MARANA AZ
ESTABLISHED 1977

MARANA TOWN COUNCIL
REGULAR COUNCIL MEETING
NOTICE AND AGENDA
11555 W. Civic Center Drive, Marana, Arizona 85653
Council Chambers, December 16, 2025, at or after 6:00 PM

Jon Post, Mayor
Roxanne Ziegler, Vice Mayor
Patrick Cavanaugh, Council Member
Patti Comerford, Council Member
Herb Kai, Council Member
Teri Murphy, Council Member
John Officer, Council Member

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the Marana Town Council and to the general public that the Town Council will hold a meeting open to the public on December 16, 2025, at or after 6:00 PM located in the Council Chambers of the Ed Honea Marana Municipal Complex, 11555 W. Civic Center Drive, Marana, Arizona.

ACTION MAY BE TAKEN BY THE COUNCIL ON ANY ITEM LISTED ON THIS AGENDA. Revisions to the agenda can occur up to 24 hours prior to the meeting. Revisions to the agenda appear in *italics*.

As a courtesy to others, please turn off or put in silent mode all electronic devices.

Meeting Times
Welcome to this Marana Town Council meeting. Regular Council meetings are usually held the first and third Tuesday of each month at 6:00 PM at the Ed Honea Marana Municipal Complex, although the date or time may change and additional meetings may be called at other times and/or places. Contact the Town Clerk or watch for posted agendas for other meetings. This agenda may be revised up to 24 hours prior to the meeting. In such a case a new agenda will be posted in place of this agenda. Public access to the Council Chambers begins 20 minutes prior to the start of the meeting.

Speaking at Meetings
If you are interested in speaking to the Council during the Call to the Public or Public Hearings, you must fill out a speaker card and deliver it to the Town Clerk.

All persons attending the Council meeting, whether speaking to the Council or not, are expected to observe the Council rules, as well as the rules of politeness, propriety, decorum and good conduct. Any person interfering with the meeting in any way, or acting rudely or loudly will be removed from the meeting and will not be allowed to return.

Accessibility
To better serve the citizens of Marana and others attending our meetings, the Council Chambers are wheelchair and handicapped accessible. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Town Clerk at (520) 382-1999. Requests should be made as early as possible to arrange the accommodation.

Agendas
Copies of the agenda are available the day of the meeting in the lobby outside the Council Chambers or online at www.maranaaz.gov under Agendas and Minutes. For questions about the Council meetings, special services or procedures, please contact the Town Clerk, at (520) 382-1999, Monday through Friday from 8:00 AM to 5:00 PM.

This Notice and Agenda is posted no later than 24 hours prior to the meeting at the Ed Honea Marana Municipal Complex, 11555 W. Civic Center Drive, the Marana Operations Center, 5100 W. Ina Road, and at www.maranaaz.gov under Agendas and Minutes.

REGULAR COUNCIL MEETING

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE/INVOCATION/MOMENT OF SILENCE

APPROVAL OF AGENDA

CALL TO THE PUBLIC
At this time any member of the public is allowed to address the Town Council on any issue within the jurisdiction of the Town Council, except for items scheduled for a Public Hearing at this meeting. The speaker may have up to three minutes to speak. Any persons wishing to address the Council must complete a speaker card located outside the Council Chambers and deliver it to the Town Clerk prior to the commencement of the meeting. Individuals addressing a meeting at the Call to the Public will not be provided with electronic technology capabilities beyond the existing voice amplification and recording capabilities in the facilities. Pursuant to the Arizona Open Meeting Law, at

the conclusion of Call to the Public, individual members of the Council may respond to criticism made by those who have addressed the Council, and may ask staff to review the matter, or may ask that the matter be placed on a future agenda.

PROCLAMATIONS

MAYOR AND COUNCIL REPORTS: SUMMARY OF CURRENT EVENTS

MANAGER'S REPORT: SUMMARY OF CURRENT EVENTS

PRESENTATIONS

CONSENT AGENDA

The Consent Agenda contains items requiring action by the Council which are generally routine items not requiring Council discussion. A single motion and affirmative vote will approve all items on the Consent Agenda, including any resolutions or ordinances. Prior to a motion to approve the Consent Agenda, any Council member may remove any item from the Consent Agenda and that item will be discussed and voted upon separately.

C1 Ordinance No. 2025.025: Relating to Municipal Court; amending Marana Town Code Title 5 (Municipal Court), Chapter 5-6 (Fees) to update and clarify fees, remove collection language, and consolidate in one section the Court's authority to waive fees; and declaring an emergency (Libby Shelton)

C2 Resolution No. 2025-118: Relating to Intergovernmental Relations; adopting a 2026 Town of Marana Legislative Policy Priority Program and authorizing and directing those authorized to lobby on behalf of the Town of Marana to represent and pursue it (Andrea De La Cruz)

C3 Resolution No. 2025-119: Relating to Municipal Court; approving the appointment of Troy Simon as a magistrate pro tempore for the Marana Municipal Court (Libby Shelton)

C4 Resolution No. 2025-120: Relating to Utilities; approving and authorizing the Mayor to sign an Intergovernmental Agreement with Pima County for Usage of Extra Storage Capacity at Marana High Plains Effluent Recharge Project (Jerry Huerstel)

C5 Approval of Regular Town Council Meeting Summary Minutes of December 2, 2025 (Jill McCleary)

LIQUOR LICENSES

BOARDS, COMMISSIONS AND COMMITTEES

COUNCIL ACTION

A1 Resolution No. 2025-121: Relating to Development; approving and authorizing the Mayor to execute a Lease and Development Agreement with Marana Urban LLC for the lease and development of approximately 19 acres of Town-owned property located east of Marana Main Street and north of Civic Center Drive (Jane Fairall)

ITEMS FOR DISCUSSION / POSSIBLE ACTION

EXECUTIVE SESSIONS

Pursuant to A.R.S. § 38-431.03, the Town Council may vote to go into executive session, which will not be open to the public, to discuss certain matters.

E1 Executive Session pursuant to A.R.S. §38-431.03 (A), Council may ask for discussion or consideration, or consultation with designated Town representatives, or consultation for legal advice with the Town Attorney, concerning any matter listed on this agenda for any of the reasons listed in A.R.S. §38-431.03 (A).

FUTURE AGENDA ITEMS

Notwithstanding the Mayor's discretion regarding the items to be placed on the agenda, if three or more Council members request that an item be placed on the agenda, it must be placed on the agenda for the second regular Town Council meeting after the date of the request, pursuant to Marana Town Code Section 2-4-2(B).

ADJOURNMENT

Council-Regular Meeting **C1**

Meeting Date: 12/16/2025

To: Mayor and Council

Submitted For: Libby Shelton, Town Magistrate

From: Libby Shelton, Town Magistrate

Date: December 16, 2025

Strategic Plan Focus Area:
Not Applicable

Subject: Ordinance No. 2025.025: Relating to Municipal Court; amending Marana Town Code Title 5 (Municipal Court), Chapter 5-6 (Fees) to update and clarify fees, remove collection language, and consolidate in one section the Court's authority to waive fees; and declaring an emergency (Libby Shelton)

Discussion:

Marana Town Code Title 5 (Municipal Court), Chapter 5-6 (Fees) currently has a fee for service of process that the court does not collect, collection language that is no longer applicable, and incorrectly states that the probation fee includes the cost of testing, court-ordered treatment, and any other necessary costs. The proposed Ordinance removes the fee for service of process and collection language and clarifies what the probation fee includes as actual costs. Additionally, the proposed Ordinance re-organizes Chapter 5-6 to have all the municipal court fees in one section and the language authorizing the town magistrate to waive fees in one section.

Financial Impact:

Staff does not anticipate a significant financial impact related to this update.

Staff Recommendation:

Staff recommends approval of Ordinance No. 2025.025.

Suggested Motion:

I move to adopt Ordinance No. 2025.025, amending Marana Town Code Title 5 (Municipal Court), Chapter 5-6 (Fees) to update and clarify fees, remove collection language, and consolidate in one section the Court's authority to waive fees; and declaring an emergency.

Attachments

Ordinance No. 2025.025

MARANA ORDINANCE NO. 2025.025

RELATING TO MUNICIPAL COURT; AMENDING MARANA TOWN CODE TITLE 5 (MUNICIPAL COURT), CHAPTER 5-6 (FEES) TO UPDATE AND CLARIFY FEES, REMOVE COLLECTION LANGUAGE, AND CONSOLIDATE IN ONE SECTION THE COURT'S AUTHORITY TO WAIVE FEES; AND DECLARING AN EMERGENCY

WHEREAS on February 20, 1996, the Town Council, via Ordinance No. 96.10, adopted what is now known as Title 5 of the Marana Town Code ("MTC") relating to the Town's Municipal Court; and

WHEREAS MTC Chapter 5-6, as has been amended from time to time and as most recently amended on March 30, 2024, via Ordinance No. 2024.008, establishes court-related fees, including default fees, prosecution fees, jail reimbursement fees, administrative warrant fees, court improvement fees, and jury cancellation fees; and

WHEREAS MTC Chapter 5-6 also authorizes the Town Magistrate to waive all or any part of fee assessments and establishes a court improvement fund; and

WHEREAS certain fees outlined in MTC Chapter 5-6 are no longer collected, and certain provisions are either not in harmony with, or already addressed by, the Town's comprehensive fee schedule; and

WHEREAS Town staff feel it is prudent to update and clarify certain provisions Chapter 5-6 and to reorganize certain sections for clarity; and

WHEREAS the Mayor and Council of the Town of Marana find that revising Section 5-6 of the Marana Town Code as set forth in this ordinance is in the best interests of the Town and its residents.

NOW THEREFORE BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, as follows:

SECTION 1. Marana Town Code Title 5 (Municipal Court), Chapter 5-6 (Fees) is hereby amended as follows (with additions shown with double underlining and deletions shown with ~~strikethroughs~~):

5-6-1 ~~Fee schedule for court costs~~Municipal court fees

A. ~~Fees in amounts established by a fee schedule adopted by the council and amended from time to time shall be assessed to recover costs associated with the fees charged to the town treasury for returned checks and additional costs incurred due to court non-appearance.~~

~~B.~~ The following municipal court fees are established, the amounts of which are set forth in a fee schedule adopted by the council and amended from time to time, to be imposed in addition to fees otherwise assessable by statute.

1. Any person who has been convicted of a misdemeanor criminal offense in the municipal court and sentenced to a term of incarceration in any detention facility authorized by law shall be required to pay a jail reimbursement fee in the amount actually paid by the town for that incarceration.

2. Upon a defendant's conviction at trial or conviction by plea agreement the municipal court shall impose a prosecution fee against each defendant, unless a higher or lower amount is imposed by a written plea agreement based upon the actual cost of prosecution services and the indigent status of the defendant.

3. An administrative warrant fee shall be imposed to cover the municipal court's costs for processing warrants when a municipal court magistrate issues a warrant for ~~failure to comply with a court order, failure to pay a fine, failure to pay restitution or~~ failure to appear.

4. The municipal court shall impose a court improvement fee which shall be applied by the court on all fines, sanctions, penalties and assessments imposed by the court.

5. A jury cancellation fee shall be imposed on a party who requests a jury trial and then decides, within five days before the trial and after the court has arranged for a jury to be impaneled, not to proceed with the jury trial. The jury cancellation fee shall equal the actual costs incurred to cancel the jury (typically $100 to $400).

6. A default fee shall be imposed to cover additional costs for processing a case default. ~~Each defendant allowed to complete community service in lieu of paying any fine, fee or surcharge shall be charged a fee to cover part of the cost of monitoring his or her progress on completing the community service.~~

~~7. A fee shall be imposed for service of process on an order of harassment, subject to the limitations set forth in A.R.S. § 12-1809(D).~~

~~8. In addition to any other remedy allowed by law, the town attorney is authorized to institute any appropriate action for recovery of any and all monies owed or due to the municipal court including, but not limited to, restitution, fees, sanctions, surcharges, assessments, penalties, bonds, costs, and fees. A defendant~~

~~who defaults in his or her obligation for the payment of monies owed or due to the court is liable for all costs of collection including attorney fees and costs, and fees and charges assessed by a collection agency licensed pursuant to title 32, chapter 9, Arizona revised statutes, that is engaged to collect and enforce that obligation.~~

~~C. The magistrate shall retain the power to waive all or any part of fee assessments if any of the following conditions apply:~~

~~1. The defendant is found by the municipal court to be indigent;~~

~~2. The fee imposed upon a defendant causes a hardship on the defendant or the defendant's immediate family; or~~

~~3. In the opinion of the magistrate the waiver would be in the interest of justice.~~

~~D.~~ B. There is hereby established a court improvement fund which shall be used exclusively to enhance the technological, operational and security capabilities of the municipal court. The court improvement fund shall be established as a designated fund account with the town treasurer. The court shall collect the court improvement fees as defined in this section and deposit them in the court improvement fund account. Half of the court improvement fund shall be available for use as determined by the court for training, additional contract work, temporary court help, and other similar purposes, as documented in a manner requested by the town manager. The town treasurer may invest the monies in the fund in the same manner as town funds. Interest earned on fund monies shall be deposited in the fund.

5-6-2 Probation fees

A. When granting court-monitored probation to a defendant, the court shall, as a condition of probation, assess a monthly probation monitoring fee.

B. The monthly probation monitoring fee shall reflect the actual costs of the monitored probation, including probation intake sessions~~, any necessary testing, court-ordered treatment and any other necessary costs. The monthly probation monitoring fee shall~~ but not be less than the sum specified in A.R.S. § 13-901(A) or any successor provision~~, except that the court may assess a lesser fee after determining that the probationer is unable to pay the fee~~.

C. The monthly probation monitoring fee shall only be assessed when a defendant is placed on monitored probation.

5-6-3 Authority to waive fees

A. The magistrate shall retain the power to waive all or any part of municipal court fees and probation fees if any of the following conditions apply:

1. The defendant is found by the municipal court to be indigent; or

2. The fee imposed upon a defendant causes a hardship on the defendant or the defendant's immediate family; or

3. In the opinion of the magistrate, the waiver would be in the interest of justice.

SECTION 2. The various town officers and employees are authorized and directed to perform all acts necessary or desirable to give effect to this ordinance.

SECTION 3. All ordinances, resolutions or motions and parts of ordinances, resolutions or motions of the Council in conflict with the provisions of this ordinance are hereby repealed, effective as of the effective date of this ordinance.

SECTION 4. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, the decision shall not affect the validity of the remaining portions of this ordinance.

SECTION 5. Since it is necessary for the preservation of the peace, health and safety of the Town of Marana that this ordinance become immediately effective, an emergency is hereby declared to exist, and this ordinance shall be effective immediately upon its passage and adoption..

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, Arizona, this 16th day of December, 2025.

_____
Mayor Jon Post

ATTEST:

_____
Jill McCleary, Town Clerk

APPROVED AS TO FORM:

_____
Jane Fairall, Town Attorney

Council-Regular Meeting **C2**

Meeting Date: 12/16/2025

To: Mayor and Council

Submitted For: Andrea De La Cruz, Assistant to the Town Manager

From: Andrea De La Cruz, Assistant to the Town Manager

Date: December 16, 2025

Strategic Plan Focus Area:
Not Applicable

Subject: Resolution No. 2025-118: Relating to Intergovernmental Relations; adopting a 2026 Town of Marana Legislative Policy Priority Program and authorizing and directing those authorized to lobby on behalf of the Town of Marana to represent and pursue it (Andrea De La Cruz)

Discussion:

Each year, in preparation for the upcoming State Legislative Session, the Marana Town Council reviews and adopts a legislative priority program. This program outlines the key issues and policy areas of importance to the Town of Marana, such as state-shared revenues, protection of local control, and other matters specific to the Town's interests. By adopting this resolution, the Marana Town Council grants the necessary authority for Town staff and contracted lobbyists to advocate for these policies at the State Legislature. Town staff have conducted a thorough review of the program and have found no recommended changes. The priorities outlined in the program are aligned with anticipated legislative initiatives for the 2026 session, set to begin on January 12, 2026.

Staff will provide regular updates to the Marana Town Council throughout the session and seek additional direction as needed.

Staff Recommendation:

Staff recommends approval of the 2026 Town of Marana Legislative Policy Priority Program.

Suggested Motion:

I move to adopt Resolution No. 2025-118; adopting a 2026 Town of Marana Legislative Policy Priority Program and authorizing and directing those authorized to lobby on behalf of the Town of Marana to represent and pursue it.

Attachments

Resolution No 2025-118

MARANA RESOLUTION NO. 2025-118

RELATING TO INTERGOVERNMENTAL RELATIONS; ADOPTING A 2026 TOWN OF MARANA LEGISLATIVE POLICY PRIORITY PROGRAM AND AUTHORIZING AND DIRECTING THOSE AUTHORIZED TO LOBBY ON BEHALF OF THE TOWN OF MARANA TO REPRESENT AND PURSUE IT

BE IT RESOLVED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF MARANA, ARIZONA, AS FOLLOWS:

SECTION 1. Those persons authorized by the Town of Marana to lobby on its behalf and registered as such with the Secretary of the State of Arizona pursuant to Arizona Revised Statutes § 41-1231 et seq. (the "Town Lobbyists") are hereby authorized and directed, subject to the continuing supervision of the Town Manager and the Town Council, to represent and pursue the legislative, executive and intergovernmental interests of the Town of Marana by supporting legislation that embodies any of the following basic principles:

A. Protects state-shared revenues that fund essential services and strengthen local economies.
B. Maintains local control while seeking partnership between municipalities and the state.
C. Empowers the Town of Marana with sufficient flexibility to address an expanding and changing variety of local needs and conditions.
D. Establishes appropriate means to adequately compensate the Town for the costs of complying with state-mandated requirements.
E. Provides the Town with the means to cope with unfunded mandates, cost increases, population growth and escalating service requirements.
F. Enables the Town to provide public services in a more responsive, efficient, and cost effective manner.
G. Ensures that the Town has the ability to provide, manage, or operate critical infrastructure necessary to promote or maintain the health and safety of residents, preserve and direct land use, and ensure the future sustainability of the community.

SECTION 2. In addition to those basic principles set forth in Section 1 of this resolution, the Town Lobbyists are authorized and directed to pursue the following specific objectives:

A. Support the maintenance and/or restoration of existing sources of transportation funding for municipalities, including the Highway User

Revenue Fund (HURF) and Local Transportation Assistance Fund (LTAF) I and II.

B. Support sustainable policies and funding for education programs (such as preschool - 12, CTE, and post-secondary education programs) that result in a thriving and qualified Arizona workforce.
C. Support efforts to maintain, restore, and or/expand existing economic development programs and funding, as well as efforts to create new programs, tools, and funding sources that support state and local economic development initiatives centered around attraction, growth, and retention and expansion of businesses with high-wage jobs.
D. Support legislation that focuses on maintaining current or allocating additional funding for airport-related development efforts, including but not limited to economic development, capital improvements and maintenance, and funding of an air traffic control tower.
E. Support legislation to provide additional state resources to address the statewide housing shortage crisis through increased allocations to the State Housing Trust Fund and innovative public-private partnerships to create affordable workforce housing.
F. Support initiatives to enhance tourism in Southern Arizona, including efforts to attract film and various motion media productions.
G. Support initiatives that expand access to high-speed internet service digital literacy.
H. Support efforts to preserve access to water for municipal governments, including continuation of statutory responsibility to develop and manage water resources in order to provide existing and future residents with appropriate levels of service.
I. Support legislation that encourages provision of funding for high quality potable water resources and infrastructure for residents of local Arizona municipalities.
J. Support legislation that simplifies Arizona's tax codes while protecting the Town's state-shared revenue allocations, contracting sales tax, and other tax revenue sources.
K. Support efforts that develop mutually beneficial solutions to state land use issues, including expedited land acquisition processes and timely resolutions to issues regarding protected land.
L. Oppose legislation that would curtail the Town's current local zoning and permitting authority and support legislation to preserve the public's participation in the process.
M. Support legislation that encourages provision and allocation of funding for flood control, flooding mitigation, and flood control infrastructure maintenance and cleanup efforts for local municipalities.
N. Support initiatives to preserve and enhance the Town's ability to strategically plan for and respond to emergencies and properly support public safety personnel.

SECTION 3. Legislation that is inconsistent with any of the basic principles or objectives set forth in Sections 1 and 2 above should be opposed or appropriate amendments pursued.

SECTION 4. The Town Manager and staff are hereby directed and authorized to undertake all other and further tasks required or beneficial to carry out the terms, obligations and objectives of this resolution.

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, ARIZONA, this 16th day of December, 2025.

_____
Mayor Jon Post

ATTEST:

_____
Jill McCleary, Town Clerk

APPROVED AS TO FORM:

_____
Jane Fairall, Town Attorney

Council-Regular Meeting **C3**

Meeting Date: 12/16/2025

To: Mayor and Council

Submitted For: Libby Shelton, Town Magistrate

From: Libby Shelton, Town Magistrate

Date: December 16, 2025

Strategic Plan Focus Area:
Proactive Public Services

Subject: Resolution No. 2025-119: Relating to Municipal Court; approving the appointment of Troy Simon as a magistrate pro tempore for the Marana Municipal Court (Libby Shelton)

Discussion:

Section 5-2-1 of the Marana Town Code provides that the Town Council may appoint special magistrates or acting magistrates, also known as magistrates pro tempore, for the purposes of hearing a particular case or acting as the Town Magistrate in the Town Magistrate's absence.

Town Magistrate, Libby Shelton, has determined it is necessary to appoint additional judges to ensure there is sufficient court coverage in her absence and to address the increasing number of cases in Marana Municipal Court. For that reason, Judge Shelton recommends that an additional pro tem judge be appointed to ensure full court coverage and access to justice. Judge Shelton recommends that the Council appoint Troy Simon to serve as magistrate pro tempore, to be called as-needed when Judge Shelton is unavailable for court or to staff an additional courtroom when the need arises. The term for Troy Simon would run through June 3, 2028, to coincide with the terms of the other current magistrates pro tempore.

Based on Judge Shelton's review, Troy Simon meets the qualifications imposed by Arizona law and the Court's requirements for service as a judge pro tempore, and possess the requisite skill and character to perform the duties of a judge pro tempore.

Staff Recommendation:

Staff recommends approval of this resolution and the appointment of Troy Simon as magistrate pro tempore for the Marana Municipal Court.

Suggested Motion:

I move to adopt Resolution No. 2025-119, approving the appointment of Troy Simon as magistrate pro tempore for the Marana Municipal Court.

Attachments

Resolution No 2025-119

MARANA RESOLUTION NO. 2025-119

RELATING TO MUNICIPAL COURT; APPROVING THE APPOINTMENT OF TROY SIMON AS MAGISTRATE PRO TEMPORE FOR THE MARANA MUNICIPAL COURT

WHEREAS Section 5-2-1 of the Marana Town Code provides that the Town Council may appoint special magistrates or acting magistrates, also known as magistrates pro tempore, for the purposes of hearing a particular case or acting as the Town Magistrate in the Town Magistrate's absence; and

WHEREAS the Town Council, upon recommendation of the Town Magistrate, has determined that it is necessary to appoint qualified individuals to serve as magistrates pro tempore on an as-needed basis in the Marana Municipal Court; and

WHEREAS the Town Magistrate recommends that the Town Council appoint Troy Simon to serve as magistrate pro tempore on an as-needed basis; and

WHEREAS the Town Council finds that this individual meets the qualifications imposed by Arizona law and possesses the requisite skill and character to perform as a magistrate pro tempore.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, ARIZONA, approving the appointment of Troy Simon to serve as magistrate pro tempore with a termination date of June 3, 2028.

PASSED AND ADOPTED by the Mayor and Council of the Town of Marana, Arizona, this 16th day of December, 2025.

_____
Mayor Jon Post

ATTEST:

_____
Jill McCleary, Town Clerk

APPROVED AS TO FORM:

_____
Jane Fairall, Town Attorney

Council-Regular Meeting **C4**

Meeting Date: 12/16/2025

To: Mayor and Council

Submitted For: Heidi Lasham, Water Director

From: Jerry Huerstel, Water Resources Administrator

Date: December 16, 2025

Strategic Plan Focus Area:
Thriving Commerce, Vibrant Community

Subject: Resolution No. 2025-120: Relating to Utilities; approving and authorizing the Mayor to sign an Intergovernmental Agreement with Pima County for Usage of Extra Storage Capacity at Marana High Plains Effluent Recharge Project (Jerry Huerstel)

Discussion:

Under state law, underground water storage may occur at Underground Storage Facilities (USFs). For the proposed duration of this agreement, storage at a USF involves direct recharge of treated effluent that has been discharged from the Pima County Tres Rios Water Reclamation Facility (Tres Rios) in the Pima County-owned and operated Marana High Plains Effluent Recharge Project USF (MHPERP). In 2024, Pima County amended their MHPERP storage permit to increase the facility's capacity from 600 acre-feet-per-year (AFY) to 1,200 AFY.

This proposed ten-year agreement with Pima County will allow the Town of Marana (Town) to maximize storage of its net effluent entitlement discharged from Tres Rios at the MHPERP, located in Marana, AZ. Currently, only a portion of the Town's treated effluent discharged from Tres Rios results in credit accrual at Lower Santa Cruz River Managed Recharge Project USF (LSCMRP). In 2023 and 2024, the Town lost 30% and 47% of its entitled Tres Rios effluent due to excess flows past the further downstream extent of the LSCRMRP.

Under the agreement, the Town will have third priority for storage in the MHRERP (first and second priorities, respectively, going to Pima County and Metro Water

District). Should the Town store effluent in the MHPERP, it shall pay Capital costs at the current rate of $33.22 per acre-foot and a proportional share of a rolling three-year average of the Operations and Maintenance (O&M) costs for the facility. Capital costs are currently $33.22 per acre-foot and are not anticipated to change annually unless exceptional circumstances require rate adjustment. O&M costs are variable and are estimated to range between $45 and $55 per acre-foot stored. The Town shall not be obligated to store any effluent at the facility, and fees are only incurred if water is stored.

The direct cost of this agreement to the Town will vary, depending on the amount of water diverted and stored in MHPERP. Annual cost estimates for water storage range between $0/yr (no effluent stored in MHPERP) to $9,000/yr (100 acre-feet of effluent stored in MHPERP). Based on the most recent effluent LTSC purchases in the Tucson Active Management Area, the total cost to purchase 100 acre-feet of effluent credits would be approximately $50,000.

The term of this proposed agreement is ten years from the effective date.

Financial Impact:

Fiscal Year:	2026-2036
Budgeted Y/N:	Not in 2026 but will be in the future years.
Amount:	$0 - $9,000/year

Staff does not anticipate any expenses in FY2026 in relation to the agreement.

Staff Recommendation:

Staff recommends approval of Resolution No. 2025-120.

Suggested Motion:

I move to adopt Resolution No. 2025-120, approving and authorizing the Mayor to sign an Intergovernmental Agreement with Pima County for Usage of Extra Storage Capacity at Marana High Plains Effluent Recharge Project.

Attachments

Resolution No. 2025-120

Exhibit A to Resolution No. 2025-120

O&M Cost - Example Calculation

MARANA RESOLUTION NO. 2025-120

RELATING TO UTILITIES; APPROVING AND AUTHORIZING THE MAYOR TO SIGN AN INTERGOVERNMENTAL AGREEMENT WITH PIMA COUNTY FOR USAGE OF EXTRA STORAGE CAPACITY AT MARANA HIGH PLAINS EFFLUENT RECHARGE PROJECT

WHEREAS Pima County owns and operates the Marana High Plains Effluent Recharge Project Underground Storage Facility (the "Facility") and has recently amended its storage permit to increase the Facility's capacity from 600 acre-feet-per-year to 1,200 acre-feet-per-year; and

WHEREAS in a typical year, Pima County will not reach the Facility's new permitted capacity with its own effluent allocation and desires to allow other entities to utilize any remaining storage capacity in accordance with the terms and conditions of the Intergovernmental Agreement with Pima County for Usage of Extra Storage Capacity at Marana High Plains Effluent Recharge Project (the "Agreement"); and

WHEREAS the Town desires to maximize the storage of its net effluent entitlement discharged from the Tres Rios Water Reclamation Facility at the Facility; and

WHEREAS the Mayor and Council find that entering into the Agreement is in the best interests of the Town and its citizens and businesses.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, ARIZONA, AS FOLLOWS: the Agreement, substantially in the same form attached to and incorporated by this reference in this resolution as Exhibit A, is hereby approved, the Mayor is hereby authorized and directed to sign it for and on behalf of the Town of Marana, and the Town's Manager and staff are hereby directed and authorized to undertake all other and further tasks required or beneficial to carry out the terms, obligations, and objectives of the agreement.

PASSED AND ADOPTED by the Mayor and Council of the Town of Marana, Arizona, this 16th day of December, 2025.

Mayor Jon Post

ATTEST:

Jill McCleary, Town Clerk

APPROVED AS TO FORM:

Jane Fairall, Town Attorney

Intergovernmental Agreement
between
Pima County and Town of Marana
for
Usage of extra storage capacity at Marana High Plains Effluent Recharge Project

This Intergovernmental Agreement ("**IGA**") is entered into by and between Pima County, a body politic and corporate of the State of Arizona ("**County**") and the Town of Marana ("**Town**") pursuant to A.R.S. § 11-952.

1. **Background**.

1.1. County and Town may contract for services and enter into agreements with one another for joint or cooperative action pursuant to A.R.S. § 11-951, et seq.

1.2. County is authorized by A.R.S. § 11-264 to operate a sewage system.

1.3. Town is authorized by A.R.S. § 9-511 et seq. to make decisions related to its wastewater operations.

1.4. County has owned and operated a constructed recharge project known as Marana High Plains Effluent Recharge Project ("MHPERP") since 2000 (USF Permit #71-563876.0005).

1.5. MHPERP was developed to investigate the feasibility of recharging treated effluent that has been discharged 12 miles upstream as surface water back into the local groundwater aquifer, while simultaneously investigating wildlife habitat opportunities associated with recharge facilities.

1.6. County has completed a permit amendment with the Arizona Department of Water Resources to increase storage capacity at MHPERP to 1200 acre-feet per year ("AF/yr"). This will allow for additional off-channel recharge, and result in less flow leaving the Lower Santa Cruz Managed Recharge Project at Trico Road.

1.7. In a typical year, County does not have enough effluent allocation in the Santa Cruz River to store the full 1200 AF/yr capacity of the newly permitted facility, but enough effluent exists in the River allocated to other partners. Town wishes to use the remaining capacity at MHPERP to store a portion of their effluent allocation.

1.8. County has first priority at storing water in MHPERP, and in any given year may utilize anywhere from 0 to 1200 AF/yr of space for their own needs. The space that County chooses not to utilize or leftover from the total 1200 AF/yr will be the "Remaining Capacity."

1.9. County and Town want to allow Town to use the entire Remaining Capacity or a portion of the Remaining Capacity at MHPERP to store Town's effluent. The amount of Remaining Capacity will vary depending on the amount of water treated and discharged by County and County's priority on how much County water will be stored, and will be dependent on usage of the Remaining Capacity by other participating jurisdictions as set forth in paragraph 2.1.3 below.

1.9.1. County does not guarantee that it will be able to recharge 1200 AF each year, and it does not guarantee any minimum amount of extra capacity will be available for use by Town each year. Exact allocations of water are unknown until the calendar year has ended, at which point appropriate credit accounting will be done.

2. **Purpose**. County and Town wish to enter into the IGA for Town to store an amount of water at MHPERP that will vary from year to year, as described in the Background.

2.1. **Town Responsibilities**. Town:

2.1.1. May request to utilize the entire Remaining Capacity at MHPERP or a portion of the Remaining Capacity to store water in an amount not to exceed 1200 AF/yr.

2.1.2. Will agree to compensate County an amount determined by the volume of stored water as set forth in the payment provisions of this IGA based on the Remaining Capacity.

2.1.3. Recognizes that the Remaining Capacity may fluctuate year by year depending on how much capacity is available after County's priority in storage, how much water is treated and discharged by County per year, and whether any other jurisdictions will be allotted a portion of the Remaining Capacity. With regard to the Remaining Capacity, the Metro Water District shall have first priority to utilize it, followed by the Town of Marana, followed by other participating jurisdictions in order of the date they entered into a "Usage of extra storage capacity at Marana High Plains Effluent Recharge Project" agreement with Pima County.

2.1.4. Will provide notice by no later than July 1st of each year of the volume that Town wishes to store in MHPERP for that year. Notice is also required by this date if Town does not intend to store any water in MHPERP for that given calendar year.

2.1.5. Will acquire and maintain a Water Storage Permit from Arizona Department of Water Resources for the legal right to store water at MHPERP and provide a copy of the permit to County's Regional Wastewater Reclamation Department.

2.2. **County Responsibilities**. County's responsibilities are set forth below:

2.2.1. County will attempt to divert 1200 AF/yr from the Santa Cruz River at MHPERP for recharge by participating jurisdictions in accordance with the priority of rights set forth in paragraph 2.1.3 above. However, actual recharged volume is dependent on factors, including but not limited to facility operations and weather.

2.2.2. Following each calendar year that Town utilized MHPERP capacity to store water, County will notify Town of the amount in acre feet (AF) that it can account for as effluent stored in this project. This notification will be provided to the individual listed under Section 16, no later than March 15 of the year immediately following the year in which water storage took place.

3. **Compensation and Payment**.

3.1. In consideration for the services specified in this IGA, Town agrees to pay County at a rate based directly on a combination of capital costs and a rolling three-year average of County's cost to operate the facility. The capital rate component was determined to be $33.22 per AF. This value is not expected to be recalculated each year without exceptional reason to do so. The rolling three-year average operations and maintenance (O&M) rate will be determined by dividing the cost to operate the facility in the preceding fiscal year (calculated July to June) by the volume of water recharged in the given recharge year (calculated January to December). For example, the total cost to operate the facility for the July 01, 2023 to June 30, 2024 fiscal year will be divided by the volume recharged in between January 01, 2024 and December 31, 2024. A multi-year, color-coordinated example calculation is presented in Appendix A. This will give the cost for a single given recharge year in units of dollars per acre-foot ($/AF). In order to generate a robust cost that incorporates year to year variance, the single year costs per acre-foot of the previous three recharge years will be averaged to determine the rolling three-year average. This average will be multiplied by the number of acre-feet of stored water that is credited to Town in order to generate the overall O&M cost to Town for that recharge year. The capital rate is added the rolling 3-year O&M average rate to determine the final rate for recharge in that year in units of $/AF. The final annual payment amount in USD (U.S. Dollars) is calculated by multiplying the final rate in $/AF with the number of AF that have been allocated to the Town for storage in MHPERP that year.

3.2. Invoicing will take place on an annual basis, and at the same time as the notification in Subsection 2.2.2 of this agreement. County uses standard Net 30 payment terms.

3.3. It is the intention of both parties that this pricing structure shall remain in place during the term of the IGA. Changes to the pricing calculation may be considered in conjunction with a renewal of the IGA.

4. **Term and Extension/Renewal/Changes**.

4.1. This IGA will be effective on the date it is fully executed by both parties and will continue for a period of 10 years unless it is, prior to the expiration of such period, extended or terminated by agreement of the parties.

4.2. Any modification or extension of the IGA shall be via formal written amendment executed by the parties hereto.

4.3. Amendments to the IGA must be approved by the Pima County Board of Supervisors.

4.4. Either party may terminate this agreement with 60 days formal written notice to the other party.

5. **Existing Costs and Property**. Termination will not relieve any party from liabilities or costs already incurred under this IGA, nor affect any ownership of property pursuant to this IGA.

6. **Indemnification.** Each party (as Indemnitor) agrees to indemnify, defend and hold harmless the other party (as Indemnitee) from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") for bodily injury of any person (including death) or property damage, but only to the extent that such injury or damage is caused or alleged to be caused by a negligent or

intentionally wrongful act or omission of the Indemnitor, or of any of its officers, officials, agents, employees, or volunteers.

7. **Insurance.** Each party will obtain and maintain at its own expense, during the entire term of this IGA the following type(s) and amounts of insurance:

   7.1. Commercial General Liability in the amount of $2,000,000.00 combined single limit Bodily Injury and Property Damage.

   7.2. Commercial or Business automobile liability coverage for owned, non-owned and hired vehicles used in the performance of this IGA with limits in the amount of $2,000,000.00 combined single limit or $1,000,000.00 Bodily Injury, $1,000,000.00 Property Damage.

   7.3. If required by law, workers' compensation coverage including employees' liability coverage.

   7.4. Each party will provide thirty (30) days written notice to the other party of cancellation, non-renewal or material change of coverage.

   7.5. The above requirement may be alternatively met through a self-insurance program under to A.R.S. §§ 11-261 and 11-981 (or if a school district, § 15-382) or participation in an insurance risk pool under A.R.S. § 11.952.01 (if a school district, § 15-382), at no less than the minimum coverage levels set forth in this Section.

8. **Compliance with Laws**. The parties will comply with all federal, state and local laws, rules, regulations, standards and Executive Orders. The laws and regulations of the State of Arizona will govern the rights of the parties, the performance of this IGA and any disputes. Any action relating to this IGA will be brought in a court in Pima County.

9. **Non-Discrimination**. The parties will comply with all provisions and requirements of Arizona Executive Order 2009-09, which is hereby incorporated into this IGA, including flow-down of all provisions and requirements to any subcontractors. During the term of this IGA, the parties will not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin.

10. **ADA**. The parties will comply with all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.

11. **Conflict of Interest**. This IGA is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated herein by reference.

12. **Non-Appropriation.** Not withstanding any other provision in this IGA, this IGA may be terminated if for any reason the Pima County Board of Supervisors or the Town Mayor and Council does not appropriate sufficient monies for the purpose of maintaining this IGA. In the event of such cancellation, the parties will have no further obligations under this IGA other than for payment for services rendered prior to cancellation.

13. **Worker's Compensation.** Each party will comply with the notice of A.R.S. § 23-1022 (E). For purposes of A.R.S. § 23-1022, irrespective of the operations protocol in place, each party is solely responsible for the payment of Worker's Compensation benefits for its employees.

14. **No Joint Venture**. It is not intended by this IGA to, and nothing contained in this IGA will be construed to, create any partnership, joint venture or employment relationship between the parties or create any employer-employee relationship between a party and the employees of the other party. Neither party will be liable for any debts, accounts, obligations or other liabilities whatsoever of the other, including (without limitation) the other party's obligation to withhold Social Security and income taxes for itself or any of its employees.

15. **No Third-Party Beneficiaries**. Nothing in this IGA is intended to create duties or obligations to or rights in third parties not parties to this IGA or affect the legal liability of either party to the IGA by imposing any standard of care with respect to the maintenance of public facilities different from the standard of care imposed by law.

16. **Notice**. Any notice required or permitted to be given under this IGA must be in writing and served by delivery or by certified mail upon the other party as follows (or at such other address as may be identified by a party in writing to the other party):

County:

Jackson Jenkins, Director
Pima County Regional Wastewater
Reclamation Department
201 N. Stone, 8th Floor
Tucson AZ 85701

With copies to:
County Administrator
Pima County
130 W. Congress Street, 10th Floor
Tucson, Arizona 85701
and

Clerk of the Board
Pima County
130 W. Congress, 5th Floor
Tucson, Arizona 85701

Town:

Heidi Lasham, Water Director
Town of Marana, Water Department
11555 W. Civic Center Dr.
Marana, AZ 85653

17. **Amendment**. This IGA may only be modified, amended, altered or changed by written agreement signed by the parties.

18. **Severability**. If any provision of this IGA, or any application of a provision to the parties or any person or circumstance, is found by a court to be invalid, that invalidity will not affect other provisions or applications of this IGA that can be given effect without the invalid provision or application.

19. **Legal Authority.** Neither party warrants to the other its legal authority to enter into this IGA. If a court, at the request of a third person, should declare that either party lacks authority to enter into this IGA, or any part of it, then the IGA, or parts of it affected by such order, will be null and void, and no recovery may be had by either party against the other for lack of performance or otherwise.

20. **Entire Agreement**. This document, and any exhibits attached to it, constitutes the entire agreement between the parties pertaining to the subject matter addressed, and all prior or contemporaneous agreements and understandings, oral or written, are superseded and merged into this IGA. This IGA may not be modified, amended, altered or extended except through a written amendment signed by the parties.

21. **Effective Date**. This IGA will become effective when all parties have signed it. The effective date of the IGA will be the date this IGA is signed by the last party (as indicated by the date associated with that party's signature).

[Signature Page to Follow]

FOR PIMA COUNTY:	**TOWN OF MARANA:**
Rex Scott, Chair Board of Supervisors	Jon Post, Mayor
Date	Date
ATTEST	ATTEST
Melissa Manriquez, Clerk of the Board	Jill McCleary, Town Clerk

Approval as to Content
The foregoing Intergovernmental Agreement between Pima County and Town of Marana has been reviewed by the undersigned and is hereby approved as to content.

FOR PIMA COUNTY:	**TOWN OF MARANA:**
Jackson Jenkins, Regional Wastewater Reclamation Director	Heidi Lasham, Water Director

Intergovernmental Agreement Determination

The foregoing Intergovernmental Agreement between Pima County and the Town of Marana has been reviewed pursuant to A.R.S. § 11-952 by the undersigned, each of whom has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the party he or she represents.

PIMA COUNTY:

_____
Deputy County Attorney
Printed Name: Cindy Nguyen

TOWN OF MARANA:

_____
Town Attorney
Printed Name: Jane Fairall

Appendix A - O&M Calculation EXAMPLE

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cost	$ 4,000	$ 3,000	$ 5,000	$ 3,000	$ 5,000	$ 5,500	$ 6,000	$ 1,000	$ 2,000	$ 2,500	$ 7,000	$ 6,500
AF Recharged	150	200	150	200	175	100	125	50	50	0	0	0

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cost	$ 4,000	$ 3,000	$ 5,000	$ 3,000	$ 5,000	$ 5,500	$ 6,000	$ 1,000	$ 2,000	$ 2,500	$ 7,000	$ 6,500
AF Recharged	150	200	150	200	175	100	125	50	50	0	0	0

2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cost	$ 6,000	$ 3,000	$ 2,000	$ 1,000	$ 7,000	$ 7,000	$ 4,000	$ 3,000	$ 1,500	$ 3,000	$ 5,000	$ 6,000
AF Recharged	100	50	100	200	100	150	150	100	0	0	125	125

2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cost	$ 4,000	$ 3,000	$ 4,000	$ 3,000	$ 5,000	$ 6,000	$ 6,000	$ 1,000	$ 2,000	$ 1,000	$ 8,000	$ 7,000
AF Recharged	0	0	125	125	125	125	100	100	200	200	50	50

2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cost	$ 6,000	$ 3,000	$ 2,000	$ 3,000	$ 6,000	$ 7,000	$ 4,000	$ 3,000	$ 3,500	$ 3,000	$ 5,000	$ 6,000
AF Recharged	50	100	200	100	0	0	0	0	100	100	150	100

			Yearly	Average
	Jul 2019 to Jun 2020	Jan 2020 to Dec 2020	$ / AF	$ / AF
Recharge Year 2020	$ 50,500	1200 AF	$ 42.08	
	Jul 2020 to Jun 2021	Jan 2021 to Dec 2021		
Recharge Year 2021	$ 51,000	1200 AF	$ 42.50	
	Jul 2021 to Jun 2022	Jan 2022 to Dec 2022		
Recharge Year 2022	$ 47,500	1200 AF	$ 39.58	$ 41.39
	Jul 2022 to Jun 2023	Jan 2023 to Dec 2023		
Recharge Year 2023	$ 52,000	900 AF	$ 57.78	$ 46.62

Council-Regular Meeting **C5**

Meeting Date: 12/16/2025

To: Mayor and Council

From: Jill McCleary, Town Clerk

Date: December 16, 2025

Subject: Approval of Regular Town Council Meeting Summary Minutes of December 2, 2025 (Jill McCleary)

Attachments

Regular Council Summary Meeting Minutes, 12/2/2025

MARANA TOWN COUNCIL
REGULAR COUNCIL MEETING
11555 W. Civic Center Drive, Marana, Arizona 85653
Council Chambers, December 2, 2025, at or after 6:00 PM

Jon Post, Mayor
Roxanne Ziegler, Vice Mayor
Patrick Cavanaugh, Council Member
Patti Comerford, Council Member
Herb Kai, Council Member
Teri Murphy, Council Member
John Officer, Council Member

DRAFT

SUMMARY MINUTES

CALL TO ORDER AND ROLL CALL

Mayor Post called the meeting to order at 6:01 PM and directed the Town Clerk to call the roll. All Council Members were present, constituting a quorum.

PLEDGE OF ALLEGIANCE/INVOCATION/MOMENT OF SILENCE: Led by **Mayor Post.**

APPROVAL OF AGENDA

Mayor Post asked for a motion to move Items E2 and E3 to the top of the agenda. He stated the change was made to accommodate a consulting attorney who was four time zones away. **Mayor Post** apologized to the audience for moving the executive sessions to the start of the meeting.

Vice Mayor Ziegler moved to have Items E2 and E3 moved to the top of the agenda. Council Member Officer seconded the motion. Motion passed, 7-0.

EXECUTIVE SESSION

Mayor Post asked for a motion to go into executive session.

Council Member Cavanaugh moved to go into executive session on Items E2 and E3. Council Member Kai seconded the motion. Motion passed, 7-0.

[An executive session was held on Items E2 and E3, beginning at 6:05 PM and concluding at 6:44 PM.]

After returning from executive session, Council Member Cavanaugh moved to direct staff to proceed as discussed in executive session on Item E2. Council Member Kai seconded the motion. Motion passed, 7-0.

Vice Mayor Ziegler moved to direct staff to proceed as discussed in executive session on Item E3. Council Member Kai seconded the motion. Motion passed, 7-0.

CALL TO THE PUBLIC

Fourteen speakers, including **Kati Gilson, Jennifer Powers, Vivek Bharathan, Shannon Cardea, Bennett Burke, Gloria Mendoza, Julie Prince, Sue Ritz, Bill Cicala, Hazel Heinzer, Marea Jenness, Brad D'Emidio, Tori Russell,** and **Howard Druan** addressed the Council. Speakers spoke in opposition to the potential use of a former Marana prison as a U.S. Immigration and Customs Enforcement (ICE) detention facility. Many speakers requested that the Council take action to stop or delay the proposed facility. Speakers raised a range of concerns, including community safety, humanitarian issues, economic impacts, and Management & Training Corporation's prior operations. **Ms. Jenness** submitted a draft proclamation and requested that it be distributed to the Council.

PROCLAMATIONS

MAYOR AND COUNCIL REPORTS: SUMMARY OF CURRENT EVENTS

Council Member Cavanaugh reported on a recent visit to the Solstice Marana apartments and shared residents' feedback.

Council Member Comerford acknowledged **Public Works Director Fausto Burrell** and shared feedback from a business owner expressing appreciation for the work on clearing a wash completed by the Public Works department.

Mayor Post recognized the one-year anniversary of the passing of Mayor Ed Honea.

MANAGER'S REPORT: SUMMARY OF CURRENT EVENTS

Town Manager Terry Rozema reported that 70 single-family residential permits were issued in November 2025 compared to 48 in November 2024. He said the refilling of water

at El Rio Preserve was scheduled to begin on December 12 and reminded the public that the Holiday Festival and Tree Lighting would be held on Saturday, December 6. **Mr. Rozema** added that the Twin Peaks Road Project was near completion with only minor work remaining. He also reported that the Marana Police Volunteer Foundation received a grant for more than $6,000 to provide car seats for 80 families.

PRESENTATIONS

CONSENT AGENDA

C1 Resolution No. 2025-114: Relating to Development; approving the Block Plat for Dove Mountain Entry Parcels, Blocks "1" and "2" and Common Area "A" (Signage), generally located at the northwest corner of Tangerine Road and Dove Mountain Boulevard, within a portion of Section 35, Township 11 South, Range 12 East (Sarah Smith)

C2 Resolution No. 2025-115: Relating to Marana Regional Airport; approving and authorizing the Town Manager to execute three Landlord's Release and Consent agreements among Pima Aviation, Inc., Zions Bancorporation, N.A. dba National Bank of Arizona, and the Town of Marana relating to (1) the Amended, Restated and Consolidated Marana Regional Airport Lease Agreement with Pima Aviation, Inc. ("Pima Aviation"), (2) the First Amended FBO Lease Agreement with Pima Aviation, and (3) the Amended and Restated Marana Regional Airport Lease Agreement (Master Development Lease) with Pima Aviation for the lease of real property located at the Marana Regional Airport, 11700 West Avra Valley Road (David Udall)

C3 Resolution No. 2025-116: Relating to Tourism; approving and authorizing the Mayor to execute an agreement between the Town of Marana and Project Echelon, Ltd. regarding participation in and financial support of the 2026 Project Echelon Training Week, including a Gran Fondo Ride for Veterans (Stefanie Boe)

C4 Resolution No. 2025-117: Relating to Utilities; approving and authorizing the Mayor to sign an agreement with B.K.W. Farms, Inc. for in-lieu water delivery and storage (Heidi Lasham)

C5 Approval of Regular Town Council Meeting Summary Minutes of November 18, 2025 (Jill McCleary)

Council Member Kai moved to approve the consent agenda. Council Member Cavanaugh seconded the motion. Motion passed, 7-0.

LIQUOR LICENSES

BOARDS, COMMISSIONS AND COMMITTEES

COUNCIL ACTION

ITEMS FOR DISCUSSION / POSSIBLE ACTION

D1 Relating to Risk Management; discussion and direction regarding an offer for the Town of Marana to participate in an accelerated payment program related to settlement funds for the Settlement Agreement between Public Water Systems and 3M Company in the multi-district litigation entitled *In re: Aqueous Film-Forming Foams Products Liability Litigation*, MDL No. 2:18-mn-2873-RMG (Jane Fairall)

Town Attorney Jane Fairall presented on an offer for the Town to participate in an accelerated payment program for the settlement funds from the Settlement Agreement between Public Water Systems and 3M Company. **Ms. Fairall** reported that the Town had been awarded approximately $4.1 million from the settlement in the Phase One Action Fund. She stated that the Town had received about $2.1 million in payments so far and that the remaining funds were expected over the next six to seven years. She said that staff recommended declining the accelerated payment program due to the associated fees and the reduced net proceeds from a lump-sum payment.

Mayor Post stated he agreed with the staff recommendation. **Council Member Cavanaugh** commented on the significant decrease if the Town were to accept the advanced payment.

Mayor Post asked about the use of the settlement funds and how they would be financially handled. **Finance Director Yiannis Kalaitzidis** and **Ms. Fairall** provided clarification on how the water treatment facilities had been funded. **Mayor Post** stated he believed it was important that settlement funds be used to pay for water treatment and to keep water rates manageable for residents.

Vice Mayor Ziegler moved to direct staff to take all necessary actions to reject participation in the program. Council Member Kai seconded the motion. Motion passed, 7-0.

D2 Relating to Development and Public Works; update, discussion, and possible direction regarding public and private projects and development applications on the Town's Marana Current and Proposed Projects internet site (Jason Angell)

Mr. Angell provided an update on public and private projects and development applications in the Town, as currently listed on the following website: https://portal.maranaaz.gov/portal/apps/experiencebuilder/experience/?id=dae15ad306fb4a3fba65ee3babc21d54.

EXECUTIVE SESSIONS

Pursuant to A.R.S. § 38-431.03, the Town Council may vote to go into executive session, which will not be open to the public, to discuss certain matters.

E1 Executive Session pursuant to A.R.S. §38-431.03 (A), Council may ask for discussion or consideration, or consultation with designated Town representatives, or consultation for legal advice with the Town Attorney, concerning any matter listed on this agenda for any of the reasons listed in A.R.S. §38-431.03 (A).

E2 Executive Session pursuant to A.R.S. § 38-431.03(A)(4) to consider the Council's position and instruct the Town's attorneys regarding settlement discussions to resolve litigation in *Town of Marana v. Mandarina South, LLC, et al,* Pima County Superior Court case number C20241394.

Item E2 was moved to the front of the agenda. Information regarding E2 can be found earlier in the minutes.

E3 Executive Session pursuant to A.R.S. § 38-431.03(A)(3) and (4), discussion or consultation for legal advice with the Town's attorneys and to consider the Town's position and instruct its attorneys regarding contemplated litigation to recover costs to remedy water quality issues resulting from perfluorinated compounds and 1,4-dioxane contamination.

Item E3 was moved to the front of the agenda. Information regarding E3 can be found earlier in the minutes.

FUTURE AGENDA ITEMS

Notwithstanding the Mayor's discretion regarding the items to be placed on the agenda, if three or more Council members request that an item be placed on the agenda, it must be placed on the agenda for the second regular Town Council meeting after the date of the request, pursuant to Marana Town Code Section 2-4-2(B).

Mayor Post requested future agenda items. There were no requests for future agenda items from Council Members.

ADJOURNMENT

Mayor Post asked for a motion to adjourn.

Council Member Cavanaugh moved to adjourn the meeting. Council Member Kai seconded the motion. Motion passed, 7-0. The meeting was adjourned at 7:40 PM.

CERTIFICATION

I hereby certify that the foregoing are the true and correct minutes of the Marana Town Council meeting held on December 2, 2025. I further certify that a quorum was present.

_____

Jill McCleary, Town Clerk

DRAFT

Council-Regular Meeting **A1**

Meeting Date: 12/16/2025

To: Mayor and Council

From: Jane Fairall, Town Attorney

Date: December 16, 2025

Strategic Plan Focus Area:
Thriving Commerce, Vibrant Community, Cherished Heritage

Strategic Plan Focus Area Additional Info:
FOCUS AREA 1: CHERISHED HERITAGE Leverage the region's historic and cultural legacy to strengthen community character, increase community pride, and build heritage-driven tourism.
Goal: PROVIDE LOCATIONS WHERE RESIDENTS CAN CELEBRATE AND LEARN ABOUT MARANA'S HISTORY AND TRADITIONS.
STRATEGY: Develop strategies to leverage developments, public facilities, events, and amenities to embed heritage-related art features and cultural expression.
FOCUS AREA 2: VIBRANT COMMUNITY Strengthen the sense of place and create opportunities for community connections.
GOAL: ESTABLISH A STRONG SENSE OF PLACE THROUGH THE CREATION OF UNIQUE PUBLIC SPACES AND ARCHITECTURE THAT FOSTER COMMUNITY PRIDE
STRATEGY: Build a Marana-wide lifestyle brand that reflects Marana's unique character and identity.
FOCUS AREA 3: THRIVING COMMERCE Recruit and maintain a diverse commercial sector that is supported by local workforce training and funding opportunities.
Goal: PROVIDE A SUPPORTIVE ENVIRONMENT FOR INDUSTRY LEADERS, STARTUPS, SMALL BUSINESSES, AND ENTREPRENEURS THROUGH EVERY STAGE OF BUSINESS DEVELOPMENT.
STRATEGY: Evaluate and implement economic development tools and strategies to support the retention and expansion of Marana key employers and attract new compatible sectors.
STRATEGY: Develop a conceptual vision, design standards, and implementation strategy for Downtown Marana.
Goal: EXPAND MARANA'S THRIVING TOURISM INDUSTRY BY PROMOTING ITS

HERITAGE, CULTURAL RESOURCES, SCENIC OPEN SPACES, AND SIGNATURE EVENTS.
STRATEGY: Expand Marana's tourism efforts and enhance its regional relevance through a comprehensive assessment of the Town's strengths and unique offerings.
STRATEGY: Continue to enhance visitor experiences and partner with stakeholders to promote Marana's entertainment, recreation, sports and cultural events, and hospitality venues

Subject: Resolution No. 2025-121: Relating to Development; approving and authorizing the Mayor to execute a Lease and Development Agreement with Marana Urban LLC for the lease and development of approximately 19 acres of Town-owned property located east of Marana Main Street and north of Civic Center Drive (Jane Fairall)

Discussion:

Request
Town staff proposes approval of a Lease and Development Agreement with Marana Urban LLC for the lease and development of approximately 19 acres of Town-owned property for a proposed new Downtown Marana development.

Background
On May 17, 2024, the Town released a Request for Proposals (RFP) for the Lease and Development of Town-Owned Property Located at Marana Main Street and Civic Center Drive. The Town sought proposals from developers to lease and develop approximately 19 acres of Town-owned land as part of a vibrant Downtown Marana. As noted in the Town's Economic Development Strategic Plan: "Across the entire world, a community's downtown personifies its window to the world. Downtowns are not only how the world sees a community, they also represent the heart and soul of the people and businesses who call that community home. Downtown is a vital intersection of business, commerce, tourism and cultural exchanges and serves as a fundamental cornerstone for the community's economy and identity. A vibrant and healthy downtown benefits all citizens and businesses of Marana." The Town of Marana has a unique opportunity to build its downtown from the ground up and seeks a creative and innovative partner to help bring the Town's vision to life.

As the RFP detailed, the Town sought a developer who would enter into a long-term lease to develop the property located adjacent to the Town's Marana Municipal Complex, east of Marana Main Street and north of Civic Center Drive. The RFP noted that the developer must commit to long-term investment in the property and in the development of Downtown Marana. The successful proposer would be the primary developer of the property and be responsible for securing long-term tenants, if applicable.

The Town's goals for development of the property include:
- Spurring development of Downtown Marana
- Stimulating economic development and expanding employment opportunities in the Town

- Complementing other nearby retail, academic, residential, and professional office development with a vibrant downtown area
- Expanding entertainment and dining options by providing more variety, as well as providing amenities desirable to attract and retain the employees sought by employers in Southern Arizona
- Generating new tax revenues

The Town received one proposal in response to the RFP, from Marana Urban LLC. An evaluation committee consisting of Town staff from Development Services, Economic Development, the Town Manager's Office, Water, and Legal evaluated the initial response and submitted additional clarifying questions to the proposer. Marana Urban responded to those additional questions and also provided a preliminary infrastructure cost estimate for the Downtown Marana development. The RFP provided that once the evaluation committee process was completed, a recommendation would be submitted to the Town Council. On November 19, 2024, after a presentation and Town staff's recommendation, the Town Council voted 7-0 to direct staff to begin negotiations with Marana Urban LLC on a final form of lease agreement for the Town-owned property subject to the provisions of the RFP. Town staff and Marana Urban LLC personnel have completed negotiations of a Lease and Development Agreement for the project and now seek Council approval.

Development Agreement
On November 18, 2025, the Town Council adopted Resolution No. 2025-111, adopting a notice of intent to enter into a retail development tax incentive agreement for the downtown development project in compliance with A.R.S. § 9-500.11. A retail development tax incentive agreement is an agreement in which the Town agrees to reimburse a developer engaged in or planning to engage in retail development activities with sales, use, or transaction privilege tax revenues. Pursuant to the requirements of the statute, in order for the Town to enter into a retail development tax incentive agreement, the Town Council must find that the proposed tax incentive is anticipated to raise more revenue than the amount of the incentive within the duration of the agreement, and that finding must be verified by an independent third party not financed by the developer. The Town engaged Elliott D. Pollack & Company to conduct the required independent third party review of the agreement and the review has verified the finding. The consultant's report is included within the agenda materials, and will be attached to the agreement as Exhibit D.

The agreement provides for reimbursement to the developer of up to the Developer's full costs for design and construction of 70,000 square feet of Required Commercial Improvements over several phases of development. Reimbursement would come from 45% of retail sales taxes and 75% of construction sales taxes generated on the property. The reimbursements will begin the first calendar quarter after the Town’s issuance of a certificate of occupancy for any combination of buildings that are constructed as part of and satisfy the requirement for the initial development plan required by the agreement, consisting of improvements required for Phase One of the project, generally consistent with the RFP Response and the conceptual depiction of the master site plan for the project. The reimbursements will continue until the earlier of when the Developer has been fully reimbursed for the eligible improvement costs or upon

expiration of the lease.

In addition to the retail development tax incentive portion, the Lease and Development Agreement also addresses the following issues:

- Lease Term — The lease term is 75 years, with a developer option to renew for another 25-year period, for a possible total of 100 years.
- Rent — The developer will pay both fixed rent and percentage rent to the Town.
  - Fixed rent will be $0.26 per square foot per year for the leased premises. This amount is based upon an appraisal commissioned by the Town. The first fixed rent payment for Phase One of the project will be due within 60 days of the Town's issuance of a grading permit for development of Phase One. As development of the project advances through subsequent phases, the Town and the developer will enter into amendments to the lease to add additional portions of the property to the leased premises and the developer will then pay fixed rent on those added premises as well. Beginning on the 10th anniversary of the lease and every 5 years thereafter, the fixed rent will be adjusted per the Consumer Price Index for all Urban Consumers (CPI-U) for the previous five years, not to exceed 30% for the first adjustment, and 15% for every adjustment thereafter.
  - The developer will pay percentage rent to the Town on each phase of the project, beginning with the calendar year in which the developer has received an 18% internal rate of return on its costs and expenses incurred with respect to the phase or the date that is the 8th anniversary of the developer's receipt of a certificate of occupancy for any structure for the project phase, whichever is earlier. Percentage rent will be calculated at 3% of the developer's gross receipts for the applicable phase of the project.
- Required Improvements — The developer is required to construct both Required Public Improvements and Required Commercial Improvements on the property, subject to reimbursement from the Town.
  - Required Public Improvements are listed in Exhibit F to the agreement, and include improvements that are required in Phase One of the project, as well as those that will be required in subsequent phases.
    - Phase One Required Public Improvements include, but are not limited to, a temporary parking lot, 400 lineal feet of brick-paved (or similar material) roadway with sidewalks, curbs, street lighting and street trees, one illuminated arch sign, and a billboard sign to be located along I-10.
    - Required Public Improvements for subsequent phases include, but are not limited to, permanent parking lots, extension of the brick-paved roadway, installation of a second illuminated arch sign, and water, sewer and drainage improvements.
  - Required Commercial Improvements are defined as (i) not less than 15,000 square feet of commercial development in Phase One, and (ii) not less than 55,000 square feet of commercial development in subsequent phases, which may include retail, hotel, and multi-family residential uses.
- Development Timeline
  - No later than 18 months after the effective date of the lease, the developer shall submit to the Town a development plan for construction of the improvements required for Phase One.

    - No later than 24 months after the effective date of the lease, the developer shall begin construction in conformance with the approved development plan.
    - Within 36 months after the effective date of the lease, the developer shall substantially complete construction of the Required Public Improvements for Phase One.
    - Within 42 months after substantial completion of the Required Public Improvements for Phase One, the developer shall obtain a certificate(s) of occupancy for the Required Commercial Improvements on Phase One.
    - Not later than 180 days after issuance of a certificate of occupancy for any building in Phase One, the developer shall prepare and submit to the Town an updated revised conceptual master site plan and an updated schedule of development for the entire project. Thereafter, the developer shall submit updates to these two documents every 3 years until completion of the project.
- Reimbursement
    - The Town will reimburse the developer for the costs of the Required Public Improvements as each invoice for the improvements is approved. Reimbursement shall come from available funds in the Downtown Marana Reinvestment Fund (DMRF), the Bed Tax Fund, or from other sources as determined by the Town, including retail sales taxes and construction sales taxes generated on the property. The total reimbursement to the Developer for costs for the Required Public Improvements for Phase One shall be limited to the amount set forth in the developer's budget, supported by bids from its general contractor and its subcontractors and materialmen, submitted to the Town prior to the commencement of the Required Public Improvements for Phase One.
    - Town reimbursement to the developer for the Required Commercial Improvements shall be through 45% of retail sales taxes and 75% of construction sales taxes generated on the property during the term of the agreement, as described above, up to the full amount of the developer's costs.
- Additional Developer Obligations
    - The developer will own and maintain the Required Commercial Improvements during the term of the lease; however, the developer shall convey title to the Required Commercial Improvements to the Town at no cost upon the expiration or termination of the lease.
    - The developer will provide the Town with free use of a portion of the developer's property located generally north of West Grier Road and southwest of Interstate 10 for the Town to own and maintain the billboard sign.
    - The developer will provide the Town with free use of the "beer garden" and the "event grove" on the property for Town events.
    - The developer will provide free maintenance of certain common areas located on the property.
- Additional Town Obligations
    - The Town will amend its Outdoor Lighting Code to adopt an overlay district for the downtown area, if necessary to accommodate the illuminated arch signs and the billboard sign.
    - The Town will waive all Town plan review fees and inspection and

construction and building permit fees for the project.

- The Town will pay development impact fees for the project.
- The Town shall ensure that water and sewer services and facilities are installed to the boundary of the property and are adequate to serve the property.
- The Town will construct onsite drainage infrastructure to accommodate onsite and offsite drainage impacting Phase One.
- The Town will conduct a master drainage study for the property prior to the development of subsequent phases and will construct the drainage facilities required by the master drainage study to accommodate onsite and offsite drainage affecting the property, with the goal of minimizing the necessity for onsite drainage infrastructure. The Town will remove and relocate the onsite drainage infrastructure for Phase One upon completion of the Barnett Channel project or other similar improvements, pursuant to the master drainage study.

Financial Impact:

The Town will dedicate 45% of sales tax revenues and 75% of construction sales tax revenues generated on the property during the term of the lease to reimburse the Developer up to the full costs of design and construction of the Required Commercial Improvements, which consist of 70,000 square feet of commercial development. The current estimate for the design and construction of the Required Commercial Improvements is $84 million over an 11-year time period in five phases of development. According to the independent third party report prepared by Elliott D. Pollack & Company, during the first 20 years of the lease, the project is projected to generate approximately $37.5 million in direct tax revenues for the Town. Assuming the development is maintained and periodically modernized to support long-term stabilized operations, total direct tax revenues are estimated at $180.1 million over 75 years and $244.9 million over the full 100-year term (in constant 2025 dollars), which would result in net fiscal benefit to the Town of $96.1 - $160.9 million. Additionally, at the end of the lease term, the Town will own the Required Commercial Improvements. An appraisal completed for the Town by Baker, Peterson, Baker & Associates estimates their depreciated reversionary value at approximately $362.9 million at Year 75 and $477.5 million at Year 100 (assuming ongoing maintenance and reinvestment consistent with the Agreement), providing further economic benefit to the Town.

The Town will pay for all costs associated with the Required Public Improvements from available funds in the Downtown Marana Reinvestment Fund (DMRF) and the Bed Tax Fund, and through other sources as determined by the Town, depending upon the amount and timing of the payments.

The full financial impact of the agreement is set forth in detail in the independent third party report prepared by Elliott D. Pollack & Company.

Staff Recommendation:

Staff recommends approval of the Lease and Development Agreement.

Suggested Motion:

I move to adopt Resolution No. 2025-121, approving and authorizing the Mayor to execute a Lease and Development Agreement with Marana Urban LLC for the lease and development of approximately 19 acres of Town-owned property located east of Marana Main Street and north of Civic Center Drive.

Attachments

Resolution No. 2025-121

Exhibit A to Resolution No. 2025-121

MARANA RESOLUTION NO. 2025-121

RELATING TO DEVELOPMENT; APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE A LEASE AND DEVELOPMENT AGREEMENT WITH MARANA URBAN LLC FOR THE LEASE AND DEVELOPMENT OF APPROXIMATELY 19 ACRES OF TOWN-OWNED PROPERTY LOCATED EAST OF MARANA MAIN STREET AND NORTH OF CIVIC CENTER DRIVE

WHEREAS, on May 17, 2024, the Town released a Request for Proposals (RFP) for the Lease and Development of Town-Owned Property Located at Marana Main Street and Civic Center Drive, seeking proposals from developers to lease and develop approximately 19 acres of Town-owned land as part of a vibrant Downtown Marana (the "Project"); and

WHEREAS the Town received one proposal in response to the RFP, from Marana Urban LLC (the "Developer"); and

WHEREAS, on November 19, 2024, after a presentation and Town staff's recommendation, the Town Council voted 7-0 to direct staff to begin negotiations with Marana Urban LLC on a final form of lease agreement for the Town-owned property subject to the provisions of the RFP; and

WHEREAS the Town is authorized by A.R.S. § 9-500.05 to enter into a development agreement with a land owner or other person or entity having an interest in real property located within the Town to facilitate development of the property by providing for, among other things, the conditions, terms, restrictions, and requirements for development and public infrastructure and the financing of public infrastructure; and

WHEREAS in approving the agreement, the Town Council finds and determines that certain activities relating to the Project are economic development activities within the meaning of A.R.S. § 9-500.11, that all expenditures by the Town pursuant to the agreement constitute the appropriation and expenditure of public monies for and in connection with economic development activities, and that it is appropriate to provide the Developer with the reimbursement in the agreement as an inducement to cause the Developer to construct, lease, and operate the Project in the Town; and

WHEREAS, on November 18, 2025, the Town Council adopted Resolution No. 2025-111, adopting a notice of intent to enter into a retail development tax incentive agreement for the Project in compliance with A.R.S. § 9-500.11; and

WHEREAS the Town Council finds that the Project will raise more revenue for the Town than the amount of the reimbursements to the Developer within the duration of the

agreement, and an independent third party not financed by the Developer has verified the Town Council's finding that the Project will raise more revenue for the Town than the amount of the reimbursements to the Developer within the duration of the agreement; and

WHEREAS the Town Council finds that in the absence of the reimbursements to the Developer provided pursuant to the agreement, the Project would not locate in the Town in the same time, place, or manner as it will with the reimbursements to the Developer; and

WHEREAS the Town Council finds that the Lease and Development Agreement with Marana Urban LLC is in the best interest of the Town and its citizens and should be approved.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Marana, Arizona, that the Lease and Development Agreement with Marana Urban LLC, as set forth on Exhibit A attached to and incorporated within this resolution by this reference, is hereby approved, the Mayor is authorized to execute it for and on behalf of the Town of Marana, and Town staff is authorized to carry out its terms.

PASSED AND ADOPTED by the Mayor and Council of the Town of Marana, Arizona, this 16th day of December, 2025.

_____
Mayor Jon Post

ATTEST:

_____
Jill McCleary, Town Clerk

APPROVED AS TO FORM:

_____
Jane Fairall, Town Attorney

TOWN OF MARANA

LEASE AND DEVELOPMENT AGREEMENT

This LEASE AND DEVELOPMENT AGREEMENT (this "Lease") is made and entered into by and between the TOWN OF MARANA, an Arizona municipal corporation (the "Town"), and MARANA URBAN LLC, an Arizona limited liability company (the "Developer"). The Town and Developer are sometimes collectively referred to as the "Parties," either one of which is sometimes individually referred to as a "Party."

RECITALS

A. The Town owns approximately 19 acres of land located adjacent to the Town's Ed Honea Marana Municipal Complex, east of Marana Main Street and north of Civic Center Drive bearing Pima County Assessor's Parcel number 217-37-067A (the "Property"). The Property is more particularly described in the location map and legal description, together attached to and incorporated in this Lease as **Exhibit A**.

B. Developer is a development company whose principals have decades of experience purchasing, designing, developing, and operating dozens of businesses and real estate projects in Southern Arizona and Marana.

C. The Town desires to develop the Property as part of a vibrant Downtown Marana. To further this purpose, on May 17, 2024, the Town issued a "Request for Proposals for Lease and Development of Town-Owned Property Located at Marana Main Street and Civic Center Drive" ("RFP 2024-015" or the "RFP"). RFP 2024-015 is attached to and incorporated in this Lease as **Exhibit B**.

D. The Town's purposes for issuing the RFP were to seek proposals from qualified developers to develop the Property to spur development of Downtown Marana; stimulate economic development and expand employment opportunities in the Town; complement other nearby retail, academic, residential, and professional office development with a vibrant downtown area; expand entertainment and dining options by providing more variety, as well as providing amenities desirable to attract and retain the employees sought by employers in Southern Arizona; and generate new tax revenues, all as set forth in the RFP (the "RFP Purpose").

E. The Town received an appraisal for the Property dated May 8, 2024, providing a fair market ground lease rental value of $0.26 per square foot per year.

F. On July 10, 2024, the Developer submitted its RFP response. On September 10, 2024, the Developer submitted responses to follow-up questions from the RFP evaluation

committee, and on October 31, 2024, the Developer submitted a preliminary infrastructure cost estimate for Phase One of the development. Collectively, the three documents described in this recital F are referred to as the "RFP Response" and are attached to and incorporated in this Lease as **Exhibit C**.

G. The Town received no other responses to RFP 2024-015.

H. On November 19, 2024, at a public meeting, the Marana Town Council (the "Town Council") directed Town staff to commence negotiations with the Developer for this Lease. Based on the RFP, the Developer and the Town desire that the Developer develop a mixed-use entertainment district that meets the RFP Purpose by serving nearby neighborhoods and drawing visitors to Downtown Marana (the "Project").

I. The Property is zoned SP – Specific Plan and is part of the Rancho Marana West Town Center Specific Plan Amendment implemented on June 17, 2008, by adoption of Marana Ordinance No. 2008.14 recorded in the Pima County Recorder's Office at Sequence No. 20081200223, as amended on March 21, 2023, by adoption of Marana Ordinance No. 2023.007 recorded in the Pima County Recorder's Office at Sequence No. 20230830061, to update development and architectural standards for commercial uses (as amended, the "RMWTC Specific Plan").

J. The RMWTC Specific Plan implements the Town Center concept for the Town of Marana, as an activity center with a comprehensive mixed-use environment including commercial, retail, office, institutional, entertainment, and residential uses. Therefore, the Property's zoning permits the mix of uses contemplated by the RFP and no rezoning will be required for the Project.

K. By adoption of Marana Resolution No. 2013-036, the Town Council established the Downtown Marana Reinvestment Fund (the "DMRF"), setting aside for a five-year period 50% of the construction sales tax revenues and 50% of the general sales tax revenues collected by the Town of Marana in the Downtown Activity Center for use to fund public infrastructure projects desirable and necessary for the development of the Downtown Activity Center.

L. By adoption of Marana Resolution No. 2018-040, the Town Council extended the DMRF for ten years and authorized it to be used pursuant to a Town Council-approved development agreement to pay for public infrastructure incentives associated with downtown Marana mixed-use development in the downtown overlay zone established by Marana Ordinance No. 2018.010 and now codified in the Marana Town Code at section 17-4-12 (the "Downtown Overlay Zone").

M. The Property is located in the Downtown Overlay Zone, and as an incentive for the Developer to implement mixed-use development consistent with the zoning and the RFP Purpose, the Town is willing to reimburse the Developer from the DMRF for public infrastructure costs associated with or benefiting the mixed-use development.

N. A.R.S. § 9-500.06 provides that if a city or town, by passing an ordinance or charter amendment by its governing council or by a public vote, establishes a discriminatory transaction privilege tax or increases its existing discriminatory transaction privilege tax on hospitality industry businesses greater than any increase imposed on other types of businesses in the city or town, the proceeds of the established discriminatory transaction privilege tax, and the proceeds of any increase above the existing discriminatory transaction privilege tax shall be used exclusively by the city or town for the promotion of tourism. For purposes of A.R.S. § 9-500.06, expenditures for the promotion of tourism include expenditures by the city or town to develop, improve, or operate tourism-related attractions or facilities or to assist in the planning and promotion of such attractions and facilities.

O. On May 21, 2009, the Town adopted Ordinance No. 2009.08, establishing a discriminatory transaction privilege tax, as defined in A.R.S. § 9-500.06, in an amount equal to 6% of the gross income from the business activity of any hotel engaging or continuing within the Town in the business of charging for lodging and/or lodging space furnished to any transient. The Town uses the proceeds from this tax exclusively for the promotion of tourism.

P. The Town Council finds that the Project is anticipated to draw travelers from outside the immediate vicinity of the Town to Downtown Marana and that, therefore, expenditures by the Town to develop, improve, or operate the Project, or to assist in the planning and promotion of the Project, are expenditures for the promotion of tourism within the meaning of A.R.S. § 9-500.06.

Q. The Town is willing to lease portions of the Property to the Developer on the terms and conditions specified herein.

R. An affiliate of the Developer owns approximately 40 acres of land to the north of the Property, located generally north of West Grier Road and southwest of Interstate 10. The RFP Response refers to the 40 acres as the "North 40" or the "North 40 Acres." The RFP Response envisions the development of the Property and the North 40 as a joint, integrated development. The Parties acknowledge that this Lease addresses development of the Property and does not address development of the North 40 but express their current intent to enter into a future agreement in connection with the development of the North 40 that further spurs development of a vibrant Downtown Marana. The Parties acknowledge that the current zoning of the North 40 entitles the property owner to construct up to 1,800 multi-family dwelling units on the North 40, along with commercial development.

S. The Town and the Developer desire to establish certain agreements regarding the Project pursuant to A.R.S. § 9-500.05 and certain agreements in connection with development activities for the economic benefit of the Town pursuant to A.R.S. § 9-500.11 upon and in accordance with the terms and conditions set forth in this Lease.

T. The Project is consistent with the Town's long-term economic development strategies, will be located in a currently undeveloped gateway to Downtown Marana, and is expected to create a source of significant tax revenue for the Town for many years.

U. The short-term and long-term benefits of the Project offset and outweigh the costs of the public improvements and reimbursements provided by the Town under this Lease.

V. The Project is in compliance with the Town's adopted and approved General Plan (as defined in A.R.S. § 9-461).

W. The Town is authorized by A.R.S. § 9-500.05 to enter into a development agreement with a landowner or other person or entity having an interest in real property located within the Town to facilitate development of the property by providing for, among other things, the conditions, terms, restrictions, and requirements for development and public infrastructure and the financing of public infrastructure.

X. In approving this Lease, the Town Council has found and determined that certain activities relating to the Project are economic development activities within the meaning of A.R.S. § 9-500.11, that all expenditures by the Town pursuant to this Lease constitute the appropriation and expenditure of public monies for and in connection with economic development activities and that it is appropriate to provide the Developer with the reimbursement in this Lease as an inducement to cause the Developer to construct and operate the Project in the Town.

Y. The Town adopted a notice of intent to enter into this Lease not less than 14 days before the Town Council approved this Lease, in compliance with A.R.S. § 9-500.11.

Z. The Town Council finds that the Project will raise more revenue for the Town than the amount of the reimbursements to the Developer within the duration of this Lease.

AA. An independent third party not financed by the Developer has verified the Town Council's findings that the Project will raise more revenue for the Town than the amount of the reimbursements to the Developer within the duration of this Lease. The independent third party's report is attached as **Exhibit D** (the "Economic Report").

BB. The Town Council finds that in the absence of the reimbursements to the Developer provided pursuant to this Lease, the Project would not locate in the Town in the same time, place, or manner as it will with the reimbursements to the Developer.

CC. The Developer will incur out-of-pocket public infrastructure construction costs as well as out-of-pocket infrastructure construction costs for infrastructure that the Town will have a property interest in and will own at the end of the term of this Lease, all in the immediate vicinity of and directly benefiting the Project.

DD. The reimbursements to the Developer provided pursuant to this Lease are intended to reimburse the Developer for its out-of-pocket construction costs for the Required Improvements, as described more specifically in this Lease.

EE. The Town has determined that encouraging the development of the Property pursuant to this Lease will result in significant economic benefits and other public purpose benefits for the Town and its residents but recognizes recent limitations the Arizona Supreme Court has imposed on incentives that can be provided to developers in *Schires v. Carlat*, 250 Ariz. 371, 480 P.3d 639 (2021). The *Schires* case divides consideration received by a municipality into two components: direct and indirect benefits. The Court requires that a municipality receive sufficient benefits relative to the incentives the municipality provides to the developer, but the Court will only look to direct benefits when measuring the relative consideration; provided, however, that the Town is not prevented from considering other nonpecuniary factors in deciding what is most advantageous to the Town. *See, Neptune Swimming Fountain v. City of Scottsdale*, 256 Ariz. 551, 542 P.3d 241 (2024).

FF. This Lease documents the indirect benefits to justify the public purpose for this Lease and the direct benefits to evaluate adequate consideration. Generally, indirect benefits include, among other things, the benefits described in the Economic Report and in these recitals, and direct benefits are those described in Article 7 of this Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated into this Lease as though fully restated here, the mutual covenants set forth in this Lease, and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

Article 1. Background and Definitions

1.1. The foregoing recitals are hereby acknowledged, confirmed to be accurate, and incorporated here by this reference.

1.2. The Project is a downtown entertainment and multi-use district planned to accommodate a range of differing but complimentary land uses, including food and beverage, select retail, lodging, multi-family residential, and indoor-outdoor entertainment venues. Overall, the Project, which will have a unique regional draw, will create substantial additional sales tax revenues for the Town, will assist in the creation or retention of jobs, and will otherwise improve or enhance the economic welfare of the residents of the Town by bringing customers to the Project from the Town and surrounding communities. A conceptual depiction of the master site plan for the Project was included in the RFP Response and an updated depiction is attached to this Lease as **Exhibit E**. This master site plan will be updated in accordance with Article 6 below.

1.3. The following definitions shall apply to this Lease:

1.3.1. "Bed Tax Fund" means the fund in the Town's budget established pursuant to A.R.S. § 9-500.06, consisting of proceeds from the Town's discriminatory transaction privilege tax and dedicated to expenditures for the promotion of tourism, as described in recitals N and O above.

1.3.2. "Cash" is defined in paragraph 6.9 below.

1.3.3. “Common Areas” are defined in paragraph 2.3 below.

1.3.4. “Construction Sales Tax Revenues” mean those portions of the Town’s transaction privilege taxes (currently 4%) generated pursuant to Section 8-415 or 8-416 of the Marana Tax Code from construction contracting or speculative builder activities occurring on the Property. References to sections of the existing Marana Tax Code shall include corresponding sections of successor codes.

1.3.5. “Cure Period” is defined in paragraph 12.7 below.

1.3.6. “Developer’s FF&E” is defined in paragraph 15.4.7 below.

1.3.7. “Developer’s Lender” or “Leasehold Mortgagee” are defined in paragraph 15.4.1 below.

1.3.8. “Development Regulations” are defined in paragraph 6.1 below.

1.3.9. The “Developer” is defined in the introductory paragraph of this Lease.

1.3.10. The “Downtown Marana Reinvestment Fund” or the “DMRF” is defined in recitals K and L above.

1.3.11. The “Economic Report” is defined in recital AA above.

1.3.12. The “Effective Date” is the last date set forth below the Parties’ respective signatures on this Lease.

1.3.13. "Environmental Laws" are defined in Article 28.

1.3.14. “Fixed Rent” is defined in paragraph 5.1 below.

1.3.15. “Gas Easement” is defined in paragraph 12.3 below.

1.3.16. “Gross Receipts” means the total amount of money earned or received by the Developer and its affiliates, or any assignee or transferee of the Developer or its affiliates related to any business activity on the Property. Bad debts, cash shortages and credit card fees shall not be deducted from the amounts determined to be Gross Receipts. For avoidance of doubt, Gross Receipts do not include money earned or received by any subtenant or licensee of Developer.

1.3.17. “Initial Development Plan” is defined in paragraph 6.4 below.

1.3.18. “Laws, Rules and Regulations” are defined in Article 26 below.

1.3.19. “Leasehold Mortgage” is defined in paragraph 15.4 below.

1.3.20. “Marana Land Development Code” is defined in paragraph 6.1 below.

1.3.21. “New Lease” is defined in paragraph 15.4.4 below.

1.3.22. “North 40” or “North 40 Acres” is defined in recital R above.

1.3.23. “Percentage Rent” is defined in paragraph 5.4 below.

1.3.24. “Phase One” is defined in the RFP Response.

1.3.25. "Phase One Property" is defined in paragraph 2.1 below.

1.3.26. The "Project" is defined in recital H above and described in Exhibit C and in paragraph 1.2 above.

1.3.27. The "Property" is defined in recital A above and described and depicted in Exhibit A attached to this Lease.

1.3.28. The "Rancho Marana West Town Center Specific Plan Amendment" or "RMWTC Specific Plan" is defined in recital I above.

1.3.29. "Reimbursement Account" means a separate account within the Town's General Fund or accounted for by an appropriate book or ledger entry designation for the purpose of making Reimbursement Payments (see paragraph 9.2.2 below)

1.3.30. "Reimbursement Payments" is defined in paragraph 9.2.3 below.

1.3.31. "Required Commercial Improvements" means the design and construction of all of the following:

1.3.31.1. In Phase One, not less than 15,000 square feet of commercial development.

1.3.31.2. In Subsequent Phases, not less than 55,000 square feet of commercial development, which may include, to the extent agreed upon in writing by the Developer and the Town, retail, hotel, and multi-family residential uses.

1.3.32. "Required Improvement Costs" means all costs, expenses, fees and charges, actually incurred and paid by or on behalf of Developer to contractors, architects, engineers, surveyors, governmental agencies, other professionals and consultants, and other third parties for materials, labor, planning, design, engineering, surveying, site excavation and preparation, governmental permits and payments, payment and performance bonds, other professional services, and all other costs and expenses related or incidental to and reasonably necessary for, the acquisition, improvement, construction, installation, or provision of the Required Improvements, and warranting the Required Public Improvements for one year after completion, together with all costs associated with the acquisition of lands, rights-of-way and easements either to be dedicated to the Town or upon which Required Improvements are to be constructed; provided, however, that Required Improvement Costs shall not include any finance or interest costs incurred by Developer in connection with the design and construction of the Required Improvements.

1.3.33. "Required Improvements" means collectively the Required Commercial Improvements and the Required Public Improvements.

1.3.34. "Required Public Improvements" means the design and construction of all of the improvements listed in **Exhibit F**.

1.3.35. The "RFP" or "RFP 2024-015" is defined in recital C above.

1.3.36. The "RFP Purpose" is defined in recital D above.

1.3.37. The "RFP Response" is defined in recital F above.

1.3.38. "Sales Tax Revenues" means that portion of the Town's transaction privilege taxes (currently 2.5%) generated from the activities listed below occurring on the Property, less the one-half cent increase adopted by Marana Ordinance No. 2021.022 because the proceeds of that increase are dedicated to the design and construction, and fixtures, furniture and equipment, for a new multi-generational Community Center and Aquatic Center.

1.3.38.1. Amusements, exhibitions and similar activities pursuant to Section 8-410 of the Marana Tax Code.

1.3.38.2. Hotels pursuant to Section 8-444 of the Marana Tax Code.

1.3.38.3. Commercial rentals, leasing and licensing pursuant to Section 8-445 of the Marana Tax Code.

1.3.38.4. Restaurants and bars pursuant to Section 8-455 of the Marana Tax Code.

1.3.38.5. Retail sales pursuant to Section 8-460 of the Marana Tax Code.

1.3.39. "Subleases" is defined in paragraph 15.3 below.

1.3.40. "Subsequent Phases" means the phases of the Project after Phase One and are defined in the RFP Response.

1.3.41. "Substantially complete" or "substantial completion" as used in this Lease means that improvements are in place and operational, with only minor punch-list deficiencies identified by the Town Engineer or designee to be corrected.

1.3.42. "Trigger Date" is defined in paragraph 5.4 below.

Article 2. Leased Property

2.1. The Town hereby leases to the Developer the portion of the Property identified as Phase One on the conceptual depiction of the master site plan, attached as Exhibit E, along with the right to use all portions of the Property constituting common areas as depicted in Exhibit E, including as described in Section 2.3 below. Upon approval of the development plan for construction of the improvements required for Phase One, as described in paragraph 6.4 below, the Town will procure at its cost a legal description for the portion of the Property identified as Phase One on the development plan. Upon completion of the legal description, the Parties will execute an amendment to this Lease incorporating the legal description as an exhibit to this Lease and the property described in the legal description shall be referred to as the "Phase One Property."

2.2. As development of the Project advances through Subsequent Phases, as described in the RFP Response and this Lease, the Town and the Developer shall enter into

amendments to this Lease to add additional portions of the Property to the leased premises under this Lease.

2.3. It is the intent of the Parties that the portions of the Property that are identified in the RFP Response and Exhibit E to be used as the pedestrian-friendly brick-paved roadway, the parking lots, the property subject to the Gas Easement, and other common areas (collectively, the "Common Areas") will not be a part of the leased premises for the purposes of calculating Fixed Rent (but any income received by the Developer from the Common Areas shall be subject to Percentage Rent), provided that the Developer may agree to assume control over the Common Areas, in which case Developer shall maintain the Common Areas. The Town acknowledges that the Parties may enter into an amendment to this Lease to allow the Developer to convert one or more of the Common Areas into a property use subject to lease by the Developer (for instance, converting a parking lot into a multi-family development), at which time the Common Area in question shall be subject to this Lease, including Developer's obligation to pay Fixed Rent and Percentage Rent on the Common Area so converted.

Article 3. Lease; Privileges; Restrictions

3.1. So long as Developer timely pays rent and performs all other obligations under this Lease, the Town grants to Developer exclusive rights to the Property for development of the Project.

3.2. The Town finds that the Developer's RFP Response and agreement to develop the Project, including solely bearing the cost of predevelopment work, financing, and construction of the Required Improvements, are adequate consideration for the exclusive rights to develop the Property and represent substantial time, effort, and financial commitment by the Developer, and that without the exclusive rights the Developer would not be willing to pursue and bear the costs of developing the Project.

3.3. Subject to the Developer's compliance with all terms of this Lease, the Town grants to the Developer the following non-exclusive additional privileges, uses, and rights:

3.3.1. The general use of all public facilities and improvements which are now or may hereafter be constructed on the Property.

3.3.2. The right of ingress and egress from the Property over and across designated Town property, public roadways serving the Property, and the public parking areas, to be utilized by the Developer, tenants under Subleases, and their agents, employees, and invitees.

Article 4. Term

4.1. The original term of this Lease shall be for a period of 75 years commencing on the Effective Date of this Lease and terminating on the 75th anniversary of the Effective Date of this Lease, unless sooner terminated pursuant to the provisions contained herein.

4.2. The Town grants to Developer an option to renew this Lease for a 25-year period, subject to the same terms and conditions as are contained in this Lease, provided that Developer is not in default of any of its obligations under this Lease at the time of renewal. Developer's option to extend the term shall be automatically exercised, without further notice to the Town, unless Developer elects to not exercise such option by written notice delivered by Developer to the Town at least 180 days prior to the expiration of the original term.

Article 5. Rent

5.1. Developer's fixed rent shall be $0.26 per square foot per year of leased premises ("Fixed Rent") and shall be payable commencing on the date set forth in paragraph 5.3.1 below, which rent shall be paid without notice and free from all claims, deductions or set-offs against the Town.

5.1.1. The initial Fixed Rent for the Phase One Property will be determined upon completion and acceptance of the legal description for the Phase One Property as described in paragraph 2.1 above.

5.1.2. As the Parties amend this Lease to add additional portions of the Property to the leased premises, as described in paragraph 2.2 above, the Developer shall pay rent on those added leased premises pursuant to this Article 5.

5.2. Beginning on the tenth anniversary of the date of this Lease and on every five-year anniversary of the date of this Lease thereafter, the Fixed Rent for the next five lease years shall be adjusted by the cumulative amount of any percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the previous five years, as published by the U.S. Department of Labor, Bureau of Labor Statistics, but not to exceed 30% for the first adjustment, and 15% for every adjustment thereafter. If publication of the CPI-U is terminated, then such periodic adjustment shall be made by application of the index published by the U.S. Department of Labor that most closely resembles the CPI-U. The Parties agree and acknowledge that the Fixed Rent required by this Article shall be adjusted in accordance with this paragraph 5.2 throughout the entire term of this Lease, including any option period, except that if application of the CPI-U would result in a decrease in rent for any period, no adjustment shall be made to Developer's Fixed Rent for that period.

5.3. Developer shall pay the annual Fixed Rent due for the then current lease year, in advance, on or before January 31 of each year. Each payment shall be delivered to the Town's Finance Department.

5.3.1. The first Fixed Rent payment for the Phase One Property shall be due within 60 days of the Town's issuance of a grading permit for development of the Phase One Property and shall be prorated based on the portion of the first year the Property is subject to this Lease.

5.4. In addition to the Fixed Rent described in paragraph 5.1 above, beginning with the calendar year in which the Trigger Date, as defined below, occurs and continuing each year thereafter throughout the term of this Lease, the Developer shall pay the Town "Percentage Rent," which is defined as 3% of the Developer's Gross Receipts from the Project for the applicable phase, prorated for any partial calendar year. Percentage Rent shall be calculated and paid by Developer to the Town within 30 days following the expiration of each calendar year following the calendar year in which the Trigger Date occurs.

5.4.1. The "Trigger Date" with respect to any Project phase shall mean that date when Developer has received an 18% internal rate of return on its costs and expenses incurred with respect to the phase, including any Required Commercial Improvements thereon, or the date that is the eighth anniversary of the Developer's receipt of a certificate of occupancy for any structure for the Project phase, whichever is earlier.

5.4.2. Gross Receipts, as defined in paragraph 1.3.16 above, shall be calculated by Developer's accountant and means the Gross Receipts of Developer from the phase for the calendar year in question, inclusive of any sublease rent.

5.4.3. The Town shall have the right to review and audit Developer's books and records relating to the calculation of Gross Receipts and Percentage Rent (provided that any accountant hired by the Town to conduct the audit is a national or regional firm not compensated on a contingency basis). If the Town's audit of Developer's calculations of Gross Receipts and Percentage Rent reflect underpayment of Percentage Rent, Developer and Town shall meet to discuss the same; if the Town and Developer fail to reach agreement within 60 days, the matter shall be subject to an independent third-party accountant selected by the Town and the Developer. If the Town and the Developer are unable to agree on an accountant, the accountant shall be selected by Presiding Judge of the Arizona Superior Court in and for Pima County. The selected accountant's decision shall be final. If such accountant determines that Developer underpaid Percentage Rent by more than 5%, Developer shall pay the costs of the third-party accountant; otherwise, the accountant's costs shall be shared evenly by the Parties. No audit may be conducted more than three years following Developer's delivery to the Town of its calculations of Gross Receipts for any particular year.

5.5. If Developer fails to pay any rent in full on or before the due date, Developer is responsible for a late fee in the amount of $50.00. Any amounts paid later than 15 days after the due date will also bear interest on the unpaid principal balance at the rate of 18% per annum from the due date until payment in full is made.

Article 6. Development of the Property

6.1. The development of the Property shall be governed by the underlying zoning or land use designation and the standards provided for in the Rancho Marana West Town Center Specific Plan Amendment. The Marana Land Development Code, including the written rules, regulations, substantive procedures, and policies relating to development

of land, adopted or approved by the Mayor and Council (collectively the "Marana Land Development Code") in effect on the Effective Date shall apply to the extent not covered by the RMWTC Specific Plan or this Lease. In the event of any express conflict, the terms of this Lease and the RMWTC Specific Plan shall control over the Marana Land Development Code. For purposes of this Lease, the underlying zoning or land use designation shall mean full development, exclusive of voluntary limitations or restrictions, under the controlling underlying zoning or land use designation included in the RMWTC Specific Plan, and if not so covered, under the Marana Land Development Code. The requirements of this paragraph are collectively referred to as the "Development Regulations."

6.1.1. The Town will be required to and shall amend its Outdoor Lighting Code, adopted pursuant to Marana Town Code Section 7-1-2, to adopt an overlay district for the downtown area, if necessary to accommodate the illuminated arch signs and the billboard sign described in Exhibit F and in the RFP Response.

6.2. The Property shall be developed in a manner consistent with the Development Regulations and this Lease, which together establish the basic land uses, and the densities, intensities and development regulations that apply to the land uses authorized for the Property. Upon the Developer's compliance with the applicable development review and approval procedures and substantive requirements of the Development Regulations, the Town agrees to issue such permits or approvals for the Project as may be requested by the Developer.

6.2.1. The Town will waive all Town plan review fees and inspection and construction and building permit fees for the Project.

6.2.2. If a question arises regarding compliance with the Development Regulations, the Town's zoning administrator is authorized to interpret the Development Regulations and issue decisions, per Marana Land Development Code section 17-2-3.

6.3. The Town shall ensure that water and sewer services and facilities are installed to the boundary of the Property and are adequate to serve the Property, as proposed to be developed. The Town shall also be responsible for the construction of drainage infrastructure as set forth in this paragraph.

6.3.1. The Town will construct onsite drainage infrastructure to accommodate onsite and offsite drainage impacting Phase One. The drainage infrastructure to accommodate the onsite and offsite flows impacting Phase One will be temporarily located on the Property, but not on the Phase One Property.

6.3.2. The Town will conduct a master drainage study for the Property prior to the development of Subsequent Phases. The Town will construct the drainage facilities required by the master drainage study to accommodate onsite and offsite drainage affecting the Property, with the goal of minimizing the necessity for onsite drainage infrastructure. The Town shall remove and relocate the onsite drainage infrastructure for Phase One described in paragraph 6.3.1 above upon completion of the Barnett

Channel project or other similar improvements, pursuant to the master drainage study.

6.3.3. The obligations of the Town in this paragraph 6.3 do not constitute Required Public Improvements. Rather, the Town's obligations to install water and sewer facilities to the boundary of the Property and the Town's obligations under paragraph 6.3.1 above related to drainage are preconditions to Developer's obligations to build and pay for Phase One under this Lease. The Town's obligations under paragraph 6.3.2 above related to drainage are preconditions to Developer's obligations to build and pay for Subsequent Phases under this Lease.

6.3.4. The Developer will construct any necessary drainage facilities to accommodate onsite stormwater for each phase of the Project based on the master drainage study and per Town of Marana standards as the Developer develops the Property. The drainage facilities required by this paragraph 6.3.4 constitute Required Public Improvements and will be subject to reimbursement by the Town as set forth in Article 9 below.

6.4. No later than 18 months after the Effective Date of this Lease, Developer shall submit to the Town a development plan conforming to the requirements of the most recently promulgated Town of Marana Development Plan Guide or Checklists for construction of the improvements required for Phase One generally consistent with the RFP Response and the updated conceptual depiction of the master site plan for the Project attached as Exhibit E (the "Initial Development Plan"). Developer shall begin construction in conformance with the approved Initial Development Plan no later than 24 months after the Effective Date of this Lease and shall substantially complete construction of the Required Public Improvements for Phase One within 36 months after the Effective Date of this Lease. Developer shall obtain a certificate(s) of occupancy for the Required Commercial Improvements to the Phase One Property within 42 months after substantial completion of the Required Public Improvements for Phase One.

6.4.1. If Developer is unable to comply with any of the benchmarks established in paragraph 6.4 above, Developer shall submit a written notice and request for extension to the Town at least 60 days prior to the expiration of the relevant benchmark deadline. The notice and request shall set forth in detail the reasons Developer is unable to comply with the provisions of paragraph 6.4, as well as a revised timeline for completion of the benchmark in question. If good cause is shown, the Town shall grant an extension of the deadline, in increments of no more than six months at a time. If the Town rejects the request for extension, the Town shall give detailed reasons therefor and shall use its best efforts to provide recommended revisions or other conditions for acceptance. The Town may reject a request for extension if Developer has failed to remain current on any payments due to the Town pursuant to Article 5 above.

6.4.2. Failure of Developer to comply with the provisions of this paragraph 6.4 regarding the development of Phase One is grounds for termination of this Lease, pursuant to paragraph 16.1 below.

6.5. The Parties acknowledge and agree that development of the Project will be in phases and that the complexity and scope of the Project make it difficult to predict the timing of each phase with certainty. The RFP Response includes an estimated timeline for five phases of Project development and the Parties anticipate that development of the Project will generally proceed in accordance with this estimated timeline. The Parties agree that the Project phases set forth in the RFP Response are a material part of the Town's willingness to enter into this Lease, and that Developer will use commercially reasonable efforts to achieve the phases by the milestones set forth in the RFP Response. However, the Parties also recognize that elements and timing of the Project will change. Not later than 180 days after issuance of a certificate of occupancy for any building in Phase One of the Project, the Developer shall prepare and submit to the Town an updated revised conceptual master site plan and an updated schedule of development for the entire Project. Thereafter, the Developer shall submit updates to these two documents every three years until completion of the Project.

6.6. Developer shall make no improvements or modifications to the Property without the prior written consent of the Town. Before commencing any improvements or modifications, Developer shall submit detailed construction plans and specifications to the Town, and upon completion of any improvements or modifications, Developer shall furnish to the Town two complete sets of detailed plans and specifications, sealed by a licensed professional engineer, of the work as completed. Prior to the start of any construction of improvements or modifications to the Property, Developer shall secure all applicable building permits and approvals from the Town. In addition, Developer shall furnish any additional information concerning any proposed improvements or modifications which the Town may deem necessary with regard to the safety of the Property.

6.7. All improvements and modifications made by Developer shall be constructed in a good, workmanlike manner by licensed contractors, and in compliance with all applicable building codes.

6.8. Prior to the commencement of any construction on the Property, Developer or Developer's contractor shall provide the Town with payment and performance bonds in amounts equal to the full amount of the written construction contract pursuant to which such construction is to be done. The payment bond shall be solely for the protection of claimants supplying labor or materials for the required construction work, and the performance bond shall be solely for the protection of the Town, conditioned upon the faithful performance of the required construction work. Each bond shall include a provision allowing the prevailing party in a suit on such bond to recover as part of its judgment such reasonable attorney's fees as may be fixed by the court. Each bond shall be executed by a surety company duly authorized to do business in Arizona and acceptable to the Town. Each bond shall be filed with the Town immediately upon execution thereof.

6.9. Prior to the commencement of any construction on the Property in Phase One and in any Subsequent Phases, Developer shall deliver to the Town copies of documentation that Developer has submitted to Developer's lender to secure financing for the improvements required for the phase in question. If the Town is satisfied that Developer's documentation demonstrates adequate funding for the construction of the improvements required for the phase in question, including approval by Developer's lender of the loan therefor, the Town will not require any further security from Developer. If Developer's documentation does not reflect sufficient funding for such construction (including Developer's equity and lender's loan proceeds), Developer shall deliver to the Town funds in an amount determined based on the Town's reasonable estimate of the total cost to construct the improvements required for the phase in question, plus a reasonable contingency, which funds are referred to in this Lease as the "Cash," to be used or released only pursuant to the terms of this Lease.

6.9.1. The Town shall return the Cash to Developer only upon Developer's satisfactory completion and the Town's acceptance of the improvements required for the phase in question, or Developer's tender and the Town's acceptance of substitute assurances for completion of the improvements.

6.9.2. The Town may authorize a release of a portion of the Cash to Developer, if the Town determines that the remaining Cash is sufficient to construct the improvements required for the phase in question plus a reasonable contingency.

6.9.3. In addition to any other remedies, if Developer defaults on its obligations under this Lease, the Town may at its sole discretion use the Cash to construct all or any portion of the improvements required for the phase in question. The Town shall give 30 days' notice to Developer before initiating any action to construct the improvements.

6.10. Developer shall keep the Property and all improvements thereon free of any mechanic's or materialmen's liens or liens of any kind or nature for any work done, labor performed, or material furnished on or to the Property. If any lien is filed, Developer shall, at its sole cost, cause such lien to be removed from the Property within 30 days of notice or becoming aware of the lien.

Article 7. Direct Benefits to Town

Pursuant to the terms of this Lease, the Developer shall provide the following direct benefits to the Town.

7.1. The Developer shall pay to the Town Fixed Rent and Percentage Rent.

7.2. The Developer shall construct the Required Improvements for each phase of the Project as described in the RFP Response, subject to modifications as described in paragraph 6.5 above.

7.3. While the Lease is in effect, the Developer owns the buildings, structures, fixtures, and improvements constructed by the Developer and located on the Property that

comprise the Required Commercial Improvements. Title to all Required Commercial Improvements and any other modifications made by Developer which become fixtures to the Property shall vest in the Town, at no cost to the Town, upon the expiration or termination of this Lease, free of any security interest or claims of any kind from or through Developer; provided, however, that if requested by the Town, the Developer shall, at is sole cost, remove any Required Commercial Improvements reasonably determined by the Town to constitute a nuisance.

7.4. The Developer will also provide the following additional direct benefits to the Town as a part of the development of the Project:

7.4.1. Free use of a portion of the North 40 Acres for the Town to own and maintain the billboard sign pursuant to a license agreement, as described in paragraph 12.4.1 below.

7.4.2. Free use of the "beer garden" and the "event grove," as depicted on Exhibit E, for Town events, as reasonably scheduled with Developer.

7.4.3. Free maintenance of Common Areas the Developer agrees to assume control over as described in paragraph 2.3 above.

Article 8. Developer's Construction of the Required Improvements

8.1. In satisfaction of the Developer's development obligations under the terms of this Lease and as a condition precedent to receiving Reimbursement Payments under Article 9 of this Lease, the Developer shall, in conjunction with its construction of the Project and in accordance with the State of Arizona (Arizona Revised Statutes Title 34) and the Town (Marana Town Code Chapter 3-4) construction procurement laws and procedures:

8.1.1. Design and construct the Required Commercial Improvements and the Required Public Improvements; and

8.1.2. Pay all Required Improvement Costs as they become due.

8.2. Except as expressly provided in this Lease, the development and construction of the Required Improvements are subject to the Town's normal plan submittal, review, and approval procedures and construction inspection requirements.

Article 9. Town Reimbursement to Developer

9.1. The Town shall reimburse the Developer for the Developer's Required Improvement Costs for the Required Public Improvements pursuant to the following process.

9.1.1. When and as the Developer receives invoices from the Developer's contractor(s) for work on the Required Public Improvements, but no more often than monthly, the Developer shall provide the invoices to the Town for review. The Town will designate a specific Town staff member(s) to serve as an on-site inspector for the Project and to receive and review the invoices. The Town's review of the invoices shall take place simultaneously with the Developer's review of the invoices. The Developer

and the Town will work cooperatively to resolve any discrepancies in the invoices relative to the completed work on the Required Public Improvements.

9.1.2. Once each invoice has been validated by the Developer and the Town, the Developer shall be responsible for paying the Developer's contractor(s).

9.1.3. The Town shall reimburse the Developer for the amount of each invoice within 30 days after the Developer and the Town have validated the invoice. The Town may reimburse the Developer from available funds in the DMRF, the Bed Tax Fund, the Reimbursement Account, or from other sources as determined by the Town.

9.1.4. The total reimbursement to the Developer for Required Improvement Costs for the Required Public Improvements for Phase One shall be limited to the amount set forth in Developer's budget, supported by bids from its general contractor and its subcontractors and materialmen, submitted to the Town prior to the commencement of the Required Public Improvements for Phase One.

9.2. The Town shall reimburse the Developer for the Developer's Required Improvement Costs for the Required Commercial Improvements pursuant to the following process.

9.2.1. The Developer shall submit to the Town quarterly statements showing the actual Required Improvement Costs incurred and paid to date for the Required Commercial Improvements. With the quarterly statements, the Developer shall provide the Town with verification of tax filing and payment of tax liability to the Arizona Department of Revenue in a form reasonably acceptable to the Town. The Developer shall also provide the Town with invoices or other backup information reasonably requested by the Town to confirm the accuracy of the Developer's quarterly statements of costs.

9.2.2. The Town shall deposit into the Reimbursement Account 45% of the Sales Tax Revenues (see paragraph 1.3.38 above) and 75% of the Construction Sales Tax Revenues (see paragraph 1.3.4 above) as they are received from the Arizona Department of Revenue, beginning with the first such revenues generated from the Property and ending upon the earlier of the following:

9.2.2.1. The expiration of this Lease.

9.2.2.2. When the Town has fully reimbursed the Developer for (i) the Required Improvement Costs for the Required Public Improvements (subject to the cap on Phase One costs as described in paragraph 9.1.4 above); and (ii) the Required Improvement Costs for the Required Commercial Improvements.

Notwithstanding the provisions of Resolution No. 2013-036 regarding designated tax revenues for the DMRF, while this paragraph 9.2 is in effect, the Town will not deposit any Sales Tax Revenues or Construction Sales Tax Revenues generated from the Property into the DMRF.

9.2.3. Within 45 days of the Town's receipt from the Developer of the documentation required by paragraph 9.2.1 above, the Town shall pay the Developer from funds in the Reimbursement Account ("Reimbursement Payments") beginning the first calendar quarter after the later of (i) Town's issuance of a certificate of occupancy for any combination of buildings that are constructed as part of and satisfy the requirement of the Initial Development Plan (see paragraph 6.4 above) or (ii) the Developer's satisfaction of all conditions precedent to receiving Reimbursement Payments as set forth in this Lease.

9.3. Any funds accrued in the Reimbursement Account and due to the Developer but not yet disbursed to the Developer upon the expiration of this Lease shall be paid to Developer within 30 days after the expiration of this Lease. Reimbursement Payments shall be deemed to be made on account of unreimbursed Required Improvement Costs.

9.4. If the laws of the State of Arizona are revised in a way that reduces or eliminates Construction Sales Tax Revenues, the Town shall make deposits into the Reimbursement Account from such funding, if any, that the Town receives under then-existing laws of the State of Arizona to replace the reduced or eliminated Construction Sales Tax Revenues, in an amount that is proportional to the Construction Sales Tax Revenues that the Town would have received if the laws of the State of Arizona had not been so revised.

9.5. The Developer acknowledges and understands that the amount of the Sales Tax Revenues and Construction Sales Tax Revenues depends on many factors and may be insufficient to pay all reimbursable Required Improvement Costs for the Required Commercial Improvements.

9.6. During the term of this Lease, the Town shall not enter into any agreement or transaction which impairs the rights of Developer under this Lease, including, without limitation, the right to receive the Reimbursement Payments and the proceeds of the Reimbursement Account in accordance with the procedures established in this Lease.

9.7. Since contractors report their transaction privilege taxes on the basis of revenues for all construction work throughout the Town and since some businesses with multiple locations in the Town report their transaction privilege taxes on the basis of revenues for all locations in the Town, rather than separately for each location, Developer shall request each such contractor to separately report transaction privilege taxes for construction activities occurring on the Property and shall request each such business to separately report transaction privilege taxes for transactions at its business located on the Property. The Developer shall exercise reasonable efforts to obtain from each such contractor and business a consent to release of tax information in a form reasonably acceptable to the Town.

9.8. Marana Resolution No. 2001-08 designated that three-fourths of the tax revenue generated from construction contracting activity within the Town of Marana be used solely for "transportation capital improvements." Marana Resolution No. 2014-045 expanded and clarified the designated uses of those tax revenues. Notwithstanding Marana

Resolution Nos. 2001-08 and 2014-045, during the time that paragraph 9.2 above is in effect, the Town may use Construction Sales Tax Revenues generated from the Property in the manner authorized and set forth in this Lease.

Article 10. Payment of Development Impact Fees

10.1. Nothing in this Lease shall be construed as a waiver or reduction of development impact fees properly adopted by the Town pursuant to A.R.S. § 9-463.05 and applicable to the Property.

10.2. The Town shall pay, from general fund revenues or other non-development sources, all applicable development impact fees existing as of the time of building permit application.

10.3. As of the date of this Lease (and subject to amendment by the Marana Town Council), the development impact fees that apply to development within the Property are as described in Marana Ordinance No. 2022.029, recorded in the Pima County Recorder's Office at Sequence No. 20230060871, as amended by Marana Ordinance No. 2025.004, recorded in the Pima County Recorder's Office at Sequence No. 20250660210.

Article 11. Utilities

11.1. Except as otherwise expressly provided in this Lease, Developer shall pay for all utilities used in its operations on the Property.

11.2. The Town shall pay the electrical expenses for the street lighting on the roadway; the two illuminated arch signs installed at both ends of the roadway; and the I-10 billboard sign installed on the North 40 Acres, all as described in Exhibit F.

11.3. The Town shall pay irrigation expenses for landscaping located within the Town's right-of-way for the roadway, and in the parking lots, as described in Exhibit F.

Article 12. Acceptance; Maintenance; Repairs

12.1. Developer warrants that it has inspected the Property and acknowledges the suitability and sufficiency of the Property for the uses permitted in this Lease.

12.2. Developer accepts possession of the Phase One Property and any improvements thereon "as is" in its present condition and subject to the terms of this Lease (including the Town's obligations to provide for utilities as described in paragraph 6.3 above and access) and all limitations imposed upon the use thereof by state, local, or federal authorities. As the Parties amend this Lease to add additional portions of the Property to the leased premises, as described in paragraph 2.2 above, the Developer's execution of any amendment shall be deemed its affirmation of the applicability of the conditions of this Lease to each addition to the leased premises in each lease amendment.

12.3. The Developer expressly acknowledges the existence of the El Paso Natural Gas Right of Way and Easement that crosses the Property, recorded on July 2, 1936, in Book 190, Page 544 of Miscellaneous Records in the Official Records of Pima County, Arizona,

for the purposes of constructing, maintaining, and operating one or more pipelines and all necessary appurtenances (the "Gas Easement"). The Parties agree to coordinate development of the Property with El Paso Natural Gas Company, L.L.C. as necessary, including entering into any necessary easement amendments or encroachment agreements for development of the Property. The Parties expressly acknowledge the Guidelines for Design and Construction near Kinder Morgan Operated Facilities, attached as **Exhibit G**. No portion of the Property burdened by the Gas Easement shall be included in the Property subject to payment of Fixed Rent by Developer; provided Developer may elect to utilize and maintain such portions, and any receipts therefrom shall be subject to inclusion within Percentage Rent.

12.4. From and after the date that (i) the Town accepts the Required Public Improvements for maintenance and (ii) any warranties for the Required Public Improvements expire, the Town shall be responsible, at its cost, for all repairs and maintenance of those portions of the Project not subject to this Lease, including the following Required Public Improvements: the temporary parking lot; the two permanent parking lots; the roadway, including sidewalks, curbs, and street lighting; the two illuminated arch signs installed at both ends of the roadway; the stormwater management infrastructure on or serving the Property; the main water and sewer lines on the Property; and the I-10 billboard sign installed on the North 40 Acres, all as described in Exhibit F.

12.4.1. The Town and the Developer shall enter into a license agreement or similar agreement at no cost to the Town to permit the Town to own and maintain the billboard sign on the North 40 Acres (as described in Exhibit F), which licensed area shall extend 100 feet above natural grade.

12.4.2. The Town shall maintain ownership of the billboard sign and may use the sign for promotional advertising of the Town and Town events (and for no other purposes).

12.5. Except as otherwise specifically provided for in this Lease, including paragraph 12.4 above regarding the Required Public Improvements, the Town shall not be required to maintain or to make any improvements, repairs or restorations upon or to the Property or to any of the improvements presently located thereon. Under no circumstances shall the Town have any obligation to repair, maintain or restore the Required Commercial Improvements or any associated commercial improvements installed by the Developer.

12.6. Developer shall be solely responsible, at its cost, for all repairs and maintenance whatsoever on all Required Commercial Improvements (and those portions of the Common Areas which the Developer elects to maintain) on the Phase One Property and as the Parties amend this Lease to add additional portions of the Property to the leased premises, as described in paragraph 2.2 above, the Developer shall be solely responsible, at its cost, for all repairs and maintenance whatsoever for each commercial addition to the leased premises. Developer shall maintain all Required Commercial Improvements and any other associated Developer-installed commercial improvements thereon in a safe and

serviceable condition and in accordance with the minimum standards for maintenance and operation required by applicable federal, state and local agencies, whether such repair or maintenance is ordinary or extraordinary, structural or otherwise. Additionally, Developer, without limiting the generality hereof, shall:

12.6.1. Keep at all times, in a clean and orderly condition and appearance, the Property, all improvements thereon and all of Developer's fixtures, equipment and personal property which are located on any part of the Property, subject to the provisions of paragraph 12.4 above; and

12.6.2. Repair any damage caused by Developer, or its agents, employees, invitees, or contractors, to the Property caused by any hazardous materials, including oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect on the Property.

12.7. Failure or unreasonable delay by the Developer to perform or otherwise act in accordance with any term or provision in this Article 12 will constitute a breach of this Lease and, if the breach is not cured within 90 days after receipt of written notice from the Town, will constitute a default under this Lease; provided, however, that if the failure is such that more than 90 days would reasonably be required to perform the action or comply with any term or provision of this Article, then the Developer will have such additional time as may be necessary to perform or comply so long as the Developer commences performance or compliance within 90 days after written notice and diligently proceeds to complete performance or fulfill applicable obligations (the "Cure Period"). No Cure Period will exceed 180 days unless otherwise agreed to, in writing, by the Parties. Any notice of a breach will specify the nature of the alleged breach and the manner in which the breach may be satisfactorily cured, if possible. At its option, the Town may enter the Property, without such entering causing or constituting a termination of this Lease or any interference with the possession of the Property, and maintain, repair, replace, rebuild, or paint any part of the Property or any improvements thereon, and do all things reasonably necessary to accomplish the work required with all costs thereof payable to the Town by Developer on demand; provided that if in the opinion of the Town, Developer's failure to perform any such maintenance or other work endangers the safety of the public, the employees or property of the Town, and the Town so states in its notice to Developer, the Town may, in its sole discretion, elect to perform such maintenance or other work at any time after the giving of such notice, and Developer shall pay to the Town all costs of such work on demand. If the Town, its officers, employees or agents undertake any work hereunder, Developer hereby waives any claim for damages, consequential or otherwise, resulting therefrom except for claims for damages arising from the Town's sole negligence. The foregoing shall in no way affect or alter the primary obligations of Developer as set forth in this Lease and shall not impose upon the Town any obligations not clearly stated in this Lease.

Article 13. Additional Obligations of Developer

13.1. Developer shall at all times designate a manager to supervise and manage its operations hereunder and shall provide the Town with the manager's name and contact information within 48 hours of designation by Developer. Developer shall provide for the efficient and proper compliance with its obligations under this Lease.

13.2. Developer shall conduct its operations hereunder in an orderly and proper manner, considering the nature of such operation, so as not to unreasonably annoy, disturb, endanger or be offensive to others.

13.3. Developer shall comply with all reasonable written instructions of the Town in disposing of its trash and refuse and shall use a system of refuse disposal approved by the Town.

13.4. Developer shall not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, and fire hydrants and hoses, if any, installed or located on the Property.

13.5. Developer shall not do, nor permit to be done, any act or thing upon the Property which may constitute a hazardous condition so as to increase the risks attendant upon the operations permitted by this Lease.

13.6. Developer shall not conduct or permit to be conducted any public or private nuisance on the Property, nor commit or permit to be committed any waste thereon.

Article 14. Ingress and Egress

The Town may, at any time, temporarily or permanently, close or consent to or request the closing of, any roadway and any other way at, in, or near the Property presently or hereafter used as such, so long as a reasonable means of ingress and egress remains available to Developer, its subtenants, and each of their invitees. Developer hereby releases and discharges the Town, its officers, employees and agents, and all other governmental authorities from all claims, demands, or causes of action which Developer may at any time have against any of the foregoing, arising out of the closing of any roadway or other area, provided that a reasonable means of access to the Property remains available to Developer, its subtenants, and each of their invitees. Developer shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the Property or to any roadways near the Property.

Article 15. Assignment, Subletting and Encumbrances

15.1. Developer shall not sell, convey, assign, or sublease any of its interest under this Lease, including any of its interest in the Required Commercial Improvements, without the prior written consent of the Town, not to be unreasonably withheld, except as expressly permitted by this Article 15.

15.2. In no event may this Lease or any interest in this Lease be conveyed, assigned, or sublet unless Developer is in full compliance with this Lease.

15.3. Without the need of any notice to or consent or approval from the Town, Developer may sublease any portion of the Property, including pads, parcels, buildings, or individual premises within buildings, to third parties ("Subleases"), provided that (i) all Subleases shall be subject to and subordinate to this Lease, and (ii) the term of any Sublease shall end prior to the expiration of the Term, as it may be extended, except with the Town's consent. Notwithstanding the foregoing, Developer agrees that it shall not enter into any Subleases, other than for restaurant or multi-family uses, without providing to the Town ten days' prior written notice of the proposed subtenant and its use of the portion of the Project subject to the Sublease. If the Town does not provide to Developer written notice of objection to the Sublease within the ten-day period, the Sublease shall be deemed approved. If the Town does provide to Developer written notice of objection to the Sublease within the ten-day period, the Parties agree to meet and confer to attempt to resolve the Town's objection. If the Town's objection is not resolved, the Developer shall not enter into the Sublease. Upon the expiration of the Term or the earlier termination as provided herein, all of Developer's right, title and interest as lessor under any Subleases in effect on the date of such expiration or earlier termination shall automatically be assigned to the Town. Upon request by the Town, Developer shall submit a copy of the actual Subleases entered into with the sublessees, including a specific description of the activities to be conducted by the sublessee on the Property.

15.3.1. If this Lease terminates prior to the expiration of any Sublease that fulfills the requirements of this paragraph 15.3, the Town agrees that so long as the subtenant thereunder is not in default under its Sublease (beyond any applicable notice or Cure Period), the Town shall permit and recognize the Sublease as if it were a direct lease between the Town and the subtenant and not disturb such subtenant's rights thereunder, and upon request of Developer, the Town agrees to provide a non-disturbance agreement reflecting the terms and condition stated herein. In connection with each request for a non-disturbance agreement, Developer will provide the Town with a copy of the applicable Sublease. In addition, if a subtenant under a Sublease finances any portion of its improvements on the subleased premises, the Town agrees to provide to such subtenant's lender the rights and benefits under Section 15.4, as if such lender constituted a Leasehold Mortgagee, but only with respect to the premises subject to the Sublease.

15.3.2. Any such Sublease shall only be for a portion of the Property reasonably necessary for the authorized activity of the sublessee, shall be subject to the terms of this Lease, and shall contain, at a minimum, the provisions required by this Lease.

15.4. Developer is hereby given the right at any time and from time to time, without the Town's prior written consent, to mortgage, collaterally assign, or otherwise encumber Developer's leasehold interest, Developer's interest in the Required Commercial Improvements, subject to the Town's reversionary interest therein, and Developer's FF&E located on the Premises, as security for any indebtedness of Developer (a "Leasehold Mortgage"). The Town, however, shall not be required to subordinate its fee title in the

Property or its reversionary interest in the Required Commercial Improvements to any Leasehold Mortgage. The term "Leasehold Mortgage," whenever used herein, shall include whatever security instruments are used in the locale of the Property, such as, without limitation, deeds of trust, mortgages, assignments of leases and rents, as well as financing statements, security agreements, and other documentation required pursuant to the Uniform Commercial Code and all other written agreements between Developer and Leasehold Mortgagee(s) concerning the Leasehold Mortgage(s). In connection with a leasehold financing transaction, within 10 days after request, the Town agrees to execute an estoppel certificate confirming the date to which the rent and other charges have been paid under this Lease, whether this Lease is unmodified and in full force and effect, whether, to the Town's actual knowledge, any events of default under this Lease are then continuing, and any other factual matter that may be reasonably requested and required.

15.4.1. If Developer and/or Developer's successors and assigns shall mortgage this leasehold, or any part thereof, and if the holder(s) of such Leasehold Mortgage(s) ("Developer's Lender" or "Leasehold Mortgagee") shall send to the Town a true copy thereof, together with written notice specifying the name and address of Developer's Lender, thereafter, so long as any Leasehold Mortgage shall remain unsatisfied of record or until written notice of satisfaction is given by Developer's Lender to the Town, the Town shall, upon serving Developer with any notice of default, simultaneously serve a copy of such notice upon Developer's Lender. No notice given by the Town to Developer shall be binding upon or affect the Leasehold Mortgagee unless a copy of the notice shall be given to the Leasehold Mortgagee pursuant to this paragraph.

15.4.2. The Leasehold Mortgagee shall have the right to enter upon the Property to give such performance. In case of an event of default by Developer in the performance or observance of any nonmonetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Leasehold Mortgagee without taking possession of the Property, in such Leasehold Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Leasehold Mortgagee, then the Town shall not serve a notice of lease termination if and so long as: (i) the Leasehold Mortgagee shall proceed diligently to obtain possession of the Property as mortgagee (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure events of default as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Leasehold Mortgagee from obtaining such possession); or (ii) the Leasehold Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Developer's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure and subject to any order by a court of competent jurisdiction staying or otherwise precluding such Leasehold Mortgagee from obtaining such possession). Such Leasehold Mortgagee, nominee or purchaser at a foreclosure sale shall immediately thereafter be entitled to all benefits that would thereafter accrue to Developer

under this Lease and become liable under this Lease to the same extent as Developer, and the Town hereby agrees to recognize such Leasehold Mortgagee as the tenant under this Lease without the necessity of the execution and delivery of any further instruments on the part of the Town to effectuate such recognition; provided, however, the Town shall execute and deliver such further instrument or instruments evidencing such recognition as may be reasonably requested by such Leasehold Mortgagee within 30 days from the Town's receipt of such request

15.4.3. If any Leasehold Mortgagee becomes the tenant hereunder, by foreclosure of the Leasehold Mortgage, deed in lieu of foreclosure or under a New Lease under Section 15.5.4 below, the Parties agree and acknowledge such Leasehold Mortgagee shall not be liable or responsible for and shall not be deemed to have assumed liability for any other prior actions, omissions, defaults, breaches or other events caused by or relating to the original Developer. Rather, such Leasehold Mortgagee shall only be liable and responsible for acts, omissions, defaults, breaches or events occurring while it is the tenant hereunder. Nothing in this Section 15.5.3 releases the Developer from liability arising from events during Developer's operation of the Property, nor limits or otherwise modifies the Town's remedy under Section 16 to terminate this Lease for certain events of default, subject to Leasehold Mortgagee's right to cure an event of default in accordance with the provisions of this Section 15.5, and right to enter into a New Lease in accordance with the provisions of Section 15.5.4 below. In the event that Leasehold Mortgagee acquires Developer's position under the Lease, Leasehold Mortgagee assumes all terms of the obligations of Developer this Lease during the period of its interest as tenant hereunder.

15.4.4. Leasehold Mortgagee shall have the option, but not the obligation, following Leasehold Mortgagee's receipt of notice of default, and within the time peri-od set forth herein for curing an event of default of Developer, in its sole election: (i) to cure the event of default of Developer, in which event Developer shall retain its position with respect to the Lease (and in which case Developer will be liable to Leasehold Mortgagee to repay any protective advances made by Leasehold Mortgagee); (ii) in addition to any other remedies available to Leasehold Mortgagee under law, equity or contract (including but not limited to the Leasehold Mortgage and any of the other Loan Documents) to assume Developer's position with respect to the Lease; or (iii) to obtain a new lease (such a lease, a "New Lease") of the Property with Leasehold Mortgagee or its designee, which New Lease shall have the same terms as this Lease and for the remaining term of this Lease; provided, however, that the Town shall not be obligated to enter into any such New Lease unless the terms of Sections 15.5.2 and 15.5.3 have been satisfied. Any such request for a New Lease must be made by Leasehold Mortgagee within 60 days after the notification by the Town to Leasehold Mortgagee that the Lease has been terminated or rejected in any bankruptcy or insolvency proceeding, provided, however, that such 60 day period may be extended to 120 days so long as Leasehold Mortgagee pays all rent that would otherwise have been due

under the Lease during such extension. Any New Lease made pursuant to this Section 15.5.4 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee title to the Property.

15.4.5. So long as there is a Leasehold Mortgage whose name and address have been given to the Town in writing, no amendment, cancellation, termination or modification of this Lease that adversely affects the Leasehold Mortgagee's security or interest in this Lease is effective as against the Leasehold Mortgagee unless consented to in writing by said Leasehold Mortgagee; provided, however, the if said Leasehold Mortgagee withholds its consent to a lease amendment, cancellation, termination, or modification, said Leasehold Mortgagee must cure Developer's default hereunder, if any.

15.4.6. Neither the foreclosure of any Leasehold Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Leasehold Mortgage), nor any conveyance of the leasehold estate created by this Lease by Developer to any Leasehold Mortgagee or its designee by an assignment or by a deed in lieu of foreclosure or other similar instrument shall require the consent of the Town under, or constitute a default under, this Lease, and upon such foreclosure, sale or conveyance, the Town shall recognize the purchaser or other transferee in connection therewith as the tenant under this Lease. In the event that Leasehold Mortgagee shall succeed to the interest of Developer under the Lease, whether by foreclosure or assignment in lieu of foreclosure, or in the event that Leasehold Mortgagee shall enter into a New Lease with the Town, then Leasehold Mortgagee shall have the right to assign its interest under the Lease or such New Lease to another party with the Town's prior written consent, which consent shall not be unreasonably withheld. It shall be reasonable for the Town to deny its consent if the new tenant is not reputable or does not have the financial resources to perform the obligations of the Developer under this Lease. Upon the assignment of the Lease or New Lease by Leasehold Mortgagee, and the assumption by the assignee of the obligations of Leasehold Mortgagee under the Lease or New Lease, as the case may be, Leasehold Mortgagee shall have no further obligations or liability with respect to the Lease or New Lease, notwithstanding any contrary provision set forth in the Lease. Any assignee of Leasehold Mortgagee shall be entitled to all of the rights, privileges and benefits of Developer or the new tenant provided under the Lease or the New Lease, as the case may be, and such assignee shall be subject to all obligations under the Lease or New Lease, as the case may be.

15.4.7. The Town agrees that any and all personal property, trade fixtures, machinery, equipment, inventory, trademarked items, and signs, installed in or on the Property by Developer (collectively, "Developer's FF&E") are not owned by the Town and the Town agrees to recognize the rights of any lender, lessor or other owner of Developer's FF&E. Developer's FF&E shall, however, specifically exclude all permanently affixed fixtures (such as, by way of example, plumbing and HVAC systems) and all other property which, pursuant to this Lease, will become the property of the Town

upon the expiration or earlier termination of this Lease or Developer's right to possession of the Property. Developer's FF&E is and shall remain the property of Developer and shall be treated as trade fixtures for the purposes of this Lease. Developer may remove Developer's FF&E from the Property at any time prior to the termination of this Lease and during a period of ten days after the termination or expiration of this Lease or Developer's right to possession of the Property (and if such removal is not completed within such ten-day period, such items shall be deemed abandoned and The Town may dispose of such items at Developer's cost). Developer, at its own cost and expense, may install, place, reinstall or replace upon the Property, or remove from the Property, any of Developer's FF&E. Any replacement Developer's FF&E shall not become the property of the Town but shall remain Developer's property the same as the original.

15.4.8. Nothing in this Lease shall be construed to impose upon the Town any obligation or liability with respect to the payment of any indebtedness to any holder of a mortgage/deed of trust or pledge of this Lease.

15.4.9. The term of any leasehold mortgage or deed of trust shall not be longer than the remaining lease term of this Lease.

15.5. No person or entity shall have the right to place any mortgages, deeds of trusts, liens or encumbrances of any nature on the Town's fee interest in the Property

Article 16. Default; Remedies by Town

16.1. The Town may terminate this Lease by giving Developer 90 days' written notice after the happening of any of the following events:

16.1.1. The failure of Developer to perform any of its obligations under this Lease, if Developer fails to cure its default within the Cure Period;

16.1.2. The filing of any lien against the Property (other than as expressly permitted herein) because of any act or omission of Developer which is not discharged within 30 days of receipt of actual notice by Developer;

16.1.3. Payment of rent later than 30 days after delivery of written notice to the Developer of its delinquency.

16.2. The Town may place Developer in default of this Lease by giving Developer 30 days' written notice of Developer's failure to timely pay the rent provided for in this Lease or any other charges required to be paid by Developer pursuant to this Lease. During said 30-day notice period, Developer shall cure said default; otherwise, the Town may elect to terminate this Lease or do any of the following:

16.2.1. Institute action(s) to enforce this Lease;

16.2.2. Take possession of the Property, together with improvements, fixtures, and equipment therein contained and owned by the Developer without terminating this Lease, and on behalf of Developer relet the same or any part thereof for a term shorter,

longer, or equal to the then unexpired remainder of the Lease term. The Town may at any time after taking possession terminate this Lease by giving notice to Developer, and sue for damages;

16.2.3. Terminate this Lease, without further notice to Developer, re-enter the Property and recover damages, including but not limited to, all costs of repossession and reletting and brokerage commissions for services performed by or for the Town;

16.2.4. Exercise the "Remedies of Landlord" as set forth in Arizona Revised Statutes, Title 33;

16.2.5. Exercise any other remedy allowed by law or equity.

16.3. If Developer at any time fails to maintain all insurance coverage required by this Lease, the Town shall have the right, upon written notice to Developer, to (i) immediately secure the required insurance at Developer's expense or, (ii) if the Developer does not secure the required insurance coverage within three business days after written demand therefor, terminate this Lease.

16.4. Upon the termination of this Lease for any reason, all rights of Developer shall terminate, including all rights of Developer's creditors, trustees, and assigns, and all others similarly situated as to the Property, provided that the Town has given any known creditors, trustees or assigns of Developer notice and an opportunity to cure any default, as provided in this Article 16 and in Article 15.

16.5. Failure by the Town to take any authorized action upon default by Developer of any of its obligations hereunder shall not constitute a waiver of said default nor of any subsequent default by Developer. Acceptance of rent and other fees by the Town under the terms hereof for any period after a default by Developer of any of its obligations shall not be deemed a waiver or estoppel of the Town's right to terminate this Lease for any subsequent failure by Developer to comply with its obligations.

Article 17. Remedies by Developer

17.1. Developer may exercise all rights or remedies under the law or at equity (including without limitation, terminating the Lease) if the Town fails to satisfy its obligations under this lease, by giving the Town 90 days' written notice after the failure of the Town to timely perform any of its obligations under this Lease or the occurrence of any of the following events:

17.1.1. Issuance by a court of competent jurisdiction of an injunction in any way preventing or restraining Developer's use of any substantial portion of the Property and the remaining in force of such injunction for a period of 30 consecutive days.

17.1.2. The inability of Developer to use any substantial portion of the Property for a period of 30 consecutive days, due to the enactment or enforcement of any law or regulation or because of fire, earthquake or similar casualty, or acts of God or the public enemy.

17.2. Developer may also terminate this Lease upon one year's written notice to the Town so long as any Required Public Improvements for a Project phase are completed to the Town's satisfaction prior to the date of the termination.

Article 18. Indemnification

Developer shall defend, indemnify and hold harmless the Town and its elected or appointed officials, agents, boards, commissions and employees (hereinafter referred to collectively as the "Town" in this Article) from all loss, damages or claims of whatever nature, including attorney's fees, expert witness fees and costs of litigation, which arise out of any act or omission of Developer or its agents, employees and contractors (hereinafter referred to collectively as "Developer" in this Article) in connection (i) with Developer's operations on the Property which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (ii) arising out of the failure of Developer to comply with any provisions of this Lease. The Town shall in all instances, except for loss, damages or claims resulting from the sole negligence of the Town, be indemnified by Developer against all such loss, damages or claims, regardless of whether the loss, damages or claims are caused in part by the negligence, gross negligence or fault of the Town. The Town shall give Developer prompt notice of any claim made or suit instituted which may subject Developer to liability under this Article, and Developer shall have the right to compromise and defend the same to the extent of its own interest. The Town shall have the right, but not the duty, to participate in the defense of any claim or litigation with attorneys of the Town's selection without relieving Developer of any obligations hereunder. Developer's obligations hereunder shall survive any termination of this Lease or Developer's activities on the Property. Nothing in this Article 18 is intended to limit the rights of Developer to contribution from other individuals pursuant to A.R.S. §12-2501 *et. seq.*

Article 19. Insurance

19.1. Developer shall maintain insurance with carriers acceptable to the Town throughout the term of this Lease with the following required minimum coverages and limits:

19.1.1. Commercial general liability, including broad form contractual, personal injury, premises, completed operations, independent contractors and subcontractors, fire legal liability, and contractual liability to cover the indemnification obligation assumed in this Lease in an amount of $2,000,000 per occurrence and $4,000,000 per aggregate; chemical and environmental clean-up liability in the amount of $1,000,000 per occurrence.

19.1.2. Automobile liability insurance for all owned, non-owned or hired vehicles in an amount of not less than $1,000,000 combined single limit per occurrence.

19.1.3. Fire and extended casualty coverage for all improvements and fixtures on the Property (other than Required Public Improvements that have been accepted by

the Town for maintenance and any other Town-owned improvements) in an amount of not less than the full replacement value with no coinsurance penalty, to the extent Developer has an insurance interest in the Property.

19.1.4. Worker's compensation coverage in the amounts required by law, and employer's liability coverage in the amount of $100,000 each accident.

19.2. Developer shall require sublessees under Subleases to maintain insurance with carriers acceptable to the Town throughout the term of the applicable Sublease with the following required minimum coverages and limits:

19.2.1. Commercial general liability in an amount of $1,000,000 per occurrence and $2,000,000 per aggregate.

19.2.2. Automobile liability insurance for all owned, non-owned or hired vehicles in an amount of not less than $1,000,000 combined single limit per occurrence.

19.2.3. Worker's compensation coverage in the amounts required by law, and employer's liability coverage in the amount of $100,000 each accident.

Notwithstanding the foregoing minimum insurance requirements for Subleases, the Town retains the right to require additional insurance coverages and limits reasonably related to the type of business subject to the Sublease. The Town shall inform the Developer of such additional requirement during the ten-day review period described in paragraph 15.3 above.

19.3. Developer shall require all contractors working on the Property to maintain insurance with carriers acceptable to the Town in full force and effect until all work required to be performed under the terms of the applicable contract is satisfactorily completed and formally accepted with the following required minimum coverages and limits:

19.3.1. Commercial General Liability Insurance of $2,000,000 per occurrence and $4,000,000 per aggregate. Coverage will be broad form for property damage, premises-operations, independent contractors, contractual, and automobile liability shall be secured and maintained in the amount specified above. Coverage will not exclude coverage for collapse, explosion, and underground work. Contractors shall secure, and maintain during the life of any contract for work on the Property, such public liability and property damage insurance, both general and automobile liability, as shall protect the contractor, any subcontractor performing work on the Property, and the Town from all claims for bodily injury, including accidental death, as well as for all claims for property damage arising from operations on the Property, whether such operations are by the contractor or by any subcontractor or by anyone directly or indirectly employed by either of them. All contractors and subcontractors shall include the Town as an additional insured in all the insurance policies required under this paragraph and such insurance shall be primary.

19.3.2. Automobile liability insurance for all owned, non-owned or hired vehicles in an amount of not less than $1,000,000 combined single limit per occurrence.

19.3.3. Pollution liability insurance in the amount of $2,000,000 per claim. Coverage shall also include coverage for clean-up and remediation.

19.3.4. If any materials that are hazardous will be transported in association with the Project, Developer will require any needed MCS 90 or other Federal Motor Carrier endorsements be obtained by the contractor and any subcontractors.

19.3.5. Developer shall obtain or require construction contractors working on the Property to carry builders risk coverage for the duration of construction for all buildings on the Property for full replacement value. The coverage will also cover supplies, building materials, tools, and equipment stored either on or off site.

19.4. Developer shall require professional liability insurance for engineering and design work associated with the Project, including change order engineering, in the amount of $2,000,000 per claim and the coverage must have a three-year coverage tail if the coverage is in the claims made form.

19.5. Developer shall deliver one or more certificates of insurance evidencing coverage as described in this Article to the Town's Risk Manager at the following times:

19.5.1. For the Developer's insurance obligations under paragraph 19.1 above, upon entry onto the Property for the purposes of exercising Developer's rights under this Lease.

19.5.2. For the sublessees' insurance obligations under paragraph 19.2 above, within ten business days following the delivery of possession to the sublessee under any Sublease.

19.5.3. For the contractor's insurance obligations under paragraph 19.3 above and the engineering or design professional's insurance obligations under paragraph 19.4 above, prior to commencing any work on the Property or Project.

19.5.4. Developer shall also deliver new certificates of insurance each time the policy(s) is updated.

19.6. The Town shall be named as an additional insured on the commercial general liability insurance policies required by paragraphs 19.1.1 and 19.2.1 above. As an additional insured, the Town shall be provided coverage for any liability arising out of operations performed in whole or in part by or on behalf of Developer or any sublessee. Developer shall deliver additional insured endorsement(s) along with the certificate(s) of insurance required by paragraph 19.5 above. The additional insured endorsement form identification number shall also be included within the description box on the certificate of insurance and the applicable policy number shall be included on the endorsement.

19.7. All policies required pursuant to this Article shall be endorsed to contain a waiver of transfer of rights of recovery (subrogation) against the Town, its agents, officers, officials, and employees for any claims arising out of Developer's or any sublessee's

use of the Property. Endorsements evidencing this waiver of subrogation shall be provided to the Town along with all other insurance documentation required by this Article.

19.8. The coverage requirements specified in this Article may not be changed or modified except by written agreement signed by all Parties.

19.9. Developer shall give the Town at least 30 calendar days' written notice prior to a planned cancellation or reduction of any coverage required by this Article. Developer shall give the Town immediate notice of any other cancellation or reduction of any coverage required by this Article. Notwithstanding the Town's remedies set forth in Article 16 above, cancellation or reduction of any coverage required by this Article is grounds for termination of the Lease by the Town.

19.10. The Town may establish other customary and reasonable insurance requirements necessary for Developer's operations. Insurance requirements are subject to periodic review and adjustment by the Town.

19.11. If Developer fails to satisfy the insurance requirements set forth in this Lease, the Town upon written notice to Developer, may but is not required to, secure the required insurance at the cost and expense of Developer, or may terminate this Lease, if Developer does not satisfy the insurance requirements within three business day following written notice from the Town.

19.12. Town and Developer agree that if there is destruction or damage to any of the Required Commercial Improvements on the Property, or any part thereof, and as often as any of the Required Commercial Improvements shall be destroyed to the extent of less than 50%, the Town and Developer shall continue this Lease and Developer shall cause the Required Commercial Improvements to be reconstructed, repaired or replaced with due diligence. If any building, structure or improvements comprising the Required Commercial Improvements is destroyed to the extent of 50% or more, the Town and Developer shall agree as to whether or not the improvements shall be reconstructed, repaired or replaced, or the Lease terminated. If the Lease is terminated, Developer shall, at Developer's sole cost and expense, cause the Required Commercial Improvements that are subject to the casualty to be removed if so requested by the Town.

19.13. If the Town and Developer agree that any building, structure or improvements comprising the Required Commercial Improvements will not be reconstructed, repaired, or replaced pursuant to paragraph 19.12 above, of if any Required Public Improvements are destroyed, insurance proceeds shall be divided as follows:

19.13.1. Required Public Improvements – All proceeds to the Town.

19.13.2. Required Commercial Improvements – Proceeds divided first to the costs of removing the Required Commercial Improvements, if requested by the Town pursuant to paragraph 19.12 above, and then the remaining proceeds divided as follows:

19.13.2.1. Developer's share – The greater of (i) amounts necessary to satisfy the lien secured by a Leasehold Mortgage, or (ii) the amount remaining after application of paragraph 19.13.2.2 below.

19.13.2.2. The Town's share – The residual value of the Required Commercial Improvements as of the expiration of the full term of the Lease, determined as of the date of the casualty.

19.13.3. For purposes of this paragraph 19.13, "full term of the Lease" shall include the full term of any option period.

Article 20. Quiet Enjoyment

So long as Developer shall timely pay the rent required under this Lease and perform all of its other obligations under this Lease, Developer shall peaceably have and enjoy the exclusive use of the portions of the Property that comprise the leased premises, subject to the Town's right to inspect, and all the privileges granted herein for use of the Property.

Article 21. Surrender of Possession

Upon the expiration or termination of this Lease, Developer's right to occupy the Property and exercise the privileges and rights herein granted shall cease, and it shall surrender the same and leave the Property in good condition, normal wear and tear excepted. As provided in paragraph 7.3 above, title to all Required Commercial Improvements and any other modifications made by Developer which become fixtures to the Property shall vest in the Town, at no cost to the Town, upon the expiration or termination of this Lease. Unless otherwise provided herein, all trade fixtures, equipment, and other personal property installed or placed by Developer on the Property shall remain the property of Developer, and Developer shall have the right at any time during the term of this Lease, and for an additional period of 30 days after its expiration, to remove the same from the Property; provided that Developer is not in default of any of its obligations hereunder and that Developer shall repair, at its sole cost, any damage caused to the Property or the Required Improvements by such removal. Any property not removed by Developer within said 30-day period shall become a part of the Property, and ownership thereto shall vest in the Town.

Article 22. Notice

All notices required or permitted to be given under this Lease shall be in writing and may be personally delivered or mailed by certified mail, return receipt requested, postage prepaid, to the following addresses:

TO THE TOWN: Town of Marana
Attention: Town Manager
11555 W. Civic Center Drive
Marana, AZ 85653

With a copy to:	Marana Town Attorney 11555 W. Civic Center Drive Marana, AZ 85653
TO DEVELOPER:	Marana Urban LLC Attention: Manager 30 South 5th Avenue Tucson, AZ 85701

Article 23. Severability

Should any provision of this Lease be declared invalid by a court of competent jurisdiction, the remaining terms shall remain effective, provided that elimination of the invalid provision does not materially prejudice either Party with regard to its respective rights and obligations.

Article 24. Taxes and Licenses

24.1. Developer shall pay any leasehold tax, possessory interest tax, sales tax, personal property tax, transaction privilege tax or other exaction assessed or assessable as a result of its occupancy of the Property or conduct of business on the Property under authority of this Lease. If laws or judicial decisions result in the imposition of a real property tax on the interest of the Town, such tax shall also be paid by Developer for the period this Lease is in effect.

24.2. Developer acknowledges that it may be a "prime developer," as defined in A.R.S. Section 42-6201, and that it may be subject to excise tax liability under this Lease pursuant to A.R.S., Title 42, Chapter 6 as a prime Developer of a government property improvement. Developer further acknowledges that any failure by Developer to pay taxes due under A.R.S., Title 42, Chapter 6, Article 5 after notice and an opportunity to cure shall constitute a default that could result in divesting Developer of any interest in or right to occupancy of the Property.

24.3. Developer shall, at its own cost, obtain and maintain in full force and effect during the term of this Lease all licenses and permits required for its business purposes.

Article 25. Litigation

This Lease shall be governed by the laws of the State of Arizona and venue for any legal proceedings shall be in the Superior Court for the County of Pima, Arizona. In the event of any litigation or arbitration between the Town and Developer arising under this Lease, the successful Party shall be entitled to recover its attorney's fees, expert witness fees and other costs incurred in connection with such litigation or arbitration, as determined by the court. The Parties hereby voluntarily, knowingly, irrevocably and unconditionally waive any right to have a jury participate in resolving any dispute (whether based upon contract, tort or otherwise) between or among the Parties arising out of or in

any way related to this Lease or any relationship between the Parties. This provision is a material inducement to each Party to enter into this Lease.

Article 26. Rules and Regulations

Developer shall at all times comply with all federal, state or local government agreements, laws, ordinances, rules, and regulations applicable to Developer's acts on or use of the Property, and with the orders of any and all governmental authorities and agencies concerning Developer's acts on or use of the Property, including, without limitation, order of the United States Department of Homeland Security (DHS) and the United States Environmental Protection Agency (EPA) (collectively "Laws, Rules and Regulations") which are applicable to its operations, or the Property (including the Americans with Disabilities Act), including all Laws, Rules and Regulations adopted after the Effective Date of this Lease. Developer shall display to the Town, upon request, any permits, licenses, or other evidence of compliance with such laws.

Article 27. Right of Entry Reserved; Right to Inspect

27.1. The Town shall have the right at all reasonable times, and with respect to any commercial improvements thereon, upon reasonable advance notice, to enter upon the Property for any lawful purpose, provided such action does not unreasonably interfere with the Developer's or its subtenants' use, occupancy or security of the Property.

27.2. The Town may enter and inspect the Property and any improvements to the Property at any reasonable time and upon reasonable advance notice for the purpose of ensuring Developer's compliance with its obligations under this Lease.

27.3. Without limiting the generality of the foregoing, the Town and any furnisher of utilities and other services shall have the right, at its own cost, whether for its own benefit or for the benefit of others on the Property, to maintain existing and future utility, mechanical, electrical and other systems and to enter upon the Property at all reasonable times and upon reasonable advance notice, except in the case of emergencies, to make such repairs, replacements or alterations thereto which may, in the opinion of the Town, be deemed necessary or advisable and from time to time to construct or install over, in or under the Property such systems or parts thereof; provided that in the exercise of such right of access, repair, alteration or new construction, the Town shall not unreasonably interfere with the actual use and occupancy of the Property by Developer.

27.4. If any personal property of Developer shall obstruct the access of the Town or any utility company furnishing utility service to any of the existing utility, mechanical, electrical and other systems, and thus shall interfere with the inspection, maintenance or repair of any such system, Developer shall move such property, as directed by the Town or utility company, in order that access may be had to the system for inspection, maintenance or repair. If Developer fails to move such property after direction from the Town or utility company to do so, the Town or the utility company may move it, and Developer shall pay the cost of such moving upon demand, and Developer hereby waives any claim

for damages as a result therefrom, except for claims for damages arising from the Town's or the utility company's sole negligence.

27.5. Exercise of any or all of the foregoing rights by the Town or others pursuant to the Town's rights shall not constitute an eviction of Developer, nor be made the grounds for any abatement of rent or any claim for damages.

Article 28. Environmental Laws

Developer, at its own expense, shall ensure that Developer and Developer's agents, employees, contractors, and sublessees comply with all present and hereafter enacted Environmental Laws, and any amendments thereto, affecting operations on the Property. "Environmental Laws" means any and all laws, rules, regulations, regulatory agency guidance and policies, ordinances, and applicable court decisions (whether enacted by any local, state or federal governmental authority) now in effect or hereafter enacted that deal with the regulation or protection of the environment (including the ambient air, ground water, surface water, waste handling and disposal, and land use, including substrata land), or with the generation, storage, disposal or use of chemicals or substances that could be detrimental to human health, the workplace, the public welfare, or the environment.

Article 29. Survival of Developer's Obligations

If this Lease is terminated by the Town in accordance with the provisions herein or if the Town reenters or resumes possession of the Property as provided herein, all of Developer's obligations under this Lease shall survive such termination, re-entry or resumption of possession and shall remain in full force and effect for the full term of this Lease, and the amounts of damages or deficiencies shall become due and payable to the Town to the same extent, at the same times, and in the same manner as if no termination, reentry or resumption of possession had taken place. The Town may, at its option and at any time, sue to recover the then-present value of the full deficiency for the entire unexpired term of this Lease, reduced by the then-present value of any then-existing or realistically anticipated tenant leases. The amount of damages for the period of time subsequent to termination (or re-entry or resumption of possession) shall include all expenses incurred by the Town in connection with regaining possession, restoring the Property, acquiring a new lease for the Property, putting the Property in order, maintenance and brokerage fees.

Article 30. Remedies to be Nonexclusive

All remedies provided in this Lease shall be deemed cumulative and additional, not in lieu of or exclusive of, each other, or of any other remedy available to the Town or Developer at law or in equity, and the exercise of any remedy, or the existence herein of other remedies, shall not prevent the exercise of any other remedy.

Article 31. Time is of the Essence

Time is of the essence with regard to the performance of all of the Parties' obligations under this Lease.

Article 32. Recording

The Town shall record this Lease in its entirety in the office of the Pima County Recorder no later than ten days after it has been executed by the Town and the Developer.

Article 33. Cooperation

To further the commitment of the Parties to cooperate in the progress of the Project, the Town and the Developer each shall designate and appoint a representative to act as a liaison between the Town and its various departments and the Developer. The initial representative for the Town shall be the Economic Development Director, Curt Woody, and the initial representative for the Developer shall be Scott Stiteler or a replacement to be selected by the Developer. The representatives shall be available at all reasonable times to discuss and review the performance of the Parties to this Lease and the development of the Property.

Article 34. Miscellaneous

34.1. This Lease constitutes the entire agreement between the Parties concerning the matters contained herein and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters. This Lease shall be interpreted, applied and enforced according to the fair meaning of its terms and shall not be construed strictly in favor of or against either Party, regardless of which Party may have drafted any of its provisions. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought to be enforced. The terms of this Lease shall be binding upon and inure to the benefit of the Parties' successors and assigns.

34.2. This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from the counterparts and attached to a single instrument so that the signatures of all Parties may be physically attached to a single document.

34.3. Any exhibit attached to this Lease shall be deemed to have been incorporated in this Lease by reference with the same force and effect as if fully set forth in the body of this Lease.

34.4. Each of the Parties shall execute and deliver all documents and perform all acts as reasonably necessary, from time to time, to carry out the matter contemplated by this Lease. Without limiting the generality of the foregoing, the Town shall cooperate in good faith and process promptly any requests and applications for permit approvals or revisions, and other necessary approvals relating to the Project.

34.5. It is not intended by this Lease to, and nothing contained in this Lease shall, create any partnership, joint venture or other arrangement between the Developer and the Town.

34.6. No term or provision of this Lease is intended to, or shall be for the benefit of any person, firm, organization or corporation not a party to this Lease, and no such other person, firm, organization or corporation shall have any right or cause of action under this Lease. This Lease is made and entered into for the sole protection and benefit of the Parties and their permitted assigns, and no person other than the Parties and their permitted assigns shall have any right of action based upon any provision of this Lease.

34.7. Each Party shall, promptly upon the request of the other, have acknowledged and delivered to the other any and all further instruments and assurances reasonably request or appropriate to evidence or give effect to the provisions of this Lease.

34.8. This Lease does not relieve any Party of any obligation or responsibility imposed upon it by law.

34.9. No change or addition shall be made to this Lease except by a written amendment executed by the Parties. The Parties agree to cooperate and in good faith pursue any amendments to this Lease that are reasonably necessary to accomplish the goals expressed in the RFP, the RFP Purpose, the RFP Response, and the development plans governing the Property. Within ten days after any amendment to this Lease, it shall be recorded in the office of the Pima County Recorder by and at the expense of the Town.

34.10. The Developer represents and warrants to the Town that it is duly formed and validly existing under the laws of the state of Arizona and is authorized to do business in the state of Arizona. The Town represents and warrants to the Developer that it is an Arizona municipal corporation with authority to enter into this Lease under applicable state laws. Each Party represents and warrants that the individual executing this Lease on its behalf is authorized and empowered to bind the Party on whose behalf each such individual is signing.

34.11. This Lease is subject to A.R.S. § 38-511, which provides for cancellation of contracts in certain instances involving conflicts of interest.

34.12. If any Party shall be unable to observe or perform any covenant or condition of this Lease by reason of "force majeure," then the failure to observe or perform such covenant or condition shall not constitute an event of non-performance under this Lease so long as such Party shall use its commercially reasonable efforts to remedy with all reasonable dispatch the event or condition causing such inability and such event or condition can be cured within a reasonable amount of time. "Force majeure" as used in this paragraph means any condition or event not reasonably within the control of such Party, including without limitation, "acts of God," strikes, lock-outs, or other disturbances of employer/employee relations; acts of public enemies; orders or restraints of any kind of government of the United States or any state or subdivision thereof or any of their

departments, agencies, or officials, or of any civil or military authority; insurrection; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; subsidence; fires; hurricanes; storms; droughts; floods; arrests, restraints of government and of people; explosions; and partial or entire failure of utilities. Failure to settle strikes, lock-outs and other disturbances of employer/employee relations or to settle legal or administrative proceedings by acceding to the demands of the opposing party or parties, in either case when such course is, in the judgment of such Party, unfavorable to a Party shall not constitute failure to use its best efforts to remedy such a condition. No force majeure event shall excuse the payment of rent by the Developer pursuant to the terms of this Lease.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Lease as of the last date set forth below their respective signatures (the "Effective Date").

The "TOWN":
TOWN OF MARANA, an Arizona municipal corporation

By: _____
Jon Post, Mayor

Date: _____

ATTEST:

_____
Jill McCleary, Town Clerk

APPROVED AS TO FORM:

_____
Jane Fairall, Town Attorney

The "DEVELOPER":
MARANA URBAN LLC, an Arizona limited liability company
By: MATTHEW SCOTT STITELER REVOCABLE TRUST, Manager

By: _____
Matthew Scott Stiteler, Trustee

Date: _____

STATE OF _____)
ss.
County of _____)

The foregoing instrument was acknowledged before me on _____ by Matthew Scott Stiteler, Trustee of MATTHEW SCOTT STITELER REVOCABLE TRUST, Manager of MARANA URBAN LLC, an Arizona limited liability company, on behalf of the LLC.

(Seal)

_____
Notary Public

LIST OF EXHIBITS

Exhibit A:	Legal Description and Depiction of Property
Exhibit B:	Request for Proposals for Lease and Development of Town-Owned Property Located at Marana Main Street and Civic Center Drive (RFP 2024-015)
Exhibit C:	Developer's RFP Response
Exhibit D:	Independent Third-Party Economic Report
Exhibit E:	Conceptual Depiction of Master Site Plan
Exhibit F:	List of Required Public Improvements
Exhibit G:	Guidelines for Design and Construction near Kinder Morgan Operated Facilities

Exhibit A

Legal Description of Property

PROJECT NO. 241085
DATE: AUGUST 5, 2024

LEGAL DESCRIPTION

Parcel 4 and a portion of Parcel 2 as described in that Warranty Deed filed as Sequence 20151760661 recorded June 25, 2015 and shown on Record of Survey filed as Sequence 20161160032 recorded April 25, 2016 all in the County Recorder's Office of Pima County, Arizona, within the Northwest One-Quarter (NW 1/4) Section 27, Township 11 South, Range 11 East, Gila and Salt River Meridian, Pima County, Arizona, described as follows:

Parcel 2 as described in that Warranty Deed filed as Sequence 20151760661 recorded June 25, 2015, EXCEPTING therefrom all that portion of Parcel 2 as described in Docket 12154 at Page 2206.

TOGETHER WITH

Parcel 4 as described in said Warranty Deed filed as Sequence 20151760661 recorded June 25, 2015.

The aforementioned portion of Parcel 2 and Parcel 4 more particularly described as follows:

COMMENCING at the north quarter corner of said Section 27 shown on Record of Survey filed as Sequence 20161160032 monumented by a brass cap from which the centerline intersection of W. Grier Road and Marana Main Street, shown on said Record of Survey monumented by a brass cap, bears South 89°15'53" West 1,122.15 feet distant (Basis of Bearings);

THENCE southerly upon the east line of the northwest quarter (NW 1/4) of said Section 27 South 00°36'55" East a distance of 207.50 feet to the south line of the north 207.50' of said Section 27;

THENCE South 89°15'53" West upon said south line 391.44 feet to the northwest corner of that parcel recorded in Docket 5578, Page 682 also being the northeast corner of Parcel 2 shown on Record of Survey filed as Sequence 20161160032.

THENCE South 00°36'59" East upon the east line of said Parcel 2 a distance of 90.00 feet to the southeast corner of that parcel described in Docket 12154, Page 2206 and the **POINT OF BEGINNING**.

THENCE westerly upon the south line of said parcel described in Docket 12154, Page 2206 the following courses:

South 89°15'49" West a distance of 393.03 feet to the beginning of a curve to the left;

THENCE upon said curve to the left, having a radius of 300.00 feet, an arc length of 151.54 feet, and a central angle of 28°56'32";

THENCE South 60°19'17" West a distance of 50.17 feet to the beginning of a curve to the right;

THENCE upon said curve to the right, having a radius of 115.00 feet, an arc length of 85.02 feet, and a central angle of 42°21'31";

THENCE South 56°42'09" West a distance of 67.01 feet to the terminus of said south line also being the east line of Parcel 4 (Marana Main Street) as described in Docket 12154, Page 2189;

THENCE upon said east line South 16°13'33" West a distance of 9.00 feet to the beginning of a curve to the left, also being the north line of that parcel referred to as "Roadway 1 East" as described in Docket 12469, Page 3540;

THENCE departing said east line upon said north line through a curve to the left, having a radius of 25.00 feet, an arc length of 39.27 feet, and a central angle of 90°00'00";

THENCE South 73°46'27" East a distance of 3.00 feet to the east line of said parcel;

THENCE upon said east line South 16°13'33" West a distance of 50.00 feet to the south line of said parcel;

THENCE upon said south line North 73°46'27" West a distance of 3.00 feet;
to the beginning of a curve to the left;

THENCE upon said curve to the left, having a radius of 25.00 feet, an arc length of 39.27 feet, and a central angle of 90°00'00" to the terminus of said south line also being the east line of Parcel 4 (Marana Main Street) as described in Docket 12154, Page 2189;

THENCE upon said east line the following courses:

South 16°13'33" West a distance of 130.67 feet to the beginning of a curve to the left;

THENCE upon said curve to the left, having a radius of 455.00 feet, an arc length of 133.25 feet, and a central angle of 16°46'44";

THENCE South 00°33'12" East a distance of 462.29 feet to the beginning of a curve to the left also being the north line of that parcel referred to as "Roadway 2 East" as described in Docket 12469, Page 3540;

THENCE departing said east line and upon said north line through a curve to the left, having a radius of 25.00 feet, an arc length of 39.27 feet, and a central angle of 90°00'00";

THENCE North 89°26'48" East a distance of 3.00 feet to the east line of said parcel;

THENCE upon said east line South 00°33'12" East a distance of 50.00 feet to the south line of said parcel;

THENCE upon said south line South 89°26'48" West a distance of 2.74 feet to the beginning of a curve to the left;

THENCE upon said curve to the left, having a radius of 25.00 feet, an arc length of 40.26 feet, and a central angle of 92°15'28" to a compound curve to the left being on the east line of Parcel 4 (Marana Main Street) as described in Docket 12154, Page 2189;

THENCE upon said east line through said compound curve to the left, having a radius of 355.00 feet, an arc length of 264.81 feet, and a central angle of 42°44'23";

THENCE South 45°33'02" East a distance of 166.20 feet to the Point of Beginning of that parcel described as Parcel 4 Docket 12154, Page 2213;

THENCE upon the south line of said Parcel 4 the following courses:

South 45°33'02" East a distance of 8.68 feet to a point of a non-tangent curve to the right, a radial line through said point bears North 33°26'16" West;

THENCE upon said non-tangent curve to the right, being concave to the south with a radius of 85.00 feet, an arc length of 97.68 feet, and a central angle of 65°50'28";

THENCE North 44°26'58" East a distance of 102.23 feet to the beginning of a curve to the right;

THENCE upon said curve to the right, having a radius of 495.00 feet, an arc length of 111.37 feet, and a central angle of 12°53'29" to the northeast corner of said Parcel 4;

Thence departing said Parcel 4 to the north line of Parcel 5 as described in Docket 12154, Page 2189;

THENCE upon said north line through a concentric curve to the right, having a radius of 495.00 feet, an arc length of 25.16 feet, and a central angle of 2°54'44" to the southwest line of Parcel 10 as described in Docket 12154, Page 2189 being a non-tangent curve to the left, a radial line through which bears North 73°18'29" East;

THENCE departing said north line, northwesterly upon the southwest lines of Parcels 10, 9, and 8 as described in Docket 12154, Page 2189 the following courses:

THENCE upon said non-tangent curve to the left, being concave to the southwest with a radius of 25.00 feet, an arc length of 8.22 feet, and a central angle of 18°50'38";

THENCE North 35°32'09" West a distance of 48.70 feet;

THENCE South 89°18'54" West a distance of 8.91 feet;

THENCE North 00°36'59" West a distance of 12.77 feet;

THENCE North 35°32'11" West a distance of 15.71 feet to the beginning of a curve to the right;

THENCE upon said curve to the right, having a radius of 200.00 feet, an arc length of 37.25 feet, and a central angle of 10°40'13" to the north line of said Parcel 8;

THENCE upon said north line North 65°08'02" East a distance of 30.00 feet to the west line of that parcel described in Docket 5578, Page 682;

THENCE upon said west line North 00°37'28" West a distance of 346.14 feet to the north line of said parcel;

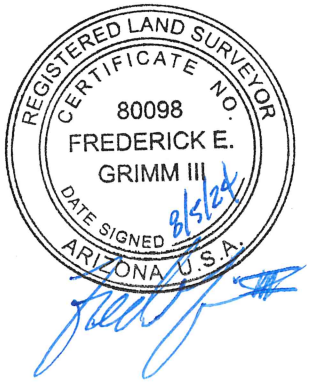
THENCE upon said north line North 89°16'01" East a distance of 350.00 feet to the west line of the east 391.5' of the northwest quarter of said Section 27;

THENCE upon said west line North 00°36'59" West a distance of 776.99 feet to the **POINT OF BEGINNING**.

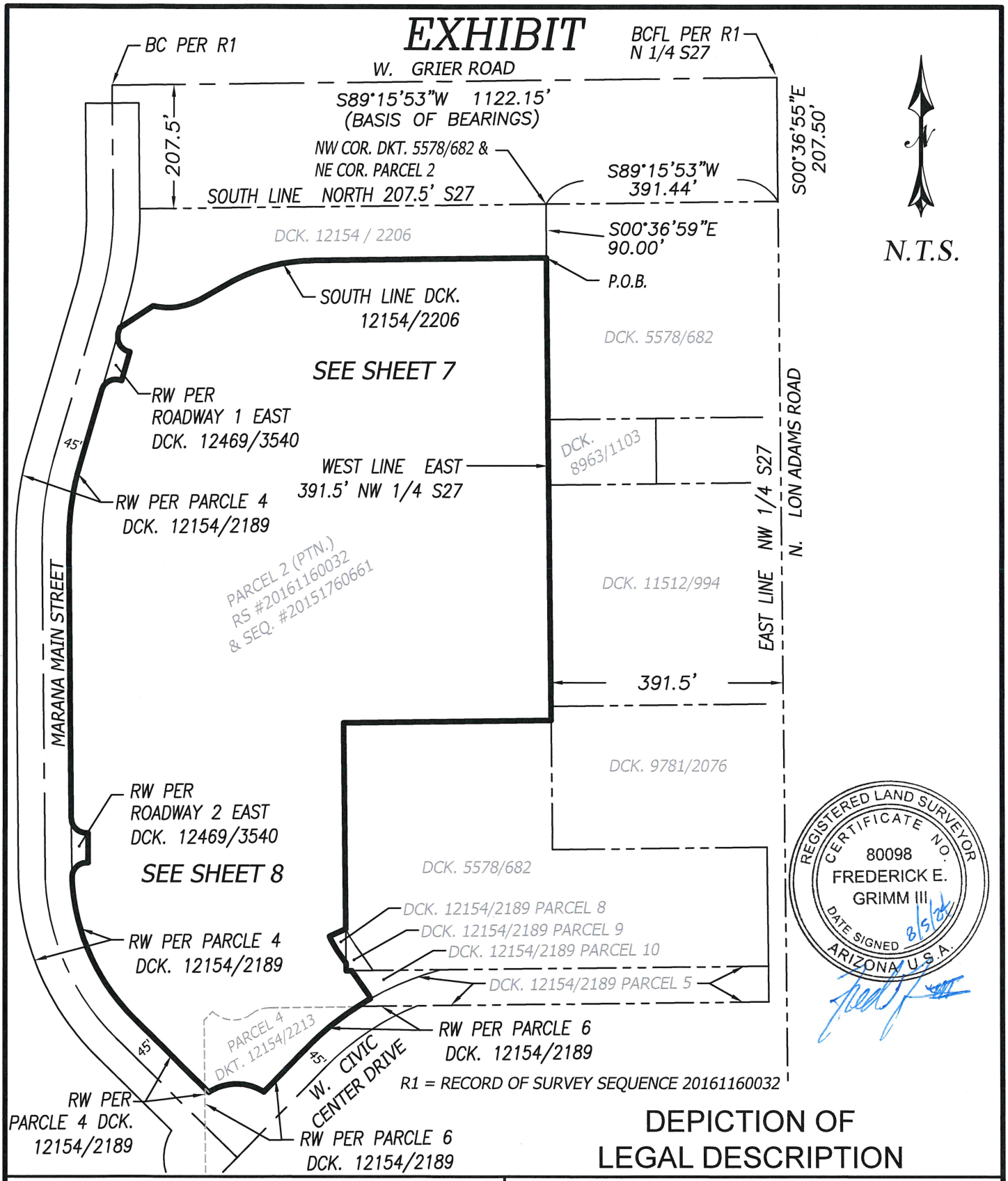
Said parcel contains 833,702 square feet or 19.14 acres, more or less.

Prepared by:
Alta Arizona

FREDERICK E. GRIMM III, RLS



EXHIBIT



N.T.S.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
80098
FREDERICK E.
GRIMM III
DATE SIGNED 8/5/24
ARIZONA U.S.A.

DEPICTION OF LEGAL DESCRIPTION

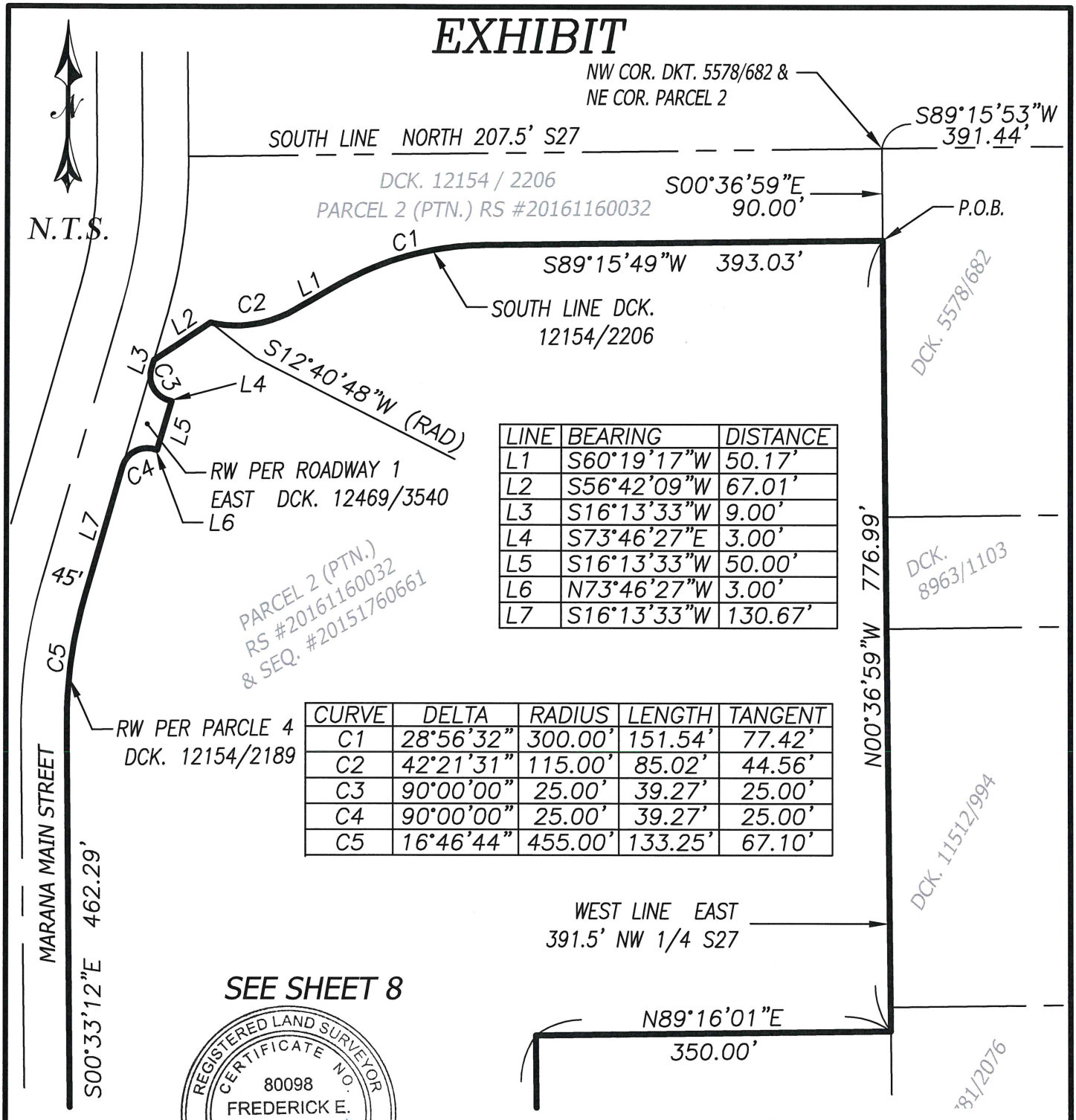
ALTA ARIZONA

SURVEY – ENGINEERING – GEOTECH
2025 W. RUTHRAUFF RD., #125
TUCSON, ARIZONA 85705
(520) 398–6651

PARCEL 4 AND A PORTION OF PARCEL 2
PER RECORD OF SURVEY #20161160032 WITHIN THE
NW 1/4 SECTION 27 T.11S., R.11E., G.&S.R.M.
PIMA COUNTY, ARIZONA

Project No.	Drawn By: FEG	Date: 8/05/24
24–1085	Checked By:FG	Sheet: 5 of 7

EXHIBIT



LINE	BEARING	DISTANCE
L1	S60°19'17"W	50.17'
L2	S56°42'09"W	67.01'
L3	S16°13'33"W	9.00'
L4	S73°46'27"E	3.00'
L5	S16°13'33"W	50.00'
L6	N73°46'27"W	3.00'
L7	S16°13'33"W	130.67'

CURVE	DELTA	RADIUS	LENGTH	TANGENT
C1	28°56'32"	300.00'	151.54'	77.42'
C2	42°21'31"	115.00'	85.02'	44.56'
C3	90°00'00"	25.00'	39.27'	25.00'
C4	90°00'00"	25.00'	39.27'	25.00'
C5	16°46'44"	455.00'	133.25'	67.10'

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
80098
FREDERICK E.
GRIMM III
DATE SIGNED 8/5/24
ARIZONA U.S.A.

(RAD) = RADIAL BEARING RUN FROM THE RADIUS POINT

DEPICTION OF LEGAL DESCRIPTION

ALTA ARIZONA

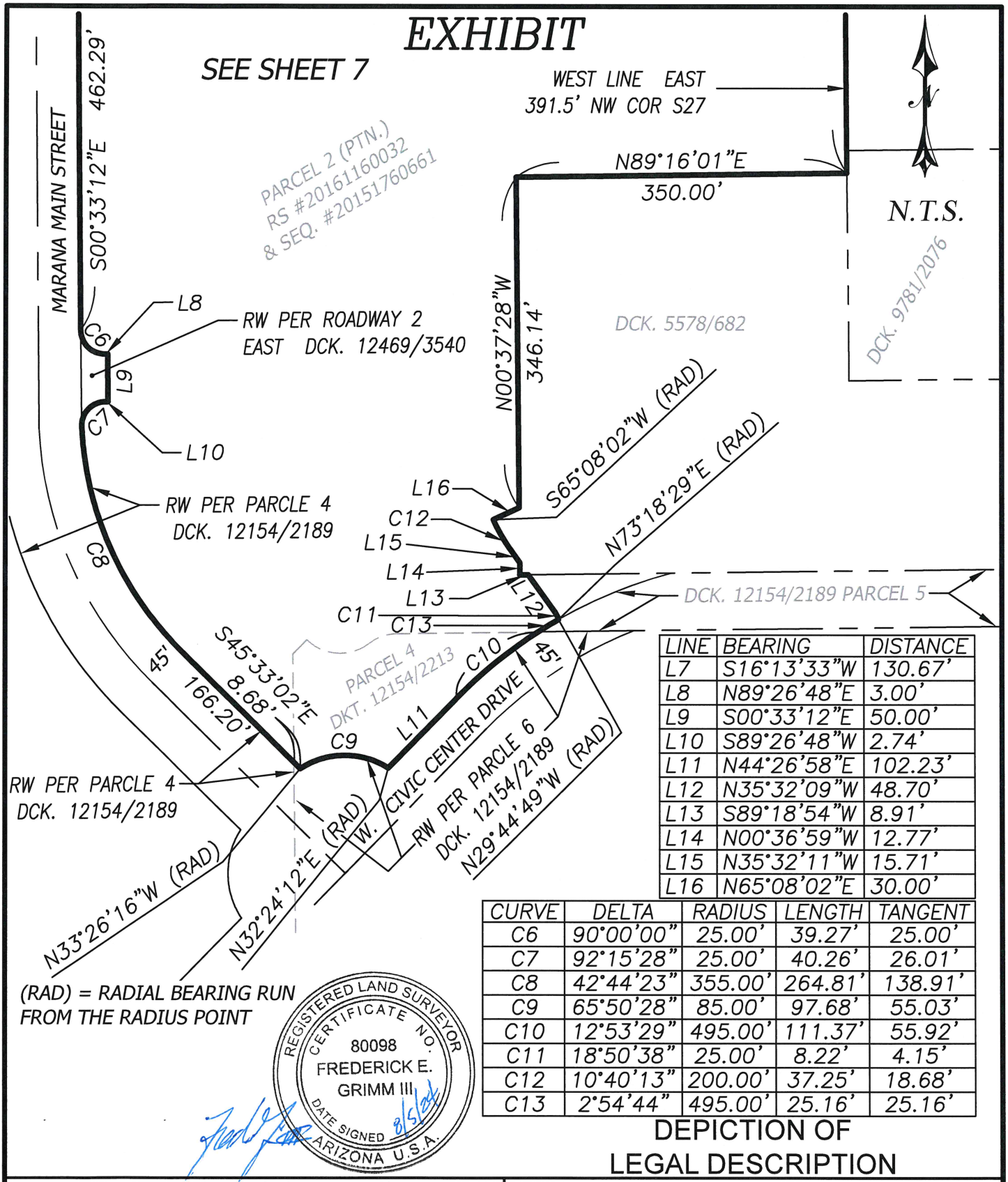
SURVEY – ENGINEERING – GEOTECH
2025 W. RUTHRAUFF RD., #125
TUCSON, ARIZONA 85705
(520) 398-6651

PARCEL 4 AND A PORTION OF PARCEL 2
PER RECORD OF SURVEY #20161160032 WITHIN THE
NW 1/4 SECTION 27 T.11S., R.11E., G.&S.R.M.
PIMA COUNTY, ARIZONA

Project No.	Drawn By: FEG	Date: 8/05/24
24-1085	Checked By:FG	Sheet: 6 of 7

EXHIBIT

SEE SHEET 7



LINE	BEARING	DISTANCE
L7	S16°13'33"W	130.67'
L8	N89°26'48"E	3.00'
L9	S00°33'12"E	50.00'
L10	S89°26'48"W	2.74'
L11	N44°26'58"E	102.23'
L12	N35°32'09"W	48.70'
L13	S89°18'54"W	8.91'
L14	N00°36'59"W	12.77'
L15	N35°32'11"W	15.71'
L16	N65°08'02"E	30.00'

CURVE	DELTA	RADIUS	LENGTH	TANGENT
C6	90°00'00"	25.00'	39.27'	25.00'
C7	92°15'28"	25.00'	40.26'	26.01'
C8	42°44'23"	355.00'	264.81'	138.91'
C9	65°50'28"	85.00'	97.68'	55.03'
C10	12°53'29"	495.00'	111.37'	55.92'
C11	18°50'38"	25.00'	8.22'	4.15'
C12	10°40'13"	200.00'	37.25'	18.68'
C13	2°54'44"	495.00'	25.16'	25.16'

REGISTERED LAND SURVEYOR CERTIFICATE NO. 80098 FREDERICK E. GRIMM III DATE SIGNED 8/5/24 ARIZONA U.S.A.

DEPICTION OF LEGAL DESCRIPTION

ALTA ARIZONA

SURVEY – ENGINEERING – GEOTECH
2025 W. RUTHRAUFF RD., #125
TUCSON, ARIZONA 85705
(520) 398-6651

PARCEL 4 AND A PORTION OF PARCEL 2 PER RECORD OF SURVEY #20161160032 WITHIN THE NW 1/4 SECTION 27 T.11S., R.11E., G.&S.R.M. PIMA COUNTY, ARIZONA

Project No.	Drawn By: FEG	Date: 8/05/24
24-1085	Checked By:FG	Sheet: 7 of 7

Exhibit B

Request for Proposals for Lease and Development of Town-Owned Property Located at Marana Main Street and Civic Center Drive (RFP 2024-015)

MARANA AZ
FINANCE

TOWN OF MARANA
REQUEST FOR PROPOSALS (RFP)

Solicitation Number:	2024 - 015
Solicitation Title:	Lease and Development of Town-Owned Property Located at Marana Main Street and Civic Center Drive
Release Date:	May 17th, 2024
Final Date for Inquiries:	June 20th, 2024, at 3:00pm Arizona time
Due Date and Time:	July 11th, 2024, at 3:00 pm Arizona time
Submittal Location:	Marana Municipal Complex First Floor Reception Desk 11555 W. Civic Center Drive Marana, AZ 85653
Contact for Inquiries:	Vicky Edwards / Rudy Torres Procurement Officers 11555 W. Civic Center Drive Marana, Arizona 85653 (520) 382-2642 vedwards@maranaaz.gov and rtorres@maranaaz.gov

This solicitation is available at **www.PublicPurchase.com.**

All prospective proposers are responsible for obtaining the RFP and any subsequent related documents from the Town's partner: **www.PublicPurchase.com**. This system provides automatic notification and transmittal of solicitation opportunities. To view a solicitation, you must be registered with Public Purchase. The Town will not be responsible for the failure of a prospective proposer to obtain addenda and other information related to this RFP.

Published:
Daily Territorial on May 17th, 2024, and May 21st, 2024

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Schedule

Released	May 17th, 2024
Final Date for Inquiries	June 20th, 2024, at 3:00pm Arizona time
Due Date and Time	July 11th, 2024, at 3:00pm Arizona time
Evaluation	To be determined
Lease Award	To be determined

All inquiries regarding this RFP shall be directed to the Solicitation Contact for Inquiries identified on page 1 of this solicitation.

Instructions to Proposers

1. **Preparation of Proposal:**
    a. There is no prescribed format for proposals, but all proposals must include the required information necessary to adequately respond to this Request for Proposal.
    b. Faxed or e-mailed proposals will not be considered.
    c. Periods of time, stated as a number of days, will be calendar days.
    d. It is the responsibility of all proposers to examine the entire Request for Proposal package and seek clarification of any item or requirement that may not be clear and to check all responses for accuracy before submitting a proposal.

2. **Proposal Packet:**
    a. Proposals shall be submitted in one original and two hard copies in a sealed envelope, along with one electronic copy on a CD or flash drive. The original shall be marked "ORIGINAL". Detailed written responses shall be on 8 ½" x 11" paper, using a font no smaller than 12 point.
    b. The proposer's name and address must appear on the outside of the sealed envelope, which shall be clearly marked as: Lease and Development of Town-Owned Property Located at Marana Main Street and Civic Center Drive - RFP #2024-015.
    c. All proposals must include the signed RFP Signature Page.

3. **Inquiries:** Any question related to the Request for Proposals must be directed to the contact whose name appears on the cover page.

4. **Irrevocable Offer:** A proposal is an offer to contract with the Town based upon the terms, conditions and specifications contained in this RFP and all addenda thereto, and the proposal. No contractual relationship will be established until the proposer has signed and the Town Council has approved, at a public meeting in compliance with the Arizona Open Meeting law, an agreement between the Town and the proposer. To allow for an adequate evaluation, the proposal shall be considered valid and irrevocable for 180 days after the Proposal Due Date and Time indicated on the cover of this RFP.

5. **Withdrawal of Proposal:** At any time prior to the specified proposal due date and time, a proposer may withdraw the proposal in writing.

6. **Cost of Proposal Preparation:** The Town will not reimburse proposers for the cost of developing, presenting, or providing a proposal.

7. **Public Record**: Properly submitted proposals will not be returned to proposers. All proposals will become the property of the Town and will, after approval of an agreement by the Town Council as a result of this RFP, become public records available for public inspection in accordance with Town policy and state law. The proposer must clearly label any portions of the proposal that it deems confidential or proprietary. If the Town receives a public records request to which such portions are responsive, the Town will promptly notify the proposer. The Town will disclose those portions to the requesting party unless the proposer obtains an order from a court of competent jurisdiction, within ten days after the Town's notice to the proposer, that prohibits the Town from doing so.

8. **Applicability of Procurement Code**. Except for Article III (Ethics), the Town's Procurement Code does not apply to this RFP. This RFP is governed by the terms stated in this RFP and any applicable law.

9. **Additional Information:** Notwithstanding any other provision of this Request for Proposals, the Town expressly reserves the right to:
    a. Select one or more respondents with whom the Town may pursue negotiations pursuant to this Request for Proposals.
    b. Reject any or all proposals for whatever reason deemed necessary or for no specified reason.
    c. Amend or otherwise modify or cancel this Request for Proposals with or without substitution.

A. Purpose

The Town of Marana seeks proposals from developers to lease and develop approximately 19 acres of Town-owned land as part of a vibrant Downtown Marana. As noted in the Town's Economic Development Strategic Plan:

> Across the entire world, a community's downtown personifies its window to the world. Downtowns are not only how the world sees a community, they also represent the heart and soul of the people and businesses who call that community home. Downtown is a vital intersection of business, commerce, tourism, and cultural exchanges and serves as a fundamental cornerstone for the community's economy and identity. A vibrant and healthy downtown benefits all citizens and businesses of Marana.

Marana, Arizona: Honoring Our Heritage. Heralding the Future. An Economic Development Strategy for Marana, AZ, IO. Inc., p. 21.

The Town of Marana has a unique opportunity to build its downtown from the ground up and seeks a creative and innovative partner to help bring the Town's vision to life.

B. Background Information

The Town of Marana, incorporated in 1977, is a rapidly growing community located in Southern Arizona between Phoenix and Tucson. The population of the Town per the 2020 Census was 51,908, having grown at least 43% from the 2010 Census. Current estimates place the Town's population at approximately 60,000 residents. The Town covers approximately 121 square miles, resides in two counties (Pima and Pinal), and spans 18 miles of Interstate 10. Three mountain ranges hug the outer borders of the Town, the Tortolita Mountains to the northeast, Ironwood Forest National Monument to the west, and the Saguaro National Park to the south.

C. Scope

The Town of Marana seeks proposals from developers to lease and develop approximately 19 acres of Town-owned land located adjacent to the Town's Marana Municipal Complex, east of Marana Main Street and north of Civic Center Drive. A map of the property is included as **Appendix A**. The property is bisected by an El Paso Natural Gas (EPNG) utility easement. The property is also located in two Federal Emergency Management Agency (FEMA) Flood Hazard Zones: Zone AO 1 (90.25% or about 17.23 acres), Zone X - Shaded (9.75% or about 1.86 acres). Development of the property must comply with any applicable limitations imposed by the EPNG easement and the FEMA Flood Hazard Zones.

The property is zoned SP – Specific Plan and is part of the Rancho Marana West Town Center Specific Plan Amendment implemented by the June 17, 2008 adoption of Marana Ordinance No. 2008.14. The Specific Plan was amended on March 21, 2023, by adoption of Marana

Ordinance No. 2023.007. The 2023 amendment updated development and architectural standards for commercial uses.

The Rancho Marana West Town Center Specific Plan Amendment implements the Town Center concept for the Town of Marana, as an activity center with a comprehensive mixed-use environment including commercial, retail, office, institutional, entertainment, and residential uses. The Town Center is planned to be the focus of civic activities for the residents of Marana. A variety of uses will be organized around public open spaces in a high-intensity and multi-story development setting. The Town Center encourages development of compact, pedestrian-scaled, mixed-use commercial and neighborhood areas.

Consistent with the Town Center concept, in October 2023, the Town began construction of the new Marana Community & Aquatic Center (MCAC). The MCAC will be located at 13455 N. Marana Main Street, on the east side of Marana Main Street, across the street from the 19-acre parcel that is the subject of this Request for Proposals. The MCAC will be a cornerstone of development in the Downtown Marana area, bringing citizens from all over Marana to its state-of-the-art gymnasium, aquatic center, and gathering facilities.

The Town seeks a developer who will enter into a long-term lease of up to 50 years, with potential options for renewal, to develop the property as part of a vibrant Downtown Marana. The developer must commit to long-term investment in the property and in the development of Downtown Marana. The successful proposer must be the primary developer of the property and will be responsible for securing long-term tenants, if applicable.

The Town's goals for development of the property include:

- Spurring development of Downtown Marana
- Stimulating economic development and expanding employment opportunities in the Town
- Complementing other nearby retail, academic, residential, and professional office development with a vibrant downtown area
- Expanding entertainment and dining options by providing more variety, as well as providing amenities desirable to attract and retain the employees sought by employers in Southern Arizona
- Generating new tax revenues

The Town desires for the development of the property to be initiated and completed within a reasonable time period acceptable to the Town. The lease agreement ultimately negotiated between the Town and the successful developer will include timelines for development of the property and provisions that allow the Town to terminate the lease agreement if development timelines are not met.

The Town has had the property appraised and the appraiser's opinion of fair market rental value is $0.26 per square foot. While a developer's rent proposal will be a factor in evaluation of proposals, it is not dispositive. The Town Council has authority under A.R.S. §9-500.11 to

engage in any activity that it "has found and determined will assist in the creation or retention of jobs or will otherwise improve or enhance the economic welfare of the inhabitants" of the Town, including specifically "the acquisition, improvement, leasing or conveyance of real or personal property."

Evaluation Criteria

The proposals will be evaluated based on the below criteria. The Town has not assigned numerical weighting to the criteria as the Town will evaluate proposals based on the totality of the circumstances.

1. Project Description
2. Qualifications & Experience
3. Project Delivery Approach
4. Business Plan
5. Lease and Rent Proposal

Requirements Specific to Evaluation Criteria

1. Project Description
    a. Executive Summary: Include a summary of the entire proposal describing the most important elements of the proposal.
    b. Land Use/Site Plan: Include a conceptual site plan and building elevations for the development of the property.
    c. Proposed Development Elements: Describe the proposed mixed uses planned for the project site. Describe the conceptual mix of uses onsite, including how commercial retail, restaurant, or other uses will be balanced amongst themselves and complement one another. Provide breakdown by square footage and percentage of total buildable area. Discuss mix of elements such as multi-family, office, retail usage by local, regional, or national chain, and how that is determined. Briefly detail any discussion and coordination that has already occurred with potential occupants and users.
    d. Circulation: Provide circulation plan(s) showing transit, vehicular, bicycle and pedestrian access and circulation within and around the project site for the various existing and proposed users.
    e. Infrastructure: Describe infrastructure included in the project, including utilities, site access/egress, and any other supporting elements necessary to have the site function.
    f. Local Impacts: Describe how the proposed uses fit within the immediate neighborhood location and how it will serve the neighborhood and local area. In particular, describe how the proposed development complements or leverages current or future development in the area.
    g. Schedule: Include a tentative proposed schedule for construction of improvements and investments in the property, taking into account the Town's desire to have the

project initiated and completed within a reasonable time period acceptable to the Town.

i. Provide a schedule for the design and construction of the project. Include the time frames for those steps deemed critical to initiate immediately following award, if the lease is awarded to proposer.
ii. Provide separate information regarding the timing of the various planned structures, site development and shared spaces. Indicate phasing of these elements based on the level of support to the anchor elements and location within the conceptual site plan.

h. Economic Impact to Town: Describe the potential economic impact and benefits to the Marana community of the proposed project, including how the project will achieve the Town's goals for development of the property as described in the Scope, above.

2. Qualifications & Experience
   a. Identification of the Lead Entity, including:
      i. Legal name and address of organization or individual proposing to lease the property.
      ii. Legal form of organization (e.g. partnership, corporation, non-profit status, etc.), with supporting documentation, such as articles of incorporation. If joint venture, identify the members of the joint venture and provide all information required within this section for each member.
      iii. Disclosure of "parent company" if proposer is a wholly-owned subsidiary (or subject to other partnerships).
      iv. Physical address(es) of office(s) working on this project.
      v. Name, title, address, email, and telephone number of the person to serve as project manager and a proposal contact (if different).
   b. Experience
      i. Describe the development team's experience in developing similar projects.
      ii. Provide information regarding at least two representative projects completed by the development team, that demonstrate the proposer's capacity to deliver the project as described.
      iii. Describe the development team's capacity and intent to proceed without delay if awarded the lease.
      iv. Include resumés for key personnel as attachments.

3. Project Delivery Approach
   a. Proposed Method to Accomplish the Work
      i. Briefly describe the proposer's technical and management philosophy regarding the successful development of property.
      ii. Describe how the proposer will attract and retain businesses and tenants for the development.
      iii. Describe how the proposer will work with the Town of Marana to promote Town programs and special events in coordination with the development.
   b. Knowledge an Understanding of the Local Environment

i. Express and demonstrate a knowledge and understanding of the local environment and culture by describing the proposer's experience with the Tucson Metro community and how the proposer plans on maintaining an open local presence while working with Town of Marana staff.
ii. Display an understanding of the proposed Downtown Marana area and its vicinity, as part of a vibrant destination center with a complement of unique dining and entertainment experiences.

4. Business and Financial Plan
    a. Preliminary Project Business Plan
        i. Submit a business and financial plan for the project.
        ii. Demonstrate the developer's business and financial resources to meet the development goals as stated in the Scope, above.
        iii. Demonstrate a balanced business plan that identifies potential project revenues and expenses.
        iv. If the project is to be developed in phases, describe the timing and triggers for each phase.
    b. Financial Capacity
        i. Describe the developer's financial capacity to execute, complete, and operate the project successfully.
        ii. Provide credit and business references.
    c. Business Revenue Risk
        i. Describe the plan for long-term success.
        ii. Describe how the project is sustainable over the long term.

5. Lease and Rent Proposal
    a. Lease Proposal
        i. Describe the proposed lease term.
        ii. Describe any public improvements to the property the developer proposes the Town complete as part of the lease agreement.
        iii. Describe any other terms or conditions of the lease relevant to the developer's proposal.
    b. Rent Proposal
        i. Provide a rent proposal based on the totality of the circumstances, including the proposer's review of the Town appraiser's opinion of rental value.
        ii. Describe the rent structure, including any proposals for reduced or graduated rates during different phases of the project, based on a reasonable rate of return for the developer.
    c. Gift Clause Considerations
        i. Describe how the lease and rent proposal complies with the Arizona Gift Clause (Gift Clause, Ariz. Const. art. IX, § 7) in light of recent caselaw, including *Schires v. Carlat*, 250 Ariz. 371, 374, 480 P.3d 639, 642 (2021) and *Neptune Swimming Foundation v. City of Scottsdale*, -- Ariz. --, 542 P.3d 241 (2024).

Evaluation Process

The Town will appoint an Evaluation Committee, which will conduct the selection process generally according to the schedule listed on the cover page of this RFP and in accordance with the terms of this RFP. The Town may conduct discussions/clarifications with any responsible proposer to assure full understanding of the proposer's proposal and its conformance to the RFP requirements and to clarify proposal details provided that they do not substantially change the content of the proposal.

The Town does not intend to conduct interviews, but reserves the right to short-list proposers and conduct interviews if determined in the best interest of the Town. If the Town holds interviews or requests clarifications from short-listed proposers, the Town will issue a written request for Best and Final Proposal setting forth the date, time, and place for submission. If a proposer fails to respond to the request for Best and Final Proposal or fails to submit a notice of withdrawal, the Town will consider their immediate previous proposal as their Best and Final Proposal.

After the evaluation process has been completed, a recommendation will be submitted to the Town Council for approval. If the Town Council approves the award recommendation, Town staff will commence negotiations with the successful proposer on the final form of lease agreement. No binding contract will be formed until the lease agreement is finalized and approved by the Town Council. Negotiations may be terminated by the Town and its designated representatives at any time for any reason(s) the Town deems appropriate.

RFP Signature Page

The proposer must sign this Signature Page.

In the absence of any exceptions identified in the proposal, the proposer will be bound by all of the terms and conditions outlined in the RFP.

TO THE TOWN OF MARANA:
The undersigned represents that he or she:

1. Is duly authorized to make binding offers on behalf of the proposer.
2. Has read and understands all information, terms, and conditions in the RFP.
3. Has not engaged in any collusive actions with any other potential proposers for this RFP.
4. Hereby certifies that the proposer takes no exception(s) to any portion of the RFP, unless an exception(s) is specifically noted in the proposal.

	For Clarification of this Offer contact:
Proposer Name	Name
Address	Title
City State ZIP	Phone
Signature of Person Authorized to Sign/Date	Fax
Printed Name	Email
Title	

Appendix A

MARANA AZ

N

0 75 150 225 300 Feet

W Grier Rd

217370120 217370110 217370090 217370080 217370070 217370060 2173700

217370700 217370680

ZONE AO 1

217370500

217370693B

217370510

21737071B

21737067A

21737053A

N Marana Main St

El Paso Natural Gas Line

21737073C

217370540

W Bill Gaudette Dr

217370630

217370850

ZONE AO 1

ZONE X - SHADED

ZONE X - SHADED

W Civic Center Dr

217370870

217370940

217370600

Default Folder: U:\Town_Attorney\2024\El_Paso_Gas_FEMA_Zones

Exhibit C

Developer's RFP Response

RFP 2024-015

Prepared for	Town of Marana
Submittal Date	07.11.2024
Submitted by	Marana Urban

Lease and Development of Town-Owned Property Located at Marana Main Street and Civic Center Drive



Table of Contents

1 Project Description

2 Qualifications & Experience

3 Project Delivery Approach

4 Business Plan

5 Lease and Rent Proposal

1 Project Description

1. a. Executive Summary

“Our downtown”

Our desire is to design and deliver a world-class, full-service downtown. It will capture Marana’s rich history and highlight Marana’s bright future. At its core will be a curved, brick covered street that is framed by an arch with Marana proudly sitting at the top. Stepping through the arch begins the experience of downtown Marana.

The road to creating a ground up downtown of this caliber will be incremental. Every phase is a building block for the next. Corners cannot be cut. Building materials will be carefully selected so they age properly adding value as the years pass. The scale must provide the precise balance of high density tempered by soft landings and charming streets. Art is essential. It is the glue that stitches the buildings, the streets and the story together.

Our firm has controlled 40 acres to the north of the Town’s 19 acres for the past 15 years. We see this request as an opportunity to jointly develop our properties. This increases the probability of self-sufficiency within the neighborhood. A key governor of our success is determining the appropriate size of each phase. Current, local demand exists. The catalyst for subsequent phases will come from demand that will be increased by a downtown that acts and feels like home.

1. b. Land Use / Site Plan

The proposed project is envisioned as the first step on a journey towards a vibrant new entertainment district.

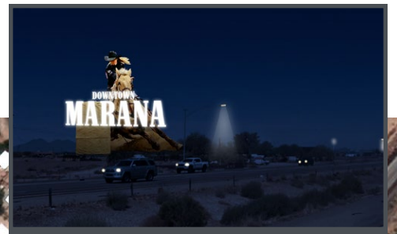
This proposed phase one begins with the first portion of an arcing street, extending from Bill Gaudette Drive towards the northeast; in time this street should extend to loop back to meet N Marana Main Street south of W Grier Rd.

A sense of arrival is to be established by an arch spanning the street, proclaiming the town's name in lights and demarcating the transition from the public road network to a primarily pedestrian environment. Eventually, this arch should be joined by another at the north end of the street, bookending the entertainment quarter. In the era of social media, this landmark arch also creates an opportunity for news of this emerging phenomenon to be spread by enthusiastic visitors to their friends and followers.

This development is encumbered by a substantial easement, but the proposed project seeks to turn this constraint into an opportunity. The proposed first phase comprises two buildings of modest size, in conversation across the easement, re-imagined as a public plaza. The project seeks to deploy native trees and shade structures to temper the heat naturally, including trees in removable planters where necessary atop the easement.

The proposed buildings, both in the first phase and the eventual full build-out, will be designed to be flexible in their use, and to reflect the best of southern Arizona architecture through traditional forms and a palette of durable, hard wearing materials; primarily red brick.

In the short term, a gravel lot to the south of the new street will provide ample parking for visitors. In the long term, two large parking lots are envisioned, one each at the north and south entrances to the district. A multi-use path which allows for a continuous loop around the perimeter of the 20 acres is planned, with connections to the businesses and amenities at key locations.



Billboard



North 40 Acres



South 20 Acres

I-10

N Lon Adams

W Civic Center Dr

Police Department

City Hall

N Marana Main St

Fire Station

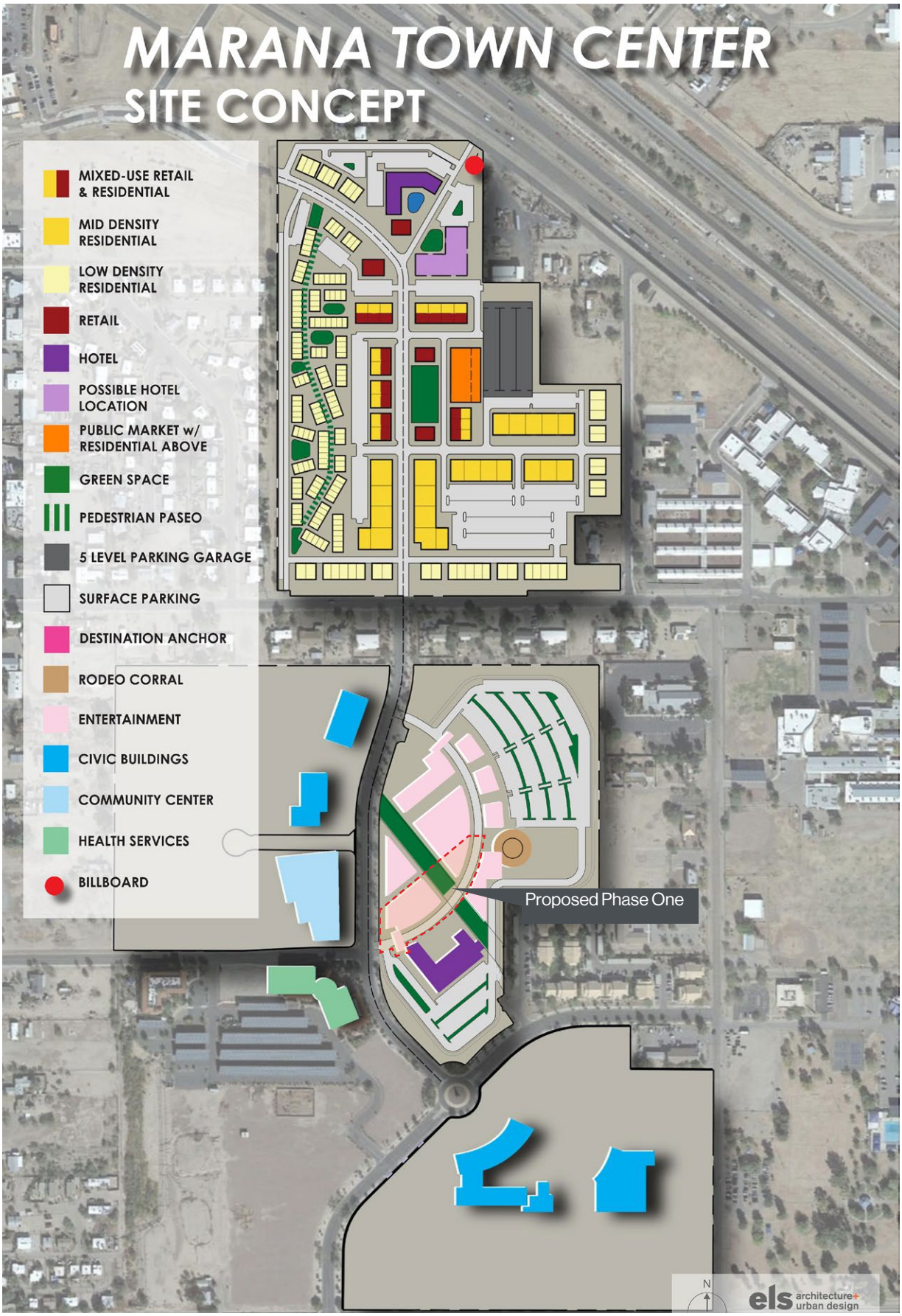
Community Center

W Grier Rd

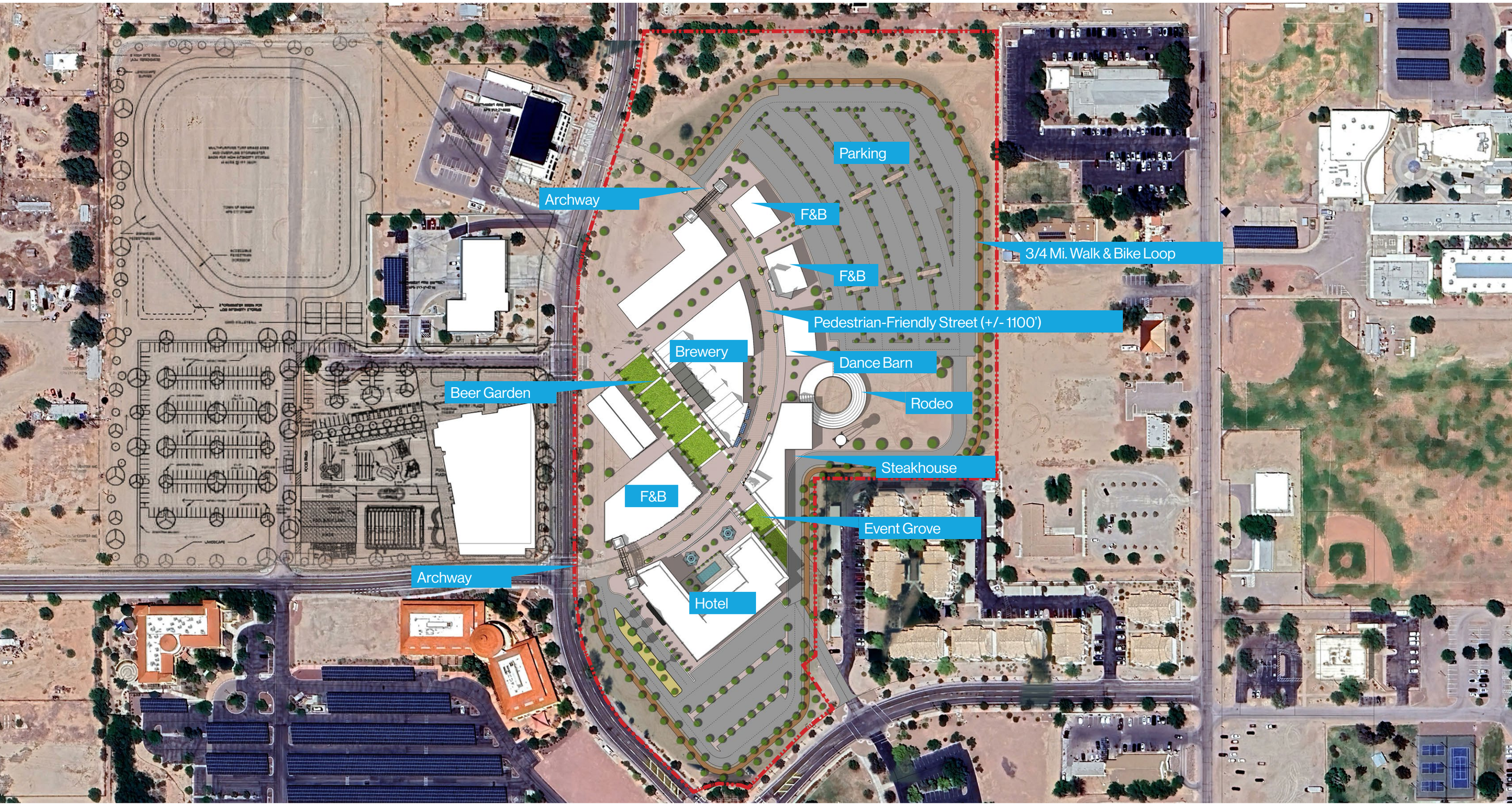
Bill Gaudette Dr

N Sandario Rd

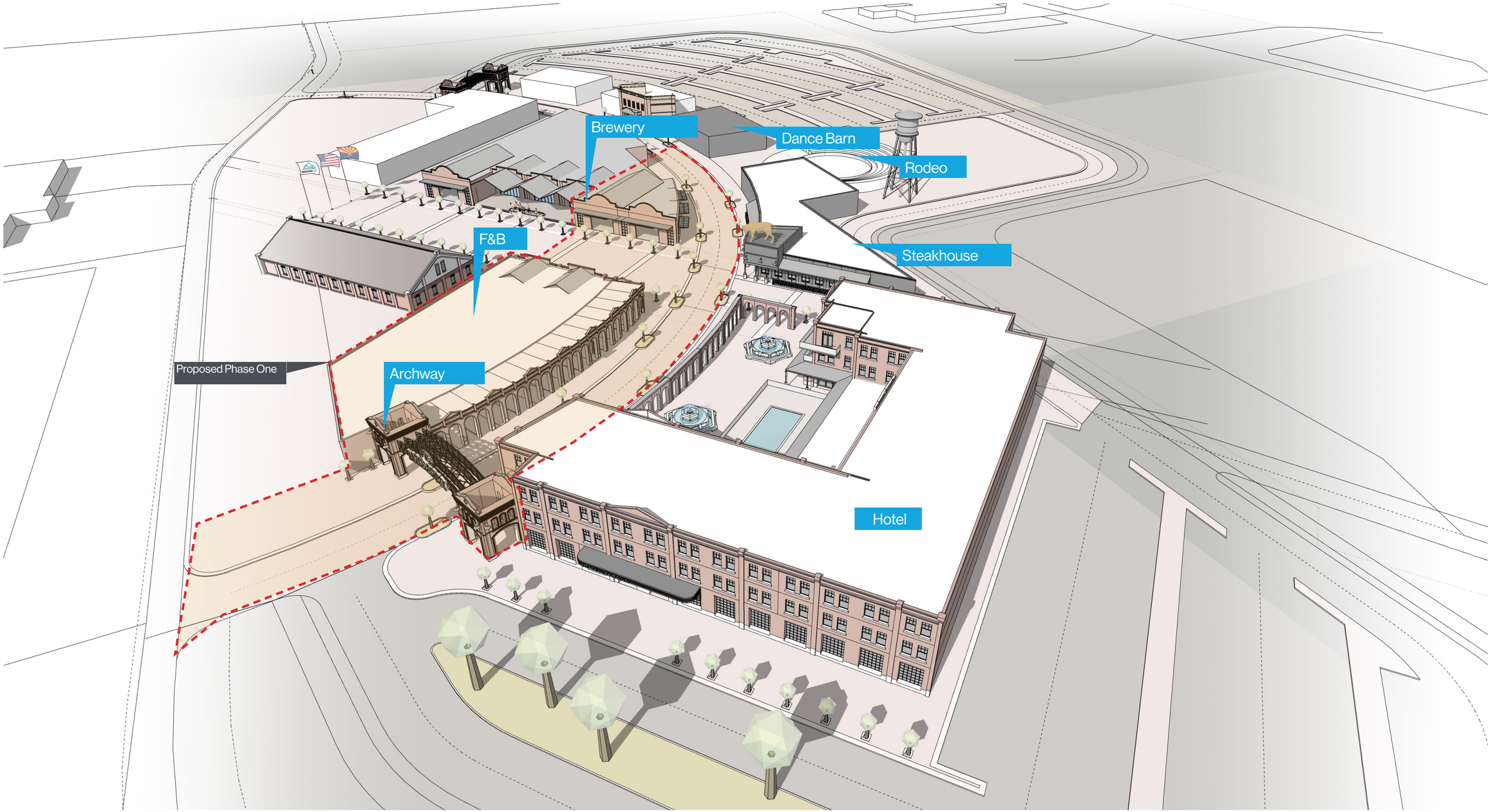
Pictured Above: Site orientation diagram.



Site Concept Graphic by ELS Architecture and Urban Design, modified by AXIS Architecture + Design



Pictured Above: Conceptual site plan of full development.



Pictured Above: Conceptual overview of full development.



In due course, it is envisioned that additional buildings will join the first phase, including food and beverage, entertainment, select retail, and a hotel. The desire is to create a place where the spaces between buildings are as lively and active, if not more so, than the buildings themselves. Architectural, landscape, and urban design seek to accommodate indoor-outdoor connections, curbside, covered, and outdoor dining, and entertainment programming including live music, parades and national holidays, public art, and gymkhana barrel racing.

The project seeks to leverage thoughtful design, a tremendous opportunity afforded by the Town and the setting, and demand for future development stoked by a purposeful initial investment, to create a uniquely vibrant and walkable entertainment district for the community.

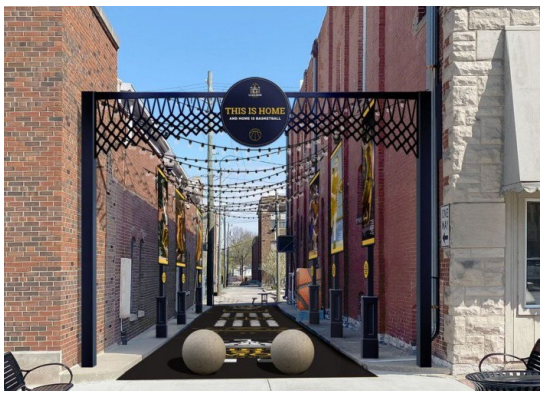
Pictured above: Artist's impression of billboard.















Design Inspiration and Reference Imagery







Design Inspiration and Reference Imagery



Pictured Above: Conceptual rendering of Marana Arch, curved street, and future Hotel.



Pictured Above: Conceptual rendering of curved street, phase one food and beverage (page right) and future additional food and beverage (page left).

1. c. Proposed Development Elements

The attached conceptual site plan includes a design for 59 acres. Our intent is to begin phase one on the Town's 19 acres.

The adage, "walk before we run" will be a guidepost. Each phase will provide critical experience to determine what future phases will be. Each phase will be a teacher.

The attached plan will undoubtedly change. The goal for a downtown built form the ground up of this caliber is ambitious. We cannot say with any certainty what the final chapter will be. We can focus on each step and build a foundation, together.

Phase one is illustrated in the attached plans. Marana Arch, a portion of the curved brick road, two restaurants with courtyards, parking and the beginning of the El Paso easement softscape will be how we would like to start. An iconic, well lit, entry monument/sign clearly visible from I-10 is a crucial part of phase 1. It will likely sit on the northeast corner of the north parcel. It is too early to build hotel, residential or larger entertainment/hospitality without sacrificing quality.

Each restaurant in phase one will be approximately 7,500 square feet including the courtyard. Approximately 200 surface parking spaces will be located nearby. The Marana arch is critical to setting the stage for the entrance to downtown. The columns and arch will tell a story.

We will leverage off the success of phase one into phase two with a heightened level of design integrity. It will likely include more commercial along the brick road, a hotel and additional parking. This phase will set the stage for a larger, destination focused entertainment experience along with residential on the north parcel. Quality design comes with an additional cost and expected return. Each phase needs to solidify the strategic investment in quality.

We are in a unique position to deliver high quality operators. Our company has concepted, built and currently operates several restaurants and businesses in Tucson and Marana. We also have relationships with dozens of operators who we believe will compete to have a chance to be part of our downtown.

1. d. Circulation

See site concept graphics.

1. e. Infrastructure

Will be determined as design unfolds.

1. f. Local Impacts

The Town's investment in high quality, public buildings has set the stage for the first phase of downtown. Demand already exists in the buildings surrounding this parcel. The time has come to provide more dining options for the immediate neighborhood. Tangerine Farms Loop connection opens up Gladden Farms and the surrounding communities. Established annual celebrations provide another anchor for full service restaurants.

1. g. Schedule

Entitlement, design, and construction drawings will start after terms for a lease are accepted. This design phase will take approximately 15 months followed by construction lasting approximately 18 months. Coordination of simultaneous public and private improvements will allow for efficiencies.

Ideally, design and approval of a monument sign at Marana Road and I-10 will happen in the first phase.

1. h. Economic Impact to Town

Gross taxable revenue from the first phase of construction should exceed $12M in the first year and increase more than the inflation rate annually. Most importantly, the first phase of downtown Marana will establish an elevated design aesthetic that future phases can build from.

2 Qualifications & Experience

2. a. Identification of the Lead Entity

i. Legal Name And Address Of Organization

Marana Urban LLC
30 South 5th Avenue
Tucson, AZ 85701

ii. Legal Form Of Organization

Limited Liability Company, EIN 99-3865313
Articles of Organization available under separate cover.

iii. Parent Company

N/A

iv. Physical Address of Office Working on This Project

Marana Urban LLC
30 South 5th Avenue
Tucson, AZ 85701

v. Project Manager and Proposal Contact

Scott Stiteler
Manager
415-259-8844

Marana Urban LLC
30 South 5th Avenue
Tucson, AZ 85701

2. b. Experience



ii.

Our team played an integral role in the redevelopment of downtown Tucson. We purchased and renovated the former MLK building at 5th and Congress. We added street level retail. We quietly provided financial support and guidance for the first phase of the Mercado District. The homes we built at Mercado established the design quality that exists today with the core part of the development. We purchased and renovated the historic Rialto building in downtown Tucson. We purchased and renovated the 200 block of Congress adding several restaurants and an AC by Marriott hotel. We purchased and renovated the historic Corbett building on 6th Avenue in the warehouse district in downtown Tucson. The Corbett project includes indoor and outdoor pickleball, a beer garden, and outdoor live music venue and restaurant/bar. We own and operate all of the projects.

Our team has a long history in Marana including development of Sky Ranch, a complicated workout of Saguaro Ranch on behalf of the lender, and the development of Marana Mortuary and Cemetery.

Pictured above: AC Hotel Tucson



Marana Urban has engaged AXIS Architecture + Design to provide design services for this proposed project. Other design and professionals will be engaged as required.

With studios in San Francisco, Seattle, and Los Angeles, as well as satellite offices in Hawaii, and Boston, AXIS is able to deliver accessible and responsive expertise across the continent. Proudly having helped our client partners launch successful projects across the United States.

AXIS's award-winning hotel and hospitality architectural design practice sets us apart. With over twenty years of experience helping hospitality investors and hotel brands maximize their investment potential, we've proudly earned our reputation as one of the United States' most practiced and experienced hospitality architectural design firms.

Pictured above: AXIS was the executive architect of La Peer boutique hotel by Kimpton Hotels in Los Angeles



With over 20 years of proven experience, and a list of international award-winning projects as part of our design portfolio, AXIS Architecture + Design has a demonstrated record of leading word-class developments and architectural design projects to success. As a project stakeholder, AXIS has a proven reputation acting as project manager, coordinating project partners and sub-contractors, and advising stakeholders on best practices to ensure project success.

Pictured above: *AXIS has designed a new 21-story multi-family residential and boutique hotel high rise in the heart of trendy Koreatown, Los Angeles.*



iii.

If awarded the opportunity, our intent is to begin negotiations on the lease without delay. We have successfully purchased, designed, developed, and operate dozens of businesses and real estate projects over several decades in Southern Arizona.

Our team has focused on this opportunity as our priority for the coming years. We have not accepted new business offers in anticipation of the opportunity to be a part of building downtown Marana.

Pictured above: The Corbett Site, one of this group's premier development projects in Tucson.

iv. Resumes of Key Personnel



Scott Stiteler

Scott Stiteler is the principal owner of Marana Urban LLC, Tucson Urban LLC, and several related entities. He received a BS in Economics from Santa Clara University in 1989 and a MBA from Santa Clara University in 1992. In 1990 Mr. Stiteler formed Stellar Homes, Inc. to build urban, infill, residential projects in the San Francisco Bay Area. In 1994 Mr. Stiteler expanded development activities to Tucson, Arizona. He has developed approximately twenty-five projects in the Tucson area and continues with those endeavors. While in Tucson, Mr. Stiteler diversified his development focus, expanding into income producing properties and redevelopment of vintage buildings in downtown Tucson.

In 2012, Mr. Stiteler partnered with Rudy Dabdoub and his family on a variety of endeavors. In 2023, Mr. Stiteler partnered with Regan Jasper to provide hospitality experience. In the past sixteen years, projects in downtown Tucson include redevelopment and renovation of three city blocks at the intersection of 5th Avenue and Congress Street and recently the renovation of the Corbett block at 6th Avenue and 7th Street. Notable downtown projects include One North Fifth apartments, the Hub Restaurant, Connect Coworking at Rialto, Hub Ice Cream Factory, Playground, Good Oak Bar, Love Burger, Corbett's and AC Tucson Hotel by Marriott. Future projects include Moxy Hotel by Marriott, a joint venture on the Ronstadt Transit Center, and main street in downtown Marana.

In addition to real estate development, he is an early-stage investor in several consumer product companies.

Mr. Stiteler currently resides in Belvedere, California with his wife, Jane, two daughters and two sons. He is a founder and board member at Del Bac in Tucson along with the Wiener Friendship Cup in Tiburon, California. In his free time, Mr. Stiteler enjoys open water swimming, triathlon, travel with family, and taking pictures of urban settings.



Rudy Dabdoub

Rudy Dabdoub has had a long-standing career in real estate development and hospitality management, primarily based in Southern Arizona and Sonora, Mexico. After earning his BS in Business Administration from Northern Arizona University in 1990, Rudy joined his family's business, DAB Developers, contributing to significant industrial, commercial, and residential projects in Nogales, Sonora. In 1994, he expanded the family's business interests into the United States, where he founded D&D Properties and ventured into the gasoline station & convenience store sector.

In 1998, Rudy redirected the U.S. side of the family business towards developing office and industrial buildings, before shifting focus to residential projects in 2017. Simultaneously, since 2001, he has managed the development and operation of several hotel projects across Arizona under North Face Investments L.L.C and associated companies. Through NFI and in partnership with Scott Stiteler, he has also managed a diverse portfolio including restaurants, bars, retail spaces, and a large mixed-use project all in the Downtown Tucson area. Under his direction, NFI has acquired multiple sites in Arizona for future development.

Further, Rudy founded Cima Enterprises L.L.C. in 2003, a full-service management firm overseeing many of the aforementioned businesses and employing over 250 staff members. He has also explored other real estate endeavors through the years, ranging from student housing and co-working office space to mixed-use commercial projects. Beyond his professional pursuits, Rudy is an active community member, serving on multiple boards and receiving accolades for his contributions.

Rudy is a proud Tucsonan, husband, and father of five. He spends his free time with his family, attending University of Arizona sporting events, traveling, exercising, and sailing.



Regan Jasper

Regan Jasper, current partner at Corbett's and Seven Corners Management and founding partner of Fox Restaurant Concepts, discovered Tucson Arizona through the University of Arizona as a Sophomore, fell in love with the sunshine, and never returned to the Pacific Northwest. He has worked his way through the restaurant industry focusing on his passion for wine and hospitality. As a partner in Fox Restaurants Concepts from 1999 until its sale in October 2019, he helped grow the company from Wildflower to 135 restaurants with over 15 unique concepts.

In 2020, Jasper stepped away from FRC and Cheesecake Factory and was woo'd by the possibilities of a new project that would later be called Corbett's. This led to the formation of Seven Corners Management to oversee multiple restaurant operations in downtown and downtown-adjacent Tucson.

Jasper has most recently partnered with Scott Stiteler and Rudy Dabdoub to plan and develop a 40 acre parcel in downtown Marana.



Cory Creath

As President and CEO of AXIS, Cory works closely with fellow firm principals to set the strategic vision for the company. Under his leadership, AXIS has grown to be one of the pre-eminent hospitality and multi-family design firms in the western US, serving owners and developers on ground-up, renovation/reposition, value add, and adaptive re-use projects.

Mr. Creath is a licensed Architect with forty years of experience in the design industry. In addition to managing projects, Cory's responsibilities consist of overseeing business development and administration. He expertly guides projects from the feasibility stage through the design and entitlement phases, and brings focused attention to the integration of design concepts with the budget, schedule and approval realm.

Prior to the formation of AXIS in September 2001, Mr. Creath was a studio director and senior project manager with Gensler's San Francisco office. Mr. Creath has managed large-scale architecture, building renovation and interior projects. He has proven his ability to coordinate consultants, interface with general contractors and approval agencies. His focus is bringing the whole design team together to deliver quality design that is within the Client's budget.

Major clients have included: Prism Hotels, Kensington Management, Lotus Management, HOST, Carlyle Group, Blackstone/LXR, Montclair Hotel Investors, Reneson Hotels, Blackridge, K2 Development, Sunstone, Chelsea, Z&L Properties, Paradigm Hotels, Westbrook Realty, Hong Kong Shanghai Hotel Group, United Pacific Hotel Group, and Tucson North.



Ruairi O'Connell

Ruairi joined AXIS at the beginning of 2019, bringing experience of diverse project types across market sectors and five continents, gleamed from over a decade working at and with design firms large and small in the San Francisco Bay Area.

As the firm's Design Director, Ruairi works closely with stakeholders and the design team to develop and ensure functional, programmatic, and aesthetic criteria are defined and met or exceeded.

Major clients have included federal, state, and municipal government agencies, institutional clients, and private developers including Reneson Hotels and Newcrest. Ruairi has led design for the successful entitlement of approximately $345 million in new hospitality and mixed use projects, has delivered $47 million in new construction as lead designer, and almost half a billion as part of larger collaborative efforts.

3 Project Delivery Approach

3. a. Proposed Method to Accomplish the Work

i.

Building a downtown from the ground up is obviously a large endeavor. With expectations of delivering a genuine downtown so high on the public and private side of this relationship, the objective rises toward unprecedented. Our passion to design and construct structures that have charm, strength and deliver experience is the reason we have been successful with our part of rebuilding downtown Tucson. It is the reason we will deliver for downtown Marana. Thankfully, we enjoy a trusting relationship with the Town of Marana and its leaders based on our work in the past.

This is a partnership that requires all participants to enter the relationship wanting to give more than is received.

ii.

Every business and tenant that becomes a part of downtown Marana will be part of setting a high standard. Our company has adhered to this principle since its founding. The projects we have completed in downtown Tucson reflect this important requirement. There will be nothing that qualifies as mediocre in our downtown.

iii.

One of the main attractions to this opportunity is based on traditions the Town of Marana has successfully established. Founder's Day, Marana Holiday Festival and Christmas Tree Lighting, and Marana Pumpkin Patch are only a few examples of community pride and respect for history. We will fully engage with the Town to leverage and grow these and other special events.

3. b. Knowledge and Understanding of the Local Environment

i.

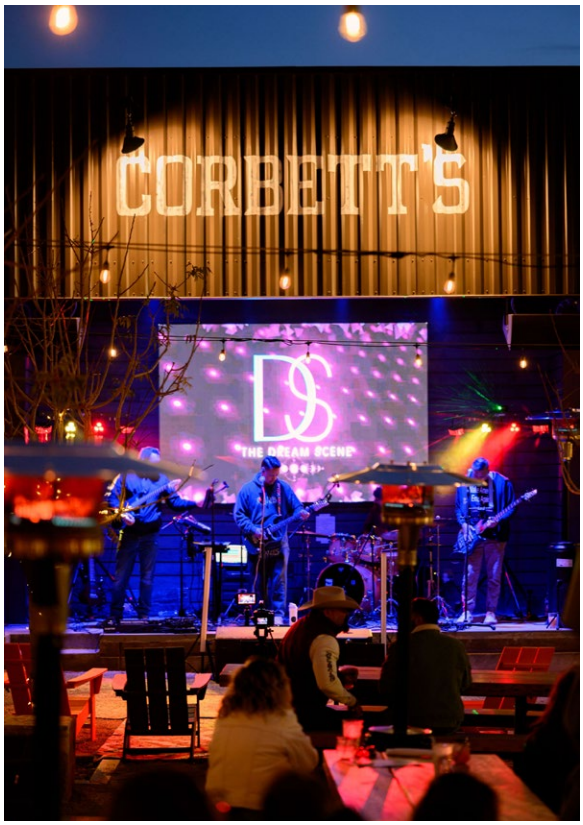
Our company has been involved starting and finishing dozens of real estate developments in southern Arizona. We have immersed ourselves in the community with how we approach design, materials and experience. We have consistently been part of supporting entities from non profit to cultural and look forward to continuing this duty in the future.

ii.

Main street and Marana arch will deliver an experience that makes residents and visitors want to come back. The streets and surrounding buildings will be clean, charming, interesting and vibrant. They will have personality during the day and night. They will feel comfortable and safe. They will attract business owners that want to maintain this feel knowing that it is not easy to find and requires personal pride to maintain it.

4 Business and Financial Plan







Pictured Above: Past success in activating an urban environment; the Corbett Site in Tucson.

4. a. Preliminary Project Business Plan

i.

It is too early in the process to provide a fully developed business plan. The spreadsheet included here outlines the scale and timing of what we believe is appropriate for the combined parcels.

ii.

We have designed, entitled, built and currently own several, substantial real estate assets in southern Arizona. We have been active in the region for over thirty years. We have finished every project we started. Our combined assets are suitable to deliver on a project of this scale. Bank references are provided in this proposal.

iii.

Please see 4.a.i. above.

iv.

The project will be built in phases. Each phase will be a building block for the next. The complexity and scope of this project makes it difficult to predict timing. A key driver of timing will be increased local employers with rising salaries. As soon as the lease and development agreement are in place, our focus will be on the design, construction and opening of the entry of Marana Arch with restaurants, parking, courtyard seating, and quality art. The success of this first phase is critical to the elevated experience we want throughout downtown and the surrounding area.

PHASE / MILESTONE	SIZE, UNITS, KEYS, SPACES	SOUTH 19	NORTH 40	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
PHASE ZERO																
SELECT APPLICANT (MARANA URBAN "MU")				X												
LEASE AND DEVELOPMENT AGREEEMENT				X												
PHASE ONE																
TOWN PARKING	200 SPACES	X			X	X	X									
TOWN PARTIAL ROAD AND ARCH	400 LINEAL FEET	X			X	X	X									
TOWN SIGN @ I-10	30 FEET		X		X	X	X									
MU COMMERCIAL	15,000 SQUARE FEET	X			X	X	X									
PHASE TWO																
TOWN PARKING	500 SPACES	X						X	X	X						
EXTEND ROAD AND SECOND ARCH	700 LINEAL FEET	X						X	X	X						
MU COMMERCIAL 25K	25,000 SQUARE FEET	X						X	X	X						
MU HOTEL	175 KEYS	X							X	X	X					
PHASE THREE																
TOWN PARKING	700 SPACES		X							X						
MAIN STREET	2,000 FEET		X							X						
MU COMMERCIAL	25,000 SQUARE FEET	X	X								X	X				
MU RESIDENTIAL	450 UNITS		X								X	X	X			
MU HOTEL	150 KEYS		X								X	X	X			
PHASE FOUR																
TOWN PARKING	900 SPACES										X					
MU COMMERCIAL	15,000 SQUARE FEET											X	X			
MU RESIDENTIAL	650 UNITS											X	X	X		
PHASE FIVE																
TOWN PARKING	800 SPACES		X										X			
MU COMMERCIAL	15,000 SQUARE FEET	X	X											X	X	
MU RESIDENTIAL	700 UNITS		X											X	X	X
MU HOTEL	150 KEYS		X												X	X
TOTALS		**9**	**10**	**2**	**4**	**4**	**4**	**3**	**4**	**6**	**5**	**5**	**5**	**3**	**3**	**2**

PROJECT SUMMARY	UNITS
PARKING	3,100 SPACES
COMMERCIAL	95,000 SQUARE FEET
RESIDENTIAL	1,800 UNITS
HOTEL	475 KEYS

PROJECT SUMMARY	UNITS	# UNITS	PER UNIT	TOTAL COST
ESTIMATED COST IN 2024 $				
ROADS AND UTILITIES				$ 23,000,000
MONUMENT SIGN				$ 1,375,000
ART, ROW IMPROVEMENTS, OPEN SPACE				$ 7,000,000
PARKING	3,100 SPACES	3100	$ 12,000	$ 37,200,000
COMMERCIAL	95,000 SQUARE FEET	95000	$ 445	$ 42,275,000
RESIDENTIAL	1,800 UNITS	1800	$ 330,000	$ 594,000,000
HOTEL	475 KEYS	475	$ 350,000	$ 166,250,000
TOTAL				**$ 871,100,000**

4. b. Financial Capacity

i. Financial Capacity

See response in 4a ii

ii. Credit and Business References

Dave Lyons National Bank of Arizona	Sandra Barton Alliance Bank	Fletcher McCusker Rio Nuevo Board
520-584-4140 David.Lyons@nbarizona.com	520-784-6037 sbarton@ alliancebankofarizona.com	fjmccusker@gmail.com

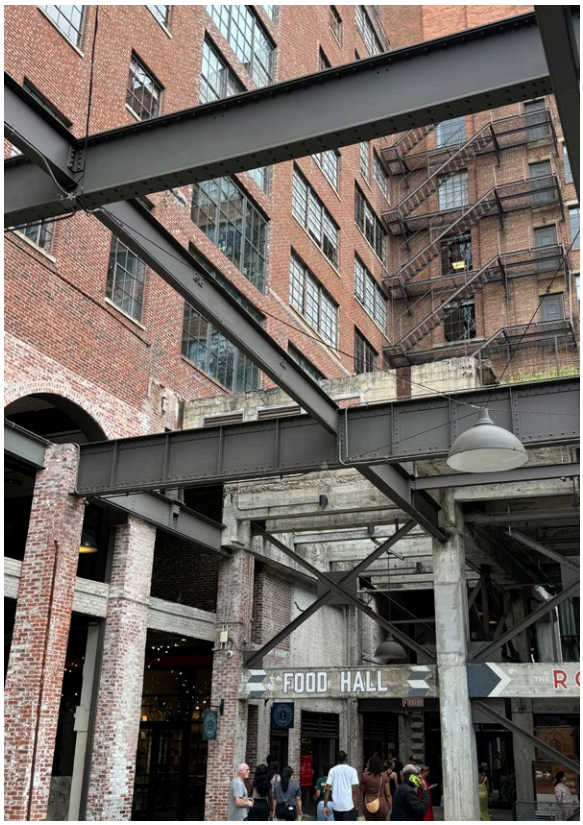
4. c. Business Revenue Risk

i. & ii.

Long term success will be based on humility, focus, tenacity, realistic expectations and decades of experience from our team building in the region. Managing cashflows and resources will obviously play a vital role. Our success will be bolstered by a strong and trusting relationship between the Town, the Community and our group.

5 Lease and Rent Proposal







Design Inspiration from research expeditions.

5. a. Lease Proposal

i. Proposed Lease Term

50 years with mutually agreeable extensions

ii. Public Improvements the Developer Proposes the Town Complete

Utilities with adequate capacity to perimeter of each parcel.

Right of way improvements including Main Street.

Surface and structured parking to support demand.

Open space improvements to support neighborhood.

Marana arch at entry to curved walking street.

Billboard that anchors and announces downtown Marana visible from I-10.

iii. Other Terms or Conditions

Sales tax rebates until minimum acceptable return on investment occurs.

Fee offset from design spend.

5. b. Rent Proposal

i. Rent Proposal & ii. Rent Structure

Rent timing and rate tied to minimum acceptable return on investment. Ideally, the minimum return is reached in the first half of the term and the Town receives a higher return than the developer going forward.

All returns shall be independently audited on an annual basis to satisfy any concerns regarding gift clause requirements or unfair sharing of public and private investment.

5. c. Gift Clause Considerations

i.

We do not believe the gift clause is implicated by this proposal.

As a preliminary matter, the Town's performance under our proposal consists of expenditures improving and benefiting the Town's own land, or incentives to reimburse the developer for improvements on Town land. As noted by the Arizona appellate court in Stuart v City of Scottsdale, CACV 18-154 (Arizona App December 8, 2020), the gift clause isn't generally violated by improvements by a governmental body to its own property. Additionally, (i) the lease will generate actual rental receipts to the Town (we propose a percentage rent arrangement whereby the Town's share of net profit from the development increases as the developer's costs have been returned with a reasonable rate of return), and (ii) at the end of the lease term, all improvements revert to the Town. As a result, while general "economic impact" is anticipated to be large, there are direct and tangible financial benefits to the Town through the payment of the rent and the reversionary interest in the improvements, contrary to the situation in Shires.

Although we are not privy to any competing responses to the RFP, we argue that our proposal will be more compelling because of the ability to develop our 40 acres alongside the Town's 19 acres, providing a larger, more integrated and more compelling downtown; we assume, in connection with the Neptune Swimming Foundation case, the Town will consider that "*the Gift Clause does not prevent a public entity from considering nonpecuniary factors in deciding what arrangement terms are most advantageous, even if more financially profitable deals exist*." (Neptune, ¶36).

RFP Signature Page

The proposer must sign this Signature Page.

In the absence of any exceptions identified in the proposal, the proposer will be bound by all of the terms and conditions outlined in the RFP.

TO THE TOWN OF MARANA:
The undersigned represents that he or she:

1. Is duly authorized to make binding offers on behalf of the proposer.
2. Has read and understands all information, terms, and conditions in the RFP.
3. Has not engaged in any collusive actions with any other potential proposers for this RFP.
4. Hereby certifies that the proposer takes no exception(s) to any portion of the RFP, unless an exception(s) is specifically noted in the proposal.

	For Clarification of this Offer contact:
Proposer Name	Name
Address	Title
City State ZIP	Phone
Signature of Person Authorized to Sign/Date	Fax
Printed Name	Email
Title	

Thank You

RFP Signature Page

The proposer must sign this Signature Page.

In the absence of any exceptions identified in the proposal, the proposer will be bound by all of the terms and conditions outlined in the RFP.

TO THE TOWN OF MARANA:
The undersigned represents that he or she:

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Marana Urban LLC
Proposer Name

30 South 5th Ave
Address

Tucson Az 85701
City State ZIP

Signature of Person Authorized to Sign/Date 7/10/24

Scott Stiteler
Printed Name

Manager
Title

For Clarification of this Offer contact:

Scott Stiteler
Name

Manager
Title

415 259 8844
Phone

Fax

tucsonurban@gmail.com
Email

September 10, 2024

Vicky Edwards
Procurement Officer | Finance
Town of Marana
11555 W Civic Center Dr
Marana, AZ 85653

RE: 2024-015 Lease and Development of Downtown Marana 19 Acres

Dear Vicky Edwards,

We appreciate your follow-up questions and are pleased to provide the following responses to address the information you requested.

We hope these responses further clarify our proposal, and we remain fully committed to the success of this project. If there are any additional questions or if further clarification is needed, please do not hesitate to contact us.

We look forward to working with the Town of Marana on this exciting project.

Sincerely,

Scott Stiteler
Partner | Marana Urban LLC
30 S 5th Ave Tucson, AZ 85701
Phone: 415.259.8844
Email: tucsonurban@gmail.com

Jay A. Ramos
Senior Director, Real Estate Development | Opus Development Company, L.L.C.
2555 E Camelback Road, Phoenix, AZ 85016
Phone: 602.648.5065
Email: Jay.Ramos@opus-group.com

Q1) Business & Financial Plan –

Based on the spreadsheet provided for Section 4.a. Preliminary Project Business Plan on page 33 of your proposal, provide a detailed breakdown of estimated revenue and expenses for each phase of the project to include the following:

- Expected timeline defined by each phase
- Detailed preliminary revenue and expense projections

RESPONSE

This project presents a unique and valuable opportunity for the Town of Marana to invest in long-term economic growth and community development. By partnering on the infrastructure buildout and offering incentives such as the initial ground lease rent-free period, sales tax rebates, Marana will unlock substantial future tax revenues from a vibrant retail center spanning 95,000 square feet, a hotel with 175 keys and 700 parking spaces. While the financial benefits may not be immediate, the long-term payoff after the 10-year buildout will provide a significant boost to the town's tax base, enhance job creation, and stimulate local economic activity. Additionally, once Marana Urban LLC and Opus meet their investment hurdles, the town will share in all project revenues ensuring a steady stream of income. This public-private partnership will set the stage for Marana's sustained growth, making it an attractive destination for both residents and visitors.

See next spreadsheet named "Operating Cash Flows".

		YEAR	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	Hotel Cost $/Room	$350,000				$61,250,000							
	Retail Cost $/SF	$310											
	Cumulative SF Built		6,000	15,000	15,000	106,500	114,500	119,500	125,000	135,000	150,000	165,000	180,000
	SF Built Per Period		6,000	9,000	0	6,500	8,000	5,000	5,500	10,000	15,000	15,000	15,000
	Cost Per Period		$1,860,000	$2,790,000	$0	$2,015,000	$2,480,000	$1,550,000	$1,705,000	$3,100,000	$4,650,000	$4,650,000	$4,650,000
	Cumulative Costs			$4,650,000	$4,650,000	$67,915,000	$70,395,000	$71,945,000	$73,650,000	$76,750,000	$81,400,000	$86,050,000	$90,700,000
						OPERATING CASH FLOWS							
Space	**Rental Rate $/SF/YR**	**SF**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Brewery	$35.00	6,000	$180,000	$185,400	$190,962	$196,691	$202,592	$208,669	$214,929	$221,377	$228,019	$234,859	$241,905
F&B 1	$35.00	5,000		$175,000	$180,250	$185,658	$191,227	$196,964	$202,873	$208,959	$215,228	$221,685	$228,335
F&B 2	$35.00	4,000		$140,000	$144,200	$148,526	$152,982	$157,571	$162,298	$167,167	$172,182	$177,348	$182,668
F&B 3	$35.00	3,500				$122,500	$126,175	$129,960	$133,859	$137,875	$142,011	$146,271	$150,660
Dance Barn	$30.00	3,000				$90,000	$92,700	$95,481	$98,345	$101,296	$104,335	$107,465	$110,689
Rodeo	$30.00	8,000					$240,000	$247,200	$254,616	$262,254	$270,122	$278,226	$286,573
Steakhouse	$35.00	5,000						$175,000	$180,250	$185,658	$191,227	$196,964	$202,873
F&B 4	$36.00	5,500							$192,500	$198,275	$204,223	$210,350	$216,660
General Retail	$36.00	5,000								$180,000	$185,400	$190,962	$196,691
General Retail	$36.00	5,000								$180,000	$185,400	$190,962	$196,691
General Retail	$36.00	5,000									$180,000	$185,400	$190,962
General Retail	$36.00	5,000									$180,000	$185,400	$190,962
General Retail	$36.00	5,000									$180,000	$185,400	$190,962
General Retail	$36.00	5,000										$180,000	$185,400
General Retail	$36.00	5,000										$180,000	$185,400
General Retail	$36.00	5,000										$180,000	$185,400
General Retail	$36.00	5,000											$180,000
General Retail	$36.00	5,000											$180,000
General Retail	$36.00	5,000											$180,000
	Total SF	95,000											
Rental Income			$180,000	$500,400	$515,412	$743,374	$1,005,676	$1,210,846	$1,439,671	$1,842,861	$2,438,147	$3,051,292	$3,682,830
Expense Recovery Income			$74,106	$185,265	$185,265	$265,547	$364,355	$467,354	$541,860	$677,325	$799,244	$880,523	$1,083,720
POTENTIAL GROSS INCOME			$254,106	$685,665	$700,677	$1,008,921	$1,370,031	$1,678,200	$1,981,531	$2,520,186	$3,237,391	$3,931,814	$4,766,550
Vacancy @ 5%			$9,000	$25,020	$25,771	$37,169	$50,284	$60,542	$71,984	$92,143	$121,907	$152,565	$184,142
EFFECTIVE GROSS INCOME	Per SF		$245,106	$660,645	$674,907	$971,753	$1,319,747	$1,617,658	$1,909,548	$2,428,043	$3,115,483	$3,779,250	$4,582,409
Common Area Maintenance	$5.00		$30,000	$75,000	$75,000	$532,500	$572,500	$597,500	$625,000	$675,000	$750,000	$825,000	$900,000
Management Fee	3%		$7,353	$19,819	$20,247	$29,153	$39,592	$48,530	$57,286	$72,841	$93,465	$113,377	$137,472
Insurance	$2.00		$12,000	$30,000	$30,000	$43,000	$59,000	$69,000	$80,000	$100,000	$130,000	$160,000	$190,000
Ground Rent	$1.20		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$216,000
Property Taxes													
TOTAL OPERATING EXPENSES			$49,353	$124,819	$125,247	$604,653	$671,092	$715,030	$762,286	$847,841	$973,465	$1,098,377	$1,443,472
RETAIL NET OPERATING INCOME			$195,753	$535,826	$549,660	$367,100	$648,655	$902,628	$1,147,261	$1,580,202	$2,142,019	$2,680,872	$3,138,937
HOTEL NET OPERATING INCOME			$0.00	$0.00	$0.00	$0	$3,481,433	$4,724,344	$4,856,110	$5,006,699	$5,161,817	$5,333,450	$5,481,796
Total Net Operating Income			$195,753	$535,826	$549,660	$367,100	$4,130,088	$5,626,972	$6,003,371	$6,586,901	$7,303,836	$8,014,322	$8,620,733
Retail Sales Tax Benefit			$52,500	$131,250	$131,250	$188,125	$258,125	$301,875	$350,000	$437,500	$568,750	$700,000	$831,250
Parking Revenue			$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000	$80,000
Less Leasing Costs	$90		$540,000	$810,000	$0	$585,000	$720,000	$450,000	$495,000	$900,000	$1,350,000	$1,350,000	$1,350,000
NET Revenue			**($211,747)**	**($62,924)**	**$760,910**	**$50,225**	**$3,748,213**	**$5,558,847**	**$5,938,371**	**$6,204,401**	**$6,602,586**	**$7,444,322**	**$8,181,983**
	Yield on Costs		**-11.4%**	**-1.4%**	**16.4%**	**0.1%**	**5.3%**	**7.7%**	**8.1%**	**8.1%**	**8.1%**	**8.7%**	**9.0%**

Annual Sales Per Year $/SF Average	$350	$2,100,000	$5,250,000	$5,250,000	$7,525,000	$10,325,000	$12,075,000	$14,000,000	$17,500,000	$22,750,000	$28,000,000	$33,250,000
Town of Marana Sales Tax Rate	2.50%	$52,500	$131,250	$131,250	$188,125	$258,125	$301,875	$350,000	$437,500	$568,750	$700,000	$831,250

Marana Hotel - Tucson, AZ - Version v1.57

Operating Cash Flow

	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 7		Year 8		Year 9		Year 10		Year 11	
	Year Ending December		Year Ending December		Year Ending December		Year Ending December		Year Ending December		Year Ending December		Year Ending December		Year Ending December		Year Ending December		Year Ending December		Year Ending December	
Year	2027		2028		2029		2030		2031		2032		2033		2034		2035		2036		2037	
Rooms	175		175		175		175		175		175		175		175		175		175		175	
Days	365		366		365		365		365		366		365		365		365		366		365	
Available Rooms	63,875		64,050		63,875		63,875		63,875		64,050		63,875		63,875		63,875		64,050		63,875	
Occupied Rooms	34,108		43,554		43,435		43,435		43,435		43,554		43,435		43,435		43,435		43,554		43,435	
Occupancy	53.4%		68.0%		68.0%		68.0%		68.0%		68.0%		68.0%		68.0%		68.0%		68.0%		68.0%	
ADR	$175.00		$180.25		$185.66		$191.23		$196.96		$202.87		$208.96		$215.23		$221.68		$228.34		$235.19	
ADR Growth	N/A		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%	
RevPAR	$93.45		$122.57		$126.25		$130.03		$133.94		$137.95		$142.09		$146.35		$150.75		$155.27		$159.93	
RevPAR Growth	N/A		31.17%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%		3.00%	
TRevPAR	$82.60		$109.67		$112.94		$116.33		$119.82		$123.43		$127.12		$130.93		$134.86		$138.92		$143.07	
TRevPAR Growth	N/A		32.76%		2.99%		3.00%		3.00%		3.01%		2.99%		3.00%		3.00%		3.01%		2.99%	
	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Departmental Revenues																						
Rooms	5,968,813	97.8%	7,850,609	97.8%	8,064,034	97.8%	8,305,955	97.8%	8,555,133	97.8%	8,835,929	97.8%	9,076,141	97.8%	9,348,425	97.8%	9,628,878	97.8%	9,944,916	97.8%	10,215,276	97.8%
Food & Beverage	68,215	1.1%	89,721	1.1%	92,160	1.1%	94,925	1.1%	97,773	1.1%	100,982	1.1%	103,727	1.1%	106,839	1.1%	110,044	1.1%	113,656	1.1%	116,746	1.1%
Other Operated Departments	17,054	0.3%	22,430	0.3%	23,040	0.3%	23,731	0.3%	24,443	0.3%	25,246	0.3%	25,932	0.3%	26,710	0.3%	27,511	0.3%	28,414	0.3%	29,187	0.3%
Parking Income	51,161	0.8%	67,291	0.8%	69,120	0.8%	71,194	0.8%	73,330	0.8%	75,737	0.8%	77,795	0.8%	80,129	0.8%	82,533	0.8%	85,242	0.8%	87,560	0.8%
Total Revenue	6,105,243	100.0%	8,030,051	100.0%	8,248,354	100.0%	8,495,805	100.0%	8,750,679	100.0%	9,037,893	100.0%	9,283,595	100.0%	9,562,103	100.0%	9,848,966	100.0%	10,172,228	100.0%	10,448,768	100.0%
Departmental Expenses																						
Rooms	800,000	13.4%	970,059	12.4%	997,414	12.4%	1,027,336	12.4%	1,058,156	12.4%	1,091,812	12.4%	1,122,600	12.4%	1,156,278	12.4%	1,190,966	12.4%	1,228,846	12.4%	1,263,498	12.4%
Food & Beverage	20,465	30.0%	25,223	28.1%	25,930	28.1%	26,708	28.1%	27,509	28.1%	28,389	28.1%	29,184	28.1%	30,060	28.1%	30,961	28.1%	31,952	28.1%	32,847	28.1%
Other Operated Departments	8,527	50.0%	10,607	47.3%	10,903	47.3%	11,230	47.3%	11,567	47.3%	11,938	47.3%	12,271	47.3%	12,639	47.3%	13,019	47.3%	13,437	47.3%	13,811	47.3%
Total Departmental Expenses	828,991	13.6%	1,005,889	12.5%	1,034,246	12.5%	1,065,273	12.5%	1,097,232	12.5%	1,132,139	12.5%	1,164,055	12.5%	1,198,977	12.5%	1,234,946	12.5%	1,274,235	12.5%	1,310,157	12.5%
DEPARTMENTAL PROFIT	**5,276,251**	**86.4%**	**7,024,162**	**87.5%**	**7,214,108**	**87.5%**	**7,430,531**	**87.5%**	**7,653,447**	**87.5%**	**7,905,754**	**87.5%**	**8,119,540**	**87.5%**	**8,363,127**	**87.5%**	**8,614,020**	**87.5%**	**8,897,993**	**87.5%**	**9,138,612**	**87.5%**
Undistributed Expenses																						
Admin. & General	341,075	5.6%	448,606	5.6%	460,802	5.6%	474,626	5.6%	488,865	5.6%	504,910	5.6%	518,637	5.6%	534,196	5.6%	550,222	5.6%	568,281	5.6%	583,730	5.6%
Information and Telecommunications Systems	51,161	0.8%	67,291	0.8%	69,120	0.8%	71,194	0.8%	73,330	0.8%	75,737	0.8%	77,795	0.8%	80,129	0.8%	82,533	0.8%	85,242	0.8%	87,560	0.8%
Sales, Marketing & Franchise Fee	511,613	8.4%	672,909	8.4%	691,203	8.4%	711,939	8.4%	733,297	8.4%	757,365	8.4%	777,955	8.4%	801,294	8.4%	825,332	8.4%	852,421	8.4%	875,595	8.4%
Prop. Op. & Maintenance	272,860	4.5%	358,885	4.5%	368,642	4.5%	379,701	4.5%	391,092	4.5%	403,928	4.5%	414,909	4.5%	427,357	4.5%	440,177	4.5%	454,625	4.5%	466,984	4.5%
Utilities	238,753	3.9%	314,024	3.9%	322,561	3.9%	332,238	3.9%	342,205	3.9%	353,437	3.9%	363,046	3.9%	373,937	3.9%	385,155	3.9%	397,797	3.9%	408,611	3.9%
Total Undistributed Expenses	1,415,461	23.2%	1,861,716	23.2%	1,912,328	23.2%	1,969,698	23.2%	2,028,789	23.2%	2,095,377	23.2%	2,152,342	23.2%	2,216,912	23.2%	2,283,420	23.2%	2,358,366	23.2%	2,422,480	23.2%
GROSS OPERATING PROFIT	**3,860,790**	**63.2%**	**5,162,446**	**64.3%**	**5,301,780**	**64.3%**	**5,460,834**	**64.3%**	**5,624,659**	**64.3%**	**5,810,376**	**64.3%**	**5,967,198**	**64.3%**	**6,146,214**	**64.3%**	**6,330,601**	**64.3%**	**6,539,628**	**64.3%**	**6,716,132**	**64.3%**
Management Fee	183,157	3.0%	240,902	3.0%	247,451	3.0%	254,874	3.0%	262,520	3.0%	271,137	3.0%	278,508	3.0%	286,863	3.0%	295,469	3.0%	305,167	3.0%	313,463	3.0%
INCOME BEFORE FIXED EXPENSES	**3,677,633**	**60.2%**	**4,921,544**	**61.3%**	**5,054,330**	**61.3%**	**5,205,959**	**61.3%**	**5,362,138**	**61.3%**	**5,539,240**	**61.3%**	**5,688,690**	**61.3%**	**5,859,351**	**61.3%**	**6,035,132**	**61.3%**	**6,234,461**	**61.3%**	**6,402,669**	**61.3%**
Fixed Expenses																						
Property Taxes	146,200	2.4%	146,200	1.8%	146,200	1.8%	146,200	1.7%	146,200	1.7%	150,586	1.7%	150,586	1.6%	150,586	1.6%	150,586	1.5%	150,586	1.5%	150,586	1.4%
Insurance	50,000	0.8%	51,000	0.6%	52,020	0.6%	53,060	0.6%	54,122	0.6%	55,204	0.6%	56,308	0.6%	57,434	0.6%	58,583	0.6%	59,755	0.6%	60,950	0.6%
Lease & Rental Expense	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Fixed Expenses	196,200	3.2%	197,200	2.5%	198,220	2.4%	199,260	2.3%	200,322	2.3%	205,790	2.3%	206,894	2.2%	208,020	2.2%	209,169	2.1%	210,341	2.1%	211,536	2.0%
EBITDA	**3,481,433**	**57.0%**	**4,724,344**	**58.8%**	**4,856,110**	**58.9%**	**5,006,699**	**58.9%**	**5,161,817**	**59.0%**	**5,333,450**	**59.0%**	**5,481,796**	**59.0%**	**5,651,331**	**59.1%**	**5,825,963**	**59.2%**	**6,024,120**	**59.2%**	**6,191,133**	**59.3%**
Reserve for Replacement	122,105	2.0%	160,601	2.0%	164,967	2.0%	169,916	2.0%	175,014	2.0%	180,758	2.0%	185,672	2.0%	191,242	2.0%	196,979	2.0%	203,445	2.0%	208,975	2.0%
NET OPERATING INCOME	**3,359,328**	**55.0%**	**4,563,743**	**56.8%**	**4,691,143**	**56.9%**	**4,836,783**	**56.9%**	**4,986,803**	**57.0%**	**5,152,692**	**57.0%**	**5,296,124**	**57.0%**	**5,460,089**	**57.1%**	**5,628,983**	**57.2%**	**5,820,676**	**57.2%**	**5,982,158**	**57.3%**

Q2) Business Plan/Financial Resources –

Identify the sources of capital for the project and provide initial financial projections to include key assumptions underlying these projections.

RESPONSE

Business Plan/Financial Resources

Sources of Capital:

Marana Urban LLC's project will be funded through a well-balanced capital stack, comprising 60% debt financing and 40% equity. The primary sources of capital include:

1. Equity Partners:

We have various existing relationships with Institutional investors, that will provide the equity portion of the capital stack, contributing 40% of the total project cost. These partners bring a wealth of experience and capital resources to support the project's long-term success.

2. Debt Financing:

The remaining 60% of the capital stack will come from debt financing. We will leverage our strong relationships with both regional and national banks. The construction loan will transition to permanent financing upon stabilization of the project, ensuring favorable loan terms throughout the development process.

3. Additional Funding Opportunities:

We are exploring additional funding opportunities, including local grants and tax incentives available through city, county and state, which could further reduce the overall capital needs.

Initial Financial Projections:

The financial projections for the project are based on key assumptions related to development costs, revenue generation, and the timeline for stabilization.

Development Costs:

- Land Acquisition: from the Town of Marana, will be a 50-year ground lease at a fair market rent of $0.26 PSF, with abated rent for the first 10 years of the project with CPI adjustments every 5 years.
- Construction Costs: Total construction costs, for the phases are estimated at $871M. However, Phase 1 will incur most offsite costs including roads and utilities estimated at $23M. The retail portion on the 19-acre parcel including the hotel will have a total estimated cost of $91M.
- Contingency: A 5% contingency fund will be set aside for unforeseen expenses.

Revenue Projections:

Hotel Component:

With an Average Daily Rate (ADR) of $175 per night and a projected 68% occupancy rate, the 175-key hotel component is expected to generate annual gross room revenues of $7.8M by Year 2, following a stabilization period of 18 months. Net revenues are estimated at $4.5M.

Retail Component:

Retail tenants will be offered rental rates ranging from $30 to $36 per square foot, with NNN expenses at $9.00 per square foot. During the initial 18 months, rent concessions will be provided to attract high-quality tenants. Once stabilized, the retail component will contribute approximately $4.7M Gross Rent annually and $3.1M net.

Operating Expenses:

- Hotel Operating Expenses: Operating expenses for the hotel will account for 30-35% of total revenue, including staffing, utilities, and maintenance costs.

- Retail Operating Expenses: Retail tenants will cover NNN expenses, estimated at $9.00 per square foot.

Key Assumptions:

Stabilization Timeline: The hotel is expected to stabilize within 18 months, and each phase of the retail component will stabilize within 18 months of its construction date.

Occupancy Rates: Hotel occupancy is projected to stabilize at 68%, while retail occupancy is expected to stabilize at 95%.

Rental Rates: Retail rental rates will range from $30 to $36 per square foot, with a 3% annual increase post-stabilization. It is to early to calculate, however, a percentage rent will also be collected from the majority of the tenants.

Financing Terms: We expect to secure a construction loan at market interest for the 60% debt portion, with permanent financing terms transitioning after stabilization.

Profitability:

Yield on Costs(YOC): We aim for a minimum Yield on Cost of 8%.

Internal Rate of Return (IRR): The project is expected to achieve an IRR of 18% over a 10-year period, supported by steady cash flow from the hotel and retail components.

Q3) Detailed Rent Proposal/Structure –

Provide a detailed rent proposal to include the following:

- Given the appraiser's opinion of fair market rental value of $0.26 per square foot, specify whether you will request any flexible pricing or reduced rates during any phases of the project.
- Define Marana Urban LLC's minimum acceptable return on investment and provide clarification on how this will be reached in the first half of the term.

RESPONSE

Detailed Rent Proposal/Structure

Marana Urban LLC acknowledges the appraiser's assessment of the fair market rental value at $0.26 per square foot. To ensure the successful launch and stabilization of our project, we are requesting free rent for the first 10 years of the project. This approach is necessary to provide competitive rent concessions to our retail tenants and to support the hotel's stabilization.

Phase 1 (Initial 60 Months):

Free Rent Period

During the first 60 months, we request a complete rent waiver. This period is critical for establishing strong relationships with our retail tenants by offering attractive rent concessions, which will help achieve high occupancy rates and foster a vibrant retail environment. Additionally, this timeframe allows the hotel to stabilize its operations without the immediate financial pressure of ground rent obligations.

Phase 2 (Subsequent 60 Months):

Continued Free Rent

To maintain tenant retention and ensure ongoing operational stability, we propose extending the free rent period through the subsequent 60 months. This extension supports sustained occupancy levels and provides the hotel ample time to achieve full operational efficiency and profitability.

Yield on Cost (YOC):

Marana Urban LLC's minimum acceptable Yield on Cost is 8%. To achieve this target, we will implement the following strategies:

1. Tenant Attraction and Retention:

By offering free rent during both phases, we create an attractive proposition for high-quality retail tenants, ensuring rapid lease-up and sustained occupancy. High occupancy rates will generate steady revenue streams, which are crucial for meeting our YOC objectives.

2. Operational Stabilization:

The 10-year free ground rent period for the hotel allows for a focused effort on operational efficiency and service excellence without the immediate burden of rent costs. As the hotel stabilizes and begins to

generate consistent revenue, we will be well-positioned to transition to standard rental terms, thereby enhancing overall profitability.

3. Cost Management:

Effective management of development and operational costs during the free rent periods will enable us to maintain financial health and allocate resources efficiently. This disciplined approach ensures that we can achieve our YOC targets even with the initial rent concessions.

4. Revenue Growth:

As the hotel stabilizes and the retail component reaches full occupancy, we anticipate significant revenue growth. This growth, combined with the eventual transition to market rent, will drive the overall internal rate of return (IRR), ensuring that Marana Urban LLC meets or exceeds the minimum 18% IRR by the end of the 10-year period.

Q4) Business Attraction Approach –

Describe your plan to attract and retain businesses and tenants for the development by providing the following:

- Detail the strategies to attract businesses to the development and how you plan to maintain high occupancy rates.
- Outline your approach to working with the Town to promote local programs and special events to maximize community engagement.

RESPONSE

We will follow the same approach we successfully used in downtown Tucson to attract and retain quality operators. Today the intersection is 100% leased with a diverse group of businesses. We focused on three blocks at one intersection. We fully renovated existing historic structures with high quality materials. Rusted steel, heritage woods, hand-built leaded glass, reused brick, and local art turned a boarded-up intersection into an anchor for downtown. Our intersection is adjacent to the historic Train Depot that went through a comprehensive renovation from the city. Every part of the aesthetic was planned to elevate the area. With help from incentives provided by the city and the TIF district, we provided significant support to operators to open businesses in an area that had been blighted for decades. Reduced rent, free parking, sales tax rebates, generous tenant improvement allowances, and zero property tax pass throughs were instrumental in our pursuit of successful businesses and high occupancy. In the middle of the redevelopment, we were awarded an AC Hotel by Marriott franchise. This was one of the first AC Hotels approved in North America.

With our downtown Tucson blocks, we provided support or partnered with dozens of local groups and regular events including the historic Rialto Theater, the Tucson Jazz Festival, the Tucson Film Festival, Second Saturdays, Meet me at Maynard's, Ben's Bells, the January 8th Memorial, and many others. These partnerships are required to deliver a lasting and lively downtown. We will continue this strategy with Marana Main Street.

The Irvine Company has a development model that is one we respect. They consistently build neighborhoods that look established as soon as construction is completed. Every tree, wall, light fixture, sign, and building design guideline are excellent. They invite a short list of the most respected builders and businesses to tour each of their blocks when an opportunity is released. Because of the constant commitment to quality materials, design, and management it is common for the Irvine Company to receive an offer from every invited prospect. Creating this type of experience and demand is our goal.

Q5) Public Infrastructure –

Provide a comprehensive overview of the necessary public infrastructure for the project.

RESPONSE

When developing a specialty retail center, several types of public infrastructure are typically required to support the site and ensure connectivity and accessibility. These include:

1. Roadways and Access Points: Upgrading or constructing new roads to handle increased traffic is essential. This can include widening existing streets, creating new access points, signalization, turn lanes, and potentially roundabouts to facilitate smooth vehicle movement.

2. Utilities: Power retail centers require access to sufficient utilities, such as:
    - Water supply: Adequate capacity for fire protection, irrigation, and domestic use.
    - Sewer systems: Including stormwater drainage to prevent flooding and proper waste management.
    - Electricity and Gas: Extensions of electrical grids or gas lines to meet the needs of large retail outlets and related amenities.

3. Parking: Large parking lots with appropriate drainage and lighting are essential for customer convenience and safety. Infrastructure for electric vehicle (EV) charging stations may also be required.

4. Public Transit Connectivity: In some cases, nearby bus stops or shuttle services, access may be developed or enhanced to encourage alternative transportation options for customers and employees.

5. Pedestrian and Bike Infrastructure: Sidewalks, bike lanes, crosswalks, and pedestrian bridges to safely connect the center with surrounding neighborhoods or other retail areas.

6. Stormwater Management: Detention ponds, green spaces, permeable paving, and other infrastructure to manage runoff and meet environmental requirements.

7. Landscaping and Green Spaces: Often required to create a more aesthetically pleasing environment and contribute to sustainability efforts.

8. Signage and Wayfinding: For both vehicles and pedestrians, ensuring that directional and informational signage is well-placed.

Jane Fairall

From: Scott Stiteler <tucsonurban@gmail.com>
Sent: Thursday, October 31, 2024 2:42 PM
To: Vicky Edwards
Cc: Ramos, Jay; Rudy Dabdoub; Regan Jasper; Terry Rozema; Jane Fairall; Werner J. Meyer
Subject: Re: Lease and Development Downtown Marana response

PLEASE BE CAUTIOUS
THIS MESSAGE AND SENDER COME FROM OUTSIDE THE TOWN OF MARANA. IF YOU DID NOT EXPECT THIS MESSAGE, PROCEED WITH CAUTION. VERIFY THE SENDER'S IDENTITY BEFORE PERFORMING ANY ACTION, SUCH AS CLICKING ON A LINK OR OPENING AN ATTACHMENT.

Vicky,

Attached letter and response should be dated 10/31 Happy Halloween!

On Thu, Oct 31, 2024 at 2:39 PM Scott Stiteler <tucsonurban@gmail.com> wrote:

> Vicky,
>
> Thanks for requesting more clarity on this opportunity.
>
> 1. Yes, we support a fee structure that meets the requirements of the Gift Clause and demonstrates mutual benefit for Marana Urban and the Town. Ideally, the structure should favor the Town of Marana more than Marana Urban over the duration of the lease.
>
> 2. I've attached the response from Opus and Maran Urban regarding phase one costs.
>
> Thanks and please reach out anytime,
>
> Scott
>
> --
> Scott Stiteler

Tucson Urban LLC
Stellar Homes Inc.
415 259 8844

--
Scott Stiteler
Tucson Urban LLC
Stellar Homes Inc.
415 259 8844

September 10, 2024

Vicky Edwards
Procurement Officer | Finance
Town of Marana
11555 W Civic Center Dr
Marana, AZ 85653

RE: Preliminary Infrastructure Cost Estimate for Downtown Marana Development

Dear Vicky Edwards,

Thank you for the opportunity to submit a preliminary infrastructure cost estimate for the Downtown Marana development. Below, we provide cost estimates for the key infrastructure components requested, which the Town of Marana will be supporting.

We appreciate the Town of Marana's partnership in this development and look forward to furthering the vision for Downtown Marana. Should there be any questions or additional details required, please feel free to reach out.

Sincerely,

Scott Stiteler
Partner | Marana Urban LLC
30 S 5th Ave Tucson, AZ 85701
Phone: 415.259.8844
Email: tucsonurban@gmail.com

Jay A. Ramos
Senior Director, Real Estate Development
Opus Development Company, L.L.C.
2555 E Camelback Road, Phoenix, AZ 85016
Phone: 602.648.5065
Email: Jay.Ramos@opusgroup.com

Preliminary Infrastructure Cost Estimate

1. Temporary Parking Lot

Description: A 600+/ space temporary parking lot spanning approximately 182,000 square feet, intended to support initial traffic demands for Phase One. The surface will use crushed gravel or similar temporary material to help control dust and ensure adequate parking in the early phases of development.

Specifications: Dust mitigation and minimal grading for even surfaces are prioritized to create a functional, yet cost effective parking solution.

Cost Estimate: $835,700
Includes: Site grading, gravel installation, and dust control measures.

2. Marana Illuminated Arches

Description: Two striking, largescale illuminated arches bearing the "MARANA" name in bold, letters, set in a vintage industrial style. Inspired by early 20th century architectural designs, the arch will feature decorative circular elements above the lettering, echoing a rustic wagon wheel or gear motif. This visually prominent gateway will anchor each end of the brick paved roadway, elevating the town square ambiance.

Specifications: Constructed from steel or metal, the arches include an elevated design that spans two brick buildings, creating a bridge like effect. String lights will be suspended around the area, contributing to a warm, inviting glow over the plaza setting below.

Cost Estimate: $365,000 for each arch. Decision on one or two arches in phase one to be determined on cost savings.
Includes: Structural materials, lighting installation, and labor.

Brick-Paved Roadway (Phase One)

Description: A pedestrian-friendly brick-paved roadway covering approximately 14,000 square feet for the initial phase, with sidewalks on both sides to encourage community interaction. This distinctive herringbone-patterned street will bring a historic charm, using warm, earthy tones that seamlessly complement adjacent brick architecture.

Street Lighting: The street lighting will feature minimalist, industrial-style pole lights that add to the vintage charm of the brick-paved street and surrounding architecture. Each slender, dark-colored pole has a single fixture extending outward, casting a focused, warm light downward. Mounted at a medium height, these lights provide a cozy, inviting glow that enhances the brickwork and landscaping. Additional string lights overhead contribute a festive ambiance, creating a lively, communal atmosphere.

Specifications: Curbs and brick-paver sidewalks will border both sides, providing a cohesive and accessible space for residents and visitors. The completed roadway will double this area in future phases, expanding this welcoming town square setting.

Cost Estimate: $815,000

Includes: Paving, sidewalk installation, curbs, street lighting, and related labor.

4. Open-Air Easement Garden
Description: This 9,000 square foot open-air garden serves as a social hub, featuring artificial turf to create a comfortable gathering space, bordered by breweries on both ends. Patrons can enjoy the casual atmosphere with seating areas on the turf and various venues surrounding the garden, forming a vibrant central attraction within the development.

Specifications: Artificial turf provides a low maintenance solution, while tables and seating options enhance the inviting, communal setting. Surrounded by other venues, this beer garden will be a focal point for socializing and entertainment.

Cost Estimate: $450,000
Includes: Artificial turf, seating, landscaping, and installation.

5. Monument Sign Along Interstate 10
Description: A large, attention-grabbing monument sign designed to be visible from Interstate 10, welcoming travelers and locals into Downtown Marana. This 40-foot high by 18-foot-wide sign will feature bold, distinctive elements—potentially including unique imagery or figures that represent Marana's identity—illuminated with neon or LED lighting to make it visible day and night.

Specifications: Inspired by iconic signs such as the Hard Rock Cafe guitar, Pike Place Market sign in Seattle and Vegas Vic, this structure is intended to become a memorable landmark for Marana, standing out with vibrant lighting and a creative design that embodies the town's character.

Cost Estimate: $1,375,000
Includes: Structural materials, lighting, electrical work, engineering, and installation.

6. Utilities Connection to Site
Description: This infrastructure component involves establishing essential utility connections to support the site's initial and ongoing operations, including water, sewer, electricity, gas, and telecommunications. These connections are necessary to meet the demands of the planned development and ensure reliable, efficient service for all facilities on-site.

Specifications: Water and Sewer: Includes installation of main water and sewer lines with capacity for fire protection, irrigation, and domestic use, meeting both current and future demands of the development. Appropriate stormwater management measures will be implemented to prevent flooding and manage runoff effectively.

Electricity and Gas: Extension of electrical and gas lines to provide power and heating for buildings, public spaces, and lighting, ensuring reliable energy distribution across the development.

Telecommunications: High-speed internet and telecommunications infrastructure will be extended to the site, enabling modern connectivity for residents, visitors, and businesses.

Cost Estimate: $700,000

Includes: Installation of main water and sewer lines, electrical and gas line extensions, stormwater management infrastructure, and telecommunications setup.

7. Landscaping

Description: The landscaping for this development is designed to enhance the aesthetic appeal, create natural shade, and foster a welcoming atmosphere for visitors. It includes a combination of trees, shrubs, ground cover, and irrigation infrastructure to maintain the greenery throughout the first phase of the development.

Specifications:

- **Trees:** A total of 2,000 trees will be purchased, comprising 1,500 15-gallon trees and 500 24-inch box trees. These trees are strategically placed to provide shade, define pathways, and beautify the surroundings. The trees will be in planter boxes to allow them to grow and increase value before planting in a permanent location.
- **Shrubs and Ground Cover:** Additional shrubs and ground cover will be installed to add visual interest, soften hardscape areas, and contribute to the overall greenery of the site.
- **Irrigation:** An efficient irrigation system will be implemented to ensure sustainable water usage and maintain the health of all landscaping elements. The system will include automated controls for water conservation and efficient distribution across all landscaped areas.

Cost Estimate: $612,500
Includes: Tree planting, shrubs and ground cover, irrigation system installation, and landscaping materials and labor.

Infrastructure Component	Cost Estimate ($)
Temporary Parking Lot	$835,700.00
Marana Illuminated Arches (2)	$730,000.00
Brick-Paved Roadway (Phase-One)	$815,000.00
Open-Air Beer Garden (Turf)	$450,000.00
Utilities Connection to Site	$700,000.00
Landscaping	$612,500.00
Monument Sign Along Interstate 10	$1,375,000.00
Total	$5,518,200.00

Exhibit D

Independent Third-Party Economic Report

Economic & Fiscal Impact of the Proposed Downtown Marana Development



Prepared for:
Town of Marana

MARANA AZ
ECONOMIC DEVELOPMENT & TOURISM

December 2025

Prepared by:
Elliott D. Pollack & Company
3317 S. Higley Road, Suite 114-115
Gilbert, Arizona 85297

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Executive Summary

The Downtown Marana project is a proposed mixed-use development on 19 acres of Town-owned land at Marana Main Street and Civic Center Drive (referred to as the "South 19"). Initial phases include an iconic entry monument and archway, about 70,000 square feet of restaurant-focused commercial space, and a 175-key upscale hotel—anchoring a new entertainment district and forming the foundation for future Downtown Marana phases.

To support this development, the Town of Marana has committed significant incentives. These include reimbursement of certain infrastructure costs through dedicated sales and construction tax revenues, waiver of plan review and permit fees, Town-funded utilities and drainage improvements to the project boundary, and coverage of applicable development impact fees. Together, these measures reduce the Developer's upfront and ongoing expenses, aligning the financial structure of the project with the long-term success of Downtown Marana.

Economic Impacts

- Development of the South 19 buildings will require an estimated $84.0 million in construction investment over an 11-year buildout, generating $119.7 million in economic impact along with 619 construction-related jobs and $38.7million in wages. Average annual impacts are shown in the following table, based on the 11-year horizon, with a detailed phase-by-phase analysis provided in the body of the report.

- At buildout, the proposed development is expected to support 1,072 onsite jobs and a total of 1,441 jobs overall, along with $56.7 million in wages and $197.2 million in annual economic activity. These totals reflect the combined operations of the commercial and hotel uses, as well as additional impacts from tourist spending in the local economy.

Economic Impact Summary
Marana Downtown Development
(2025 Dollars)

Construction	Total	Annual Average
Estimated value of construction	$84.0	$7.6
Direct person years of employment	437	40
Person years of employment	619	56
Wages ($mil)	$38.7	$3.5
Economic Output ($ mil)	$119.7	$10.9

Operations (Annual at Buildout)	Commercial Operations	Hotel Operations	Tourist Spending	Total
Direct onsite jobs	885	120	67	1,072
Total jobs	1,185	165	92	1,441
Wages ($mil)	$43.8	$8.2	$4.7	$56.7
Economic Output ($ mil)	$160.5	$25.1	$11.6	$197.2

Sources: Marana Urban LLC; Elliott D. Pollack & Co.; IMPLAN; Arizona Department of Revenue

Fiscal Impacts

To highlight the full scale of benefits generated by the South 19 portion of the Downtown Marana development, the following table summarizes the total projected construction- and operations-related impacts, including all major revenue streams (construction sales tax, use tax, bed tax, sales tax, lease tax, etc.). These figures represent the gross benefits to the Town and region prior to accounting for development agreement incentives.

The construction phase of the proposed development would generate direct revenues prime contracting transaction privilege tax and use taxes. An estimated $4.4 million in tax revenues would be generated for the State of Arizona, $939,500 for Pima County, and $2.4 million for the Town of Marana.

After the development is fully built out, the operations would create an estimated $3.6 million each year for the State of Arizona, $436,200 for Pima County, and $2.7 million for the Town of Marana. Again, these figures represent gross benefits prior to accounting for the development agreement incentive. Section 5.0 of this report provides the net impacts after considering the Town's incentive commitments.

Fiscal Impact Summary
Marana Downtown Development
(2025 Dollars)

		State of Arizona	Pima County	Town of Marana	TOTAL
Construction					
Primary Impacts	Construction sales tax	$2,699,900	$273,000	$2,184,000	**$5,156,900**
	Use tax	$323,400	--	$144,400	**$467,800**
Secondary Impact from Employees	Secondary total	$1,371,800	$666,500	$45,800	**$2,084,100**
Total Impact from Construction		**$4,395,100**	**$939,500**	**$2,374,200**	**$7,708,800**
Operations (annual at buildout)					
Primary Impacts	Bed tax	$524,300	$78,000	$1,204,900	**$1,807,200**
	Sales tax	$2,252,100	$262,500	$1,312,500	**$3,827,100**
	Lease tax	N/A	$12,900	$64,400	**$77,300**
	Utility tax	$10,600	$1,200	$9,900	**$21,700**
Secondary Impact from Employees	Secondary total	$862,500	$81,600	$73,900	**$1,018,000**
Total Annual Impact from Operations		**$3,649,500**	**$436,200**	**$2,665,600**	**$6,751,300**

NOTE: All of the above figures are representative of the major revenue sources for the governments.

Sources: Marana Urban LLC; Elliott D. Pollack & Co.; IMPLAN; ADOR

Net Benefits during the Development Agreement (A.R.S. § 9-500.11 Analysis)

This analysis has been prepared in accordance with A.R.S. § 9-500.11, which requires that any tax incentive or reimbursement provided under a development agreement be justified by demonstrating that the project is anticipated to generate greater public revenues than the value of the incentive over the duration of the agreement. Consistent with this standard, the fiscal impacts presented in this report reflect only direct tax revenues accruing to the Town of Marana and exclude any indirect or induced regional economic effects.

During the first twenty years of the Development Agreement, the Downtown Marana project is projected to generate approximately $37.5 million in direct tax revenues for the Town. Assuming the development is maintained and periodically modernized to support long-term stabilized operations, total direct tax revenues are estimated at $180.1 million over 75 years and $244.9 million over the full 100-year term (in constant 2025 dollars).

After accounting for the reimbursements required under the Development Agreement—75% of prime contracting taxes and 45% of sales, lease, and bed taxes generated on-site—the net fiscal benefit to the Town over the first 75 years is estimated at $98.7 million. By that point, cumulative deposits into the reimbursement account are projected to total approximately $81.3 million. Because the Development Agreement limits total reimbursements to the actual eligible improvement costs incurred by the developer (estimated at approximately $84 million in this analysis), no additional deposits beyond that amount would be required once those costs are fully reimbursed. As a result, the net fiscal benefit to the Town over the full 100-year period is estimated at $160.9 million. This figure reflects only the tax categories included in the analysis and does not incorporate non-tax incentives or Town-funded costs, which are addressed qualitatively in the Development Agreement. Accordingly, the anticipated direct revenues generated by the project exceed the value of the incentives provided, and the Development Agreement is expected to comply with the revenue-generation test under A.R.S. § 9-500.11.

While the Town will reimburse the developer for eligible improvement costs using a portion of the tax revenues generated on the site, these reimbursements occur only as revenues are collected and never exceed the actual tax proceeds generated by the project. Over both the 75-year and 100-year evaluation horizons, total direct tax revenues are projected to exceed the reimbursement amounts. Accordingly, the Development Agreement is expected to satisfy the requirements of A.R.S. § 9-500.11, which mandates that anticipated public revenues exceed the value of any tax incentive provided by the Town.

Evaluation of Direct Public Benefits Under the Arizona Gift Clause (Schires v. Carlat)

The Development Agreement must also comply with the Arizona Constitution's Gift Clause, as interpreted in *Schires v. Carlat (2021).* Under this standard, only direct, tangible, and measurable benefits that the developer is contractually obligated to provide may be considered when evaluating whether the Town receives proportionate value in exchange for its expenditure. Indirect or speculative benefits—such as job creation, visitor spending, or regional economic activity—cannot be used to demonstrate compliance with the Gift Clause.

Under the Development Agreement, Marana Urban LLC provides the Town with several direct and quantifiable public benefits. These include the construction and conveyance of the Required Public Improvements; the reversion of all commercial improvements at the conclusion or termination of the ground lease—estimated in a Town-commissioned appraisal to have a depreciated value of approximately $362.9 million at Year 75 and $477.5 million at Year 100; and annual fixed ground-rent payments estimated to total approximately $4.4 million over 75 years and $9.6 million over 100 years (in constant 2025 dollars). In addition, the Agreement provides the Town with a no-cost license to own and maintain the billboard sign on the North 40 Acres, valued at approximately $62,000 over 75 years and $137,000 over 100 years.

The Agreement also provides additional direct benefits—such as public use rights for designated community spaces, the developer's maintenance obligations for certain common areas it elects to control, and the Town's contractual right to receive percentage rent from commercial operations once the specified revenue thresholds are met. While not all of these benefits have quantified monetary values at this time, each represents a direct, tangible, and enforceable obligation under the Development Agreement. Collectively, they provide measurable public value for purposes of the Gift Clause analysis.

Based on the expected value of these direct, tangible, and contractually enforceable benefits—and the structure of the reimbursement mechanism, which limits Town payments to actual tax revenues generated on-site—the consideration provided to the Town is not grossly disproportionate to the Town's estimated $84 million reimbursement obligation under the Development Agreement. Accordingly, the Agreement is expected to comply with the requirements of the Arizona Constitution's Gift Clause as articulated in *Schires v. Carlat (2001).*

1.0 Introduction

Elliott D. Pollack & Company was retained to perform an analysis of the economic and fiscal impacts of the construction and operations of the proposed Downtown Marana Development – a mixed-use project to be located on 19 acres of Town-owned land at Marana Main Street and Civic Center Drive. The project is envisioned to include approximately 70,000 square feet of commercial space, primarily restaurants and other food and beverage uses, a 175-key upscale hotel, and an iconic entry monument and sign that will serve as the gateway to Downtown Marana. This analysis quantifies the future impacts the development is expected to generate for both the regional economy and the Town of Marana.

This study focuses on the economic and fiscal impacts of the following:

1. Construction of the project.
2. Impact of operations once construction is completed.
3. Impact from tourist spending created in the Town of Marana.

Both economic and fiscal impacts of the project will be described. Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings and job creation. Fiscal impact analysis, on the other hand, evaluates the public revenues and costs created by a particular activity. In fiscal impact analysis, the primary revenue sources of a municipality, county or state government are analyzed to determine how the activity may financially affect them.

This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding that this study is for the client's and Town of Marana's due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work were intended to be included and, therefore, may not be referred to or quoted in whole or in part, in any registration statement, prospectus, public filing, private offering memorandum, or loan agreement without our prior written approval.

- The reported recommendation(s) represent the considered judgment of Elliott D. Pollack & Company based on the facts, analyses and methodologies described in the report.

- Except as specifically stated to the contrary, this study does not give consideration to the following matters: (i) issues of a legal nature, including legal title, interpretation of statutes, or compliance with federal, state, and local laws and ordinances; and (ii) environmental and engineering issues, and the costs associated with their correction. The user of this study is responsible for determining the impact of such matters, if any.

- This includes any legal interpretation of A.R.S. § 9-500.11, the Arizona Constitution, or the Gift Clause; the analysis herein is limited to economic and fiscal modeling and does not constitute a legal opinion.

- This study is intended to be read and used as a whole and not in parts.

- This study has not evaluated the feasibility or marketability of any site for planned uses.

- All estimates regarding construction and operating data were provided by Marana Urban LLC and estimates from building professionals. Data has been reviewed and verified to determine its reasonableness and applicability to the projects.

- This economic and fiscal impact study evaluates the potential "gross impacts" of construction and operations activities. The term "gross impacts" as used in this study refers to the total revenue, jobs and economic output that would be generated by the construction and operations. The study does not consider the potential impact on other businesses in the trade area that may occur as a result of the proposed project.

- This analysis does not consider the costs to local governments associated with providing services to the project. Such analysis is beyond the scope of this study. In addition, the analysis is based on the current tax structure and rates imposed by the State, counties, and local governments. Changes in those rates would alter the findings of this study.

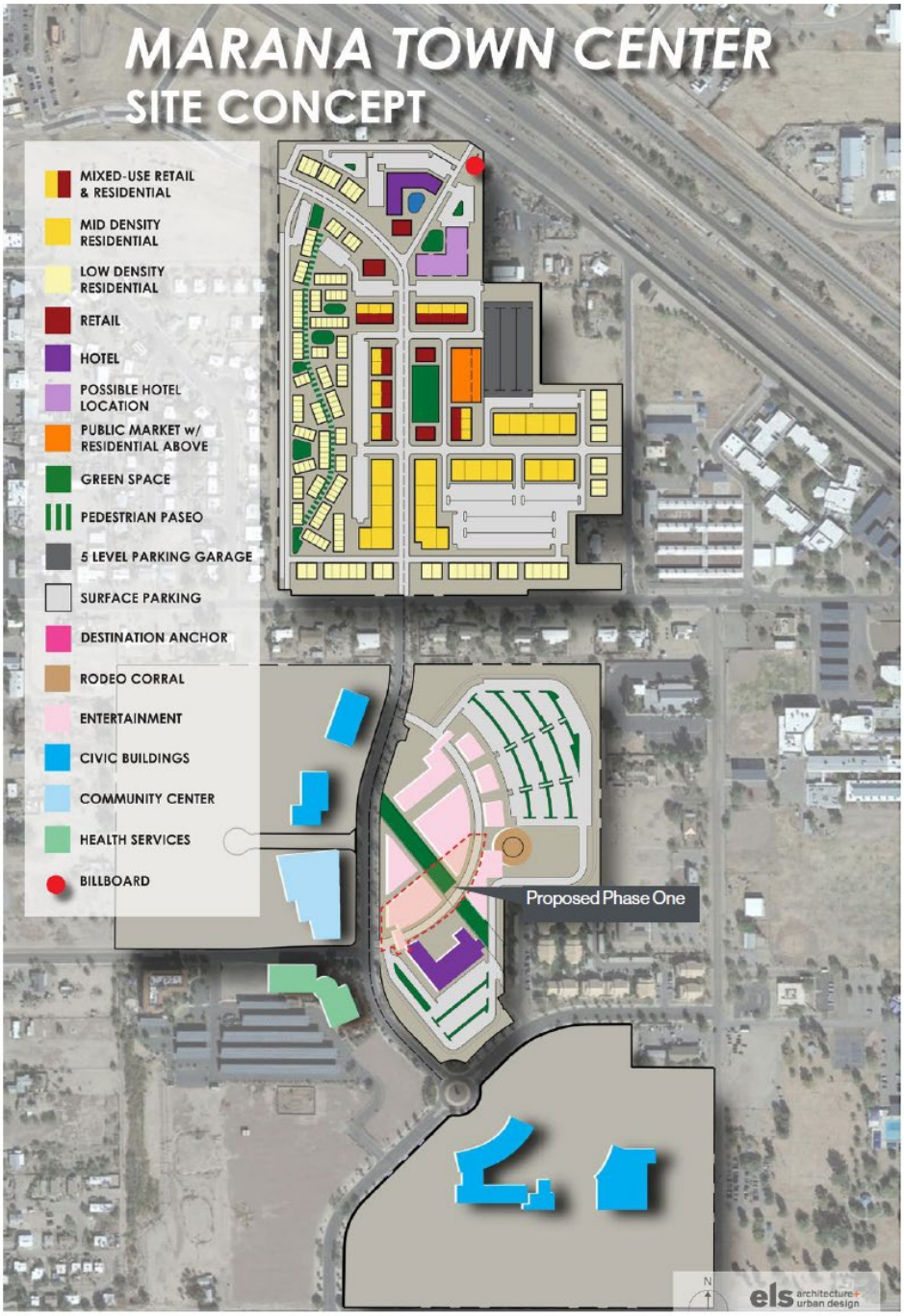
- Many dollar amounts are stated in current dollars and, unless indicated, do not take into account the effects of inflation.

- Our analysis is based on currently available information and estimates and assumptions about immediate as well as long-term future development trends. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this study are those that are believed to be significant to the projections of future results.

2.0 Assumptions & Methodology

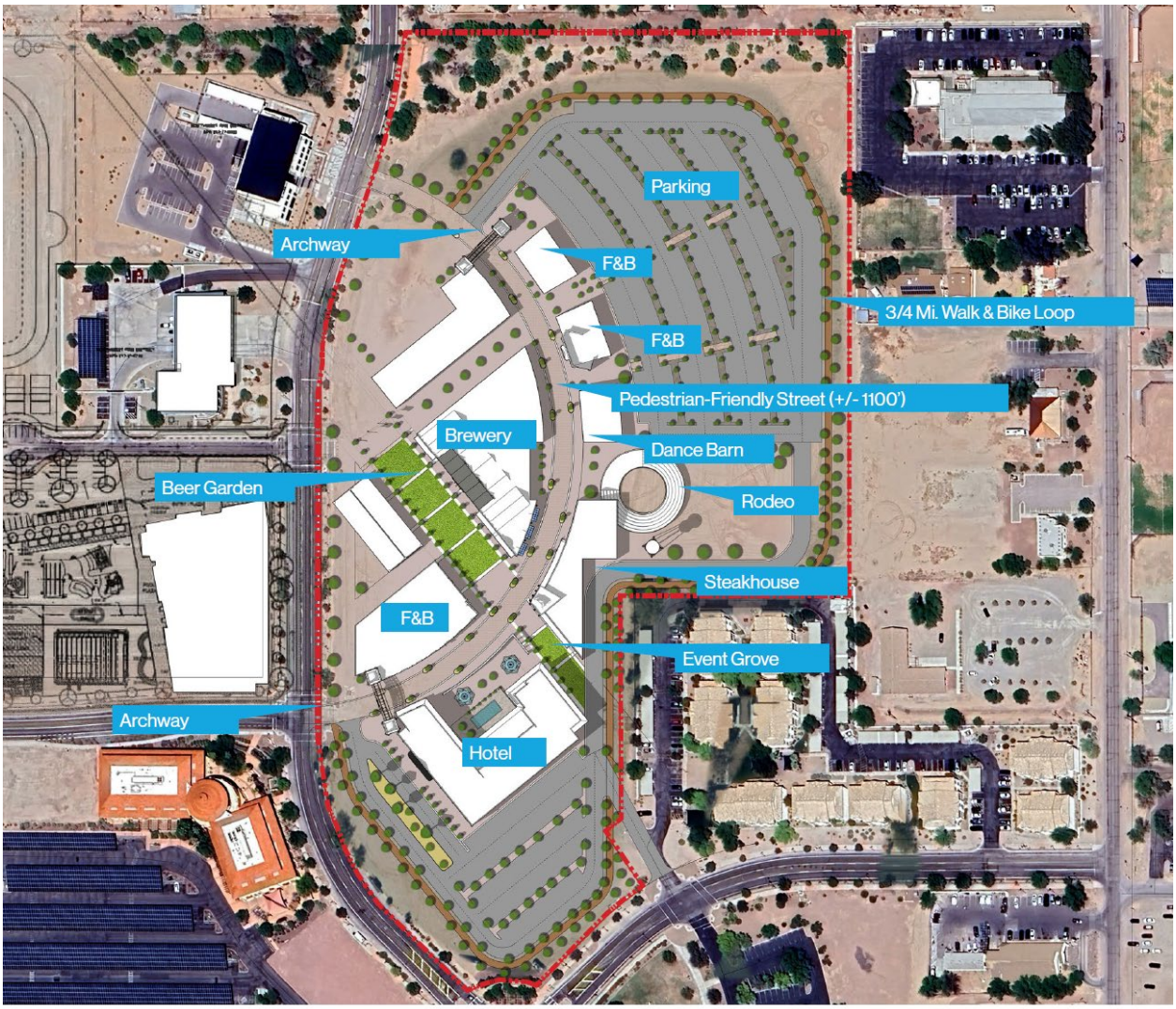
2.1 Project Description & Assumptions

The proposed Downtown Marana development site is located at Marana Main Street and Civic Center Drive, directly north of Town Hall and adjacent to key civic and community facilities. The map below illustrates the full 59-acre conceptual plan that includes both Town-owned and privately owned parcels.



Site Concept Graphic by ELS Architecture and Urban Design, modified by AXIS Architecture + Design

This report, however, focuses specifically on the "South 19" acres owned by the Town of Marana, located at the southern end of the planned Downtown Marana district. The following map illustrates the conceptual site plan for the Town's 19-acre parcel. Proposed uses include a brewery, beer garden, restaurants and food & beverage space, a steakhouse, rodeo and dance barn, hotel, surface parking, a pedestrian-friendly street anchored by the Marana Archway, and a ¾-mile bike and walking loop. These elements represent the current vision for the South 19: however, the specific uses, locations, and timing may evolve based on market demand, operator interest, and the Town's planning priorities.



The development assumptions used in this analysis are summarized in the following tables by phase. In total, the report assumes approximately 70,000 square feet of commercial space and a 175-key hotel, representing an estimated $84.0 million in construction investment. The tables also provide the anticipated timing for construction and operations by year for each phase.

Project Site Plan Assumptions
Marana Downtown Development
(2025 Dollars)

Phase	Commercial Square Feet	Hotel Units	Parking Spaces	Construction Cost	Construction Start	Construction Start
Phase 1	15,000	--	200	$6,375,000	2025	2028
Phase 2	25,000	175	500	$64,875,000	2028	2031
Phase 3	10,000	--	--	$4,250,000	2031	2033
Phase 4	10,000	--	--	$4,250,000	2032	2034
Phase 5	10,000	--	--	$4,250,000	2034	2036
Total	**70,000**	**175**	**700**	**$84,000,000**		

Source: Marana Urban LLC; Elliott D. Pollack & Company

The operating assumptions used to estimate the economic and fiscal impacts of the operations of the proposed mixed-use development have been created from a variety of sources. The development plan for the property was provided by Marana Urban LLC, which outlined the initial square footage and expected rents and occupancy.

For hotel operations, the analysis assumes an average of 1.5 rooms per employee and an average daily room rate of $200. Stabilized occupancy is projected at 70%, with an average of 2.0 persons per occupied room. Utility costs are estimated at $10 per room. Total visitor spending within the Town is assumed to experience a 50% leakage rate, which also reflects the portion of spending occurring on-site and captured in the commercial estimates of this analysis.

For commercial uses, employment is estimated at one employee per 79 square feet. Average annual sales revenue is projected at $750 per square foot. In addition, lease rates are assumed at approximately $40 per square foot per year, with an expected vacancy rate of 8% and utility costs averaging $3.50 per square foot.

Operating Assumptions Marana Downtown Development (2025 Dollars)	
Hotel	
Rooms per employee	1.5
Room rate	$200
Occupancy	70%
Visitor spending leakage rate for Town	50%
Average persons per room	2.0
Utilities per room per month	$10.00
Commercial	
Square feet per employee	79
Sales per square foot	$750
Rent per square foot	$40
Stabilized occupancy rate	92%
Utilities per square foot	$3.50

Source: Marana Urban LLC; ULI; SIOR; Marshall & Swift; AZ Office of Tourism

2.2 Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings, and employment. For this study, the analysis focused on the construction impacts as well as the ongoing operations including direct expenditures by the residents.

The different types of economic impacts are known as direct, indirect, and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by project employees. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation or construction of the project. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of the wages and salaries of direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the region. These secondary effects are captured in the analysis conducted in this study.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. The Implan Group developed the multipliers used in this study and were selected based on the land use type. Office space, for example, uses an average multiplier that represents various business services while the retail space uses an average multiplier that represents retail uses. The multipliers used for this project represent the construction of multi-

family dwellings, service to buildings, and those related to the spending of residents on retail sales, entertainment, services and restaurant and bars.

The multipliers specific to Pima County are used in this study. This means that the indirect and induced figures represent jobs created throughout the region. The direct impacts would be on the Town of Marana specifically.

The economic impact is categorized into three types of impacts:

(1) **Employment Impact** – the total wage and salary and self-employed jobs in a region. Jobs include both part time and full-time workers.

(2) **Earnings Impact** – the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.

(3) **Economic Output** – also referred to economic activity, relates to the gross receipts for goods or services generated by the company's operations.

Economic impacts are by their nature regional in character. Such impacts are best illustrated when not assigned to a specific municipality or locality, although clearly the primary impact of job creation would be on the municipality and county where the project is located. However, many other communities in the surrounding region would also benefit from the operations of the project.

2.3 Fiscal Impact Methodology

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county, and state governments (i.e., taxes) are analyzed to determine how an activity may affect the various jurisdictions. This section will evaluate the impact of the project on local government revenues.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census; the U.S. Department of Labor; the Internal Revenue Service; the State of Arizona; the Arizona Tax Research Association; and the U.S. Consumer Expenditure Survey. Elliott D. Pollack & Company has relied upon the estimates of operating revenues outlined in this study.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The major sources of revenue generation for governmental entities are calculated based on ongoing operations. Employees will spend part of their salaries on local goods and services and pay taxes on the homes they occupy. This spending will contribute to revenues collected by the State that are ultimately shared with local governments.

The following is a description of the applicable revenue sources that will be considered for this analysis.

- Prime Contracting Transaction Privilege Tax (TPT)
  The State, counties, and local governments levy a transaction privilege tax (TPT) on the business of prime contracting, including, for example, the construction of buildings and the development of land improvements. That tax is calculated by State law under the assumption that 65% of the construction cost of the facility and its land improvements are taxable. The tax rate is then applied to the 65% figure.

  The transaction privilege tax on prime contracting is a one-time collection by the governmental entity. The State currently levies a 5.6% tax on construction activity (a portion of which is shared with local governments) while Pima County levies a rate of 0.5% and the Town of Marana prime contracting TPT rate is 4.0%.

- Transaction Privilege Tax on Retail, Utilities and Commercial Lease
  The State, counties, and local cities in Arizona charge transaction privilege tax (TPT) on retail goods and utility usage. Cities and some counties also levy a tax on commercial leases. The tax rate for the State is 5.6%. Portions of this tax are redistributed through revenue sharing to counties and cities throughout Arizona based on population. The County's TPT tax rate is 0.5% while the Town of Marana levies a rate of 2.5% (4.0% for utilities). These tax rates are applied to taxable sales, taxable supplies, direct utility usage, commercial leases, resident spending, as well as to the spending of direct, indirect and induced employees. Most of the employees supported by the project reside within a municipality or, at the very least, purchase goods from retailers located within a municipality. Based on data from the U.S. Consumer Expenditure Survey, the projected extent of retail spending and resulting sales tax receipts was calculated.

- Transient Lodging Transaction Privilege Tax (Bed Tax)
  The State, counties, and local cities in Arizona charge sales and bed tax on hotel and motel room revenues. The tax rate for the State is 5.5% while Pima County's rate is 0.55%. The

Town of Marana transient lodging TPT rate is 6.0% (for a total of 8.5% on hotel room revenues when combined with the Town's sales tax (TPT) of 2.5%).

- Real Property Tax

  Real property in Arizona is subject to property taxes based on the net assessed value determined by the County Assessor. Residential properties are levied at a 10% assessment ratio while commercial properties will be levied at a 15% assessment ratio (at time of completion).

  This analysis assumes no property tax will be levied on the South 19 development, as the land is owned by the Town of Marana. However, employees supported by operations will generate property tax revenues indirectly through the homes they own or lease. In order to estimate property taxes, the assessed full cash value of the occupied space along with the projected value of a typical housing unit has been calculated.

- State Shared Revenues

  Each municipality in Arizona receives a portion of State revenues from four different sources - State sales tax (see description above), State income tax, vehicle license tax and highway user tax. The formulas for allocating these revenues are primarily based on population. Counties also share in the revenue sources of the State, with the exception of income tax.

  State Income Tax

  The State of Arizona collects taxes on personal income. The tax rate used in the analysis averages about 1.6% for earnings. These percentages are based on the most recently available income tax data from the State and the projected wage levels of jobs created by the construction and operations impact. This tax is applied to the wages and earnings of direct and indirect employment. Portions of this tax are redistributed through revenue sharing to cities throughout Arizona based on population.

  HURF Taxes

  The State of Arizona collects specific taxes for the Highway User Revenue Fund (HURF). Both the registration fees and the motor vehicle fuel tax (gas tax) are considered in this analysis. The motor vehicle fuel tax is $0.18 per gallon and is calculated based on a vehicle traveling the Arizona statewide average of 12,735 miles per year at 16.6 miles per gallon. Registration fees average $65 per employee in the State of Arizona. These factors are applied to the projected direct and indirect employee count. Portions of these taxes are distributed to cities and

counties throughout Arizona based on a formula that includes population and the origin of gasoline sales.

Vehicle License Tax

The vehicle license tax is a personal property tax placed on vehicles at the time of annual registration. This factor is applied to the projected direct, indirect and induced employee count. The average tax used in this analysis is $343 and portions of the total collections are distributed to the Highway User Revenue Fund. The remaining funds are shared between cities and counties in accordance with population-based formulas.

The above tax categories represent the largest sources of revenues that would be generated to the various jurisdictions. The revenue impacts do not include certain revenue sources such as corporate income taxes. All tax collections represented in this analysis are gross collections and do not take into consideration any incentives or development agreements that may occur.

3.0 Construction Impacts

This section of the report outlines the economic and fiscal impacts of the proposed development during the construction period. While construction impacts are typically considered short-term effects related to onsite and offsite employment and supporting industries, in this case they will occur over an extended 11-year buildout horizon. The following tables present the total construction impacts for the full development, with subsequent tables detailing impacts by individual phase. The long-term operational impacts of the project are addressed separately in Section 4.0.

3.1 Economic Impact of Construction

The total construction cost of the project is estimated at $84.0 million (in 2025 dollars). The economic impacts are expressed over the entire duration of the construction. The project would generate 437 direct person years of employment during construction of both phases. Person years of employment are the aggregate of each construction job that is recreated year after year throughout the construction time period. To derive the respective annual averages, employment, wages, and economic output can be divided by the expected number of years it may take to complete the development. An estimated $27.7 million in direct wages would be generated based on the total construction activity.

Another 181 indirect and induced person years of employment would be created in the local economy. Wages for these indirect and induced employees would total about $11.0 million. Altogether, the project would create approximately 619 jobs during the construction timeframe, $38.7 million in wages and nearly $119.7 million in economic activity.

Economic Impact of Construction
Marana Downtown Development
Town of Marana
(2025 Dollars)

Impact Type	Person Years of Employment	Wages	Economic Output
Direct	437	$27,731,000	$84,000,000
Indirect	62	$4,384,000	$14,023,000
Induced	119	$6,584,000	$21,722,000
Total	**619**	**$38,699,000**	**$119,745,000**

1/ The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures.

Source: Marana Urban LLC; Elliott D. Pollack & Company; IMPLAN

3.2 Fiscal Impact of Construction

The construction of the proposed community would create significant tax revenues for the State, Pima County and the Town of Marana as shown on the following tables. Revenues have been defined in this analysis as either primary or secondary, depending on their source and how the dollars flow through the economy into city tax accounts. For instance, some revenues, such as prime contracting transaction privilege taxes, are straightforward calculations based on the cost of construction. These revenues are described in this study as primary revenues.

Secondary revenues, on the other hand, flow from the wages of those direct, indirect and induced employees who are supported by the project. Revenue projections are based on typical wages of the employees working on the project, their spending patterns, and projections of where they might live.

The State of Arizona will receive an estimated $3.0 million from prime contracting transaction privilege tax and use taxes generated during construction. An additional $1.4 million is projected to be generated by the spending of employees for a total fiscal impact on the State of $4.4 million.

Fiscal Impact of Construction
Marana Downtown Development
State of Arizona
(2025 Dollars)

	Primary Revenues		Secondary Revenues					
Impact Type	Prime Contracting TPT	Use Tax	Spending Sales Tax	Income Tax	Unemp. Tax	Vehicle Tax	Gas Revenues	**Total Revenues**
Direct	$2,699,900	$323,400	$359,700	$438,200	$82,600	$63,900	$33,600	**$4,001,300**
Indirect	N/A	N/A	$54,200	$69,300	$11,700	$9,100	$4,800	**$149,100**
Induced	N/A	N/A	$91,400	$104,000	$22,600	$17,500	$9,200	**$244,700**
Total	**$2,699,900**	**$323,400**	**$505,300**	**$611,500**	**$116,900**	**$90,500**	**$47,600**	**$4,395,100**

1/ The figures are intended only as a general guideline as to how the State could be impacted by the project. The above figures are based on the current economic structure and tax rates of the State.

Source: Marana Urban LLC; Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association

Pima County is projected to receive a total of $939,500 in tax revenues during construction, including $273,000 from prime contracting transaction privilege tax.

Fiscal Impact of Construction
Marana Downtown Development
Pima County
(2025 Dollars)

Impact Type	Primary Revenue	Secondary Revenues			Total Revenues
	Prime Contracting TPT	Employee Spending TPT	Employee Property Tax	State Shared Revenues	
Direct	$273,000	$34,000	$419,000	$18,100	**$744,100**
Indirect	N/A	$5,100	$59,400	$2,600	**$67,100**
Induced	N/A	$8,600	$114,400	$5,300	**$128,300**
Total	**$273,000**	**$47,700**	**$592,800**	**$26,000**	**$939,500**

1/ The figures are intended only as a general guideline as to how the County could be impacted by the project. The above figures are based on the current economic structure and tax rates of the County.

Source: Marana Urban LLC; Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association

Primary revenues for the Town of Marana will be generated by the prime contracting transaction privilege tax and use tax levied on furniture, fixtures & equipment. In addition, the Town would benefit from the spending of construction workers within Town limits. Other secondary revenues include property taxes and State shared revenues. In total, the Town of Marana would expect to collect about $2.4 million in tax revenue from construction and construction-related activity.

Fiscal Impact of Construction
Marana Downtown Development
Town of Marana
(2025 Dollars)

Impact Type	Primary Revenues		Secondary Revenues		Total Revenues
	Prime Contracting TPT	Use Tax	Employee Spending TPT	State Shared Revenues	
Direct	$2,184,000	$144,400	$30,800	$1,800	**$2,361,000**
Indirect	N/A	N/A	$4,600	$300	**$4,900**
Induced	N/A	N/A	$7,800	$500	**$8,300**
Total	**$2,184,000**	**$144,400**	**$43,200**	**$2,600**	**$2,374,200**

1/ The figures are intended only as a general guideline as to how the City could be impacted by the project. The above figures are based on the current economic structure and tax rates of the City.

Source: Marana Urban LLC; Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association

4.0 Ongoing Operations Impacts

Once construction is completed, the operations would begin to produce jobs and tax revenue. The project would generate taxes for the State, County, and Town of Marana. The new hotel space will also increase the capacity for visitors to the Town of Marana and, thus, generate impacts form local visitor spending. And, finally, the workers at the site will generate secondary impacts from their spending.

4.1 Economic Impact of Operations & Visitor Spending

Hotel Impact

The 175-key hotel would support 165 direct, indirect, and induced jobs, $8.2 million in wages and $25.1 million in economic output.

Commercial Restaurant & Bar Impact

The 70,000 square feet of commercial space would support 1,185 direct, indirect, and induced jobs, nearly $43.8 million in wages, and an estimated $160.5 million in annual economic activity.

Tourists Spending Impact

Tourists that stay in the hotel are projected to spend $6.7 million annually in the local economy. This equates to a total economic impact of 92 jobs, $4.7 million in wages and $11.6 million in economic output.

TOTAL Impact

In total, the South 19 portion of the Downtown Marana Development along with tourist spending are projected to support 1,441 jobs, $56.7 million in wages, and $197.2 million in annual economic activity. The table below details the economic impact of operations by category that is expected to occur on an annual basis at buildout.

Annual Economic Impact of Operations (at Buildout) Marana Downtown Development Town of Marana (2025 Dollars)				
	Impact Type	**Jobs**	**Wages**	**Economic Output**
Hotel Restaurant Operations	Direct	120	$5,604,000	$16,872,000
	Indirect	20	$1,193,000	$3,669,000
	Induced	25	$1,380,000	$4,552,000
	Total	**165**	**$8,177,000**	**$25,093,000**
Commercial Operations	Direct	885	$26,604,000	$102,537,000
	Indirect	165	$9,777,000	$33,542,000
	Induced	134	$7,409,000	$24,448,000
	Total	**1,185**	**$43,790,000**	**$160,527,000**
Employment Supported by Visitor Spending	Direct	67	$3,293,000	$6,964,000
	Indirect	10	$601,000	$1,970,000
	Induced	14	$798,000	$2,634,000
	Total	**92**	**$4,692,000**	**$11,568,000**
GRAND TOTAL	Direct	1,072	$35,501,000	$126,373,000
	Indirect	195	$11,571,000	$39,181,000
	Induced	174	$9,587,000	$31,634,000
	Total Impact[1/]	**1,441**	**$56,659,000**	**$197,188,000**

1/ The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures.

Source: Elliott D. Pollack & Company; IMPLAN

4.2 Fiscal Impact of Operations and Tourist Spending

Once the project is completed and occupied to a stabilized level, the operations of the development would produce tax revenue for the State of Arizona, Pima County, and the Town of Marana.

The following tables show the ongoing tax revenue that each of the jurisdictions would expect to collect from the development as well as from the spending of tourists. These figures represent the total revenues (both direct and indirect) generated by the project at buildout.

The State of Arizona is projected to receive $3.6 million in primary and secondary revenues generated by the development. This includes $2.8 million in primary revenues from operations as well as impacts from residents and tourism spending. Secondary revenues are projected to be $862,500 from employees.

Pima County is projected to receive a total of $436,200 each year at stabilization.

For the Town of Marana, an estimated $2.7 million would be collected each year from the ongoing operations of the development. Secondary impacts from employee spending and other taxes would be an estimated $73,900 each year. This figure takes into account that only about 14.7% of employees will live and spend their disposable income within the Town of Marana.

Fiscal Impact of Operations (Before Incentives)
Marana Downtown Development
(2025 Dollars)

		State of Arizona	Pima County	Town of Marana	TOTAL
Operations (annual at buildout)					
Primary Impacts	Bed tax	$524,300	$78,000	$1,204,900	**$1,807,200**
	Sales tax	$2,252,100	$262,500	$1,312,500	**$3,827,100**
	Lease tax	N/A	$12,900	$64,400	**$77,300**
	Utility tax	$10,600	$1,200	$9,900	**$21,700**
Secondary Impact from Employees	Secondary total	$862,500	$81,600	$73,900	**$1,018,000**
Total Annual Impact from Operations		**$3,649,500**	**$436,200**	**$2,665,600**	**$6,751,300**

NOTE: All of the above figures are representative of the major revenue sources for the governments.

Sources: Marana Urban LLC; Elliott D. Pollack & Co.; IMPLAN; ADOR

5.0 Town of Marana Summary of Impacts

5.1 Development Agreement Overview

Under the terms of the Development Agreement between the Town of Marana and Marana Urban LLC, the Town provides a series of performance-based incentives designed to offset eligible infrastructure costs and encourage early-phase investment. These incentives include reimbursement of a portion of the project's infrastructure costs through the dedication of Town construction and sales tax revenues, waiver of plan review and permitting fees, Town-funded utility and drainage improvements extending to the project boundary, and payment of applicable development impact fees. The agreement establishes a reimbursement mechanism using project-generated revenues—such as construction, retail, lease, and bed taxes—until qualified costs are recovered or the agreement period expires.

5.2 Fiscal Analysis — Compliance with A.R.S. § 9-500.11

This analysis has been prepared in compliance with A.R.S. § 9-500.11, which requires that any tax incentive provided through a development agreement be anticipated to generate greater public revenues than the value of the incentive over the duration of the agreement. Accordingly, the fiscal estimates presented in this section reflect only the direct tax revenues accruing to the Town of Marana.

During the first twenty years of the Development Agreement, the Downtown Marana project is projected to generate approximately $37.5 million in direct tax revenues for the Town. Assuming the development is maintained and periodically modernized to support long-term stabilized operations, total direct tax revenues are estimated at $180.1 million over 75 years and $244.9 million over the full 100-year term (in constant 2025 dollars).

After accounting for the reimbursements required under the Development Agreement—75% of prime contracting taxes and 45% of sales, lease, and bed taxes generated on-site—the net fiscal benefit to the Town over the first 75 years is estimated at $98.7 million. By that point, cumulative deposits into the reimbursement account are projected to total approximately $81.3 million. Because the Development Agreement limits total reimbursements to the actual eligible improvement costs incurred by the developer (estimated at approximately $84 million in this analysis), no additional deposits beyond that amount would be required once those costs are fully reimbursed. As a result, the net fiscal benefit to the Town over the full 100-year period is estimated at $160.9 million. This figure reflects only the tax categories included in the analysis and does not incorporate non-tax incentives or Town-funded costs, which are addressed qualitatively in the Development Agreement. Accordingly, the anticipated direct revenues generated by the project exceed the value of the incentives provided, and the Development Agreement is expected to comply with the revenue-generation test under A.R.S. § 9-500.11.

Ongoing modernization or reinvestment would occur at the developer's expense and outside the scope of the Development Agreement incentives; such activity may generate additional construction-related revenues not reflected in these estimates.

Marana Downtown Development
100-Year Fiscal Impact Summary
(2025 Dollars)

Impact of Construction	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Years 21-75	Years 76-100	75-Year Total	100-Year Total
Direct jobs	11	11	11	113	113	113	11	22	11	11	11	--	--	--	--	--	--	--	--	--			437	437
Total jobs	16	16	16	159	159	159	16	31	16	16	16	--	--	--	--	--	--	--	--	--			619	619
Prime Contracting Sales Tax	$55,300	$55,300	$55,300	$562,300	$562,300	$562,300	$55,300	$110,500	$55,300	$55,300	$55,300	--	--	--	--	--	--	--	--	--			$2,184,500	$2,184,500
Use Tax	--	--	$28,100	--	--	$46,900	$13,100	$18,800	$18,800	--	$18,800	--	--	--	--	--	--	--	--	--			$144,500	$144,500
Impact of Operations																								
Direct jobs	--	--	--	190	190	190	625	625	755	885	885	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005			1,005	1,005
Total jobs	--	--	--	255	255	255	839	839	1,014	1,188	1,188	1,349	1,349	1,349	1,349	1,349	1,349	1,349	1,349	1,349			1,349	1,349
Sales tax	--	--	--	$281,250	$281,250	$281,250	$750,000	$750,000	$937,500	$1,125,000	$1,125,000	$1,312,500	$1,312,500	$1,312,500	$1,312,500	$1,312,500	$1,312,500	$1,312,500	$1,312,500	$1,312,500	$72,187,500	$32,812,500	$89,531,250	$122,343,750
Bed tax	--	--	--	--	--	--	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$1,204,875	$66,268,125	$30,121,875	$83,136,375	$113,258,250
Lease tax	--	--	--	$13,800	$13,800	$13,800	$36,800	$36,800	$46,000	$55,200	$55,200	$64,400	$64,400	$64,400	$64,400	$64,400	$64,400	$64,400	$64,400	$64,400	$3,542,000	$1,610,000	$4,393,000	$6,003,000
Utility tax	--	--	--	$1,932	$1,932	$1,932	$5,992	$5,992	$7,280	$8,568	$8,568	$9,856	$9,856	$9,856	$9,856	$9,856	$9,856	$9,856	$9,856	$9,856	$542,080	$246,400	$672,980	$919,380
Total Primary Impact	**$55,300**	**$55,300**	**$83,400**	**$859,282**	**$859,282**	**$906,182**	**$2,066,067**	**$2,126,967**	**$2,269,755**	**$2,448,943**	**$2,467,743**	**$2,591,631**	**$2,591,631**	**$2,591,631**	**$2,591,631**	**$2,591,631**	**$2,591,631**	**$2,591,631**	**$2,591,631**	**$2,591,631**	**$142,539,705**	**$64,790,775**	**$180,062,605**	**$244,853,380**
Estimated Sales Tax to be Deposited in the Reimbursement Account																								
Prime Contracting Sales Tax	$41,475	$41,475	$41,475	$421,725	$421,725	$421,725	$41,475	$82,875	$41,475	$41,475	$41,475	--	--	--	--	--	--	--	--	--			$1,638,375	$1,638,375
Sales tax	--	--	--	$126,563	$126,563	$126,563	$337,500	$337,500	$421,875	$506,250	$506,250	$590,625	$590,625	$590,625	$590,625	$590,625	$590,625	$590,625	$590,625	$590,625	$32,484,375	$1,492,765	$40,289,063	$41,781,828
Bed tax	--	--	--	--	--	--	$542,194	$542,194	$542,194	$542,194	$542,194	$542,194	$542,194	$542,194	$542,194	$542,194	$542,194	$542,194	$542,194	$542,194	$29,820,656	$1,118,334	$37,411,369	$38,529,702
Lease tax	--	--	--	$6,210	$6,210	$6,210	$16,560	$16,560	$20,700	$24,840	$24,840	$28,980	$28,980	$28,980	$28,980	$28,980	$28,980	$28,980	$28,980	$28,980	$1,593,900	$73,245	$1,976,850	$2,050,095
Total	**$41,475**	**$41,475**	**$41,475**	**$554,498**	**$554,498**	**$554,498**	**$937,729**	**$979,129**	**$1,026,244**	**$1,114,759**	**$1,114,759**	**$1,161,799**	**$1,161,799**	**$1,161,799**	**$1,161,799**	**$1,161,799**	**$1,161,799**	**$1,161,799**	**$1,161,799**	**$1,161,799**	**$63,898,931**	**$2,684,344**	**$81,315,656**	**$84,000,000**
NET FISCAL IMPACT TO TOWN	**$13,825**	**$13,825**	**$41,925**	**$304,785**	**$304,785**	**$351,685**	**$1,128,338**	**$1,147,838**	**$1,243,511**	**$1,334,184**	**$1,352,984**	**$1,429,832**	**$1,429,832**	**$1,429,832**	**$1,429,832**	**$1,429,832**	**$1,429,832**	**$1,429,832**	**$1,429,832**	**$1,429,832**	**$78,640,774**	**$62,106,431**	**$98,746,949**	**$160,853,380**

** Reimbursement deposits after Year 75 are not shown by category because the Development Agreement limits total reimbursements to the actual eligible improvement costs incurred by the developer (estimated at approximately $84 million). Once that amount is reached, no further deposits are required.

NOTE: All of the above figures are representative of the major revenue sources in the development agreement. No inflation has been included in this analysis. Assumes the development is maintained and periodically updated to contemporary standards to sustain stabilized operations

Sources: Marana Urban LLC; Elliott D. Pollack & Co.; IMPLAN; Development Agreement

5.3 Gift Clause Compliance (*Schires v. Carlat*)

The Arizona Constitution's Gift Clause prohibits the expenditure of public funds unless the public receives direct, tangible, and proportionate benefits in return. Under *Schires v. Carlat* (2021), indirect or speculative economic impacts—such as job creation, visitor spending, or multiplier effects—cannot be considered when evaluating compliance. The analysis must instead focus solely on the contractually obligated, quantifiable benefits the developer provides to the municipality.

Under the terms of the Development Agreement, Marana Urban LLC provides several direct and measurable benefits to the Town of Marana. These include:

- Construction and dedication of the Required Public Improvements, which will be conveyed to the Town upon completion.
- Transfer of ownership of the Required Commercial Improvements at the end of the lease term.
- Payment of fixed and percentage rent to the Town throughout the lease term.
- Public use rights, including the Town's use of designated common areas and event spaces.
- Provision of a no-cost license to the Town for ownership and maintenance of the Billboard Sign on the North 40 Acres.
- Maintenance obligations for certain common areas, reducing municipal maintenance needs.

<u>Construction and dedication of Required Public Improvements</u>
The developer is obligated to design, construct, and convey substantial infrastructure—including streetscapes, pedestrian corridors, utilities, drainage improvements, public open spaces, and civic amenities—that the Town would otherwise be required to fund through its capital improvement program. Upon completion, these improvements become Town-owned assets, providing long-term functionality and public access. By avoiding significant upfront capital expenditures and securing durable infrastructure that enhances mobility and placemaking within Downtown Marana, the Town receives a direct and measurable public benefit.

<u>Transfer of Required Commercial Improvements</u>
At the conclusion or termination of the ground lease, ownership of all Required Commercial Improvements reverts to the Town at no additional cost. These fully constructed restaurant, retail, entertainment, and hotel buildings are long-lived, income-producing assets with substantial residual value. An appraisal completed for the Town by Baker, Peterson, Baker & Associates estimates their depreciated reversionary value at approximately $362.9 million at Year 75 and $477.5 million at Year 100 (assuming ongoing maintenance and reinvestment consistent with the Agreement). This reversion grants the Town long-term control of high-value commercial assets without the need for future capital investment, representing a significant direct, tangible, and measurable public benefit under the Gift Clause.

Ground Lease Rent

The ground lease provides ongoing financial benefits to the Town through both fixed and percentage rent. Fixed rent begins at approximately $0.26 per square foot annually, increases by 30% after the first five rent years, and escalates by 15% every five rent years thereafter. Based on development phasing and the expected rent-commencement schedule, fixed payments are estimated to total approximately $4.4 million over 75 years and approximately $9.6 million over the full 100-year term (in constant 2025 dollars).

Additionally, the Town will receive percentage rent equal to 3% of the developer's gross receipts, once the thresholds specified in the Development Agreement are met. While this analysis does not estimate future percentage-rent revenues, these payments represent a contractual sharing of commercial operating revenues and provide additional financial upside. Both fixed and percentage rent are independent of tax revenues and constitute direct, enforceable, and measurable benefits to the Town.

Public Use Rights

The Town receives contractual rights to use designated community spaces—such as the beer garden, event grove, pedestrian corridors, and other common areas—at no cost. These use rights support Town-sponsored events, cultural programming, and community gatherings without requiring the construction or leasing of separate municipal facilities. By avoiding rental or space-acquisition costs, the Town receives a direct, tangible operational benefit, enforceable under the Development Agreement.

Billboard Sign License on the North 40 Acres

Section 12.4.1 requires the developer to grant the Town a no-cost license to own, operate, and maintain a billboard sign located on the North 40 Acres. This sign functions as a major entry feature and long-term promotional asset for the Town. Based on an analysis prepared by the Town's Real Property Manager, the estimated value of this license is approximately $62,000 over 75 years and $137,000 over 100 years. This avoids the need for the Town to acquire or lease comparable signage rights and constitutes a direct and enforceable public benefit.

Maintenance Obligations

Under the Development Agreement, the Town will assume responsibility for maintaining most of the public infrastructure conveyed to it under Section 12.4. The developer is required to maintain those common areas and shared spaces that it elects to control pursuant to Section 7.4.3 and as described in Section 2.3 of the Agreement. While these obligations do not extend to the majority of improvements within the development, the developer's commitment to maintain the discrete common areas it assumes under paragraphs 2.3 and 7.4.3 offers a tangible, though limited, cost-avoidance benefit to the Town. These maintenance responsibilities are specifically identified, contractually enforceable, and provide an ongoing and measurable value to the Town that can be recognized within the Gift Clause analysis.

Conclusion

Each of the above benefits is expressly required under the Development Agreement, enforceable by the Town, and independently valuable. When considered collectively, these direct benefits represent substantial consideration in exchange for the Town's reimbursement of eligible improvement costs.

Based on the structure and obligations of the Agreement, the direct, tangible, and contractually enforceable benefits provided to the Town are not grossly disproportionate to the Town's estimated $84 million reimbursement obligation under the Development Agreement. Accordingly, the Agreement is expected to comply with the requirements of the Arizona Constitution's Gift Clause as articulated in *Schires v. Carlat*. This conclusion reflects an economic assessment of the value exchanged and does not constitute a legal opinion.

Exhibit E

Conceptual Depiction of Master Site Plan

Site Plan Study

Downtown Marana Phase One

Date:

12.12.2025

Prepared For:

Marana Urban

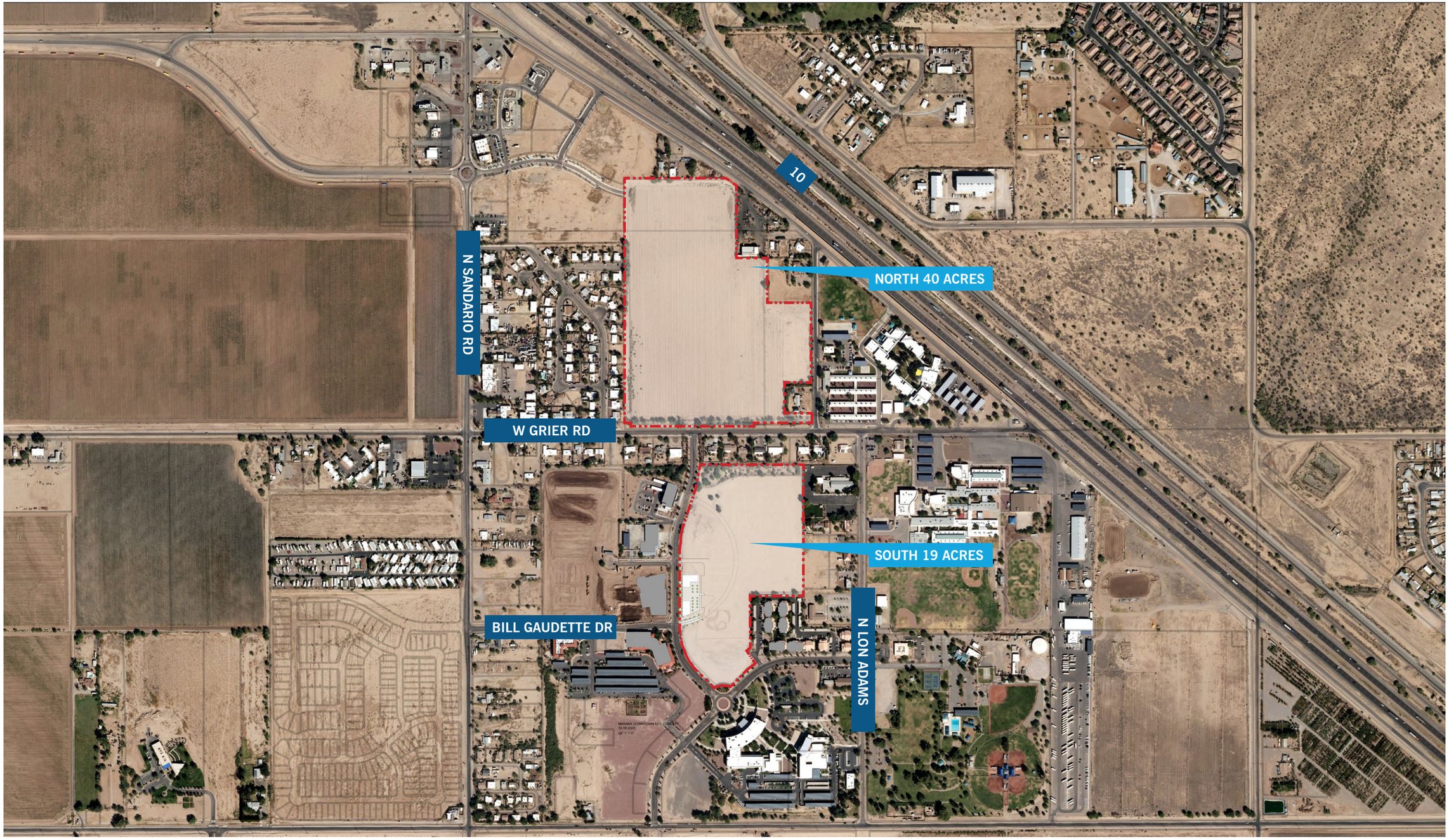
AXIS Contact:

Cory Creath, Founding Principal
ccreath@axisarchitecture.com

AXIS Architecture + Design

Marana Urban LLC

Vicinity Map



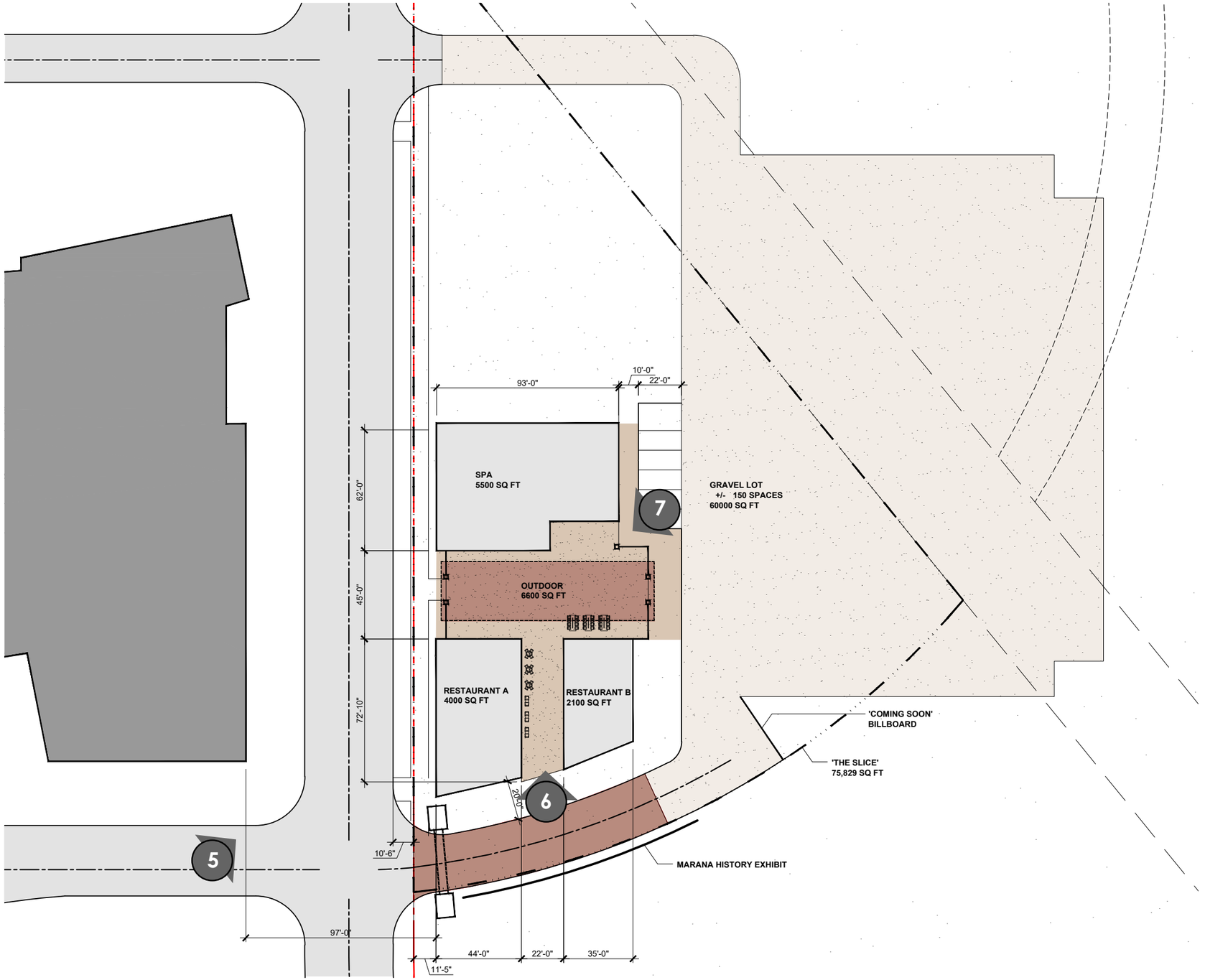
AXIS

Marana Urban LLC

Site Plan - South 19 Acres



Site Plan - Phase One Triangle




MARANA


PIZZA
DAILY MENU



Thank You

AXIS Architecture + Design

SAN FRANCISCO
1000 Brannan St, Suite 404
San Francisco, CA 94103

LOS ANGELES
700 S Flower St, Suite 520
Los Angeles, CA 90017

SEATTLE
500 Union St Suite 500
Seattle, WA 98101

Exhibit F

List of Required Public Improvements

Phase One

- Temporary parking lot with 200 parking spaces, with crushed gravel or similar surface and temporary landscaping
- Approximately 14,000 square feet (400 lineal feet) of brick-paved (or similar material agreed to by the Parties) roadway, with sidewalks, curbs, street lighting, and street trees
- One illuminated arch sign installed at the south end of the brick-paved (or similar) roadway
- Approximately 9,000 square foot open-air garden with artificial turf, seating, and landscaping
- Landscaping and irrigation for Phase One of the Project
- A billboard sign to be located on the North 40 Acres along Interstate 10
- Any additional improvements, to the extent agreed upon in writing by the Developer and the Town

Subsequent Phases

- Two permanent asphalt parking lots with a combined total of approximately 500 parking spaces
- Extension of the roadway described above, approximately an additional 700 lineal feet, with sidewalks, curbs, street lighting, and street trees through the Property
- One illuminated arch sign installed at the north end of the brick-paved (or similar) roadway
- Water and sewer lines to each Subsequent Phase
- Drainage facilities to accommodate onsite stormwater based on a master drainage study and per Town of Marana standards
- Any additional improvements, to the extent agreed upon in writing by the Developer and the Town

Exhibit G

Guidelines for Design and Construction near Kinder Morgan Operated Facilities

Guidelines for Design and Construction near Kinder Morgan Operated Facilities

Name of Company: EPNG

The list of design, construction and contractor requirements, including but not limited to the following, for the design and installation of foreign utilities or improvements on **EPNG** (Company) right-of-way (ROW) are not intended nor do they waive or modify any rights Company may have under existing easements or ROW agreements. Reference existing easements and amendments for additional requirements. This list of requirements is applicable for Company facilities on easements only. Encroachments on fee property should be referred to the Land and Right-of-Way Department.

Design

- Company shall be provided sufficient prior notice of planned activities involving excavation, blasting, or any type of construction on Company's ROW to determine and resolve any location, grade or encroachment problems and provide protection of our facilities and the public before the actual work is to take place.
- Encroaching entity shall provide Company with a set of drawings for review and a set of final construction drawings showing all aspects of the proposed facilities in the vicinity of Company's ROW. The encroaching entity shall also provide a set of as-built drawings showing the proposed facilities in the vicinity of Company's ROW.
- Only facilities shown on drawings reviewed by Company will be approved for installation on Company's ROW. All drawing revisions that effect facilities proposed to be placed on Company's ROW must be approved by Company in writing.
- Company shall approve the design of all permanent road crossings.
- Encroaching entity shall, at the discretion of the Company, incorporate Heath ATI "sniffer" Gas Detection Units in the design of paved areas or "Green Belt" areas of Company ROW. The units shall be installed per Company Standard **TYP-V-0100-B010 – Gas Detection Unit for Pipelines Located under Asphalt or Concrete Parking Areas**.
- Any repair to surface facilities following future pipeline maintenance or repair work by Company will be at the expense of the developer or landowner.
- The depth of cover over the Company pipelines shall not be reduced nor drainage altered without Company's written approval.
- Construction of any permanent structure, building(s) or obstructions within Company pipeline easement is not permitted.
- Planting of shrubs and trees is not permitted on Company pipeline easement.
- Irrigation equipment i.e. backflow prevent devices, meters, valves, valve boxes, etc. shall not be located on Company easement.
- Foreign line, gas, water, electric and sewer lines, etc., may cross perpendicular to Company's pipeline within the ROW, provided that a minimum of two (2) feet of vertical clearance is maintained between Company pipeline(s) and the foreign pipeline. Constant line elevations must be maintained across Company's entire ROW width, gravity drain lines are the only exception. Foreign line crossings below the Company pipeline must be evaluated by Company to ensure that a significant length of the Company line is not exposed and unsupported during construction. When installing underground utilities, the last line should be placed beneath all existing lines unless it is impractical or unreasonable to do so. Foreign line crossings above the Company pipeline with less than two (2) feet of clearance must be evaluated by Company to ensure that additional support is not necessary to prevent settling on top of the Company natural gas pipeline.
- A foreign pipeline shall cross Company facilities at as near a ninety-degree angle as possible. A foreign pipeline shall not run parallel to Company pipeline within Company easement without written permission of Company.
- The foreign utility should be advised that Company maintains cathodic protection on their pipelines. The foreign utility must coordinate their cathodic protection system with Company's. At the request of Company, foreign utilities shall install (or allow to be installed) cathodic protection test leads at all crossings for the purposes of monitoring cathodic protection. The Company Cathodic Protection (CP) technician and the foreign utility CP technician shall perform post construction CP interference testing. Interference issues shall be resolved by mutual agreement between foreign utility and Company. All costs associated with the correction of cathodic protection problems on Company pipeline as a result of the foreign utility crossing shall be borne by the foreign utility for a period of one year from date the foreign utility is put in service.

- The metallic foreign line shall be coated with a suitable pipe coating for a distance of at least 10-feet on either side of the crossing unless otherwise requested by the Company CP Technician.
- AC Electrical lines must be installed in conduit and properly insulated.
- DOT approved pipeline markers shall be installed so as to indicate the route of the foreign pipeline across the Company ROW.
- No power poles, light standards, etc. shall be installed on Company easement.

Construction

- Contractors shall be advised of Company's requirements and be contractually obligated to comply.
- The continued integrity of Company's pipelines and the safety of all individuals in the area of proposed work near Company's facilities are of the utmost importance. Therefore, contractor must meet with Company representatives prior to construction to provide and receive notification listings for appropriate area operations and emergency personnel. **Company's on-site representative will require discontinuation of any work that, in his opinion, endangers the operations or safety of personnel, pipelines or facilities.**
- The Contractor must expose all Company transmission and distribution lines prior to crossing to determine the exact alignment and depth of the lines. A Company representative must be present. In the event of parallel lines, only one pipeline can be exposed at a time.
- Company will not allow pipelines to remain exposed overnight without consent of Company designated representative. Contractor may be required to backfill pipelines at the end of each day.
- A Company representative shall do all line locating. A Company representative shall be present for hydraulic excavation. The use of probing rods for pipeline locating shall be performed by Company representatives only, to prevent unnecessary damage to the pipeline coating.
- Notification shall be given to Company at least 72 hours before start of construction. A schedule of activities for the duration of the project must be made available at that time to facilitate the scheduling of Company's work site representative. Any Contractor schedule changes shall be provided to Company immediately.
- Heavy equipment will not be allowed to operate directly over Company pipelines or in Company ROW unless written approval is obtained from Company. Heavy equipment shall only be allowed to cross Company pipelines at locations designated by Company. Contractor shall comply with all precautionary measures required by Company to protect its pipelines. When inclement weather exists, provisions must be made to compensate for soil displacement due to subsidence of tires.
- Excavating or grading which might result in erosion or which could render the Company ROW inaccessible shall not be permitted unless the contractor/developer/owner agrees to restore the area to its original condition and provide protection to Company's facility.
- A Company representative shall be on-site to monitor any construction activities within 25-feet of a Company pipeline or aboveground appurtenance. The contractor **shall not** work within this distance without a Company representative being on site. Only hand excavation shall be permitted within a minimum of 18-inches (refer to state specific rules/regulations regarding any additional clearance requirements) of Company pipelines, valves and fittings. However, proceed with extreme caution when within three (3) feet of the pipe.
- Ripping is only allowed when the position of the pipe is known and not within 10-feet of Company facility unless Company representative is present.
- Temporary support of any exposed Company pipeline by Contractor may be necessary if required by Company's on-site representative. Backfill below the exposed lines and 12-inches above the lines shall be replaced with sand or other selected material as approved by Company's on-site representative and thoroughly compacted in 12-inches lifts to 95% of standard proctor dry density minimum or as approved by Company's on-site representative. This is to adequately protect against stresses that may be caused by the settling of the pipeline.

- No blasting shall be allowed within 1000-feet of Company's facilities unless blasting notification is given to Company including complete Blasting Plan Data. A pre-blast meeting shall be conducted by the organization responsible for blasting.

  Company shall be indemnified and held harmless from any loss, cost of liability for personal injuries received, death caused or property damage suffered or sustained by any person resulting from any blasting operations undertaken within 500-feet of its facilities. The organization responsible for blasting shall be liable for any and all damages caused to Company's facilities as a result of their activities whether or not Company representatives are present. Company shall have a signed and executed Blasting Indemnification Agreement before authorized permission to blast can be given.

  No blasting shall be allowed within 300-feet of Company's facilities unless blasting notification is given to Company a minimum of one week before blasting. *(Note: covered above)* Company shall review and analyze the blasting methods. A written blasting plan shall be provided by the organization responsible for blasting and agreed to in writing by Company in addition to meeting requirements for 500-feet and 1000-feet being met above. A written emergency plan shall be provided by the organization responsible for blasting. *(Note: covered above)*

- **Any** contact with any Company facility, pipeline, valve set, etc. shall be reported immediately to Company. If repairs to the pipe are necessary, they will be made and inspected before the section is re-coated and the line is back-filled.

- Company personnel shall install all test leads on Company facilities.

- Burning of trash, brush, etc. is not permitted within the Company ROW.