

COVERAGE SETTLEMENT AGREEMENT

This Coverage Settlement Agreement (hereinafter “Agreement”) is made by and between the City of Maricopa and Travelers Indemnity Company (“Travelers”). The City of Maricopa and Travelers may sometimes be referenced individually herein as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, the City of Maricopa and Estrella Gin Business Park, LLC (“Estrella Gin”) are parties, successors or assigns to that certain Purchase and Sale Agreement and Escrow Instructions originally between the City and Urban Storage Maricopa, LLC, dated November 23, 2010, as amended (“PSA”), under which the City agreed to sell a 10.19 acre of property generally located at the southeast corner of Edison Road and Estrella Gin Parkway, Pinal County Assessor’s Parcel No. 510-17-022A (the “Estrella Gin Property”).

WHEREAS, the Estrella Gin Property is located adjacent to property now owned by Hampton Edison, LLC, Pinal County Assessor’s Parcel No. 510-20-0490, which the City had conveyed to Paragon Hampton Edison, LLC, by abandonment through Resolution No. 23-16 (“Paragon Property”).

WHEREAS, on or about October 21, 2021, the City conveyed the Estrella Gin Property to West Edison, LLC, which between May 17, 2022 and November 12, 2022, conveyed the Estrella Gin Property to Estrella Gin (66.33%), Bank of Idaho Trustee fbo Jeff Newgard IRA (4.20%), Jeff Anderson (3.50%), Ryan L. Anderson (3.50%), Travis Argyle (3.50%) Fluid Real Estate Investments LLC (13.97%) and EJS, LLC (5.00%) as tenants in common.

WHEREAS, by notice dated September 5, 2024, Estrella Gin sent a Notice of Claim to the City of Maricopa regarding a request for damages. The Notice of Claim alleges the City of Maricopa transferred an approximately 12-foot strip of the Estrella Gin Property to Paragon (the “Disputed Area”) in the abandonment. The Notice of Claim further alleged that a drainage ditch had been constructed on the Disputed Area (“Drainage Ditch”) that interferes with Estrella Gin’s development of the Estrella Gin

Property. Estrella Gin's Notice of Claim sought damages in association with the fact the drainage ditch was built on part of its property ("Claim for Damages").

WHEREAS, Travelers issued Policy No. ZLP-31N11592-24-PB to the City of Maricopa with an effective policy period of July 1, 2024 to July 1, 2025, subject to all of its insuring agreements, coverage terms, provisions, limitations, exclusions, definitions, conditions and endorsements ("Travelers Policy").

WHEREAS, the City of Maricopa tendered the Claim for Damages to Travelers on or about February 6, 2025, and Travelers has been providing a defense to the City of Maricopa under a reservation of rights, as set forth in its letter to the City of Maricopa dated February 24, 2025.

WHEREAS, Estrella Gin subsequently filed a Complaint, captioned *Estrella Gin Business Park, LLC v. City of Maricopa*, Pinal County Superior Court Case No. S1100CV202501489 ("Lawsuit") on or about January 30, 2025 against the City of Maricopa in the Superior Court of Arizona, Maricopa County, seeking damages due to the acts of the City of Maricopa as alleged in the Notice of Claim. The Lawsuit was stayed and Estrella Gin and the City of Maricopa proceeded to mediate their dispute.

WHEREAS, City of Maricopa and Estrella Gin have reached an agreement to resolve their dispute (the "Settlement") and the City of Maricopa has requested that Travelers fund, in part, the Settlement between the City of Maricopa and Estrella Gin.

WHEREAS, in connection with the Settlement, Estrella Gin agrees to release the City of Maricopa and Travelers, along with their heirs, elected and appointed officials, officers, directors, stockholders, partners, limited partners, departments, joint venturers, agents, representatives, employers, members, servants, predecessors, successors, claim administrators, third-party administrators, insurers, re-insurers and attorneys, from all claims, suits, costs, debts, demands, actions, and causes of action, whether known or unknown, that Estrella Gin and its past, present, and future agents, representatives, successors, assigns, heirs, and beneficiaries had, have, or might have in the future against the City of Maricopa or Travelers

for all injuries and damages of whatsoever kind and nature arising out of the Claim for Damages and Lawsuit.

WHEREAS, as set forth below, Travelers has agreed to fund, in part, the Settlement; and

WHEREAS, the Parties intend by this Agreement to adopt, by way of compromise, without further dispute or adjudication of any issues of fact or law, a full and final settlement that releases and terminates all rights, obligations and liabilities of Travelers with respect to or arising out of the Claim for Damages and Lawsuit.

AGREEMENTS

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

1. Payments

A. Travelers agrees to transfer to the City of Maricopa or Estrella Gin, at the City of Maricopa's direction, \$280,000, within twenty (20) days after Travelers receipt of all of the following:

- (1) a fully executed Settlement Agreement between Estrella Gin and the City of Maricopa consistent with the terms set forth in this Agreement;
- (2) this Agreement, fully executed; and
- (3) complete payment instructions sufficient to allow Travelers to make the Settlement Payment to or on behalf of the City of Maricopa.

B. Subject to the requirements set forth in Paragraph (1)(C) below, Travelers further agrees it will reimburse the City of Maricopa for a portion of the following costs it will incur as part of the terms of the Settlement Agreement between Estrella Gin and the City of Maricopa:

- (1) Travelers agrees to reimburse the City of Maricopa 80% of the costs to be incurred by the City of Maricopa to relocate the Drainage Ditch from the Disputed Area, pursuant to the terms set forth in

the Settlement Agreement between Estrella Gin and the City of Maricopa, up to a maximum amount of \$120,000.

(2) Travelers agrees to reimburse the City of Maricopa 80% of the costs to be incurred by the City of Maricopa to improve the west half of Roosevelt Avenue, pursuant to the terms set forth in the Settlement Agreement between Estrella Gin and the City of Maricopa, up to a maximum amount of \$480,000.

(3) Travelers agrees to reimburse the City of Maricopa 80% of the loss incurred by the City of Maricopa from waiving permitting fees, pursuant to the terms set forth in the Settlement Agreement between Estrella Gin and the City of Maricopa, up to a maximum amount of \$144,000.

C. Travelers' agreement to reimburse the City of Maricopa for the amounts set forth in Paragraph B above are conditioned on the City of Maricopa providing Travelers detailed invoices for all costs or loss incurred by the City of Maricopa and/or its contractors or subcontractors in connection with items set forth in Paragraphs B(1)-(3) above. In addition, Travelers' payments are further conditioned on the receipt of: (1) a fully executed Settlement Agreement between Estrella Gin and the City of Maricopa consistent with the terms set forth in this Agreement; (2) this Agreement, fully executed; and (3) complete payment instructions sufficient to allow Travelers to reimburse the City of Maricopa.

2. Release

Upon disbursement of the Travelers' Payments, the City of Maricopa shall be deemed to remise, release, covenant not to sue and forever discharge Travelers, and each of its present or former officers, directors, employees, partners, limited partners, shareholders, members, subsidiaries, affiliates, representatives, attorneys, agents, reinsurers, heirs, executors, administrators, successors, and assigns from and against all manner of action, causes of action, suits, debts, accounts, promises, warranties, damages (including consequential and punitive), agreements, attorneys' fees, costs, expenses, claims or demands whatsoever, in law or in equity, whether presently known or unknown, asserted or unasserted, whether

sounding in tort, contract, equity, bad faith, violation of alleged duty of good faith and fair dealing, or arising under the statutes or administrative regulations of any jurisdiction (including, without limitation, unfair claims practices and unfair trade practices acts), with respect to any and all past, present or future claims, of any type whatsoever, that the City of Maricopa ever had, now have, or hereafter may have relating solely to the Claim for Damages and Lawsuit: (1) for insurance coverage under the Travelers Policy or any other insurance policy issued by Travelers, (2) for subrogation, indemnification, or contribution from Travelers, or (3) arising out of or relating to any act, omission, representation, or conduct of any sort by Travelers related to the Claim for Damages or Lawsuit.

3. Assignment of Rights

The City of Maricopa hereby assigns and transfers to Travelers all rights, claims, and causes of action that the City of Maricopa may have against any third party for the damages, losses, or injuries alleged by Estrella Gin, to the extent of payments made or to be made by Travelers under this Agreement. The City of Maricopa further hereby agrees to: (1) provide reasonable assistance to Travelers in its efforts to pursue such recovery; and (2) refrain from any action that might prejudice Travelers' recovery rights, including but not limited to refraining from entering into any waiver, release or compromise of third-party claims without Traveler's consent.

4. Representations and Warranties

A. It is the intention of the Parties to this Agreement that, except as set forth under Section 1 (Payments) above, Travelers shall have no further financial obligation of any kind with respect to the Claim for Damage and the Lawsuit.

B. The City of Maricopa represents and warrant to Travelers that they have not, and will not, assign or transfer or subrogate, to any other person or entity, any claim or right they have under the Travelers' Policy arising out of, or relating to, in any way, the Claim for Damages and the Lawsuit.

5. Non-prejudice and Construction of Agreement

This Agreement is intended to be and is a compromise between the Parties and shall not be construed as an admission of coverage under Travelers Policy nor shall this Agreement or any provision hereof be construed as a waiver, modification or retraction of the positions of the Parties with respect to the interpretation and application of the Travelers Policy.

This Agreement is the product of informed negotiations and involves compromises of the Parties' previously stated legal positions. Accordingly, this Agreement does not reflect upon the Parties' views as to rights and obligations with respect to matters or persons outside the scope of this Agreement. This Agreement is without prejudice to positions taken by Travelers with regard to other insureds or other claims submitted by the City of Maricopa.

This Agreement is the jointly drafted product of arms-length negotiations between the Parties with the benefit of advice from counsel, and the Parties agree that it shall be so construed. As such, neither party will claim that any ambiguity in this agreement shall be construed against the other party.

6. No Modification

No change or modification of this Agreement shall be valid unless it is made in writing and signed by the Parties.

7. Execution

There will be signed originals of this Agreement, which may be executed in counterparts. For purposes of this Agreement, facsimile and PDF copy signatures shall constitute original signatures.

8. Notices

Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following person or entity:

The City of Maricopa:

Title
Address
Email

The Travelers Indemnity Company

Betsy Wilkerson
PO Box 650293
Dallas, Texas 75265-0293
BWILKERS@travelers.com

[SIGNATURE PAGES FOLLOWING – THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS HEREOF, the Parties, by their duly authorized representatives, affix their signatures hereto on the date below their signature.

The City of Maricopa

Signature: _____

Printed Name: _____

Title: _____

Date: _____



Benjamin Butler

City Manager

9/30/25

The Travelers Indemnity Company

Signature: _____

Printed Name: _____

Title: _____

Date: _____



Betsy Wilkerson

Major Case Specialist

10/1/25