging and meal costs of the Party and witnesses, costs of transcript preparation and other reasonable and necessary direct and incidental costs of such dispute, with such attorneys' fees and court costs to be fixed by the court.

23.2 Transfer or Encumbrance of Landlord's Interest. Landlord may not transfer or convey its interest in this Lease or in the Premises during the term of this Lease without the prior written consent of Tenant, which consent may be given or withheld in Tenant's sole and absolute discretion. Landlord shall not grant or create mortgages, deeds of trust or other encumbrances of any kind against the Premises or any rights of Landlord hereunder without the consent of Tenant in its sole and absolute discretion, and, without limiting the generality of the foregoing, Landlord shall not take any action that would cause the Premises (including without limitation, Landlord's fee simple interest in the Premises) to be encumbered in any manner whatsoever, nor take any action that would impair Landlord's fee simple title to the Premises without the prior written consent of Tenant, which consent may be given or withheld in Tenant's sole and absolute discretion. Any mortgage, deed of trust or other encumbrance created by Landlord and permitted by Tenant shall be subject to this Lease, all subleases and all their respective provisions including, without limitations, the Option under this Lease and any subleases with respect to the purchase of the Premises.

23.3 Captions; Attachments; Defined Terms. The captions of the sections of this Lease are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any section of this Lease. Exhibits attached hereto, and addendums and schedules initialed by the Parties, are deemed by attachment to constitute part of this Lease and are incorporated herein. The words "Landlord" and "Tenant", as used herein, shall include the plural as well as the singular. The obligations contained in this Lease to be performed by Tenant and Landlord shall be binding on Tenant's and Landlord's successors and assigns only during their respective periods of ownership.

23.4. Entire Agreement. This Lease and the Development Agreement between Landlord and Tenant, along with any addenda, exhibits and attachments hereto or thereto, constitutes the entire agreement between Landlord and Tenant relative to the Premises and this

Lease, the Development Agreement and the addenda, exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by the Party to be bound thereby. Landlord and Tenant agree hereby that all prior or contemporaneous oral agreements between and among themselves and their agents or representatives relative to the leasing of the Premises are merged in or revoked by this Lease and the Development Agreement, except as set forth in any addenda hereto or thereto.

23.5 Severability. If any term or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law, provided, however, that the overall intent and agreement of the Parties as set forth in this Lease is not materially vitiated by the invalidity or unenforceability of the term or provision in question.

23.6 Binding Effect; Choice of Law. The Parties hereto agree that all the provisions hereof are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate paragraph hereof. All of the provisions hereof shall bind and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors and assigns. This Lease shall be governed by the laws of the State of Arizona, and notice is hereby given of the applicability of A.R.S. § 38-511.

23.7 Memorandum of Land and Improvements Lease. The Parties shall, concurrently with the execution of this Lease, complete, execute, acknowledge and record (at Tenant's expense) a Memorandum of Land and Improvements Lease, a form of which is attached hereto as Exhibit B.

23.8 Notices. Except as otherwise required by law, any notice, demand or other communication given hereunder, shall be in writing and shall be given by personal delivery or be sent by certified or registered U.S. Mail, return receipt requested, addressed to the Parties at their respective addresses set forth below, or at such other address as a Party may designate in writing pursuant to the terms of this paragraph, or by facsimile machine or by any nationally recognized express or overnight delivery service (e.g., Federal Express or UPS), with all postage and other delivery charges prepaid:

If to Landlord:           City of Chandler  
                                  Economic Development Office (MS 416)  
                                  P. O. Box 4008  
                                  Chandler, AZ 85244-4008  
                                  Attention: Christine Mackay  
  Economic Development Director  
                                  Phone: 480-782-3035  
                                  Facsimile: 480-782-3040

With a copy to:           City of Chandler  
                                  City Attorney's Office  
                                  P. O. Box 4008  
                                  Chandler, AZ 84244-4008

Attention: Glenn A. Brockman  
Phone: 480-782-4643  
Facsimile: 480-782-4652

If to Tenant: PR III/Wood Chandler Apartments, LLC  
c/o Wood Partners  
7975 N. Hayden Road, Suite A-100  
Scottsdale, Arizona 85258  
Attention: Todd Taylor  
Phone: 480-607-0622  
E-mail: tht@woodpartners.com

PR III/Wood Chandler Apartments, LLC  
c/o Wood Partners  
8 Greenway Plaza, Suite 600  
Houston, Texas 77046  
Attention: Patrick Trask  
Phone: 713-439-7900  
E-mail: pgt@woodpartners.com

With a copies to: Prudential Real Estate Investors  
4 Embarcadero Center, 27th Floor  
San Francisco, CA 94111  
Attention: Chris Tourtellotte  
Phone: 415-291-5026

and

Prudential Real Estate Investors  
4 Embarcadero Center, 27th Floor  
San Francisco, CA 94111  
Attention: Robert Jeans  
Phone: 973-683-1735

and

Comerica Bank  
2900 N. Loop West, 7<sup>th</sup> Floor  
Houston, Texas 77092  
Attention: Geoffrey N. Payne  
Phone: 713-507-7408  
E-mail: GNPayne@comerica.com

and

Snell & Wilmer L.L.P.  
One Arizona Center

Phoenix, Arizona 85004-2202  
Attention: Nick Wood  
Phone: 602-382-6269  
Facsimile: 602-382-6070

All such notices, demands or other communications will (i) if delivered personally or delivered through a same day delivery/courier service be deemed effective upon delivery or refusal to accept delivery by the addressee, and (ii) if delivered by U.S. mail in the manner described above be deemed effective upon the earlier of receipt or three (3) business days after deposit in a post office operated by the United States or with a United States postal officer (in each case regardless of whether such notice, demand or other communication is received by any other person to whom a copy of such notice, demand or other communication is to be delivered pursuant to this paragraph). Any notice sent by a recognized national overnight delivery service shall be deemed effective one (1) business day after deposit with such service. Any notice sent by facsimile machine shall be deemed effective upon confirmation of the successful transmission by the sender's facsimile machine. Notwithstanding the foregoing, no payment shall be deemed to be made until actually received in good and available funds by the intended payee.

23.9 Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver or the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition.

23.10 Negation of Partnership. Landlord shall not become or be deemed a partner or a joint venturer with Tenant by reason of the provisions of this Lease.

23.11 Hold Over. If Tenant shall continue to occupy the Premises after the expiration of the Term hereof without the consent of Landlord, such tenancy shall be from month to month on the same terms and conditions as are set forth herein.

23.12 Leasehold Mortgagee Further Assurances. Landlord and Tenant shall cooperate in, including by suitable amendment from time to time of any provision of this Lease which may be reasonably requested by any proposed Leasehold Mortgagee for the purpose of implementing the mortgagee-protection provisions contained in this Lease, allowing that Leasehold Mortgagee reasonable means to protect or preserve the lien of its Leasehold Mortgage upon the occurrence of a default under the terms of this Lease and of confirming the elimination of the ability of Tenant to modify, terminate or waive this Lease or any of its provisions without the prior written approval of the Leasehold Mortgagee. Landlord and Tenant each agree to execute and deliver (and to acknowledge, if necessary, for recording purposes) any agreement necessary to effect any such amendment; provided, however, that any such amendment shall not in any way affect the Term or rent under this Lease nor otherwise in any material respect adversely affect any rights of Landlord under this Lease.

23.13 Interest on Amounts Due. Any amounts due a Party under this Lease, including, without limitation, Rent, shall accrue interest on the unpaid balance, from the date a court of competent jurisdiction enters a final judgment awarding such amount to the Party, at the

rate of 10% per annum or the maximum rate allowable under applicable law (whichever is less), compounded monthly, until paid in full.

24. Nonrecourse. No Chandler Council member, Chandler official, representative, agent, attorney or employee shall be personally liable to Tenant or to any successor in interest to Tenant, in the event of any default or breach by Tenant or for any amount which may become due to Landlord, or with respect to any obligation of Landlord under the terms of this Lease. Notwithstanding anything contained in this Lease to the contrary, the liability of Tenant under this Lease shall be limited solely to the leasehold interest under this Lease and the buildings and other improvements on the Premises and shall not extend to or be enforceable against: (i) any other assets of Tenant, (ii) the individual assets of any of the individuals or entities who are shareholders, members, managers, constituent partners, officers or directors of the general partners, managers or members of Tenant; or (iii) the officers, shareholders, members or managers or constituent partners of Tenant.

25. Counterparts. This Lease may be executed in multiple counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.



**EXHIBIT A**

**[TO GPLET LEASE]**

**PREMISES**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MARICOPA, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

Parcel 1:

That part of the Northwest quarter of the Southwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at a point 198.3 feet South of a point on the North line of the Northwest quarter of the Southwest quarter of said section 34, which is 450 feet East of the Northwest corner of the Northwest quarter of the Southwest quarter of said section;

THENCE South 215.77 feet parallel to the West line of the said Section;

THENCE East 772.6 feet (Previously erroneously described as 722.6 feet) on a line parallel to the North line of the Southwest quarter of said Section;

THENCE North 215.77 feet on a line parallel to the West line of said Section to the Southeast corner of the property formerly owned by the ARIZONA EDISON COMPANY;

THENCE West 227.8 feet to the Southwest corner of the property formerly owned by the ARIZONA EDISON COMPANY;

THENCE West 544.8 feet to the beginning;

EXCEPT the South 100 feet of the West 300 feet thereof; and

EXCEPT a strip of land 50 feet wide lying 25 feet on each side of the following described center line of DELAWARE STREET extended. Starting at the intersection of FRYE ROAD formerly DENVER STREET) with DELAWARE STREET as shown on the plat of the TOWNSITE OF CHANDLER as recorded in the Maricopa County Recorder's Office in Book 5 of Maps, page 34, said intersection being the POINT OF BEGINNING;

THENCE in a Southerly direction 414.09 feet more or less to the intersection of DELAWARE STREET and FOLLEY STREET (formerly shown as an easement) as shown on the plat of the DOBSON ADDITION as recorded in the Maricopa County Recorder's Office in Book 36 of Maps, page 18.

Parcel 2:

BEGINNING at the Northwest corner of the Northwest quarter of the Southwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian, running thence due South a distance of 198.3 feet;

THENCE due East a distance of 994.8 feet; THENCE due North a distance of 198.3 feet;

THENCE due WEST a distance of 994.8 feet to the POINT OF BEGINNING, said property lying within the corporate limits of the CITY OF CHANDLER.

EXCEPT the West 370 feet thereof.

Parcel 3:

That part of the Northwest quarter of the Southwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as

follows:

BEGINNING at a point on the North line of the Southwest quarter of Section 34, a distance of 450 feet East of the Northwest corner thereof;

THENCE Southerly parallel to the West boundary line of said Section 34, a distance of 414.07 feet to the POINT OF BEGINNING;

THENCE Easterly and parallel to the North boundary line of the Southwest quarter of said section 34, a distance of 300 feet;

THENCE Northerly and parallel to the East boundary line of the Southwest quarter of said Section 34, a distance of 100 feet;

THENCE Westerly and parallel to the North boundary line of the Southwest quarter of said Section 34, a distance of 300 feet;

THENCE Southerly a distance of 100 feet to the POINT OF BEGINNING.

Parcel 4:

BEGINNING 994.8 feet East of the Northwest corner of the Northwest quarter of the Southwest quarter of Section 34, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian;

THENCE due South 198.3 feet;

THENCE due East 200 feet, more or less, to a point which is 105 feet West of the East line of

the Northwest quarter of the Southwest quarter of said Section 34;

THENCE South parallel to the East line of said Northwest quarter of the Southwest quarter a distance of 189.7 feet;

THENCE East 105 feet to the East line of the Northwest quarter of the Southwest quarter of said Section 34; THENCE North along said East line a distance of 388 feet to the Northeast corner thereof;

THENCE West 325 feet, more or less, to the PLACE OF BEGINNING;

EXCEPT that part lying East of the West line of a strip of land 50 feet wide lying 25 feet on each side of the following described centerline of DELAWARE STREET extended. Starting at the intersection of FRYE ROAD (formerly DENVER STREET) with DELAWARE STREET as shown on the plat of the TOWNSITE OF CHANDLER as recorded in the Maricopa County Recorder's Office in Book 5 of Maps, page 34, said intersection being the POINT OF BEGINNING;

THENCE in a Southerly direction 414.09 feet more or less to the intersection of DELAWARE STREET and FOLLEY STREET (formerly shown as an easement) as shown on the plat of the DOBSON ADDITION as recorded in the Maricopa County Recorder's Office in Book 36 of Maps, page 18;

AND EXCEPT the approximately 50 square feet as more particularly described in that certain quit claim deed in favor of the CITY OF CHANDLER, dated June 17, 1982, recorded July 1, 1982, in Docket 16126, page 760;

BEGINNING at the intersection of a line 33.00 feet South of the center of FRYE ROAD (formerly DENVER STREET) and a line 25.00 feet West of the center of DELAWARE STREET, as recorded in Book 5 of Maps, page 34, of Maricopa County records, said intersection being the TRUE POINT OF BEGINNING;

THENCE West along a line 33.00 feet South of and parallel with the center of said FRYE ROAD, 10.00 feet;

THENCE Southeast, to a point 25.00 feet West of the center of DELAWARE STREET and 10.00 feet South of the TRUE POINT OF BEGINNING;

THENCE North along a line 25.00 feet West of and parallel with the center of DELAWARE STREET, 10.00 feet, to the TRUE POINT OF BEGINNING.

PARCELS 1, 2, 3 AND 4 ABOVE ARE ALSO DESCRIBED AS FOLLOWS:

A PORTION OF LAND LOCATED IN THE SOUTHWEST QUARTER OF SECTION 34, TOWNSHIP 1 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT A BRASS CAP IN HANDHOLE MARKING THE WEST QUARTER CORNER OF SAID SECTION 34, FROM WHICH A BRASS CAP IN HANDHOLE MARKING THE SOUTHWEST CORNER OF SAID SECTION 34 BEARS SOUTH 00 DEGREES 38 MINUTES 02 SECONDS EAST, 2645.52 FEET;

THENCE NORTH 89 DEGREES 44 MINUTES 47 SECONDS EAST, ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 34, 448.61 FEET;

THENCE DEPARTING SAID EAST-WEST MID-SECTION LINE SOUTH 00 DEGREES 15 MINUTES 13 SECONDS EAST, 32.98 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF FRYE ROAD, SAID POINT ALSO BEING THE POINT OF BEGINNING;

THENCE ALONG SAID SOUTH RIGHT-OF-WAY LINE NORTH 89 DEGREES 44 MINUTES 39 SECONDS EAST, 544.92 FEET;

THENCE CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY LINE SOUTH 00 DEGREES 44 MINUTES 01 SECONDS WEST, 7.00 FEET;

THENCE CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY LINE NORTH 89 DEGREES 44 MINUTES 39 SECONDS EAST, 186.74 FEET;

THENCE CONTINUING ALONG SAID SOUTH RIGHT-OF-WAY LINE SOUTH 44 DEGREES 48 MINUTES 10 SECONDS EAST, 4.21 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF DELAWARE STREET;

THENCE ALONG SAID WEST RIGHT-OF-WAY LINE SOUTH 00 DEGREES 39 MINUTES 00 SECONDS WEST, 370.52 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF FOLLEY STREET;

THENCE ALONG SAID NORTH RIGHT-OF-WAY LINE SOUTH 89 DEGREES 42 MINUTES 40 SECONDS WEST, 734.58 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF WASHINGTON STREET;

THENCE ALONG SAID EAST RIGHT-OF-WAY LINE NORTH 00 DEGREES 38 MINUTES 16 SECONDS EAST, 115.75 FEET TO THE NORTHWEST CORNER OF PARCEL 1 RECORDED IN BOOK 667, PAGE 46, MARICOPA COUNTY RECORDER;

THENCE DEPARTING SAID EAST RIGHT-OF-WAY LINE SOUTH 89 DEGREES 44 MINUTES 39 SECONDS WEST, 80.01 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF WASHINGTON STREET;

THENCE ALONG SAID WEST RIGHT-OF-WAY LINE NORTH 00 DEGREES 38 MINUTES 16 SECONDS EAST, 165.30 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF FRYE ROAD;

THENCE DEPARTING SAID WEST RIGHT-OF-WAY LINE OF NORTH 89 DEGREES 44

MINUTES 39 SECONDS EAST ALONG SAID SOUTH RIGHT-OF-WAY LINE, 80.01 FEET  
POINT OF BEGINNING.

APN: 303-18-120C, 303-18-115A, 303-18-120B, 303-18-119

**EXHIBIT B**

**[TO GPLET LEASE]**

**WHEN RECORDED, RETURN TO:**

When recorded, return to:

City of Chandler

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**MEMORANDUM OF LAND AND IMPROVEMENTS LEASE**

THIS MEMORANDUM OF LAND AND IMPROVEMENTS LEASE (“Memorandum”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2014 (the “Effective Date”), by and between the CITY OF CHANDLER, an Arizona municipal corporation, (“City”) whose address is P. O. Box 4008, Chandler, AZ 84244-4008, and PR III/WOOD CHANDLER APARTMENTS, LLC, a Delaware limited liability company (“Tenant”) whose address is 7975 N. Hayden Road, Suite A-100 Scottsdale, AZ 85258, Attention: Todd Taylor.

1. The City and Tenant have entered into that certain Land and Improvements Lease, dated \_\_\_\_\_, 2014 (“Lease”), whereby the City leases to Tenant that real property described in Exhibit “A” attached hereto and by this reference incorporated herein, together with all rights and privileges appurtenant thereto, and all present and future improvements thereon (collectively the “Premises”) for a term commencing on the Effective Date and ending on the 25<sup>th</sup> anniversary of the Effective Date. The Lease sets forth all terms and provisions relative to the lease of the Premises by City to Tenant. Without limiting the generality of the foregoing, Tenant has the right to mortgage its leasehold interest and there are restrictions on the right of Landlord to transfer or encumber its interest in the Premises or the Lease.

2. This Memorandum is being recorded to give constructive notice to all persons dealing with the Premises that the City leases to Tenant the Premises, and that the City and Tenant consider the Lease to be a binding agreement between the City and Tenant regarding the Premises.

3. This Memorandum is not a complete summary of the Lease. The provisions of this Memorandum shall not be used in interpreting the Lease. In the event of any conflict between the terms and provisions of this Memorandum and the Lease, the terms and provisions of the Lease shall govern and control. A complete copy of the Lease is available for inspection at the office of the City Clerk, City of Chandler,

\_\_\_\_\_.

4. This Memorandum may be executed in multiple counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

## EXHIBIT G

### Washington Street Improvements

City of Chandler, Chandler, AZ  
Capital Improvement Program

101.3060-General Fund-Engineering Cap

PROJECT NAME  
South Arizona Ave Corridor

PROJECT PRIORITY #  
24

PROJECT #  
6GG613

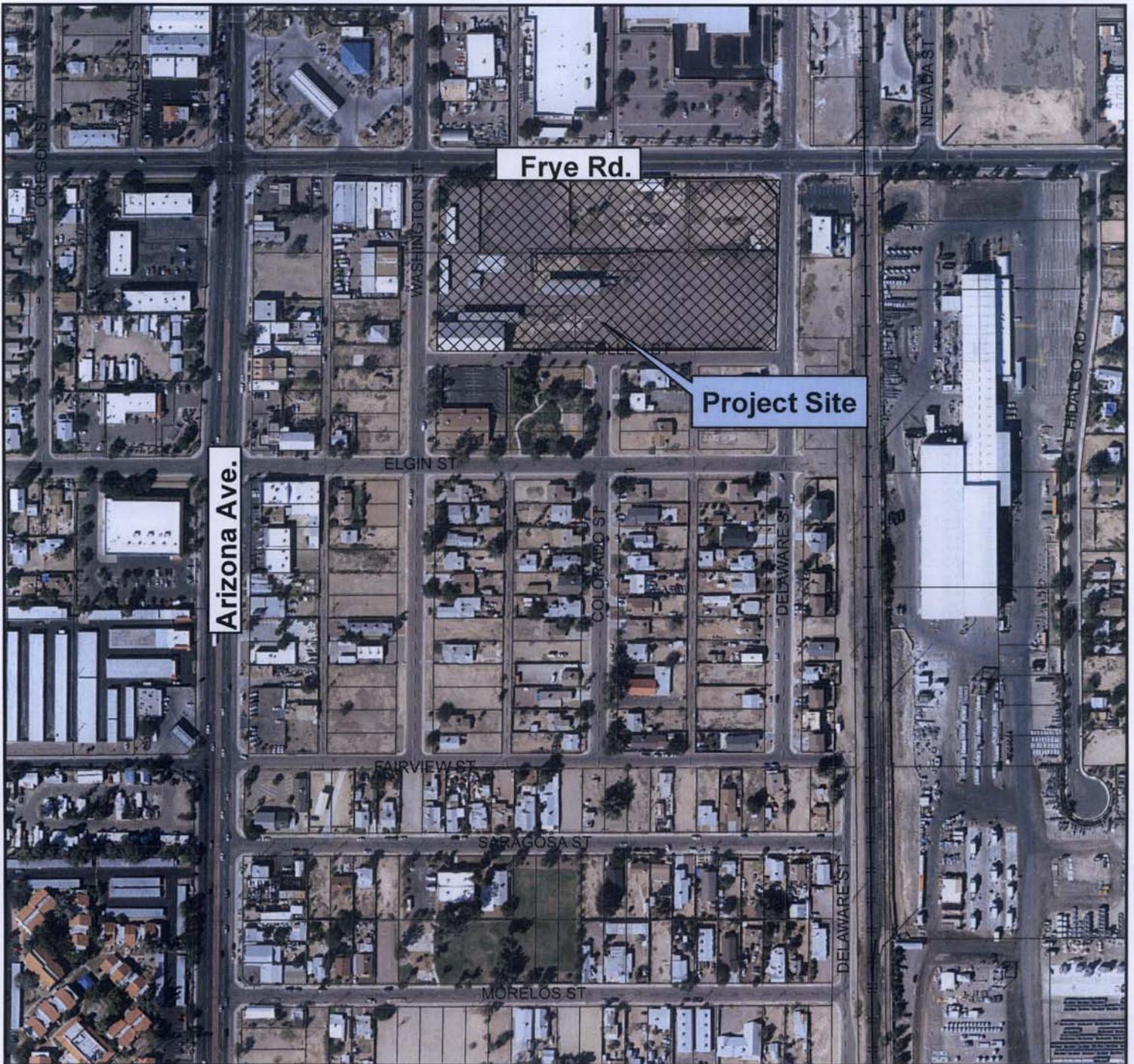
PROJECT AREA  
General Government

PROJECT DESCRIPTION / NECESSITY

Provide Washington Street Improvements to provide water and sewer for a development project.

PROJECT PLAN

Category	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	TOTAL
Design	32,000	0	0	0	0	0	0	0	0	0	32,000
Study	16,000	0	0	0	0	0	0	0	0	0	16,000
Staff Charges	10,000	0	0	0	0	0	0	0	0	0	10,000
Construction	320,000	0	0	0	0	0	0	0	0	0	320,000
Construction Mgmt	32,000	0	0	0	0	0	0	0	0	0	32,000
Contingency	32,000	0	0	0	0	0	0	0	0	0	32,000
Staff Charges	8,000	0	0	0	0	0	0	0	0	0	8,000
Land Acquisition	425,000	0	0	0	0	0	0	0	0	0	425,000
<b>Total</b>	<b>875,000</b>	<b>0</b>	<b>875,000</b>								
<b>Funding Sources</b>											
Entity #	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	TOTAL
411.3310	875,000	0	0	0	0	0	0	0	0	0	875,000
<b>Total</b>	<b>875,000</b>	<b>0</b>	<b>875,000</b>								



Arizona Ave.

Frye Rd.

Project Site

ELGIN ST

FAIRVIEW ST

SARAGOSA ST

MORELOS ST

## Vicinity Map



**Alta Steelyard**