

BOARD OF SUPERVISORS AGENDA ITEM REPORT AWARDS / CONTRACTS / GRANTS

C Award C Contract C Grant

Requested Board Meeting Date: 04/15/25

* = Mandatory, information must be provided

or Procurement Director Award:

*Contractor/Vendor Name/Grantor (DBA):

SBH Verano LP

*Project Title/Description:

Verano Section 10 Development Agreement (A Portion of Swan SouthlandsAmended Specific Plan)

*Purpose:

This is Item #2 of 4 for Verano Section 10 for this board meeting.

This Development Agreement is between SBH Verano LP and Pima County for Verano Section 10 a Portion of Swan Southlands Specific Plan. This agreement spells out the responsibilities for public infrastructure improvements such as roadways between the developer and the County in development of Verano, an approximately 700-acre residential and mixed-use development.

The Development Agreement will guide the orderly phasing and construction of both on-site and off-site infrastructure development. This agreement also references studies completed as part of the development review and the recommended improvements, including for Traffic, Drainage, and Wastewater. The Recreational Improvements Plan and Riparian Plan are also outlined in the agreement.

*Procurement Method:

This contract is a non-procurement contract and not subject to procurement rules.

*Program Goals/Predicted Outcomes:

Increase Housing Mobility and Opportunity

*Public Benefit:

The Development Agreement is necessary to guide the future subdivision and site construction of the master plan community. The project increases the supply of available housing in an area that lacks housing choices.

*Metrics Available to Measure Performance:

Increase Housing Mobility and Opportunity

*Retroactive:

No

TO: COB, 4-8-2025 () Vers.: D Pg5.: 25 ADPENDUM

THE APPLICABLE SECTION(S) BELOW MUST BE COMPLETED Click or tap the boxes to enter text. If not applicable, indicate "N/A". Make sure to complete mandatory (*) fields		
Contract / Award Information		
Document Type: <u>SC</u> Department Code: <u>DSD</u>	Contract Number (i.e., 15-123): <u>SC2500000134</u>	
Commencement Date: 04/15/2025 Termination Date: 04/14/205	O Prior Contract Number (Synergen/CMS):	
\boxtimes Expense Amount \$ <u>0</u> * \boxtimes Rev	enue Amount: \$ <u>0</u>	
*Funding Source(s) required: <u>No Cost</u>		
Funding from General Fund? 🦳 Yes 🔅 No 👘 If Yes \$	%	
Contract is fully or partially funded with Federal Funds? (C Yes (N	lo	
If Yes, is the Contract to a vendor or subrecipient?		
Were insurance or indemnity clauses modified? C Yes F N If Yes, attach Risk's approval.	lo	
Vendor is using a Social Security Number? C Yes F If Yes, attach the required form per Administrative Procedure 22-10.	No	
Amendment / Revised Award Information		
Document Type: Department Code:	Contract Number (i.e., 15-123):	
Amendment No.:	AMS Version No.:	
Commencement Date:	New Termination Date:	
	Prior Contract No. (Synergen/CMS):	
C Expense C Revenue C Increase C Decrease	Amount This Amendment: \$	
Is there revenue included? C Yes C No If Yes \$		
*Funding Source(s) required:		
Funding from General Fund? ^C Yes CNo If Yes \$	%	
Grant/Amendment Information (for grants acceptance and awards)	C Award C Amendment	
Document Type: Department Code:	Grant Number (i.e., 15-123):	
Commencement Date: Termination Date:	Amendment Number:	
Match Amount: \$ Rev	venue Amount: \$	
*All Funding Source(s) required:		
*Match funding from General Fund? ^{CYes} CNo If Yes \$		
*Match funding from other sources? ^{(Yes} No If Yes \$ *Funding Source:	%	
*If Federal funds are received, is funding coming directly from the Fe	deral government or passed through other organization(s)?	
Contact: Tom Drzazdowski		
Contact: <u>Tom Drzazgowski</u> Department: <u>Development Services</u>	Telephone: 520-724-9522	
	11 0 0 0	
Department Director Signature:	Date: 4-1-25 Date: 417/2025	
Deputy County Administrator Signature:	Date: 48/1025	

WHEN RECORDED MAIL TO:

VERANO SECTION 10 DEVELOPMENT AGREEMENT

(A PORTION OF SWAN SOUTHLANDS MODIFIED SPECIFIC PLAN)

This Agreement, known as the VERANO SECTION 10 DEVELOPMENT AGREEMENT (this "Agreement"), is entered into by and between SBH Verano LP, an Arizona limited partnership (the "Developer"), and Pima County, a body politic and political subdivision of the State of Arizona (the "County"). The Developer and the County are sometimes collectively referred to as the "Parties," either of which is sometimes individually referred to as a "Party."

RECITALS

A. Developer is the owner of that real property located in Pima County, Arizona consisting of approximately 700 acres, legally described on <u>Exhibit A</u> (the "Property").

B. On December 7, 2004, the Pima County Board of Supervisors (the "Board") approved a rezoning (Co23-04-01) of approximately 3,200 acres of land, including the Property, from RH to SP (Swan Southlands Specific Plan), subject to standard and special conditions.

C. The Swan Southlands Specific Plan was formally adopted on January 4, 2005, by the Board's adoption of Ordinance 2005-2, recorded in Docket 12469 at Page 2439 (Sequence 20050100768), in the Office of the Pima County Recorder.

D. The Swan Southlands Specific Plan was modified on June 15, 2010 and December 13, 2016, incorporating the specific plan and the standard and special conditions (the "Modified Specific Plan"), as formally approved by the Board by Resolution 2017-18 on March 21, 2017.

E. The Modified Specific Plan governs development of the Property and additional land not covered by this Agreement.

F. The Modified Specific Plan requires, among other things, that the Developer provide on-site and off-site infrastructure necessary to support the phased development of the Property as a residential and mixed-use development, and that the Developer and County enter into a development agreement to provide for the phasing of that development and construction of the associated infrastructure.

G. Prior to or concurrently with the execution of this Agreement, the County has or will approve Developer's final block plat, which consists of a planned development of +/-2178 single family residential units.

H. Developer and the County acknowledge that the ultimate development of the Property within the County is a project of such magnitude that Developer requires assurances from the County that Developer has the ability to complete the development of the Property pursuant to applicable law, the Modified Specific Plan and this Agreement, before Developer will expend substantial efforts and costs in the development of the Property, and the County requires assurances from Developer that development of the Property will be in accordance with the Modified Specific Plan and the terms and conditions of this Agreement.

I. The County and Developer understand and acknowledge that this Agreement is a "Development Agreement" and that the terms of this Agreement are binding upon the County and Developer and their successors and assigns and that such terms run with the land. The County and Developer acknowledge that the development of the Property pursuant to this Agreement will result in significant planning and economic benefits to the County and its residents by (1) requiring the development of the Property to be consistent with the County's approved Modified Specific Plan, (2) providing for the acquisition, design, construction and installation of infrastructure as more particularly described below, (3) and creating employment through the development of the Property.

J. Developer has submitted and County has conditionally approved the following plans related to development of the Property (as each may be amended, modified, supplemented, restated, or replaced from time to time in accordance with paragraph 9.3):

a. Revised Traffic Impact Analysis Verano Singing Cactus Lane/Swan Road, prepared by Southwest Traffic Engineering, LLC, for Verano, revised March 27, 2025 (the "Traffic Impact Analysis");

b. Master Drainage Report prepared by J.E. Fuller (Development Plan No. P22TP00006) prepared June 2024 (the "Master Drainage Plan");

c. Verano Off-Site Sewer Final Design Report Revision 3 prepared by Westland Resources, Job No. 10567 dated April 1, 2024 (the "Verano Offsite Sewer");

d. Preliminary Sewer Report for Verano Section 10 Tentative Block Plat prepared by GM Civil dated September 2024 (the "Verano Block 10 Sewer Report");

e. Verano Offsite Sewer Construction Plans prepared by Westland Resources approved April 29, 2024, G-2023-023 (the "Sewer Plans");

f. Recreation Area Plan Version 2 prepared by CollectiV dated March 2024 (the "RAP");

g. Verano Habitat Conservation Plan prepared by Novak Environmental dated February 27, 2024 (the "Habitat Conservation Plan");

h. Verano Riparian In-Lieu Fee Plan dated February 27, 2024 (the "Riparian In-Lieu Fee Plan");

i. Tentative Block Plat for Verano Section 10 prepared by GMcivil dated March 26, 2025 (the "Tentative Block Plat"); and

j. Cultural Resources Site Relocation and Re-evaluation prepared by MCA Consulting dated October 8, 2024 (the "Cultural Resources Report").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and agreements acknowledged and incorporated herein, the Parties state, confirm and agree as follows:

1. <u>Authority/Recitals</u>. Developer and County are entering into this agreement pursuant to Pima County Ordinance 2005-2 and A.R.S. §11-1101 et seq. The Recitals set forth above are hereby incorporated into this Agreement as though fully set forth herein.

2. <u>Property</u>. The "Property" as used in this Agreement means the land legally described and depicted on <u>Exhibit A</u>. It is the intent of the Parties to permit Developer flexibility with respect to the timing and phasing of the Property's development, but still to provide for the orderly development of the Property and the concurrent development of on-site and off-site infrastructure needed for the area.

3. Order of Precedence. In the event of any inconsistency between this Agreement and Ordinance 2005-2, the Modified Specific Plan, or Resolution 2017-18, the conflict will be resolved according to the following order of precedence: (1) this Agreement; (2) the Modified Specific Plan; (3) the ordinance, and (4) the resolution. Notwithstanding such hierarchy, the parties shall make reasonable efforts to interpret all of such documents in a consistent manner, ensuring that the terms and provisions of each document are harmonized to the greatest extent possible.

4. <u>Design and Construction of Transportation Improvements</u>. The Traffic Impact Analysis dated March 27, 2025, has been reviewed and approved by the County and identifies the transportation improvements, including off-site transportation infrastructure, inclusive of paved pedestrian paths integral to the transportation corridors, reasonably required to address the development impacts of the Property as set forth in <u>Exhibit B</u>, and includes an infrastructure phasing schedule set forth in <u>Exhibit C</u>. Nothing in this Agreement shall require the Developer to address increased traffic impacts caused by development of land other than the Property.

4.1. Design, Construction, and Sequencing of Transportation Improvements. At its sole cost and expense, Developer shall design, construct and sequence, or shall arrange for the design, construction and sequencing of the transportation improvements, and limited only to those specific improvements, required by the approved Traffic Impact Analysis (the "Transportation Improvements"). Unless otherwise agreed to by the Parties in writing, the phasing and the required construction of the Transportation Improvements shall be as set forth in the Traffic Impact Analysis dated March 27, 2025 and outlined on **Exhibit B**.

4.2. <u>As-Built Drawings</u>. After completion of the Transportation Improvements, or separate and identifiable portions of the minimum necessary Transportation Improvement described above, and County's inspection thereof, Developer shall provide to the County as-built drawings certified by a registered civil engineer that the Transportation Improvements or such portion, thereof, were constructed in substantial accordance with approved plans.

4.3. <u>Inspection and Approval</u>. The Transportation Department shall promptly inspect the Transportation Improvements, or portion thereof as described in <u>subparagraph 4.1</u> <u>above</u>, after receipt of written confirmation of completion of the Transportation Improvements or identifiable portions thereof, and if it determines in its reasonable discretion that the Transportation Improvements were completed in substantial accordance with the approved plans and in compliance with all applicable standards, the Transportation Department shall approve and the County shall accept the same.

4.4. <u>Developer's Warranty.</u> Developer shall, at the time of completion of the Transportation Improvements, or such identifiable portions thereof, and acceptance thereof by the jurisdiction in which the Transportation Improvements are located, warrant to such jurisdiction that such Transportation Improvements and related drainage improvements will be free from any material defects for a period of two (2) years from the date the jurisdiction accepts the Transportation Improvements, or such identifiable portions thereof.

4.5. Developer Funding of Needed Right-of-Way Acquisitions. The Parties acknowledge that the County shall be the applicant to acquire necessary rights-of-way from the State of Arizona and any municipality. County shall also be responsible for the acquisition of private holdings within the boundaries of an incorporated city or town. If Developer is unsuccessful in acquiring necessary rights-of-way from third-party landowners, then the County shall, by negotiated acquisition or through its exercise of its powers of eminent domain, acquire all land required for the off-site Transportation Improvements as well as the off-site Wastewater Improvements and Drainage Improvements described below. Developer shall be responsible for all actual out-of-pocket costs of acquisition incurred by County. If such costs, inclusive of the payment for the land, exceed 120% of the appraised value for such property, County and Developer shall determine the best method of proceeding with the acquisition. In this regard, Developer shall enter into an agreement with the County to provide funding for the required acquisitions in a timely manner. To the extent permitted by law, Developer shall be entitled to a credit against the transportation related development impact fees levied pursuant to Chapter 19 of the Pima County Code for such acquisition expenses that it has paid to the County. Developer shall not be required to obtain any rights-of-way along the north boundary of the Property (along Singing Cactus Road).

4.6. <u>Dancing Cactus Lane Intersection</u>. Dancing Cactus Lane does not currently meet street intersection spacing in accordance with the Pima County Subdivision and Development Street Standards, Section 4.16. The Dancing Cactus Lane intersection is shown too close to the existing Singing Cactus Lane intersection. On or before the County issues the one thousand five hundredth (1,500th) building permit within the Development (the "Connectivity Solution Deadline"), Developer is responsible to propose and Establish a connectivity solution as required in the approved Traffic Impact Analysis. "Establish" is defined as the determination of a permanent connection point from Singing Cactus Lane to Dancing Cactus Lane approved by Pima County Department of Transportation ("PCDOT"), but not the construction or installation of the

connection improvements. The connection improvements will be constructed at the same time Dancing Cactus Lane is constructed. PCDOT will work together with Developer to find a mutually agreeable solution to these issues to connect Dancing Cactus Lane and Singing Cactus Lane in a location that is approved by PCDOT. The County will assist the Developer with property outreach to the Singing Cactus neighbors to the extent allowable and authorized, once a connection plan has been proposed by the Developer and approved by PCDOT, with the understanding that it is Developer's responsibility to propose and Establish a connectivity solution. If Developer has not Established a connectivity solution as required in the approved Traffic Impact Analysis (or the matter is not otherwise resolved to the satisfaction of the County) on or before the Connectivity Solution Deadline, County may withhold further building permits within the Development until a connectivity solution is Established as required in the approved Traffic Impact Analysis (or the matter is otherwise resolved to the satisfaction of the County).

5. **Drainage and Flood Control.** The Master Drainage Plan contains a written evaluation of upstream watershed conditions and a determination of the necessary off-site and onsite upstream flood control improvements that are required for development of the Property (the "Drainage Improvements"). Developer shall design and construct drainage improvements in accordance with Pima County Flood Control District Standards as of the date of this Agreement and pursuant to plans approved by the Flood Control District, and any approved development plans. Flood Control District personnel shall have the right to inspect the completed Drainage Improvements prior to acceptance, consistent with the procedure utilized for the Transportation Improvements as described in <u>subparagraph 4.3 above</u>. After such inspection, Developer shall submit as-built drawings and shall have its engineer certify that Drainage Improvements were constructed in accordance with the approved plans.

6. **Design and Construction of Wastewater Improvements**. Developer has negotiated a separate Master Wastewater Service Agreement ("MWSA") with the County that will be recorded contemporaneously with, or prior to, this Agreement, which identifies the design, construction, acceptance, administration, operation, and maintenance requirements for the wastewater improvements described therein (the "Wastewater Improvements"). The precise phasing of the construction of the Wastewater Improvements will be governed by the MWSA. Nothing in this Agreement shall require the Developer to address increased wastewater collection needs caused by development of land other than the Property, except as otherwise provided in the MWSA.

7. <u>Recreation Improvements</u>. Unless otherwise agreed to by the Parties, Developer shall design and construct the following on-site recreation improvements reasonably required to serve the development of the Property.

7.1. <u>Recreation Plan</u>. Developer has submitted and the County has approved a detailed Verano Recreation Area Plan (as it may be amended, modified, supplemented, restated, or replaced from time to time in accordance with <u>paragraph 9.3</u>, the "RAP"), which is based upon and consistent with the Modified Specific Plan. The RAP satisfies all County zoning requirements and no in-lieu fees will be required. Generally, the Recreation Improvements include on-site public and private trails, on-site private neighborhood parks and recreational amenities, and on-site public community parks and recreational amenities. Unless otherwise agreed to by the Parties in writing,

the phasing and the required construction of the Recreation Improvements shall be as set forth in the Recreation Plan, as may be updated from time to time.

7.2. <u>Riparian Plan</u>. Developer has prepared and submitted to the Pima County Development Services Department ("Development Services") a detailed Habitat Conservation Plan dated February 27, 2024 (as it may be amended, modified, supplemented, restated, or replaced from time to time in accordance with <u>paragraph 9.3</u>, "Conservation Plan"), which is based upon and consistent with the Verano Riparian Mitigation Plan, dated March, 2024, attached as <u>Exhibit</u> <u>D</u>. As of the date of this Agreement, the County has approved the Conservation Plan as consistent with the Modified Specific Plan. In addition, the Conservation Plan has been reviewed and approved by Development Services for compliance with Title 16 requirements, and approved by the Director of the Pima County Flood Control District. The riparian mitigation in-lieu fees for the Property will be approximately \$592,668, consisting of 41.84 acres, calculated as follows:

IN LIEU FEE SUMMARY				
Class	Acres	\$ per Acre	Total Fee by Class	
Xeroriparian IRA-C	4.49	\$25,000	\$112,200	
Xeroriparian B	1.56	\$16,000	\$24,943	
Xeroriparian C	13.00	\$14,000	\$182,062	
Xeroriparian D	22.79	\$12,000	\$273,463	
TOTAL ACRES	41.84	TOTAL FEE	\$592,668	

Riparian mitigation in-lieu fees may be phased and are due upon issuance of the applicable grading permit for the specific area of disturbance.

7.3. <u>Riparian Mitigation</u>. Developer, at its own cost and expense, shall design, construct or otherwise implement, on a phased basis, the Riparian Mitigation Plan also set forth in <u>Exhibit D</u>.

8. **Development Assurances.** Prior to, and as a prerequisite to the issuance of final block plat approval, Developer shall provide financial assurances which are appropriate and necessary to ensure that installation of both on-site and off-site infrastructure improvements required by this Agreement and the Modified Specific Plan, and which are related to such plats, will be completed ("Infrastructure Assurance"). Developer may elect any one or any combination of the methods for Infrastructure Assurance allowed by Chapter 18.69 of the Pima County Code and will comply with the assurance agreements for each subdivision plan. Upon the written request of Developer and upon the conveyance of all or a portion of the Property to a third party homebuilder or other developer ("Grantee"), County will enter into a substitute assurance agreement with, and accept substitute Infrastructure Assurance from, the Grantee for the on-site infrastructure improvements required for such portion of the Property and will release Developer and its Infrastructure Assurance from any of the on-site infrastructure obligations assumed by the Grantee.

9. <u>Phasing of Development.</u>

9.1. <u>Phasing to Correspond with the Modified Specific Plan</u>. The Developer shall develop the Property in a series of phases which shall correspond to the Tentative Block Plat as depicted on <u>Exhibit E</u>.

9.2. <u>Changes to Phasing of Development</u>. Subject to prior written notice to the County Administrator or his/her designee, and notwithstanding the phasing of development and construction of improvements outlined in this Agreement, Developer may modify the timing or sequencing of the development and may develop one or more phases concurrently based on real estate market conditions, industry factors, and business considerations.

9.3. <u>Updates to Required Plans</u>. All plans set forth in Recital J above, and any other studies required by the Modified Specific Plan and this Agreement may be updated upon approval of the County and as described in this Agreement, which approval will not be unreasonably withheld, delayed, or conditioned, but such updates shall not require a concurrent amendment to this Agreement unless such updates are inconsistent with the text of this Agreement, in which case the Parties shall effectuate only those changes as necessary to make the text of this Agreement consistent with such updates.

9.4. <u>Permits for Construction on County Property</u>. Prior to entering onto County Property to construct the improvements required by this Agreement, Developer shall, at its own cost and expense, obtain right-of-way use permits or other access permits which may be conditioned upon Developer's agreement to indemnify, defend and hold the County, its officers, agents and employees harmless from claims arising from Developer's activities on County property or right-of-way, and Developer shall comply with the insurance requirements of said permits.

10. **Obligations of the County**. The County shall be subject to the following duties, responsibilities and obligations.

10.1. <u>Development Review</u>. The County agrees that Developer may begin the infrastructure improvements called for in this Agreement (the "Infrastructure Improvements") at any time after this Agreement is executed by the Parties and recorded in the Office of the Pima County Recorder; provided that Developer has obtained the necessary approvals called for in this Agreement. In order to facilitate Developer's construction of the Infrastructure Improvements, the appropriate department within Pima County shall make all reasonable efforts to review and process the plans for the Infrastructure Improvements and all applications for permits related to the Infrastructure Improvements in an expeditious manner consistent with standard Pima County Plan review procedures. To further expedite County processes, at Developer's request and Developer's cost, the County will retain private, independent consultants to assist Pima County in the review and/or inspection processes; provided, however, that such consultants shall take instructions from, be controlled by, and be responsible to, the County and not Developer. Developer shall pay all costs associated with retaining such consultants, and such costs are not eligible for credits or reimbursements of Development Fees.

10.2. License Agreement. Prior to recordation of the final block plat, Pima County shall grant to Developer or the homeowners association a written license agreement to allow Developer to design and construct improvements on public rights-of-way within the Property, including but not limited to landscaping and irrigation, monument signs and other signs, and other related improvements, which improvements shall be subject to review and approval of the Transportation Department, which approval will not be unreasonably withheld, delayed, or conditioned. This Agreement does not extend a right to place any amount of a required buffer yard in public road right-of-way. Prior to the first residential home closing, a homeowners association shall be organized with jurisdiction over the Property to maintain such improvements. All monument signs and other signs shall comply with Pima County ordinances. Developer or the homeowners association(s) shall agree to indemnify, defend and hold harmless Pima County from all claims of damages or injury arising from such improvements and shall obtain liability insurance, and make the County an additional insured on such insurance policies, in amounts to be approved by the Pima County Risk Manager, which amounts of insurance shall be reasonably consistent with the policy limits required for similar activities on County right-of-way. The specific liability insurance and indemnification requirements will be addressed in more detail in conjunction with the subsequent licensing agreements entered into between Developer and the County.

11. **Protected Development Right.** Pursuant to A.R.S. §11-1202(D), the final block plat dated September 4, 2024 is designated a phased protected development plan that contains more than 640 acres of land, with a twenty-year protected development right under A.R.S. §11-1203(B), subject to the requirements and limitations of Arizona Revised Statutes Title 11, Chapter 9 (A.R.S. §11-1201 *et seq.*).

12. Alternatives for Financing Infrastructure Improvements.

12.1. <u>Community Facilities Districts</u>. Developer intends to form a community facilities district ("CFD") pursuant to A.R.S. §48 701, et seq., within the boundaries of the Property for the purpose of financing development within the Property. Developer has filed, or will file, an application for formation and the County will consider formation of the CFD. The Parties acknowledge that one purpose of this Agreement is to provide for the coordinated planning, design, engineering, construction and/or provision of the range of public services/infrastructure necessary to serve development on the Property as indicated in this Agreement. The County acknowledges and agrees that whenever the Developer is obligated to construct or arrange for the construction of public infrastructure, the CFD may construct, arrange for the construction, and/or finance any such public infrastructure. County and Developer by the CFD through issuance of special assessment bonds or general obligation bonds may also be eligible for credits against development impact fees (whether through direct credits or reimbursements) or exempt from a portion of the development impact fees pursuant to A.R.S. §11-1102.

12.2. <u>Improvement Districts</u>. Upon the written petition of Developer, the County shall conduct such procedures as are necessary to form one or more County Improvement Districts ("ID") pursuant to A.R.S. §48-901, et seq., solely for the purpose of constructing or acquiring, operating, or maintaining the Infrastructure Improvements. The petition filed in connection with the formation of the ID shall contain the signatures of a majority of the persons owning land within

the proposed ID and by the owners of fifty-one percent (51%) or more of the land within the proposed ID. Upon receipt of such petition, the County agrees to approve an appropriate resolution for the formation of the ID and to take other action necessary to issue bonds in one or more series and in amounts necessary and sufficient to cover the costs of construction or acquisition of the ID Infrastructure Improvements and of all expenses and costs in connection with the issuance of the bonds. The County shall use its best efforts to expedite the formation of any ID requested by Developer. If a District is proposed to be formed with the consent of less than fifty-one percent (51%) of the owners of the land within the proposed ID or less than fifty-one percent (51%) of the owners of the County, the Board of Supervisors may serve as the board of directors of any ID formed for the Property.

Nothing herein shall require the County to adopt an ordinance forming an ID if an independent financial analysis or engineering study prepared by an independent consultant states in reasonable detail that the proposed financing or engineering design of the ID Infrastructure Improvements is not feasible. With regard to future requests of Developer for the formation of IDs, the County shall use its best efforts to expedite the formation of such IDs. The County's performance under this Paragraph shall be at no cost to the County.

12.3. <u>Other Financing Methods</u>. Upon Developer's request, the County agrees to consider in good faith any proposal by Developer and use best efforts to promptly form an industrial development authority (if not then formed) or to implement other sources of development financing for the purpose of financing the cost of construction and maintenance of any or all of the Infrastructure Improvements, including without limitation, sewer, drainage, roadway, flood control and recreational improvements, and whether or not the construction of such improvements is the responsibility of Developer or any community facilities district formed pursuant hereto. The County's performance under this Paragraph shall be at no cost to the County.

13. General Provisions.

13.1. <u>Binding Effect and Recording</u>. This Agreement shall run with the Property and is binding upon and shall inure to the benefit of the successors, assigns, heirs and personal representatives of Developer and Pima County; provided, however, Developer's rights and obligations hereunder may only be assigned to a person or entity that has acquired the Property or a portion thereof. Except as provided below, upon transfer of all or a portion of the Property by Developer, the new developer shall automatically become the "Developer" hereunder and the Developer shall be released from this Agreement, but only as to the portion of the Property transferred. The Developer's construction and in lieu payment obligations, rights to credits, reimbursements, and refunds, and right to request that the County form a CFD, ID, or other special taxing district under this Agreement, may only be assigned by a written instrument executed by Developer and the assignee recorded in the Office of the Pima County Recorder for Pima County, Arizona. Upon execution hereof, this Agreement shall be recorded in the Office of the Pima County Recorder for Pima County, Arizona.

13.2. <u>Amendments.</u> This Agreement may be amended, in whole or in part and with respect to all or any portion of the Property, only with the mutual written consent of the Parties

to this Agreement or by their successors in interest or assigns. The amendment or cancellation shall be recorded in the Office of the Pima County Recorder.

13.3. <u>Effective Date and Term</u>. The effective date of this Agreement (the "Effective Date") is the date the Agreement is signed by all the Parties and is recorded in the Office of the Pima County Recorder. This Agreement expires twenty-five (25) years from the Effective Date.

13.4. <u>Authority</u>. The Developer and the County represent to each other that they have full power and authority to enter into this Agreement, and that all necessary actions have been taken to give full force and effect to this Agreement. The Developer represents and warrants that it is duly formed and validly existing under the laws of the State of Arizona and that it is duly qualified to do business in the State of Arizona and is in good standing under applicable state laws. The County represents and warrants that it is a duly formed political subdivision of the State of Arizona. The Developer and the County warrant to each other that the individuals executing this Agreement on behalf of their respective Parties are authorized and empowered to bind the Party on whose behalf each individual is signing.

13.5. <u>Waiver</u>. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the County or the Developer of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

13.6. <u>Counterparts</u>. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages all attached to a single instrument so that the signatures of all Parties may be physically attached to a single document. The signature pages from one or more counterpart may be removed from such counterpart and attached to a single instrument.

13.7. <u>Notices</u>. Any notice to be given or served (and any election to be made or delivered) upon any Party hereto in connection with this Agreement must be in writing and shall be deemed to have been given and received (or made and delivered) three (3) days after a Certified or Registered letter containing such notice (or selection), properly addressed, with postage prepaid, is deposited in the United States mail; and if given otherwise than by Registered or Certified mail, it shall be deemed to have been given (or made) when delivered to and received by the Party to whom it is addressed. Such notice shall be given to the Parties at the following addresses:

The County: Pima County Administrator 115 N. Church Avenue 2nd Floor, Suite 231 Tucson, Arizona 85701 with a copy to:

Developer:	SBH Verano LP 6720 North Scottsdale Road, Suite 250 Scottsdale, Arizona 85253-4424 Attn: Sean Walters Email: SWalters@sunbeltholdings.com
with a copy to:	Fennemore Craig, PC 2394 East Camelback Road, Suite 600 Phoenix, Arizona 85016 Attn: Jay S. Kramer Email: jkramer@fennemorelaw.com

A Party may change the address at which the Party shall receive notice pursuant to this Agreement by giving written notice of such new address in the same manner as any other notice shall be given in accordance with this section.

13.8. <u>Headings</u>. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only, and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

13.9. <u>Entire Agreement</u>. This Agreement constitutes the entire agreement between the Parties hereto 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.

13.10. <u>Exhibits</u>. The exhibits in this Agreement are fully incorporated herein as if set forth at length in the body of this Agreement.

13.11. <u>Governing Law</u>. The laws of the State of Arizona shall govern the interpretation and enforcement of this Agreement. The Parties agree that venue for any action commenced in connection with this Agreement shall be proper only in a court of competent jurisdiction located in Pima County, Arizona, and the Parties hereby waive any right to object to such venue.

13.12. <u>Conflict of Interest</u>. This Agreement is subject to the provisions of A.R.S. §38-511.

13.13. <u>No Partnership: Third Parties</u>. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture, agency or other arrangement between the Parties hereto. No term or provision of this Agreement is intended to, or shall be for the benefit of any person, firm, organization or corporation and no such other person, firm, organization or corporation to a Party hereto shall have any right or cause of action, except as specifically set forth herein.

13.14. Representatives, Mediation, Default and Non-Liability.

13.14.1. Representatives. To further the cooperation of the Parties in implementing this Agreement, the County and the Developer each shall designate and appoint a

representative to act as a liaison between the County and its various departments and the Developer. The initial representative for the County (the "County Representative") shall be the County Administrator or her designee and the initial representative for the Developer shall be its project manager, as identified by the Developer from time to time (the "Developer Representative"). The representatives shall be available at all reasonable times to discuss and review the performance of the Parties to this Agreement and the development of the Property.

13.14.2. Mediation. If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the Parties agree first to try to settle the dispute through mediation before resorting to arbitration, litigation or some other dispute resolution procedure. In the event that the Parties cannot agree upon the selection of a mediator within seven (7) calendar days, any of the Parties may request the presiding judge of the Superior Court of Pima County to assign a mediator, or arbitrator that will act as a mediator. The mediator selected shall have at least five years' experience in mediating or arbitrating disputes relating to real estate development. The cost of any such mediation shall be divided equally between the County and the Developer. The results of the mediation shall be nonbinding on the Parties, and any Party shall be free to initiate arbitration after the moratorium.

13.14.3. Default. Failure or unreasonable delay by any Party to perform any term or provision of this Agreement for a period of thirty (30) days after written notice thereof from another Party shall constitute a default under this Agreement. If the default is of a nature which is not capable of being cured within thirty (30) days, the cure shall be commenced within such period, and diligently pursued to completion. The notice shall specify the nature of the alleged default and the manner in which the default may be satisfactorily cured. In the event of a default hereunder by any Party, the non-defaulting Party shall be entitled to all remedies at both law and in equity, including, without limitation, specific performance and the right to perform the obligation(s) of which the defaulting Party is in default and to immediately seek reimbursement from the defaulting Party of all sums expended in order to cure such default, together with interest at the Arizona state statutory judgment rate on all such sums from the date said sums are expended by the non-defaulting Party for the purpose of curing the default to the date such sums are paid in full. If Developer conveys a portion of the Property to any third party, a default by Developer will not be a default by any such third party and a default by any third party will not be a default by Developer or any other third party. To the extent that the County has the right to terminate this Agreement upon the default by Developer, any such termination will only apply to the Developer or third party that is in default and County may not terminate this Agreement as to the Developer or any third party that is not in default under this Agreement.

13.15. <u>Non-Liability of County and District Officials and Employees and</u> <u>Developer Constituent Parties</u>. Except for mandamus and other special actions, no member, official or employee of the County shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the County or for any amount that may become due to the Developer or successor, or under any obligation under the terms of this Agreement. No partner, member, manager, shareholder, officer, or director of Developer or any of its constituent partners shall be personally liable to the County, or any successor in interest, in the event of any default or breach by Developer or for any amount that may become due to the County or successor, or under any obligation under the terms of this Agreement. 13.16. <u>Attorney's Fees</u>. If any Party brings a legal action either because of a breach of this Agreement or to enforce a provision of this Agreement, the prevailing Party will be entitled to reasonable attorneys' fees and court costs, expert witness fees, and other litigation related costs.

13.17. <u>Sub-agreements</u>. The County and the Developer hereby acknowledge that the development of the Property may be accomplished by the Developer or through a series of sales, leases, joint ventures and/or other agreements and arrangements with other experienced developers, investors and owners of real property. In connection therewith, it is anticipated and contemplated by the Parties that Developer or such other developers, investors or owners may desire to negotiate and enter into separate and subordinate sub-development agreements with the County and/or the Developer with respect to infrastructure improvements, uses, plan approvals and other similar matters which may be the subject of separate agreements between such developers, investors and owners and the County and/or the Developer. The Parties hereby agree that any and all sub-development agreements entered into with any such developer, investor or owner of any parcels of the Property (including any sub-agreement between Developer and County) shall be subordinate in all respects to the terms and conditions of this Agreement and, in the event of any conflict or discrepancy between the provisions of any such sub-development agreement and the terms and conditions of this Agreement shall govern and control.

13.18. <u>Further Assurance</u>. Each Party agrees to execute such further documents, instruments and other writings and to perform such acts as either Party may reasonably request in order to fully effectuate the purpose of this Agreement.

13.19. <u>Construction</u>. The terms and provisions of this Agreement represent the results of negotiations between County and Developer, each of which has been represented by counsel of its own choosing, and none of which have acted under any duress or compulsion, whether legal, economic, or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and no Party shall be deemed to have drafted this Agreement for purposes construing any portion of this Agreement for or against any Party.

13.20. <u>Severability</u>. If any provision, other than the financing provisions, of this Agreement is declared void or unenforceable, such declaration shall have no effect on those portions of the Agreement not declared void.

13.21. <u>Annexation</u>. In the event all or a portion of the Property is annexed by a municipal corporation, Developer's obligations to the County under this Agreement, the Specific Plan and County Ordinances and Codes regarding Wastewater, Transportation, Drainage and Flood Control, Recreation and Riparian Improvements, shall remain in full force and effect. However, Developer's continuing obligation to pay Development Impact Fees as authorized under the Pima County Code shall not apply and Developer will only be obligated to pay applicable Development Impact Fees, if any, to the annexing municipal corporation.

13.22. <u>Status Statements</u>. Any Party to this Agreement (the "requesting party") may, at any time, and from time to time, deliver written notice to any other Party requesting such other Party (the "providing party") to provide in writing that, to the knowledge of the providing

party, (a) this Agreement is in full force and effect and a binding obligation of the parties, (b) this Agreement has not been amended or modified either orally or in writing, and if so amended, identifying the amendments, and (c) the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults (a "Status Statement"). A Party receiving a request hereunder shall execute and return such Status Statement within twenty (20) following the receipt thereof. The County Administrator shall have the right to execute any Status Statement requested by Developer hereunder. The County acknowledges that a Status Statement hereunder may be relied upon by transferees and mortgagees. The County shall have no liability for monetary damages to Developer, and transferee or mortgagee, or any other person in connection with, resulting from or based upon the issuance of any Status Statement hereunder.

13.23. <u>Termination Upon Sale to End Purchaser or User</u>. This Agreement shall terminate without the execution or recordation of any further document or instrument as to any lot which has been finally subdivided and individually (and not in "bulk") leased (for a period of longer than one year) or sold to the end purchaser or user, or as to any parcel or tract that is dedicated or conveyed to any governmental authority or utility provider, and thereupon such lot, parcel, or tract, shall be released from and no longer be subject to or burdened by the provisions of this Agreement; provided however, that all of Developer's obligations under this Agreement as they pertain to the lot, parcel, or tract shall remain in full force and effect.

13.24. <u>No Developer Obligation</u>. Nothing contained herein or in the Modified Specific Plan shall be deemed to obligate the Developer to complete any part or all of the development of the Property.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written.

DEVELOPER:	SBH Verano LP, an Arizona limited partnership By:
	Date:
PIMA COUNTY:	
	By: Chair, Pima County Board of Supervisors
	Date:
	Attest: Clerk of the Board
	Approved as to form: By: Deputy County Attorney
STATE OF ARIZONA)) ss. County of Pima)	
The foregoing instrument was <u>March</u> , 2025, by <u></u> <u>Manager</u> on behalf of the partnership.	acknowledged before me, this <u>27</u> day of <u>5eant</u> , the <u>of SBH Verano</u> , an Arizona limited partnership,
(seal)	Julie M. King Notary Public
	JULIE M KING NOTARY PUBLIC - STATE OF ARIZONA MARICOPA COUNTY COMMISSION # 680372 My Comm. Expires March 14, 2029

VERANO SECTION 10 DEVELOPMENT AGREEMENT Page 15 of 15

Exhibit A Legal Description of Property

[See Attached]

Exhibit A - Legal Description (Development Agreement)

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

PARCEL 1:

LOTS 1 THRU 8 INCLUSIVE OF SURVEY ENTITLED SUNSET FARMS, ACCORDING TO BOOK 27 OF SURVEYS, PAGE 61, RECORDS OF PIMA COUNTY, ARIZONA, SITUATED WITHIN THE SOUTH HALF OF SECTION 10, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA.

(JV ARB 3)

PARCEL 2:

THE NORTH HALF OF SECTION 10, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA;

EXCEPT THE EAST 75.00 FEET THEREOF.

(JV ARB 2)

PARCEL 3:

SECTION 15, TOWNSHIP 16 SOUTH, RANGE 14 EAST, GILA AND SALT RIVER BASE AND MERIDIAN, PIMA COUNTY, ARIZONA.

EXCEPT THAT PORTION CONVEYED IN SPECIAL WARRANTY DEED RECORDED AT SEQUENCE NO. 20173420357 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 15, T16S, R14E SAID POINT BEING MARKED BY A FOUND IRON PIN, 5/8" REBAR;

THENCE ALONG THE WEST SECTION LINE OF SECTION 15 N 00°02'58"W A DISTANCE OF 4,677.29' TO A POINT ON SAID WEST LINE;

THENCE LEAVING THE WEST LINE OF SECTION 15, N 89°58'43"E A DISTANCE OF 5,301.94' TO A POINT ON THE EAST SECTION LINE OF SECTION 15, SAID POINT BEING S 00°17'57" E A DISTANCE OF 618.42' FROM THE NORTHEAST CORNER OF SECTION 15;

THENCE N 89°27'20"E A DISTANCE OF 2,049.65' TO A POINT;

THENCE S 00°14'08"E A DISTANCE OF 2,510.53' TO A POINT;

THENCE N 89°28'23"E A DISTANCE OF 3,252.59' TO A POINT;

THENCE S 00°10'19"E A DISTANCE OF 646.86' TO A POINT;

THENCE N 89°19'31"E A DISTANCE OF 5,296.64' TO A POINT ON THE EAST LINE OF SECTION 13, T16S, R14E;

THENCE CONTINUING ALONG SAID LINE, S 00°03'15"W A DISTANCE OF 1,521.64' TO THE SOUTHEAST CORNER OF SECTION 13 SAID POINT BEING MARKED BY A FOUND 2" MONUMENT;

THENCE CONTINUING ALONG THE SOUTH LINE OF SECTION 13, S 89°21'51"W A DISTANCE OF 5,290.60' TO THE SOUTHWEST CORNER OF SECTION 13 SAID POINT BEING MARKED BY A FOUND 2"MONUMENT;

THENCE ALONG THE SOUTH LINE OF SECTION 14, S 89°29'26"W A DISTANCE OF 5,291.94' TO THE SOUTHWEST CORNER OF SECTION 14;

THENCE ALONG THE SOUTH LINE OF SECTION 15, S 89°55'58"W A DISTANCE OF 5,325.01' TO THE SOUTHWEST CORNER OF SECTION 15 SAID POINT ALSO BEING THE POINT OF BEGINNING.

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Exhibit B

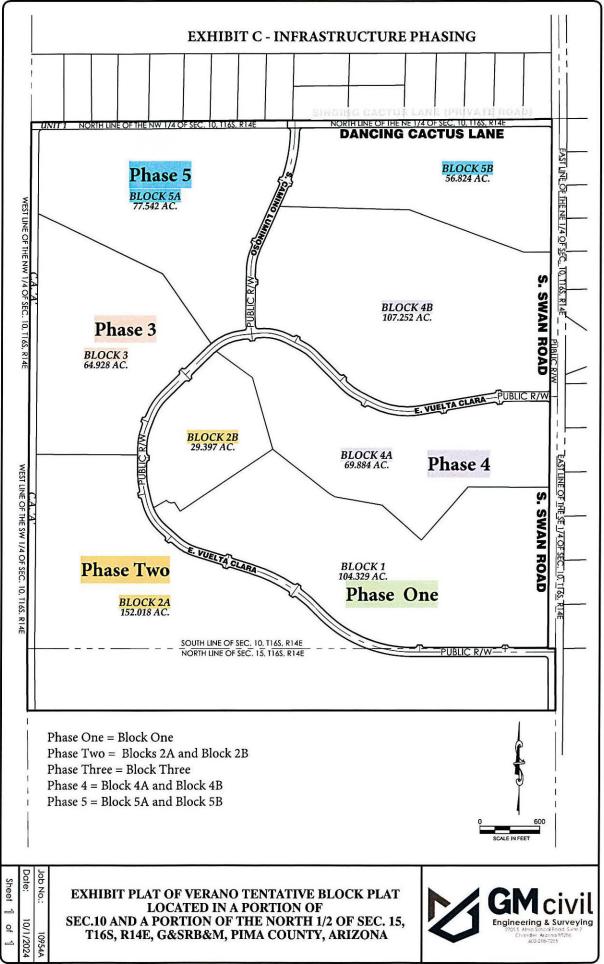
Verano Proposed Transportation Improvements and Construction Phasing

Study Horizon Year	Verano TIA Roadway Improvements	Responsible Party		
2025	Swan Road will be widened to provide one through lane in the northbound, and two throughlanes in the southbound directions of travel separated by two-way center left turn lane between the southern property line of the Verano project site to approximately 1600 feet north of South Loop Road/Swan Road.	Developer		
	South Loop Road will be constructed as a three-lane roadway for approximately 1,280 feet to Access B from the intersection of South Loop Road/Swan Road. A southbound right turn lane will be constructed at South Loop Road/Swan Road with a minimum 150 feet of storage to meet Pima County minimum requirements.	Developer		
	The outside southbound lane approaching South Loop Road/Swan Road will be transitioned to a 'trap' right turn lane.	Developer		
2030	Loop Road will be extended approximately 2,810 feet west of Access B to Access D.	Developer		
2045	Swan Road will be widened to provide one through lane in the northbound, and two through lanes in the southbound directions of travel with a two-way center left turn lane, south of Singing Cactus Lane/Swan Road to approximately 300 feet north of Mouse Trail/Swan Road.	Developer		
	Loop Road is expected to extend west of Access D and continue to the north before looping east and intersecting Swan Road at	Developer		

the intersection of North Loop Road/Swan Road.

From: TIA prepared by SWTE dated 3.26.2025 and approved 3.27.2025

	Dancing Cactus Lane will be paved approximately 2,640 west of Swan Road between the project frontage and 45 feet south of the Singing Cactus Lane alignment and provide a two-lane undivided roadway. As a future planned arterial roadway, seventy-five (75) feet of right of way will be recorded with the final plat along the north property boundary. The intersections of Dancing Cactus Lane/Swan Road and Singing Cactus Lane/Swan Road do not meet spacing requirements in accordance with Pima County Subdivision and Development Street Standards , Section 4.16. The developer will coordinate with Pima County to determine how access to/from the existing homes on the north side of Singing Cactus Lane/Swan Road will	Developer
2045	be configured as part of that access.	
2045	Dancing Cactus access will be constructed between Loop Road and Dancing Cactus Lane. This roadway will make use of one through lane in each direction of travel divided by two way center left turn lane.	Developer
	The intersections of Dancing Cactus Lane/Swan Road and North Loop Road/Swan Road traffic signals can be installed when warrants are met.	County
	Southbound right turn lanes will be constructed at the intersections of Dancing Cactus Lane/Swan Road, North Loop Road/Swan Road and Access R/Swan Road with a minimum 150 feet of storage to meet PimaCounty minimum requirements.	Developer
	A westbound right turn lane will be constructed at the intersection of Access N/Loop Road with a minimum 150 feet of storage to meet Pima County minimum requirements.	Developer

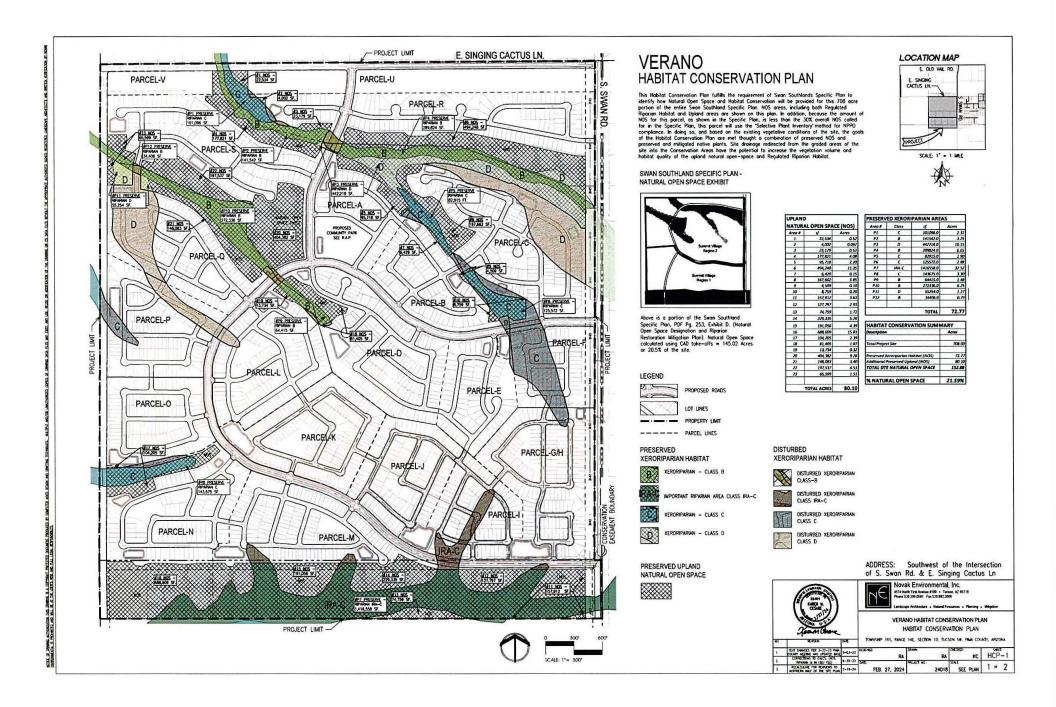


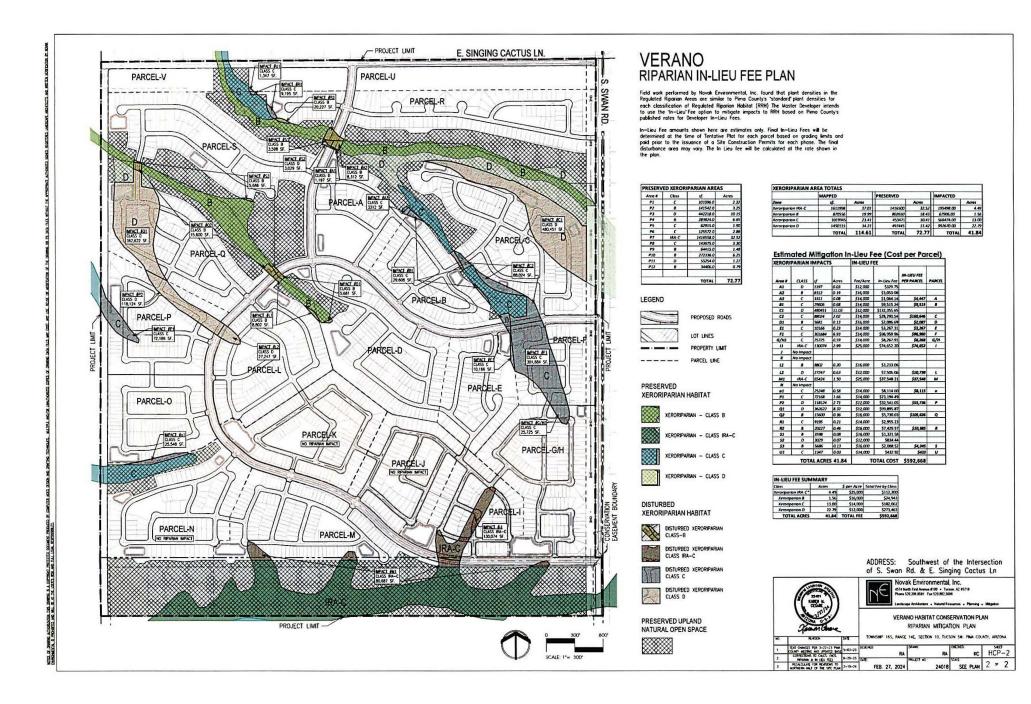
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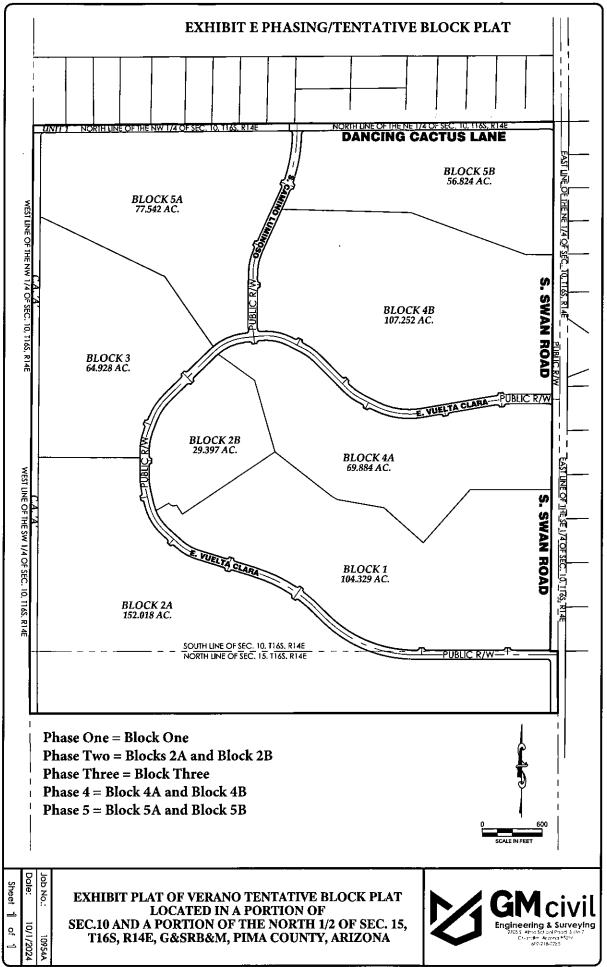
Exhibit D

Riparian Improvements

[See Attached]







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