

CITY COUNCIL REPORT



Meeting Date: July 2, 2019

General Plan Element: *Public Buildings and Facilities*

General Plan Goal: *Provide city service facilities to meet the needs of the community*

ACTION

Authorization to acquire Unit G101 located at 7035 E. Main Street and complete tenant improvements. Adopt Resolution 11468 authorizing:

- (1) Purchase and Sale Agreement 2019-067-COS between the City of Scottsdale and Arts District Development I, LLC, an Arizona limited liability company ("Arts District LLC").
- (2) A FY 2019/20 General Fund Capital Contingency Budget Appropriation transfer totaling \$3,000,000 to a newly created capital project to be titled "Unit G-101 SMOW Offices", to be funded by the CIP General Fund.

BACKGROUND

The purpose of this action is to authorize the acquisition of commercial condominium unit G-101 located at the Gateway at Main St. Plaza project ("Gateway") from Arts District LLC, pursuant to Purchase and Sale Agreement 2019-067-COS, and to authorize funding for a newly created capital project associated with the acquisition.

The City proposes to acquire Unit G-101 (tax parcel 130-13-139A) to accommodate the administrative offices of the Scottsdale Museum of the West ("SMOW"), currently located in the former downtown transit center building at the northwest corner of Marshall Way and 2nd Street. The SMOW office will need to relocate in the future after the closing of the City's sale of land to Museum Square developer ARC Scottsdale Holdings LLLP ("ARC") pursuant to Purchase and Sale Agreement 2018-029-COS as amended. The closing date for the Unit G-101 acquisition is either the closing date of the Museum Square purchase and sale agreement or December 31, 2019, whichever is earlier.

As a condition of the City's purchase, Arts District LLC will consent to the removal of deed restrictions currently in effect over much of the property the City is selling to ARC for the Museum Square development. The existing deed restrictions limit development height to 60 feet whereas height achievable under rezoning consistent with the Downtown Character Plan can extend to 150

feet. Arts District LLC and Gateway must each consent for the restrictions to be removed. As of June 12, 2019, the City is in receipt of the executed Arts District LLC deed restriction termination and its consent to the deed restriction termination by the Gateway Homeowners Association.

The proposed acquisition price of \$2,250,000 is based on the October 17, 2018 appraised value of Unit G-101, plus the value to the City of the termination of the deed restrictions encumbering the City's adjacent property. The value of the termination is based on the September 20, 2017 appraisal of the City's museum square property. This appraisal values the city's land under existing zoning at \$100/sf and at \$121/sf under rezoning consistent with the Downtown Character Plan. Since the City's land burdened by the deed restriction is approximately 405,000 sf, the value of the deed restriction termination is well in excess of the difference between the acquisition price and the appraised value for the G-101 condo.

ANALYSIS & ASSESSMENT

The City Attorney's office, assisted by other city staff, has worked to negotiate the proposed purchase and sale agreement. This proposed acquisition will facilitate the relocation of the administrative function of the SMOW from its current location at the old transit center facility to Unit G-101.

RESOURCE IMPACTS

Available funding

The proposed property acquisition is expected to result in a payment by the City to Arts District LLC of \$2,250,000. At the time of closing, the City will additionally be required to pay one-half of closing expenses and condominium association fees prescribed by the condominium declaration (including a one-time transfer fee of \$505.32, a one-time reserve contribution of \$1,010.64, and the first monthly association fee of \$505.32, which will be pro-rated to reflect the actual closing date). The Unit G-101 space has been vacant for some time and is only partially built out. The SMOW has secured preliminary interior improvement plans and anticipates an improvement cost of \$700,000. The acquisition and the interior improvement costs will ultimately be funded by the proceeds of the sale of City property to ARC, the Museum Square project developer, on or before December 19, 2019.

At this time, this action request includes a FY 2019/20 General Fund Capital Contingency Budget Appropriation Transfer totaling \$3,000,000 to a newly created capital project to be titled "Unit G-101 SMOW Offices", to be funded by the CIP General Fund.

On-going Fees and Maintenance Requirements

After the closing of this transaction, the city will pay monthly association dues set annually each fiscal year (commencing January 1st) by the Board of Directors (Board) of the Gateway condominium association. For calendar year 2019, that fee is estimated as \$505.32/month. In future years, the Board will review operating budget requirement and may adjust the dues associated with Unit G-

101, based on a newly-approved operating budget. Unit G-101 constitutes 5.645% of the total condominium project, but its monthly fee contribution reflects considerably less than 5.645% of the annual operating budget. This is because Unit G101 is an at-grade commercial unit with no dedicated parking. The majority of Gateway units are residential spaces. These units are assessed for many operating budget expenditures that do not benefit the commercial units such as Unit G-101. Pursuant to the condominium declaration of conditions, covenant, and restrictions, the board may establish and collect special assessments. There are no special assessments planned for the 2019 fiscal year commencing January 1, 2019.

The Gateway association pays water, sewer and gas, and trash disposal for all units. This cost is reflected in the monthly association dues. However, unit owners are individual metered and pay individually for electrical service.

STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution 11468 authorizing real property Purchase and Sales Agreement 2019-067-COS between the City of Scottsdale and Arts District Development I, LLC, an Arizona limited liability company.

Proposed Next Steps:

If Council approves the sale, the City and Arts District LLC will proceed to open escrow and expect to complete the transaction by December 31, 2019.

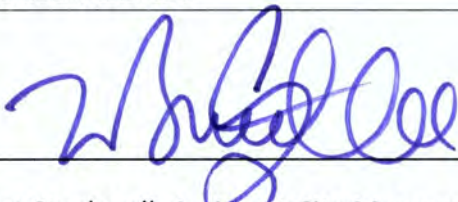
RESPONSIBLE DEPARTMENT(S)

Public Works Division, Capital Project Management

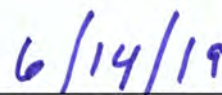
STAFF CONTACTS (S)

Martha West, Real Estate Asset Manager
(480) 312-7042, mwest@scottsdaleaz.gov

APPROVED BY



Brent Stockwell, Assistant City Manager
(480) 312-5683, bbiesemeyer@scottsdaleaz.gov



Date



Daniel J. Worth, Executive Director, Public Works
(480) 312-5555, dworth@scottsdaleaz.gov

6-14-19

Date



Jim Thompson, City Manager
(480) 312-2800, jthompson@scottsdaleaz.gov

6/14/19

Date

ATTACHMENTS

1. Resolution 11468
2. Location Map
3. Purchase and Sale Agreement, Contract 2019-067-COS

RESOLUTION NO. 11468

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE CONTRACT NO. 2019-067-COS FOR THE ACQUISITION OF CONDOMINIUM UNIT G-101 WITHIN GATEWAY AT MAIN ST. PLAZA, LOCATED AT 7035 E. MAIN STREET, SCOTTSDALE, ARIZONA, FROM ARTS DISTRICT DEVELOPMENT I, LLC AND AUTHORIZING A FY 2019/20 GENERAL FUND CAPITAL CONTINGENCY BUDGET APPROPRIATION TRANSFER TOTALING \$3,000,000.

(UNIT G-101)

WHEREAS, pursuant to Section 3 of the Scottsdale City Charter, the City may acquire real property within its corporate limits for any city purpose. The property to be acquired is proposed to be used to accommodate the administrative offices of the Scottsdale Museum of the West, currently located in the former Old Town transit center; and

WHEREAS, Arts District Development I, LLC ("Seller") owns a certain parcel of real property located at 7035 E. Main Street, south east of the North Goldwater Boulevard and Main Street intersection in Scottsdale, Arizona, and more particularly described as condominium unit G-101 ("Property"); and

WHEREAS, City wishes to buy the Property pursuant to Real Property Purchase and Sale Agreement No. 2019-067-COS and complete tenant improvements; and

WHEREAS, Seller desires to sell the Property pursuant to Real Property Purchase and Sale Agreement No. 2019-067-COS for \$2,250,000.00.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1: The Mayor, W. J. "Jim" Lane is authorized and directed to execute on behalf of the City of Scottsdale Real Property Purchase and Sale Agreement Contract No. 2019-067-COS.

Section 2: That the Mayor, the City Manager or their designees are authorized and directed to approve and execute such other documents as are necessary to carry out the purpose of Contract No. 2019-067-COS.

Section 3: That the duly authorized disbursing agents of the City of Scottsdale are hereby authorized and directed to pay all sums necessary to acquire the real property, including prorated real property taxes and assessments, as well as to pay for such escrow fees and closing charges as may be necessary for the acquisition of the real property as described in Contract No. 2019-067-COS.

Section 4: The City Manager and the City Treasurer, or their respective designees, are authorized and directed to execute a FY 2019/20 General Fund Capital Contingency Budget Appropriation transfer totaling \$3,000,000 to a newly created capital project to be titled "Unit G-101 SMOW Offices", to be funded by the CIP General Fund.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona this _____ day of _____, 20_____.

ATTEST:

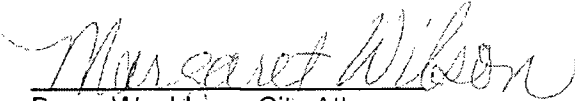
CITY OF SCOTTSDALE,
an Arizona municipal corporation

W. J. "Jim" Lane, Mayor

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY


Bruce Washburn, City Attorney

By: Margaret Wilson, Senior Assistant City Attorney



ATTACHMENT 2						
LOCATION MAP						
DEPT.	M.W.	DRAWN	DATE	SCALE	SHT.	
CPM		COS	4/19	NTS	1 OF 1	



REAL PROPERTY PURCHASE AND SALE AGREEMENT

Contract No. 2019-067-COS
Unit G-101
(Resolution No. 11468)

THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, 2019, (the "Effective Date") by and between the City of Scottsdale, an Arizona municipal corporation ("City"), and Arts District Development I, LLC ("Seller").

RECITALS

A. Seller is the owner of a certain parcel of real property located at 7035 E Main and more particularly described on **Exhibit "A"** attached hereto, ("Unit G-101").

B. As of the Effective Date, Unit G-101 is vacant.

C. Seller desires to convey Unit G-101 to City.

NOW THEREFORE, in consideration of the foregoing and the mutual promises and representations contained herein, Seller and City agree as follows:

I. TERM OF AGREEMENT

1. Terms and Conditions. The term of this Agreement shall be as follows:

1.1 Commencement. The term of this Agreement shall commence on the Effective Date.

1.2 Normal Expiration. This Agreement shall continue in effect until all obligations and rights of the parties under this Agreement have been performed, terminated or have expired.

1.3 Early Termination. This Agreement may be terminated by either party only to the extent a termination right may be expressly provided in this Agreement.

1.4 Minor Date Adjustments. Closing dates and other dates stated in this Agreement may be extended only by mutual written formal consent of City and Seller given or withheld in their sole and absolute discretion. City's city manager's authority to consent for City to any such extension is limited to extensions not exceeding ninety (90) days in the city manager's sole and absolute discretion.

1.5 Termination Documents. City acknowledges that it has received (1) the Termination and Release of Declarations of Covenants and Restrictions executed by Seller in the form attached hereto as **Exhibit "B"** (the "First Termination Document") and (2) the Termination and Release of Declarations of Covenants and Restrictions executed by the Gateway at Main St. Plaza Scottsdale Condominium Association, and consented to by Seller, in the form attached hereto as **Exhibit "C"** (the "Second Termination Document"). Any time after the

execution of this Agreement by City up through Closing (but not thereafter) City can direct Escrow Agent to record both the First Termination Document and the Second Termination Document without need for further instruction from Seller to Escrow Agent. If the First Termination Document has not been recorded at or prior to Closing, then Escrow Agent will return the First Termination Document to Seller and it will not be recorded. If the Second Termination Document has not been recorded at or prior to Closing, then the consent to the Second Termination Document will be returned to Seller and it will not be recorded.

1.6 Estoppel. Within five (5) business days following the execution of this Agreement, Seller shall use commercially reasonable efforts to obtain an estoppel certificate from Gateway at Main St. Plaza Scottsdale Condominium Association, stating that Seller is not in default of any obligations owed such Association (including any assessments and or fees due and owing), and stating the amount of any assessments and fees due and owing by City as a result of the Closing contemplated by this Agreement.

1.7 Termination Right. The City may terminate this Agreement before Closing. Seller may terminate this Agreement only upon material breach by City of this Agreement. The party terminating shall pay all escrow termination fees.

II. CLOSING PROCEDURES

2. Closing Procedures. The following procedures shall govern the Closing:

2.1 Title Insurer. Except as otherwise expressly provided, or with the consent of the party receiving the title insurance, all title insurance policies and reports shall be obtained from Chicago Title Insurance Company (the "Title Insurer") located at 8800 E. Raintree Drive, Suite 230, Phoenix, AZ., 85260. The party receiving title insurance shall have power to select a different title insurer reasonably acceptable to the parties if Title Insurer is unable or unwilling to provide any title insurance required under this Agreement.

2.2 Title Insurance. Except where this Agreement requires title insurance:

2.2.1 No party is required to obtain or provide title insurance.

2.2.2 Title Insurer's willingness to issue any title insurance not required by this Agreement is not a condition to any party's obligations under this Agreement.

2.2.3 Any party desiring to obtain title insurance not required by this Agreement shall pay all premiums, survey costs, endorsement fees and other charges of any kind or nature associated with such policy or policies.

2.3 Escrow Agent. Chicago Title Insurance Company, ("Escrow Agent") shall administer transactions requiring escrow services under this Agreement. This Agreement shall constitute instructions to Escrow Agent for the transactions contemplated by this Agreement. By executing this Agreement or accepting any escrow hereunder, Escrow Agent agrees to perform the obligations imposed by this Agreement. Escrow Agent's liability under this Agreement is limited to performance of the duties and obligations imposed upon Escrow Agent. Escrow Agent shall in all

cases be responsible for any liability or claim arising from its negligence, misconduct or other improper or unlawful act. If Escrow Agent is not the title insurance underwriter, then Escrow Agent and Seller shall cause Title Insurer to provide to the parties to the Closing an insured closing letter in form acceptable to City issued by Title Insurer's title insurance underwriter making Title Insurer's underwriter financially responsible for covering Escrow Agent's proper performance of its duties related to this Agreement. Not less than two (2) weeks prior to closing, Title Insurer shall provide to Seller and to City's city attorney's office copies of the proposed closing letters.

2.4 City's Deadline to Open Escrow. Within ten (10) business days after the Effective Date, City shall cause Escrow Agent to establish an escrow on the terms set out in this Agreement and shall give Seller notice that the escrow is open. Such notice shall be accompanied by a complete copy of this entire agreement (including exhibits) with an original signature by Escrow Agent.

2.5 Security Deposit. Within five (5) business days of the time escrow opening occurs pursuant to Section 2.4 above, City shall place into escrow the sum of One Million and No/100 Dollars (\$1,000,000.00) (the "Security Deposit") to be released to Seller on the earlier of (i) recordation of either the First Termination Document or the Second Termination Document no matter how or why such recordation occurs, or (ii) at the Closing as partial payment of the Purchase Price. It is expressly understood and agreed that the only requirement for early release of the Security Deposit to Seller (whether under this Section 2.5 or under Section 3.1 hereinafter or under any other Section of this Agreement), is the recordation of either the First Termination Document or the Second Termination Document (i.e., there is no need for both to be recorded and/or for further instruction or action of any type or character, including, without limitation, by or from the City). Once released to Seller, the Security Deposit will be nonrefundable.

2.6 Closing Location. Unless City designates a different location, no less than three (3) business days prior to closing, the Closing shall occur in Escrow Agent's office.

2.7 Closing Conditions. Closing shall occur only upon the performance of all acts and delivery of all documents required to be performed or delivered at or prior to the Closing, or upon formal notice of waiver of any such conditions or performances by the party for whose benefit such conditions or performances exist. A party is not obligated to close if an event has occurred or circumstance exists that is (or with the passage of time or giving of notice, or both, would be) an event of default by the other party under this Agreement.

2.8 Escrow Fees and Closing Costs. Except as expressly provided otherwise by this Agreement, Seller shall pay when due all escrow and termination fees, recording fees, and similar costs.

2.9 Commissions and Fees. Except to the extent that any fee may be payable by City pursuant to the Gateway at Main Street Plaza Scottsdale Declaration as amended as initially recorded at 20040539207 on May 14, 2004 ("Declaration"), City shall not be liable for any real estate commissions or brokerage or similar fees that may arise in connection with this Agreement or the transactions contemplated herein. Each party represents and warrants to the other that such party has not dealt with any real estate brokers or salesmen, finders or other persons or entities of any kind or nature who will, may or might make a claim for a commission or finder's fee in

connection with this transaction and each party shall indemnify and hold harmless the other for, from and against any and all liability, responsibility, claims, losses, damages, costs, controversies, expenses and attorneys' fees of any kind or nature incurred or sustained by the other party as a result of the claim of any person or entity for a commission or finder's fee resulting from the activities or actions of the party. The terms of this paragraph shall survive the Closing. City acknowledges that Seller and its various officers, employees, and affiliates may hold Arizona real estate licenses as brokers and/or salespersons.

2.10 Form of Funds. Except as otherwise specified, all funds required by this Agreement shall be paid in cash, or by certified check or wire transfer.

2.11 Deliveries. Recording or other official filing of a document as directed by this Agreement shall constitute delivery of the document to the grantee thereunder and acceptance by the grantee.

2.12 Return of Recorded and Filed Documents. Recorded documents shall be returned to the person designated by the forms attached to this Agreement (the "Return Person"). If no designation is made for any document, Escrow Agent shall mark the form prior to recording to indicate that City's city attorney is the Return Person. Escrow Agent and the parties shall not change the name or address of the Return Person on any document and shall immediately deliver to the Return Person any recorded document that may come into their possession. The same requirements apply to all other documents.

2.13 Possession. Possession of Unit G-101 shall be transferred by Seller to City at Closing.

2.14 Inspection. Seller grants to City a non-exclusive license (which shall be irrevocable during the term of this Agreement) to enter upon Unit G-101, upon reasonable notice to Seller for purposes of inspecting and examining Unit G-101; provided however in no event shall City conduct any invasive testing of Unit G-101 (or any surrounding real property) without the prior written consent of Seller, which consent shall be in Seller's sole discretion. After each test or inspection of Unit G-101, City shall promptly restore Unit G-101 to substantially the same condition it existed prior to such test or inspection. City shall indemnify, defend and hold Seller harmless for, from and against any and all damages, claims, liabilities, liens, and expenses, including attorneys' fees, arising out of the exercise of the foregoing license. This indemnity shall survive the Closing and any termination of this Agreement for a period of one (1) year; provided, however, that any damages, claims, liabilities, liens or expenses that Seller provides notice to the City about prior to such one (1) year period shall continue to survive until resolved. If City fails to consummate this transaction for any reason other than a Seller default, City shall upon request of Seller, deliver to Seller true and current copies of all data, reports, analyses, pro formas, test results, studies and other documents generated by the work conducted pursuant to this license or otherwise in City's possession pertaining to Unit G-101, and City shall execute any documents reasonably necessary required by Seller to transfer all of City's right, title and interest in and to such data, reports, analyses, pro formas, test results, studies and other documents without representation or warranty.

2.15 Risk of Loss. All risk of loss or damage to Unit G-101 shall remain with Seller until Closing. Seller shall give to the City prompt written notice of damage to any part of Unit G-101. Should any part of Unit G-101 be damaged prior to Closing to a degree that restoration would cost more than One Hundred Thousand Dollars (\$100,000.00), then this Agreement may be terminated by either party giving notice thereof to the other. If neither party elects to so terminate, this Agreement shall remain in full force and effect, and the Seller shall pay or credit to the City at the Closing all monies received by, or claims, causes of action and insurance proceeds held by or in favor of the Seller by reason of such damage, less all reasonable costs and expense incurred by Seller in connection with settlement or negotiation of such insurance claim. If either party elects to terminate, then the parties shall thereafter have no further duty or obligation hereunder.

2.16 New Encumbrances. Seller shall not enter into or grant any lien, contract, lease, sublease or similar agreement affecting Unit G-101 during the term of this Agreement.

III. CLOSING

3. Closing. The Closing shall be accomplished as follows:

3.1 Closing Date. The closing (the "Closing") shall occur upon the earlier of (i) three (3) days after the closing of the transaction contemplated by the City, Contract No. 2018-029-COS as amended, or (ii) December 31, 2019. If this transaction fails to close on or before December 31, 2019, then, so long as either the First Termination Document or the Second Termination Document has been recorded, the Security Deposit shall be released to Seller without need for further instruction from the City to Escrow Agent.

3.2 Closing Documents. On or prior to the Closing Date, City and Seller shall sign, acknowledge, and deposit (or cause to be signed, acknowledged and deposited by all applicable persons) with Escrow Agent the following items (collectively the "Closing Documents"):

3.2.1 Closing Deposits by City. City shall deposit:

3.2.1.1 The "Purchase Price", which is Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000.00).

3.2.1.2 One half of the escrow, recording and similar fees and charges in connection with the Closing (the "Closing Expenses").

3.2.1.3 Non-foreign person affidavits and similar legally required documents necessary for the Closing.

3.2.2 Closing Deposits by Seller. Seller shall deposit:

3.2.2.1 A Special Warranty Deed (the "Unit-G-101 Deed") executed and acknowledged by Seller in the form attached hereto as Exhibit "D".

3.2.2.2 Funds and instruments adequate to cause Title Insurer to issue all title insurance that this Agreement requires to be issued to City for Unit G-101 in connection with the Closing.

3.2.2.3 One half of the Closing Expenses.

3.2.2.4 Non-foreign person affidavits and similar legally required documents necessary for the Closing.

3.3 Prorations. Real property taxes and assessments and any other item of income and expense with respect to Unit G-101 shall be prorated between Seller and City as of the date of Closing. City and Seller shall cooperate to produce a schedule of prorations no later than three (3) business days prior to the Closing, which shall be as complete and accurate as reasonably possible. The schedule of prorations shall be final and shall not be subject to re-proration following Closing.

3.4 Deliveries at Closing. The following shall occur at the Closing in the order listed:

3.4.1 Escrow Agent shall record in the office of the Maricopa County Recorder the following Closing Documents in the order listed:

3.4.1.1 The Unit G-101 Deed.

3.4.1.2 Escrow Agent shall deliver to Seller the Purchase Price.

3.4.1.3 Escrow Agent shall deliver to Title Insurer all title insurance premiums for title insurance policy required by this Agreement for the Closing.

3.4.1.4 Escrow Agent shall retain for itself Escrow Agent's escrow fee for the Closing.

3.4.2 Escrow Agent shall record, file and deliver all other Closing Documents required to complete the Closing as contemplated by this Agreement.

3.5 Unit G-101 Title Insurance. As a condition to City's obligation to participate in the Closing, Seller shall cause Title Insurer to issue to City at Seller's expense at the Closing an LTM standard owner's title insurance policy (the "Unit G-101 Title Policy") as follows:

3.5.1 The policy shall be in the amount of Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000.00).

3.5.2 The policy shall insure in favor of City that City owns Unit G-101, subject to those matters set forth as exceptions to title on the commitment to issue the title policy.

IV. TRANSACTION INFORMATION

4. Transaction Information. The parties shall provide to each other the following information and assurances concerning Unit G-101 and this Agreement, all of which shall survive this

Agreement and all conveyances pursuant to this Agreement for a period of six (6) months (the "Survival Period"):

4.1 City's Warranties and Representations. City warrants and represents to Seller as follows (the "City Warranties"):

4.1.1 Authority. City has full municipal power and authority to enter into, execute, deliver and consummate this Agreement.

4.1.2 Conflicts. City's execution, delivery and performance of this Agreement is not prohibited by and does not conflict with any other agreements, instruments, or judgments to which City is a party or is otherwise subject, the violation of which will have a material adverse effect on City's ability to perform its obligations under this Agreement.

4.1.3 Brokers. City has not dealt with any real estate brokers in connection with this transaction.

4.1.4 No Affiliation with Seller. No person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of City is an employee or agent of Seller in any capacity or a consultant to any other party of this Agreement with respect to Unit G-101.

4.1.5 Exculpation of Seller. City has made and/or will make an on-site inspection of Unit G-101 and will otherwise investigate Unit G-101 to City's satisfaction and Seller is released from all claims (whether known or unknown, absolute or contingent), responsibility and liability regarding the condition, valuation or utility of Unit G-101, including, without limitation those relating to any construction defects, errors or omissions in the design or construction of all or any portion of Unit G-101 and any physical or environmental conditions. City expressly acknowledges that City has not relied on any warranties, promises, understandings or representation express or implied, of Seller or any agent of Seller relating to Unit G-101 which are not contained in Paragraph 4.2. City acknowledges that any information of any type which City has received or may receive from Seller or Seller's agents is furnished on the express condition that City shall make an independent verification of the accuracy of such information, all such information being furnished without any warranty. City agrees that City will not attempt to assert any liability against Seller for furnishing such information, and City agrees to indemnify and hold Seller free and harmless for, from, and against any and all such claims of liability. This indemnity shall survive the Closing or the termination of this Agreement.

4.2 Seller's Warranties and Representations. Seller warrants and represents to City as follows (the "Seller Warranties"):

4.2.1 Organization. Seller is duly organized and validly existing under the laws of the State of Arizona. Seller has all requisite power and authority to enter into and perform this Agreement.

4.2.2 Authority. The person executing this document on behalf of Seller warrants his or her authority to do so and that all persons necessary to bind Seller have joined in this document.

4.2.3 No Violation of Laws. Seller has received no written notice asserting any noncompliance by Seller with any applicable statutes, codes, ordinances, rules and regulations of the United States of America, the State of Arizona or of any other state or any municipality or agency having jurisdiction over Seller, or the transactions contemplated by this Agreement, with respect to Unit G-101. Seller has received no written notice asserting it is in default with respect to any judgment, order, injunction or decree of any court, administrative agency or other governmental authority.

4.2.4 No Payments. Seller has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement in violation of any applicable law.

4.2.5 Attachment and Bankruptcy. Seller confirms that there are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy or pursuant to any other laws for relief of debtors contemplated, filed, pending against, affecting or involving Seller, its members, or Unit G-101.

4.2.6 Unit G-101 Information. Seller has delivered to City, to the extent that they are in the possession of Seller, originals or copies of all soil tests, engineering reports, environmental reports, architectural plans, drawings and specifications, and equipment warranties, relating solely to Unit G-101 (collectively, the "Unit G-101 Information"). City acknowledges that the Unit G-101 Information, and any other information, data, plans, or reports of any kind or nature relating to Unit G-101 which City has received or may receive from Seller or its agents is, will be, or has been furnished on the express condition that City shall make its own independent verification of the accuracy of the information.

All representations, warranties and covenants of Seller in this Agreement shall survive the Closing until expiration of the Survival Period, it being the intention of the parties that no suits or actions for breach of any such representations or warranties herein, and any action for indemnity against liabilities resulting from any such breach, may be brought following the expiration of the Survival Period, and that all such matters shall, after the expiration of the Survival Period, be forever barred.

Notwithstanding the foregoing provisions of this Paragraph 4.2, (i) if City learns of any actual or alleged material inaccuracy in Seller's representations or warranties after the Effective Date and prior to the Closing, City shall promptly notify Seller thereof, and (ii) if Seller learns of any actual or alleged material inaccuracy in such representations or warranties, Seller shall promptly notify City thereof. Seller shall, on or before the earlier of the scheduled Closing or the date five (5) business days after receiving such written notice from City or of learning of such actual or alleged material inaccuracy, make commercially reasonable efforts, without cost or expense to Seller, to cure such inaccuracy. Failing such cure by Seller, Seller shall, within the period described in the preceding sentence, notify City in writing of such failure to cure, and City's sole and exclusive remedy in such event shall be to elect, on or before the earlier of the scheduled

Closing or the date five (5) days after receiving such written notice from Seller, to either (a) waive such breach and proceed to consummate the transaction contemplated by this Agreement without reduction in the Purchase Price or (b) terminate this Agreement without having to pay the Termination Fee, whereupon neither party shall have any further liability or obligation to the other under this Agreement, except as otherwise specifically provided in this Agreement.

Seller shall have no liability whatsoever to City with respect to a breach of any of the representations and warranties herein contained if City obtains knowledge of a fact or circumstance the existence of which would constitute a breach of Seller's representations and warranties hereunder prior to the Closing. In such event, if City proceeds to Closing, without exercising the right of termination set forth above, each representation or warranty shall be deemed automatically amended to conform with the knowledge of City as of the Closing, and Seller shall have no liability whatsoever for such previously inaccurate representation or warranty. For the purposes hereof, City shall be deemed to have knowledge of any fact or circumstance set forth in any of the inspections and tests performed by or on behalf of City related to Unit G-101, the title commitment, Unit G-101 Information, and any amendments thereof, as well as in any other information received by City during the pendency of this transaction, and the representations and warranties herein contained shall be deemed automatically modified to the extent information contained in any of the foregoing received by City prior to Closing or any other information known to City prior to Closing is inconsistent with the matters covered herein. As used herein, the term "to Seller's knowledge," "Seller's best knowledge," or "Seller's actual knowledge," or any variation thereof, shall mean the actual, current knowledge of Madeleine Ferris, without any obligation for inquiry or investigation. Notwithstanding the foregoing, City agrees that in no event shall Mr. Penzell be personally liable for any breach of Seller's representations and warranties in this Agreement.

4.3 As-Is Condition. The transaction contemplated by this Agreement has been an arm's length negotiation between Seller and City. This Agreement reflects the mutual agreement of Seller and City, and City has the right to conduct its own independent examination of Unit G-101. Other than the Seller's representations and warranties expressly set forth in Paragraph 4.2, City has not relied upon and will not rely upon, either directly or indirectly, any representation or warranty of Seller or any of Seller's agents or representatives, and City hereby acknowledges that no such representations or warranties have been made.

Except for representations and warranties of Seller expressly contained in Paragraph 4.2, Seller specifically disclaims, and neither Seller nor any of Seller's attorneys, employees, principals, representatives, officers, managers, members, agents or affiliates is making, any representation, warranty or assurance whatsoever to City, and no warranties or representations of any kind or character, either express or implied, are made by Seller or relied upon by City with respect to the status of title to or the maintenance, repair, condition, design or marketability of Unit G-101, or any portion thereof, including but not limited to (a) any implied or express warranty of merchantability, (b) any implied or express warranty of fitness for a particular purpose, (c) any implied or express warranty of conformity to models or samples of materials, (d) any rights of City to claim diminution of consideration, (e) any claim by City for damages because of defects, whether known or unknown, with respect to the improvements or any

personal property, (f) the investment value or potential of Unit G-101 and (g) the compliance or lack thereof of Unit G-101 with governmental regulations, including without limitation environmental laws and regulations, now existing or hereafter enacted or promulgated, it being the express intention of Seller and City that, except as expressly set forth in Paragraph 4.2, Unit G-101 will be conveyed and transferred to City and City will accept Unit G-101 in its present condition and state of repair, "as is" and "where is", with all faults.

City represents that it is a knowledgeable, experienced and sophisticated purchaser of real estate, and that it is relying solely on its own expertise and that of its consultants in purchasing Unit G-101. City has been given a sufficient opportunity to conduct and has conducted or will conduct such inspections, investigations and other independent examinations of Unit G-101 and related matters as City deems necessary, including but not limited to the physical and environmental conditions thereof, and will rely upon same and not upon any statements of Seller (excluding the limited matters expressly represented by Seller in Paragraph 4.2 nor of any principal, representative, officer, manager, affiliate, member, employee, agent or attorney of Seller.

City acknowledges that all information obtained by City (including the Unit G-101 Information) was or will be obtained from a variety of sources, and Seller will not be deemed to have represented or warranted the completeness, truth or accuracy of any of the documents or other such information heretofore or hereafter furnished to City, and City is purchasing Unit G-101 based on City's experience in owning and operating real estate and City's projections as to future development, leasing, rents, occupancy, and other factors involving Unit G-101, and not based on Seller's books, records or operating statements or experience.

Upon Closing, except as otherwise expressly provided in this Agreement, City will assume the risk that adverse matters, including, but not limited to adverse physical, financial and environmental conditions, may not have been revealed by City inspections and investigations. Except as otherwise expressly provided in this Agreement, City hereby agrees to accept and bear all risks regarding all attributes and conditions, latent or otherwise of Unit G-101. City further acknowledges and agrees that there are no oral agreements, warranties or representations collateral to or affecting Unit G-101 by Seller, any agent of Seller or any third party. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to Unit G-101 furnished by any agent, employee or other person, unless the same are specifically set forth or referred to herein. City acknowledges that the Purchase Price reflects the "as is, where is" nature of this sale and any faults, liabilities, defects or other adverse matters that may be associated with Unit G-101. City, with its counsel, has fully reviewed the disclaimers and waivers set forth in this Agreement and understands their significance and agrees that the disclaimers and other agreements set forth herein are an integral part of this Agreement, and that Seller would not have agreed to sell Unit G-101 to City for the Purchase Price without the disclaimers and other provisions set forth in this Agreement.

4.4 No Right of Assignment. Neither City nor Seller shall assign this Agreement, or any other rights under this Agreement. However, Seller may assign this Agreement but only to a person or entity that expressly assumes the obligations of Seller under this Agreement.

V. MISCELLANEOUS

5. The following miscellaneous provisions shall apply:

5.1 Notices. Any notice required or permitted to be given hereunder shall be in writing and shall be deemed given and effective when delivered personally, by email, if receipt of email is acknowledged by receiving party, or on the second mail delivery day after such notice is deposited in the United States mail, postage prepaid, by certified or registered mail, return receipt requested, or when delivered by Express Mail, Federal Express or a like service, addressed to the party as follows:

As to Seller: Arts District Development I, LLC
40 Cypress Creek Parkway, PMB 132,
Houston, TX 77090
Attention: Laurie Conner
lconner@arruth.com

Copy to: Dickinson Wright PLLC
1850 N. Central Ave., Suite 1400
Phoenix, Arizona 85004
Attention: Spencer W. Cashdan
SCashdan@dickinson-wright.com

As to City: Martha West
Real Estate Asset Manager
CPM/Public Works
7447 E Indian School Road, Suite 205
Scottsdale, AZ 85251
mwest@scottsdaleaz.gov

Copy to: CITY OF SCOTTSDALE
City Attorney's Office
3939 Drinkwater Blvd.
Scottsdale, AZ 85251

or at such address as either party hereto may designate by giving written notice thereof to the other party hereto in the aforesaid manner. Notwithstanding the foregoing notice actually received, by whatever means, will be effective for all purposes under this Agreement (i.e., responding to an email constitutes actual receipt of the responded to email).

5.2 Entire Agreement. This Agreement constitutes the entire Agreement and understanding between the parties hereto with regard to the subject matters hereof and supersedes all other previous oral or written agreements or understandings with respect thereto. Neither this Agreement nor the provisions hereof may be waived, modified, amended, discharged or terminated except by instrument in writing signed by the party against which

enforcement of such waiver, modification, amendment, discharge, or termination is sought, and then only to the extent as set forth in such instrument.

5.3 Captions. The captions used in connection with the sections of this Agreement are for convenience of reference only and shall not be deemed to construe or limit the meaning or language of this Agreement.

5.4 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect.

5.5 Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies whatever upon any person other than parties hereto and their respective successors, assigns, and transferees permitted hereby.

5.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Arizona.

5.7 Exhibits. The exhibits attached hereto which are described herein are hereby incorporated by reference and made a part of this Agreement.

5.8 Counterparts. This Agreement may be executed and delivered in counterparts, each of which shall be deemed to be a duplicate original thereof.

5.9 Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. For the purposes hereof: (a) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (b) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

5.10 Attorneys' Fees. If either party shall bring suit to enforce the terms and provisions hereof or to recover damages for breach the prevailing party shall be entitled to recover from the other party all costs and expenses incurred in connection with the exercise by the prevailing party of its rights and remedies hereunder and reasonable attorneys' fees. The amount of the attorneys' fees is to be fixed by the court without a jury. For the purposes of this paragraph the term "prevailing party" shall mean in the case of the claimant, one who is successful in obtaining substantially all of the relief sought, and in the case of the defendant or respondent, one who is successful in denying substantially all of the relief sought by the claimant.

5.11 Time of Essence. Time is of the essence of this Agreement. Each party shall strictly comply with the requirement to perform its obligations and close this transaction on the precise date set forth herein. This Agreement provides no grace or cure periods.

5.12 Miscellaneous This Agreement shall be interpreted according to its plain meaning and not strictly for or against either party.

5.13 Statutory Cancellation Right. In addition to its other rights hereunder, City shall have the rights specified in A.R.S. §38-511.

EXECUTED as of the date first given above.

SELLER: ARTS DISTRICT DEVELOPMENT I, LLC
an Arizona limited liability company

By: Scottsdale Main Street
Management, LLC, a Texas limited
liability company, Its Manager

By: Madeleine S. Ferris
Madeleine S. Ferris, President

CITY: CITY OF SCOTTSDALE, an Arizona
municipal corporation

By: _____
W. J. "Jim" Lane, Mayor

ATTEST:

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

Margaret Wilson
Bruce Washburn, City Attorney
By: Margaret Wilson, Senior Assistant City Attorney

Dan Worth, Public Works Director

ESCROW ACCEPTED AND AGREED TO BY:

Escrow Agent: CHICAGO TITLE INSURANCE COMPANY

By _____
Its _____

TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Paragraph</u>	<u>Description</u>
A	A	Legal description for Unit G-101
B	1.5	Form of Termination and Release of Covenants and Restrictions
C	1.5	Form of Termination and Release of Covenants and Restrictions
D	3.2.2.1	Form of Unit G-101 Deed

LEGAL DESCRIPTION FOR UNIT G-101

Unit G-101, Gateway at Main St. Plaza Scottsdale, a condominium, according to Declaration of Condominium recorded in Document No. 04-0539207 and First Amendment recorded in Document No. 04-0547390, Second Amendment recorded in Document No. 06-1015862, Third Amendment recorded in Document No. 06-1380979, Fourth Amendment recorded in Document no. 07-0255441, Fifth Amendment recorded in Document No. 07-0270240, Sixth Amendment recorded in Document No. 09-0329003, Certificate of Correction to Sixth Amendment recorded in Document No. 15-0641296, and plat recorded in Book 683 of Maps, Page 43 and First Amendment recorded in Book 848 of Maps, page 39, and Second Amendment recorded in Book 1022, page 34, records of Maricopa County, Arizona;

TOGETHER with an undivided interest in the common elements set forth in said Declaration and Plat and any Annexations thereto.

EXHIBIT "A:
Page 1 of 1

Contract No. 2019-067-COS

16916076v17
PHOENIX 53880-1 520652v13

WHEN RECORDED RETURN TO:

City of Scottsdale
Martha West, Real Estate Asset Mgr.
7447 East Indian School Road
Scottsdale, AZ 85251

TERMINATION AND RELEASE OF COVENANTS AND RESTRICTIONS

This Termination and Release of Declarations of Covenants and Restrictions is declared this ____ day of _____, 2019, by Arts District Group, L.L.C., an Arizona Limited Liability Company, Arts District Development I, LLC, an Arizona Limited Liability Company ("Developer") and the City of Scottsdale, an Arizona municipal corporation ("City"). The City and the Developer may be referred to individually as a "Party" and collectively, the "Parties."

A. Whereas, the Developer and the City are parties or successors in interest to the Declarations of Covenants and Restrictions entered into on November 11, 2004 and recorded with the Maricopa County Recorder on November 18, 2004, (the "Declarations") as follows:

	BURDENED PARCEL DATED NAME	RECORDED	RECORDING NO.
1.	Annex Parcel & North ½ of 1 st Street Declaration	November 11, 2004 November 18, 2004	2004-1353197
2.	School Parcel & Driveway East Parcel Declaration	November 11, 2004 November 18, 2004	2004-1353199
3.	Transit Parcel Declaration	November 11, 2004 November 18, 2004	2004-1353200
4.	Cultural Parcel & Expansion Parcel Declaration	November 11, 2004 November 18, 2004	2004-1353201
5.	Center Parcel & South ½ of 1 st Street Parcel Declaration	November 11, 2004 November 18, 2004	2004-1353202

EXHIBIT "B"
Page 1 of 5

Contract No. 2019-067-COS

6. Loft Parcel & November 11, 2004 November 18, 2004 2004-1353203
Driveway South
Parcel Declaration
7. Courtyard Parcel, November 11, 2004 November 18, 2004 2004-1353204
Townhome North Parcel,
Townhome South Parcel &
Driveway West Parcel
Declaration

B. Whereas the Developer and the City now seek to terminate all of the Declarations set forth in Recital A;

NOW, THEREFORE, in consideration of the terms and conditions hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which hereby is acknowledged, the parties agree as follows:

1. Termination. Developer and City hereby declare on their behalf and on behalf of their successors and assigns that to the extent of each of their respective right, title and interest therein, all of the Declarations referenced above in Recital A are hereby terminated and cancelled and shall be deemed and held to be of no further force and effect.

2. Binding Effect. The provisions hereof are binding upon the Developer, the City and their successors and assigns.

3. Authority. Each Party to this Termination and Release of Covenants and Restrictions represents to the other that it has full power and authority to execute this document and that the individual executing this document on behalf of the Party is authorized and empowered to bind the Party that for which the person is signing.

4. Governing Law. This Termination and Release of Covenants and Restrictions shall be construed in accordance with, and governed by, the laws of the State of Arizona without regard to conflicts of laws.

5. Further Assurances. The Parties hereto or any other party holding an interest herein, for themselves, their successors and assigns, agree to do and take such further and additional acts and actions and execute, acknowledge and deliver such further and additional documents, instruments and writings as may be necessary or required (with no material time or expense to Developer) to fully effectuate the provisions and intent of this Termination and Release of Covenants and Restrictions.

EXHIBIT "B"
Page 2 of 5

Contract No. 2019-067-COS

6. Recordation. The City shall record this Termination and Release of Covenants and Restrictions with the office of the Maricopa County Recorder.

7. Counterparts. This Termination and Release of Covenants and Restrictions may be executed in any number of counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

8. No Third Party Beneficiaries. No provision of this Termination and Release of Covenants and Restrictions is intended to benefit any third person or entity except successors in interest to which the Declarations otherwise would have applied, and no such person or entity has any right or cause of action hereunder.

IN WITNESS WHEREOF, the undersigned have executed this Termination and Release of Covenants and Restrictions to be effective upon recording with the Maricopa County Recorder's Office.

ARTS DISTRICT GROUP L.L.C., an Arizona limited liability company,

By: Scottsdale Main Street Management, LLC,
a Texas limited liability company

Its: Manager

By: _____
Madeleine S. Ferris, President

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

The foregoing Termination and Release of Covenants and Restrictions was acknowledged before me this ____ day of __ __ __ ____, 2019, by Madeleine S. Ferris, the President of Scottsdale Main Street Management, LLC, a Texas limited liability company and Manager of ARTS DISTRICT GROUP, L.L.C., an Arizona limited liability company.

Notary Public

My Commission Expires:

EXHIBIT "B"
Page 3 of 5

Contract No. 2019-067-COS

16916076v17
PHOENIX 53880-1 520652v13

ARTS DISTRICT DEVELOPMENT I, LLC, an Arizona
limited liability company

By: Scottsdale Main Street Management, LLC,
a Texas limited liability company
Its: Manager

By: _____
Madeleine S. Ferris, President

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

The foregoing Termination and Release of Covenants and Restrictions was
acknowledged before me this ____ day of _____, 2019, by Madeleine S. Ferris, the
President of Scottsdale Main Street Management, LLC, a Texas limited liability company and
Manager of ARTS DISTRICT DEVELOPMENT I, LLC, an Arizona limited liability company.

Notary Public

My Commission Expires:

EXHIBIT "B"
Page 4 of 5

Contract No. 2019-067-COS

16916076v17
PHOENIX 53880-1 520652v13

CITY OF SCOTTSDALE, an Arizona municipal corporation

By: - - - - -
W. J. "Jim" Lane, Mayor

ATTEST:

By: - - - - -
Carolyn Jagger, City Clerk

APPROVED AS TO FORM:
OFFICE OF **THE** CITY ATTORNEY

Bruce Washburn, City Attorney
By: Joe Padilla, Deputy City Attorney

STATE OF ARIZONA)
) ss
COUNTY OF _____)

The foregoing Termination and Release of Covenants and Restrictions was sworn to and acknowledged before me this __ _ day of __ _ , 2019, by W. J. "Jim" Lane, the Mayor of the City of Scottsdale.

Notary Public

My Commission Expires:

EXHIBIT "B"
Page 5 of 5

Contract No. 2019-067-COS

WHEN RECORDED RETURN TO:

City of Scottsdale
Martha West, Real Estate Asset Mgr.
7447 East Indian School Road
Scottsdale, AZ 85251

TERMINATION AND RELEASE OF COVENANTS AND RESTRICTIONS

This Termination and Release of Declarations of Covenants and Restrictions is declared this____ day of_____, 2019 by Gateway at Main St. Plaza Scottsdale Condominium Association, an Arizona Domestic Nonprofit Corporation, ("HOA") and the City of Scottsdale, an Arizona municipal corporation ("City"). The City and the HOA may be referred to individually as a "Party" and collectively, the "Parties."

A. Whereas, the HOA and the City are parties or successors to the Declarations of Covenants and Restrictions entered into on November 11, 2004 and recorded with the Maricopa County Recorder on November 18, 2004, (the "Declarations") as follows:

	BURDENED PARCEL DATED NAME	RECORDED	RECORDING NO.
1.	Annex Parcel & North ½ of 1 st Street Declaration	November 11, 2004 November 18, 2004	2004-1353197
2.	School Parcel & Driveway East Parcel Declaration	November 11, 2004 November 18, 2004	2004-1353199
3.	Transit Parcel Declaration	November 11, 2004 November 18, 2004	2004-1353200
4.	Cultural Parcel & Expansion Parcel Declaration	November 11, 2004 November 18, 2004	2004-1353201
5.	Center Parcel & South ½ of 1 st Street Parcel Declaration	November 11, 2004 November 18, 2004	2004-1353202

EXHIBIT "C"
Page 1 of 6

Contract No. 2019-067-COS

6. Loft Parcel & November 11, 2004 November 18, 2004 2004-1353203
Driveway South
Parcel Declaration
7. Courtyard Parcel, November 11, 2004 November 18, 2004 2004-1353204
Townhome North Parcel,
Townhome South Parcel &
Driveway West Parcel
Declaration

B. Whereas the HOA and the City now seek to terminate all of the Declarations set forth in Recital A;

NOW, THEREFORE, in consideration of the terms and conditions hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which hereby is acknowledged, the parties agree as follows:

1. Termination. HOA and City hereby declare on their behalf and on behalf of their successors and assigns that to the extent of each of their respective right, title and interest therein, all of the Declarations referenced above in Recital A are hereby terminated and cancelled and shall be deemed and held to be of no further force and effect.

2. Binding Effect. The provisions hereof are binding upon the HOA, the City and their successors and assigns.

3. Authority. Each Party to this Termination and Release of Covenants and Restrictions represents to the other that it has full power and authority to execute this document and that the individual executing this document on behalf of the Party is authorized and empowered to bind the Party for which the person is signing.

4. Governing Law. This Termination and Release of Covenants and Restrictions shall be construed in accordance with, and governed by, the laws of the State of Arizona without regard to conflicts of laws.

5. Further Assurances. The Parties hereto or any other party holding an interest herein, for themselves, their successors and assigns, agree to do and take such further and additional acts and actions and execute, acknowledge and deliver such further and additional documents, instruments and writings as may be necessary or required (with no material time or expense to HOA) to fully effectuate the provisions and intent of this Termination and Release of Covenants and Restrictions.

EXHIBIT "C"
Page 2 of 6

Contract No. 2019-067-COS

6. Recordation. The City shall record this Termination and Release of Covenants and Restrictions with the office of the Maricopa County Recorder.

7. Counterparts. This Termination and Release of Covenants and Restrictions may be executed in any number of counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument.

8. No Third Party Beneficiaries. No provision of this Termination and Release of Covenants and Restrictions is intended to benefit any third person or entity except successors in interest to which the Declarations otherwise would have applied, and no such person or entity has any right or cause of action hereunder.

9. Legal Representation. HOA has been advised and provided the opportunity to seek legal counsel and elects to proceed without the assistance of counsel, and has thoroughly read this Termination and Release of Covenants and Restrictions and made a careful and independent investigation into all of the facts deemed by the HOA to be material to its execution.

IN WITNESS WHEREOF, the undersigned have executed this Termination and Release of Covenants and Restrictions to be effective upon recording with the Maricopa County Recorder's Office.

GATEWAY AT MAIN ST.
PLAZA SCOTTSDALE CONDOMINIUM ASSOCIATION,
an Arizona Domestic Nonprofit Corporation

By: _____ Its: _____

STATE OF ARIZONA)
) ss
COUNTY OF _ _ _ _)

The foregoing Termination and Release of Covenants and Restrictions was acknowledged before me this _____ day of _____ 2019, by _____, its _____ of Gateway at Main St. Plaza Scottsdale Condominium Association, an Arizona Domestic nonprofit corporation.

Notary Public

My Commission Expires:

EXHIBIT "C"
Page 3 of 6

Contract No. 2019-067-COS

16916076v17
PHOENIX 03660-1 520652v13

CITY OF SCOTTSDALE, an Arizona municipal corporation

By: _____
W. J. "Jim" Lane, Mayor

ATTEST:

By: _____
Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

Bruce Washburn, City Attorney
By: Joe Padilla, Deputy City Attorney

STATE OF ARIZONA)
) ss
COUNTY OF _ _ _ _)

The foregoing Termination and Release of Covenants and Restrictions was sworn to and acknowledged before me this _ _ day of _____, 2019, by W. J. "Jim" Lane, the Mayor of the City of Scottsdale.

Notary Public

My Commission Expires:

EXHIBIT "C"
Page 4 of 6

Contract No. 2019-067-COS

16916076v17
PHOENIX 53880-1 5Z0652v13

CONSENT

ARTS DISTRICT GROUP, L.L.C, an Arizona limited liability company, and ARTS DISTRICT DEVELOPMENT I, LLC, an Arizona limited liability company, hereby consent, without representation, liability or recourse, to this Termination and Release of Covenants and Restrictions by Gateway of Main Street Plaza Scottsdale Condominium Association, An Arizona Domestic Nonprofit Corporation.

ARTS DISTRICT GROUP, L.L.C,
an Arizona limited liability company,

By: Scottsdale Main Street Management, LLC,
a Texas limited liability company
Its: Manager

By: Madeleine S. Ferris, President

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

The foregoing Termination and Release of Covenants and Restrictions was acknowledged before me this ____ day of __ __ __ __, 2019, by Madeleine S. Ferris, the President of Scottsdale Main Street Management, LLC, a Texas limited liability company and Manager of ARTS DISTRICT GROUP, L.L.C., an Arizona limited liability company.

Notary Public

My Commission Expires:

EXHIBIT "C"
Page 5 of 6

Contract No. 2019-067-COS

ARTS DISTRICT DEVELOPMENT I, LLC,
an Arizona limited liability company,

By: Scottsdale Main Street Management, LLC,
a Texas limited liability company
Its: Manager

By: - - - - -
Madeleine S. Ferris, President

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

The foregoing Termination and Release of Covenants and Restrictions was acknowledged before me this _ _ _ day of _____, 2019, by Madeleine S. Ferris, the President of Scottsdale Main Street Management, LLC, a Texas limited liability company and Manager of ARTS DISTRICT DEVELOPMENT I, LLC, an Arizona limited liability company.

Notary Public

My Commission Expires:

EXHIBIT "C"
Page 6 of 6

Contract No. 2019-067-COS

16916076v17
PHOENIX 53880-1 520652v13

WHEN RECORDED RETURN TO:

(Martha West)
ONE STOP SHOP RECORDS
City of Scottsdale
7447 E. Indian School Road, Suite 100
Scottsdale, AZ 85251

(Unit G-101)

SPECIAL WARRANTY DEED

Arts District Development I, LLC ("Grantor") hereby conveys to City of Scottsdale, an Arizona municipal corporation ("Grantee") that certain real property (the "Property") located in Maricopa County, Arizona and more particularly described on Exhibit "A" attached hereto together with all appurtenances.

SUBJECT TO: taxes and assessments which are not yet due or payable; patent reservations; all covenants, conditions, restrictions, reservations, easements, declarations, encumbrances, liens, obligations and liabilities or other matters recorded in the official records of Maricopa County, Arizona (the "Records") or to which reference is made in the Records; any and all conditions, easements, encroachments, rights-of-way, or restrictions which a physical inspection, or accurate ALTA survey, of the Property would reveal; and the applicable municipal, county, state or federal zoning and use regulations.

Grantor binds itself and its successors to warrant and defend the title as against all acts of Grantor herein and no other, subject to all matters of record and all matters that would be shown by a survey or inspection of the Property.

In Witness whereof, this instrument is made this ___ day of _____, 20__

GRANTOR:

ARTS DISTRICT DEVELOPMENT I, LLC,
an Arizona limited liability company,

By: Scottsdale Main Street Management, LLC,
a Texas limited liability company
Its: Manager

By: _____
Madeleine S. Ferris, President

EXHIBIT "D"
Page 1 of 2

Contract No. 2019-067-COS

STATE OF TEXAS)
) ss:
COUNTY OF HARRIS)

The foregoing Special Warranty Deed was and acknowledged before me this _____ day of _____, 2019, by Madeleine S. Ferris the President of Scottsdale Main Street Management, LLC, a Texas limited liability company and Manager of ARTS DISTRICT DEVELOPMENT I, LLC, an Arizona limited liability company.

Notary Public

My Commission Expires:

EXHIBIT "D"
Page 2 of 2

Contract No. 2019-067-COS

16916076v17
PHOENIX 53880-1 520652v13

LEGAL DESCRIPTION FOR UNIT G-101

Unit G-101, Gateway at Main St. Plaza Scottsdale, a condominium, according to Declaration of Condominium recorded in Document No. 04-0539207 and First Amendment recorded in Document No. 04-0547390, Second Amendment recorded in Document No. 06-1015862, Third Amendment recorded in Document No. 06-1380979, Fourth Amendment recorded in Document no. 07-0255441, Fifth Amendment recorded in Document No. 07-0270240, Sixth Amendment recorded in Document No. 09-0329003, Certificate of Correction to Sixth Amendment recorded in Document No. 15-0641296, and plat recorded in Book 683 of Maps, Page 43 and First Amendment recorded in Book 848 of Maps, page 39, and Second Amendment recorded in Book 1022, page 34, records of Maricopa County, Arizona;

TOGETHER with an undivided interest in the common elements set forth in said Declaration and Plat and any Annexations thereto.

EXHIBIT A TO EXHIBIT D

Page 1 of 1

Contract No. 2019-067-COS

Smith, Erica

From: Webmaster
Sent: Monday, July 01, 2019 3:08 PM
To: Smith, Erica
Subject: Comment on 07-02-2019 Agenda Item (response #14)

Comment on 07-02-2019 Agenda Item (response #14)

Survey Information

Site:	ScottsdaleAZ.gov
Page Title:	Comment on 07-02-2019 Agenda Item
URL:	https://www.scottsdaleaz.gov/council/meeting-information/agenda-comments/07-02-2019
Submission Time/Date:	7/1/2019 3:07:26 PM

Survey Response

AGENDA ITEM	
Which agenda item are you commenting on?	#2 Purchase And Sale Agreement
COMMENT	
Comment:	<p>Whom ever come up with this scheme has absolutely no respect for the taxpayers. Why are we using CIP funds for this? If we have \$3 million to sink into this we certainly don't need a bond issue. There is office space available in Scottsdale, to buy this Condo and for an escalated amount and then sign a blank check for unknown HOA fees of the future is insane. To have an office in this location with no dedicated parking for the employees is insane. How many employees will be working out of this location? It is large enough to accommodate 20 to 25 employees. Please have some respect for the taxpayers and nix this idea.</p>
Comments are limited to 8,000 characters and may be cut and pasted from another source.	
NAME	
Name:	Jim Haxby
CONTACT INFORMATION	

Please provide the following information so someone may follow up with you if they have questions about your comment (optional).

Email:

chaxby@cox.net

Phone:

(480) 991-7768

Address:

7336 E Sunnyside Dr, Scottsdale 85260

Example: 3939 N. Drinkwater Blvd, Scottsdale 85251

Smith, Erica

From: Webmaster
Sent: Tuesday, July 02, 2019 10:06 AM
To: Smith, Erica
Subject: Comment on 07-02-2019 Agenda Item (response #15)

Comment on 07-02-2019 Agenda Item (response #15)

Survey Information

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Page Title:	Comment on 07-02-2019 Agenda Item
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Submission Time/Date:	7/2/2019 10:04:47 AM

Survey Response

AGENDA ITEM	
Which agenda item are you commenting on?	Unit G-101 Purchase and sale
COMMENT	
Comment:	This is not what are city improvement funds are for. Buying this condo to bribe the owner into changing their mind on the height of buildings from 60 to 150 feet is wrong. This is to help make a rich developer richer and does not help the city. If the deal is so good let the developer put up the money and reap the profit.
Comments are limited to 8,000 characters and may be cut and pasted from another source.	
NAME	
Name:	joe zimmerman
CONTACT INFORMATION	
Please provide the following information so someone may follow up with you if they have questions about your comment (optional).	
Email:	joezimmerman52@gmail.com

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