

When recorded, return to:

Chandler City Clerk  
P. O. Box 4008, MS 606  
Chandler, AZ 85244-4008

## **SUSTAINABLE WATER SERVICE AGREEMENT**

This Sustainable Water Service Agreement (“Agreement”), effective on the \_\_\_\_ day of \_\_\_\_\_, 2025 (the “Effective Date”), is entered into by and between the City of Chandler, an Arizona municipal corporation (“City”) and Applied Materials, Inc., a Delaware corporation, (“Owner”). This Agreement may refer to City and Owner individually as a “Party” or collectively as the “Parties”.

### **RECITALS**

- A. Owner is under contract to purchase a fee interest in industrial property located at 2377 S. Arizona Avenue in Chandler, Maricopa County, Arizona, as legally described in the attached **Exhibit “A”** (the “Property”).
- B. Owner intends to operate a semiconductor equipment manufacturing facility on the Property.
- C. Chandler City Code Chapter 52-45(A) limits all water uses within the city to those that will not exceed the then-existing Tier I Water Use Allocation adopted by the city council.
- D. Owner’s proposed Water usage will exceed the current Tier I Water Use Allocation.
- E. The Owner proposes to employ water-cooled cooling towers and chillers on the Property, which comprises approximately 226,500 gallons per day (gpd) of the total water demand for Owner’s proposed use.
- F. Owner has filed a Sustainable Water Service Application, and the Director of Public Works & Utilities has determined that the Property is eligible for a Tier II Water Use Allocation subject to the terms and conditions of this Agreement.
- G. The Chandler City Council has authorized the delivery of Tier II Water to the Property subject to the terms and conditions of this Agreement.

WHEREFORE, the Parties agree as follows:

### **AGREEMENT**

1. The foregoing recitals are incorporated by reference into this Agreement.

2. Capitalized words or phrases not specifically defined in this Agreement shall have the same meaning provided under Chandler City Code Chapter 52, Article VI. In any conflict between this Agreement and Chandler City Code, the provisions of this Agreement shall control.

3. The proposed use for the Property is semiconductor equipment manufacturing, research and development, and the service of semiconductor equipment and parts.

4. The Tier I Water Use Allocation for the Property and use is 21,000 gpd.

5. Owner's proposed use requires a total of 302,500 gpd of water. City agrees to allocate a total of 281,500 gpd of Tier II Water to the Property for the use of semiconductor equipment manufacturing, of which 55,000 gpd will be potable water and 226,500 gpd will be reclaimed water.

6. The Property shall be limited to no more than 302,500 gpd of water use (21,000 gpd Tier I Water + 281,500 gpd Tier II Water) calculated annually based on a rolling three-year average ("Maximum Water Use"). Missing data due to meter failure or other errors or omissions will be estimated based on water use for the same period in the prior year.

7. Owner agrees to use reclaimed water for cooling towers and chillers on the Property. No other use shall be permitted. Reclaimed water delivered under this Agreement shall be stored and used only on the Property. Owner may not resell or permit any other person or entity to use reclaimed water delivered under this Agreement.

8. Owner shall maintain an on-site reclaimed water storage system capable of storing a minimum of 200,000 gallons of reclaimed water to the site. The storage system shall be designed so that it can receive both reclaimed water and potable water delivered by the city's potable water distribution system. The potable water connection shall comply with the requirements for backflow prevention as provided in code chapter 52 and shall be separately metered as required by that chapter. Owner's use of potable water for on-site storage shall be limited to emergency situations with proper notice to City as provided in this Agreement.

9. Because City is requiring Owner to use reclaimed water on the Property, Owner's reclaimed water use shall be given the same level of priority provided to developers under code chapter 53-3.1.

10. No reclaimed water will be delivered under this Agreement unless Owner has a valid reuse permit issued by the Arizona Department of Environmental Quality in accordance with Title 18, Chapter 9. Owner shall, at its sole cost, comply with chapter 53 of the Chandler City Code and all other applicable state, federal, and local statutes, ordinances, regulations, rules, and standards as now exist and are lawfully enacted, relating to the use of reclaimed water on the Property. City may suspend reclaimed water deliveries for Owner's failure to comply with chapter 53 or any other applicable law as set forth in chapter 53.

11. In addition to any other regulatory requirements placed on Owner including, without limitation, any requirements set forth in Owner's reuse permit for a violation of a regulatory requirement or an emergency, the Owner shall, within three days of the discovery or a violation or emergency, provide written notice to City together with an action plan to resolve the violation or emergency. If the violation or emergency has been resolved, Owner shall submit a description of the corrective measures taken and, in any event, shall notify City in writing when the measures have been taken, and the violation or emergency has been resolved.

12. City shall use its best efforts to deliver 226,500 gpd of reclaimed water to the Property pursuant to this Agreement. The reclaimed water shall meet or exceed state standards set forth in Title 18, Chapter 11, Article 3, Table A of the Arizona Administrative Code. Owner shall not be obligated to accept reclaimed water that does not meet this standard. In the event of an Act of God, natural catastrophe, war, civil insurrection, accident, actions of governmental or judicial bodies other than the city, or any other unexpected or unforeseen occurrences beyond the control of either party which shall materially interfere with the ability of City to deliver reclaimed water, or the ability of the Owner to accept reclaimed water, the failure of either Party to perform its obligation under this Agreement shall be excused for as long as the condition interfering with performance continues, or if the condition is permanent, this Agreement shall terminate.

13. City shall be responsible only for delivery of reclaimed water upstream of the point of delivery to the Property. Owner shall be responsible for the installation and maintenance of all infrastructure necessary for the delivery of reclaimed water to the Property. Owner shall and does hereby agree to indemnify, defend, and hold harmless City, its officers, agents, and employees from and against all claims, losses, fines, and damages arising from or connected with reclaimed water or its use downstream of City's point of delivery to the Property.

14. In addition to the penalties provided under Chandler City Code Chapter 52, Article VI, the following penalties may be assessed on a cumulative basis for exceedance of the Maximum Water Use:

First exceedance – Owner pays City for the volume of water used in excess of the Maximum Water Use at the then-current market rate applicable to the purchase of surface water credits.

Second exceedance – Owner pays for volume of water used in excess of the Maximum Water Use and must develop a water reduction plan sufficient to demonstrate that no further exceedances will occur.

Third exceedance – Upon three or more exceedances, City shall have the right to terminate this Agreement upon 60 days' written notice to Owner and upon termination the Property will be limited to a Tier I Water Use Allocation.

15. Owner agrees to pay all applicable fees and charges associated with City's delivery of Water to the Property, and to comply with the provisions of Chandler City Code Chapters 50, 52, and 53 for the design, permitting, installation, and inspection of meters and other infrastructure necessary for City to deliver Water to the Property.

16. The Tier II Water Use Allocation provided for in this Agreement shall be valid for a period of 100 years from the Effective Date, or until this Agreement is terminated, whichever is sooner.

17. The Tier II Water Use Allocation provided for in this Agreement may not be transferred or assigned to another Owner or use without the written approval of City; however, Owner may transfer or assign the rights and obligations under this Agreement to a corporate subsidiary or affiliate upon written notice to City. Additionally, Owner may request City transfer or assign to a third party in connection with the sale of all or substantially all of the portion of its business for the same use to which this Agreement relates and City may assign or transfer this Agreement subject to such third party's compliance with all required City processes, permits, and any required City Approvals. Owner shall remain liable for the performance of Owner's

obligations under this Agreement following any transfer or assignment that is made without City's written approval.

18. Nothing in this Agreement alters the penalties for violation of any other provision of city code relating to water usage nor does this Agreement alter the penalties for nonpayment of water delivery charges.

19. In the event of any default under this Agreement, the Parties shall have all remedies available at law or in equity. The prevailing Party in any legal dispute under this Agreement shall have the right to recover its reasonable attorneys' fees and costs. No waiver shall arise out of any Party's failure to enforce its rights under this Agreement.

20. The person signing on behalf of Owner represents and warrants that they are duly authorized to enter into this Agreement and empowered to bind Owner to this Agreement.

21. This Agreement shall be governed by and construed under the laws of the State of Arizona.

22. In the event that any phrase, clause, sentence, paragraph, or other portion of the Agreement shall be illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in full force and effect to the fullest extent permissible by law and the Parties will negotiate diligently in good faith for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

23. All notices, demands or other communications given under this Agreement shall be in writing and shall be deemed to have been delivered upon personal delivery or as of the third business day after mailing by United States Certified Mail, postage prepaid, return receipt requested, addressed as follows:

To City:        Director of Public Works & Utilities  
                    P. O. Box 408, MS 403  
                    Chandler, AZ 85244-4008  
                    john.knudson@chandleraz.gov

Copy to:        City Attorney  
                    City of Chandler  
                    P. O. Box 4008, MS 602  
                    Chandler, Arizona 85244-4008  
                    kelly.schwab@chandleraz.gov

To Owner:      Applied Materials, Inc.  
                    3050 Bowers Avenue  
                    Santa Clara, CA 95054  
                    Attn: Global General Procurement  
                    PHDIndirect\_NASuppliers@amat.com

Copy to: Applied Materials, Inc.  
3050 Bowers Avenue  
Santa Clara, CA 95054  
Attn: Law Department – m/s 1267  
[legal\\_notices@amat.com](mailto:legal_notices@amat.com)

E-mail is not sufficient notice under this Section; e-mail addresses are listed as a convenience only. A Party may change its address for receipt of notice by providing written notice as provided in this Section.

24. This Agreement constitutes the entire agreement between the Parties concerning the subject matter of the Agreement. This Agreement may not be amended except in a writing signed by the Parties.

25. No waiver by either Party of a breach of any of the terms, covenants, or conditions of this Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition contained in this Agreement.

26. City shall record this Agreement in the Records of the Maricopa County Recorder.

27. This Agreement is subject to cancellation for conflict of interest under A.R.S. § 38-511.

28. Owner's rights and obligations under this Agreement are contingent upon Owner's acquisition of fee title to the Property. Should Owner fail to close the sale of the Property this Agreement shall automatically terminate.

[Signatures on following page]



**Exhibit A**

Legal Description of Property (attached)



**EXHIBIT "A"**  
Legal Description**For APN/Parcel ID(s): 303-33-013V**

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

PARCEL NO. 1:

A PORTION OF A PARCEL OF LAND BEING AS DESCRIBED PER DOCUMENT 2017-0115975 MARICOPA COUNTY RECORDS (MCR) LOCATED IN THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 2 SOUTH, RANGE 5 EAST, OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 3-INCH CITY OF CHANDLER BRASS CAP FLUSH AT THE WEST QUARTER CORNER OF SAID SECTION 10, FROM WHICH A 3-INCH CITY OF CHANDLER BRASS CAP IN HANDHOLE AT THE EAST QUARTER CORNER OF SAID SECTION 10 BEARS NORTH 89 DEGREES 55 MINUTES 11 SECONDS EAST 5,279.68 FEET (BASIS OF BEARING);

THENCE ALONG THE WEST LINE OF SAID NORTHWEST QUARTER, NORTH 00 DEGREES 31 MINUTES 15 SECONDS WEST, 992.53 FEET;

THENCE LEAVING SAID WEST LINE, NORTH 89 DEGREES 28 MINUTES 45 SECONDS EAST 54.53 FEET;

THENCE NORTH 88 DEGREES 54 MINUTES 57 SECONDS EAST 14.97 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 88 DEGREES 54 MINUTES 57 SECONDS EAST, 1278.54 FEET;

THENCE SOUTH 0 DEGREES 10 MINUTES 59 SECONDS EAST, 496.08 FEET;

THENCE SOUTH 88 DEGREES 55 MINUTES 04 SECONDS WEST, 866.33 FEET;

THENCE NORTH 1 DEGREES 04 MINUTES 56 SECONDS WEST, 85.83 FEET;

THENCE NORTH 88 DEGREES 55 MINUTES 04 SECONDS EAST, 16.00 FEET;

THENCE NORTH 1 DEGREES 04 MINUTES 56 SECONDS WEST, 280.00 FEET;

THENCE SOUTH 88 DEGREES 54 MINUTES 47 SECONDS WEST, 16.00 FEET;

THENCE NORTH 1 DEGREES 05 MINUTES 09 SECONDS WEST, 53.38 FEET;

This is a PRO FORMA policy for discussion purposes only that provides no insurance coverage to or on behalf of the proposed insured. It does not reflect the present state of the Title and no party is entitled to rely on any statement herein as the representation by the Company as to the state of Title to the property. It is not a commitment to insure the Title or issue any of the attached endorsements nor does it evidence the willingness of the Company to provide any coverage shown herein. Any such commitment must be an express written undertaking on appropriate forms of the Company. Additional matters may be added or other amendments may be made to this pro forma policy. The Company shall have no liability because of such additions or amendments.

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**EXHIBIT "A"**  
Legal Description

THENCE NORTH 50 DEGREES 30 MINUTES 37 SECONDS WEST, 90.74 FEET;

THENCE SOUTH 88 DEGREES 54 MINUTES 57 SECONDS WEST 330.36 FEET;

THENCE NORTH 17 DEGREES 13 MINUTES 34 SECONDS WEST, 18.48 FEET TO THE POINT OF BEGINNING.

**ALSO KNOWN AS:**

Lot 2, of GO Chandler Industrial, according to Book 1822 of Maps, Page 28, records of Maricopa County, Arizona.

**PARCEL NO. 2:**

A non-exclusive easement for pedestrian and vehicular ingress and egress and for vehicular and pedestrian emergency access as set forth in Easement for Egress and Ingress recorded in Recording No. 20170832513 as amended in Recording No. 20230279249.

**PARCEL NO. 3:**

A non-exclusive easement for access, ingress, egress, vehicular parking, drainage, utility and signage as set forth in Declaration of Covenants, Conditions and Restrictions recorded in Recording No. 20211363658 and re-recorded in Recording No. 20220099634 as amended in Recording No. 20240025216.

**PARCEL NO. 4:**

A non-exclusive easement for pedestrian and vehicular ingress, egress and access as set forth in Easement for Ingress and Egress and Temporary Construction Easement Agreement recorded in Recording No. 20220266867.

**PARCEL NO. 5:**

A non-exclusive easement for water and sewer as set forth in Water and Sewer Easement Agreement recorded in Recording No. 20240092507.

This is a PRO FORMA policy for discussion purposes only that provides no insurance coverage to or on behalf of the proposed insured. It does not reflect the present state of the Title and no party is entitled to rely on any statement herein as the representation by the Company as to the state of Title to the property. It is not a commitment to insure the Title or issue any of the attached endorsements nor does it evidence the willingness of the Company to provide any coverage shown herein. Any such commitment must be an express written undertaking on appropriate forms of the Company. Additional matters may be added or other amendments may be made to this pro forma policy. The Company shall have no liability because of such additions or amendments.

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