MARANA TOWN COUNCIL - AMENDED 10/16/2026 @ 3:35PM
SECOND AMENDMENT 10/19/2026 @ 5:00PM
REGULAR COUNCIL MEETING
NOTICE AND AGENDA
11555 W. Civic Center Drive, Marana, Arizona 85653
Council Chambers, October 20, 2026, 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 October 20, 2026, 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. Added or revised language appears 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. *Members of the Marana Town Council may attend either in person or by telephone or video conference call.* 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 will be 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

PROCLAMATIONS

PR1 Proclamation Recognizing Department of Arizona Marine Corps League (Jill McCleary)

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 and deliver it to the Town Clerk. 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.

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. 2026.017: Relating to Finance; amending the Town of Marana Comprehensive Fee Schedule to rename the Development Plan Package fee, delete the previous Development Plan fee; and designating an effective date (Matt Taylor)

C2 Resolution No. 2026-078: Relating to Public Works; approving and authorizing the Mayor to execute the Intergovernmental Agreement between the State of Arizona and the Town of Marana for design review for the final design construction of the Moore Road interchange at Interstate 10 (Fausto Burruel)

C3 Approval of Regular Council Meeting Summary Minutes of October 6, 2026 (Jill McCleary)

LIQUOR LICENSES

BOARDS, COMMISSIONS AND COMMITTEES

COUNCIL ACTION

A1 PUBLIC HEARING: Ordinance No. 2026.018: Relating to Land Development; amending Marana Town Code Title 17 "Land Development", Section 17-6-13 (Data centers); revising Section 17-6-13(G) (Noise Attenuation) to clarify and add additional requirements related to noise attenuation for data centers; adding new paragraph K entitled "Decommissioning" to Section 17-6-13 establishing requirements for the decommissioning of data centers; and designating an effective date (Brett Wittenberg)

Resolution No. 2026-079: Relating to Land Development; declaring as a public record filed with the Town Clerk the amendments adopted by Ordinance No. 2026.018, amending Marana Town Code Title 17 "Land Development", Section 17-6-13 (Data centers); revising Section 17-6-13(G) (Noise Attenuation) to clarify and add additional requirements related to noise attenuation for data centers; adding new paragraph K entitled "Decommissioning" to Section 17-6-13 establishing requirements for the decommissioning of data centers (Brett Wittenberg)

A2 Resolution No. 2026-080: Consideration and possible adoption of a resolution approving the sale and execution and delivery of pledged excise tax revenue obligations, in one or more series; approving the form and authorizing the execution and delivery of necessary agreements, instruments and documents; delegating authority to determine certain matters with respect to the foregoing and declaring an emergency (Yiannis Kalaitzidis)

A3 Resolution No. 2026-081: Relating to Personnel; approving and adopting the Town of Marana Leadership Continuity Program (Curry C. Hale)

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).

E2 *Discussion and consultation pursuant to A.R.S. § 38-431.03(A)(4) and (7) to consider the Town's position and instruct its attorneys and representatives regarding negotiations for the purchase of interests in real property located on the south side of Twin Peaks Road west of Silverbell Road and east of Saguaro Highlands Drive, as needed for the Twin Peaks Rattlesnake Pass Improvements (Marana Project No. ST073).*

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 **PR1**

Meeting Date: 10/20/2026

Submitted For: Jill McCleary, Town Clerk

Date: October 20, 2026

Subject: Proclamation Recognizing Department of Arizona Marine Corps League (Jill McCleary)

Attachments

Proclamation

MARANA AZ

PROCLAMATION
Recognizing the Department of Arizona Marine Corps League

WHEREAS, the citizens and staff of the Town of Marana recognize and support the commitment and dedication of the men and women who have served and continue to serve in the United States Marine Corps; and

WHEREAS, the mission of the Marine Corps League is to promote the interests and preserve the traditions of the United States Marine Corps; strengthen the fraternity of Marines and their families; serve Marines and Fleet Marine Force Navy personnel who wear or have worn the Eagle, Globe, and Anchor; and foster the ideals of Americanism and patriotic volunteerism; and

WHEREAS, the Department of Arizona Marine Corps League proudly supports Marines throughout Arizona through its support of Toys for Tots in partnership with local Marine Corps Reserve units; funeral honors; the Marine Corps Scholarship Foundation; the Young Marines; scholarship and award programs; and assistance to transitioning Marines and their families through the Marine Corps' Marine for Life program; and

WHEREAS, the Marine Corps League further serves Marines, veterans, their families, and communities through programs including Veteran Service Officers (VSO), the Scouting and Eagle Scout Program, Marine Roses Program, POW/MIA Remembrance, rifle and pistol competition matches, Voluntary Service programs, and Color Guards; and

WHEREAS, for 54 years, the Department of Arizona Marine Corps League Detachments have demonstrated an enduring commitment to service, fellowship, patriotism, and support for Marines, veterans, their families, and communities throughout the State of Arizona.

NOW, THEREFORE, I, Jon Post, Mayor of the Town of Marana, do hereby recognize and honor the **Department of Arizona Marine Corps League** for 54 years of dedicated service and extend best wishes to its members as they gather for their State Fall Conference.

Dated this 20th day of October, 2026.

ATTEST:

Jill McCleary, Town Clerk

Jon Post

Council-Regular Meeting **C1**

Meeting Date: 10/20/2026

To: Mayor and Council

From: Matt Taylor, Planning Manager

Date: October 20, 2026

Strategic Plan Focus Area:
Not Applicable

Subject: Ordinance No. 2026.017: Relating to Finance; amending the Town of Marana Comprehensive Fee Schedule to rename the Development Plan Package fee, delete the previous Development Plan fee; and designating an effective date (Matt Taylor)

Discussion:

On May 18, 2021, the Town Council, with Ordinance No. 2021.008, adopted an amended Comprehensive Fee Schedule and standardized fees across all departments. Since that time, fees have been updated annually, most recently by Ordinance No. 2026.009 on May 19, 2026.

On November 18, 2025, the Town Council adopted Ordinance No. 2025.024, which among other changes, included an update to the Town Code that created a new section, 17-3-4, which defined development plans. To eliminate confusion in the Town's fee schedule and to ensure that the schedule is consistent with this new section of the Town Code, staff proposes minor changes to the fee schedule. This proposed amendment to the Comprehensive Fee Schedule clarifies that review of a development plan also includes review of landscape and improvement plans, as well as review of title, drainage, geotechnical, and traffic reports, and that the fee formerly known as the development plan package fee would apply. There is no change to the fee amount. The former development plan fee, which only involves review of a site plan, would be eliminated, as it was rarely used in the past and is no longer applicable. No new or increased fees are proposed.

Staff Recommendation:

Staff recommends approval of this item.

Suggested Motion:

I move to adopt Ordinance No. 2026.017 amending the Town of Marana Comprehensive Fee Schedule to rename the Development Plan Package fee, delete the previous Development Plan fee; and designating an effective date.

Attachments

Ordinance No. 2026.017

MARANA ORDINANCE NO. 2026.017

RELATING TO FINANCE; AMENDING THE TOWN OF MARANA COMPREHENSIVE FEE SCHEDULE TO RENAME THE DEVELOPMENT PLAN PACKAGE FEE, DELETE THE PREVIOUS DEVELOPMENT PLAN FEE; AND DESIGNATING AN EFFECTIVE DATE

WHEREAS the Town Council is authorized by A.R.S. § 9-240(A) to control the finances of the town; and

WHEREAS the Town Council, via Ordinance No. 2021.008, adopted an amended comprehensive fee schedule on May 18, 2021, which was made a public record by and attached as Exhibit A to Resolution No. 2021-071; and

WHEREAS from time to time the Town Council has adopted amendments to the comprehensive fee schedule, most recently on May 19, 2026, via Ordinance No. 2026.009; and

WHEREAS amending the comprehensive fee schedule as set forth in this ordinance is in the best interests of the Town of Marana.

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

SECTION 1. The Town of Marana comprehensive fee schedule adopted via Ordinance No. 2021.008, is hereby amended (with deletions shown with ~~strikeouts~~ and additions shown with double underlining) (only amendments to the fee schedule are shown; the remainder of the fee schedule is unchanged):

Fee/Description	Amount	Unit of Measure	Notes
DEVELOPMENT SERVICES: PLANNING			
Development Plan ~~Package~~	$5180 Base + $70 per acre	Per application	Includes review of development plan, landscape plan, and improvements plans, title, drainage, geotechnical, and traffic reports for up to 3 submittals, $930 for each additional submittal. Revision to accepted plans are charged 30 % of the original fee.

~~Development Plan~~	~~$2000 Base + $40 per acre~~	~~Per application~~	~~Revisions to accepted plans are each charged 30 % of original fee..~~

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. This ordinance shall become effective on December 1, 2026.

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, Arizona, this 20th day of October, 2026.

_____
Mayor Jon Post

ATTEST:

_____
Jill McCleary, Town Clerk

APPROVED AS TO FORM:

_____
Jane Fairall, Town Attorney

Council-Regular Meeting **C2**

Meeting Date: 10/20/2026

To: Mayor and Council

Submitted For: Fausto Burruel, Public Works Director

From: Mitchell Raum, Project Manager

Date: October 20, 2026

Strategic Plan Focus Area:
Vibrant Community, Proactive Public Services

Strategic Plan Focus Area Additional Info:
Vibrant Community
GOAL: PROVIDE A SAFE AND CONNECTED MULTI-MODAL TRANSPORTATION SYSTEM TO SUPPORT THE MOBILITY NEEDS OF PRESENT AND FUTURE RESIDENTS.
STRATEGY: Update the Transportation Master Plan to reflect community needs and to support a Complete Streets approach to street design.
STRATEGY: Improve safety for people using all modes of travel by implementing programs, policies, educational resources, and infrastructure improvements to minimize traffic congestion.

Proactive Public Services
GOAL: PRIORITIZE INFRASTRUCTURE AND MAINTENANCE THAT SUPPORT NEW GROWTH AND DEVELOPMENT IN A PROACTIVE AND SUSTAINABLE MANNER

Subject: Resolution No. 2026-078: Relating to Public Works; approving and authorizing the Mayor to execute the Intergovernmental Agreement between the State of Arizona and the Town of Marana for design review for the final design construction of the Moore Road interchange at Interstate 10 (Fausto Burruel)

Discussion:

The Regional Transportation Authority (RTA) has identified funding for the final design of the future Moore Road interchange at Interstate 10 (I-10) (the "Project"). The proposed intergovernmental agreement (IGA) with the State of Arizona, acting by and through its Department of Transportation (ADOT), will facilitate design review of the Project by the Town and ADOT. Pursuant to the terms of the IGA, the Town will administer the preparation of the Design Concept Report (DCR) or Project Assessment (PA), Environmental Assessment (EA), Final Design plans, specifications, and construction cost estimate (PS&E), and the acquisition of all right-of-way for the Project. The State will provide oversight, reviews and approvals throughout the design of the Project within the State's right of way and/or access control (the "Design Review").

Upon execution of the IGA, ADOT will invoice the Town for the Design Review cost, estimated at $260,000, as shown in Exhibit A of the IGA. If actual Design Review costs exceed $260,000, the Town will be responsible for paying for the additional costs. If the final Design Review cost is less than the initial estimate, the difference between the final cost and the initial estimate will be de-obligated or otherwise released from the Project; the Town will determine and notify ADOT if the excess funding will be refunded or will be made available for construction. The IGA shall remain in full force and effect until completion of the Design Review and all related deposits and/or reimbursements are made.

Construction will be addressed in a separate agreement when necessary.

Financial Impact:

All amounts to be paid under the IGA will be funded from existing budget capacity from the project budget. The project budget authorization includes $20 million for planning and design as approved by Council in the fiscal year 2027 budget.

Staff Recommendation:

Staff recommends approval of the IGA.

Suggested Motion:

I move to adopt Resolution No. 2026-078; approving and authorizing the Mayor to execute the Intergovernmental Agreement between the State of Arizona and the Town of Marana for design review for the final design of Moore Road interchange at Interstate 10.

Attachments

Resolution No. 2026-078

Exhibit A to Resolution: IGA

MARANA RESOLUTION NO. 2026-078

RELATING TO PUBLIC WORKS; APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE STATE OF ARIZONA AND THE TOWN OF MARANA FOR DESIGN REVIEW FOR THE FINAL DESIGN CONSTRUCTION OF THE MOORE ROAD INTERCHANGE AT INTERSTATE 10

WHEREAS the Regional Transportation Authority (RTA) has identified funding for the final design of the future Moore Road interchange at Interstate 10 (the "Project"); and

WHEREAS the Town and the State of Arizona, acting by and through its Department of Transportation (ADOT), desire to enter into an intergovernmental agreement (IGA) which will facilitate design review of the Project by the Town and ADOT; and

WHEREAS the Town is empowered by A.R.S. §§ 9-240 and 11-952 to enter into this IGA; and

WHEREAS the Mayor and Council of the Town of Marana feel it is in the best interests of the citizens of Marana to enter into the IGA addressed by this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, that the Intergovernmental Agreement between the State of Arizona, acting by and through its Department of Transportation, and the Town of Marana for design review for the final design construction of the Moore Road interchange at Interstate 10, as set forth on Exhibit A attached to and incorporated within this resolution by this reference is hereby approved, and the Mayor is authorized to execute it for and on behalf of the Town of Marana.

IT IS FURTHER RESOLVED that 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, conditions and objectives of the IGA.

PASSED AND ADOPTED by the Mayor and Council of the Town of Marana, Arizona, this 20th day of October 2026.

Mayor Jon Post

ATTEST:

Jill McCleary, Town Clerk

APPROVED AS TO FORM:

Jane Fairall, Town Attorney

ADOT CAR No.: IGA 26-0011931-I
AG Contract No.: P0012026000620
Project Location/Name: New Traffic Interchange at I-10 and Moore Rd
Type of Work: Design Review
Federal-aid No.: 010-D-228
ADOT Project No.: F0954 01D
TIP/STIP No.:
ALN: 20.205 - Highway Planning and Construction
Budget Source Item No.:

INTERGOVERNMENTAL AGREEMENT

BETWEEN
THE STATE OF ARIZONA
AND
THE TOWN OF MARANA

THIS AGREEMENT ("Agreement") is entered into this date _____, pursuant to the Arizona Revised Statutes ("A.R.S.") §§ 11-951 through 11-954, as amended, between the STATE OF ARIZONA, acting by and through its DEPARTMENT OF TRANSPORTATION (the "State" or "ADOT") and the TOWN OF MARANA, acting by and through its MAYOR and TOWN COUNCIL (the " Town" or "Local Agency"). The State and the Local Agency are each individually referred to as a "Party" and are collectively referred to as the "Parties."

I. RECITALS

1. The State is empowered by A.R.S. § 28-401 to enter into this Agreement and has delegated to the undersigned the authority to execute this Agreement on behalf of the State.

2. The Local Agency is empowered by A.R.S. §9-240 to enter into this Agreement and has by resolution, if required, a copy of which is attached and made a part of, resolved to enter into this Agreement and has authorized the undersigned to execute this Agreement on behalf of the Local Agency.

3. The Local Agency is administering the final design of a new Traffic Interchange along Moore Road at Interstate 10 (I-10), (the "Project"). The Town will administer the preparation of the Design Concept Report (DCR), Environmental Assessment (EA), Final Design plans, specifications, and construction cost estimate (PS&E), and the acquisition of all right of way for the Project. The State will provide oversight, reviews and approvals, throughout the design of the Project within the State's right of way and/or access control, (the "Design Review"). The Design Review cost, shown in Exhibit A, is estimated at $260,000, which includes local funds. Construction will be addressed in a separate agreement, if applicable.

4. The foregoing Recitals and all Exhibits referred to herein and attached shall be incorporated into this Agreement.

In consideration of the mutual terms expressed herein, the Parties agree as follows:

II. SCOPE OF WORK

1. The Parties agree:

   a. The Local Agency will advertise, select, contract with, and manage the qualified consultant who will prepare the DCR, EA, and PS&E for the Project. ADOT will participate in the consultant selection process with two representatives to be included on the Town's consultant selection committee.

   b. The Local Agency will be responsible for all costs associated with the Design Review.

   c. The final Design Review cost may exceed the initial estimate(s) identified in Exhibit A, and in such case, the Local Agency is responsible for, and agrees to pay, any and all actual costs exceeding the initial estimate. If the final Design Review cost is less than the initial estimate, the difference between the final Design Review cost and the initial estimate will be de-obligated or otherwise released from the Project; the Local Agency will determine and notify ADOT whether the excess funding will be refunded to the Local Agency or will be retained by ADOT and made available for construction. The Local Agency acknowledges it remains responsible for actual costs and agrees to pay according to the terms of this Agreement.

2. The State will:

   a. Execute this Agreement and be the Local Agency's designated agent for the Design Review.

   b. After this Agreement is executed, and prior to performing or authorizing any work, invoice the Local Agency for the initial Design Review costs, estimated at $260,000. If total costs exceed the estimate during the Design Review, notify the Local Agency, obtain concurrence prior to continuing with the Design Review, and invoice as determined by ADOT and the Local Agency for additional costs for the Design Review. After the Design Review costs are finalized, invoice or reimburse the Local Agency for the difference between actual costs and the amount the Local Agency has paid.

   c. After receipt of the Local Agency's payment for the total Design Review costs, review design plans, specifications, cost estimates and other such documents required for the construction bidding and construction of the Project, including scoping/design plans and documents required by FHWA to qualify projects for and to receive federal funds; provide design review comments for the portion of the Project within ADOT's right of way and/or access control limits to the Local Agency as appropriate to ensure ADOT standards are met. ADOT will provide comments at DCR, EA, and all stage submittals of final design.

d. Issue, per established procedures of the State's SouthCentral District Permit office, a blanket Encroachment Permit for the design and pre-construction related activities by the Town within the State's right of way.

e. Review and approve all right of way and/or access control plans and exhibits within ADOT's right of way and/or access control limits ensuring ADOT standards are met.

f. Review and approve all right of way and/or access control files prior to offers being made.

g. Accept by Resolution into ADOT's transportation system, right of way and/or access control acquired by the Local Agency for purpose of construction of the Project prior to the State providing right of way clearance for the Project within ADOT's Access Control.

3. The Local Agency will:

a. Designate the State as the Local Agency's authorized agent for the Design Review.

b. Within 30 days of receipt of an invoice from the State, pay the initial PDA costs, estimated at $260,000. Agree to be responsible for actual PDA costs, if during Design Review, PDA costs exceed the initial estimate. Be responsible and pay for the difference between the estimated and actual PDA within 30 days of receipt of an invoice.

c. Prepare and provide design plans, specifications, cost estimates and other such documents required for the construction bidding and construction of the Project, complying with ADOT's standards for the portion of the Project within ADOT's right of way and/or access control, including scoping/design plans and documents required by FHWA to qualify projects for and to receive federal funds; incorporate design review comments from the State, as appropriate.

d. All submittals within ADOT's right of way and/or access control shall adhere to the requirements of State/ADOT Stage Deliverables Checklist provided as a reference on the State/ADOT website and shall include all appropriate reports, i.e., Geotech, Pavement Design, and Traffic. A Checklist must be included with every submittal.

e. Allow for a four-week review period by the State for the Stage IV and Stage V submittals.

f. Be responsible for all costs incurred in performing and accomplishing the work as set forth under this Agreement, that are not covered by federal funding. Should costs be deemed ineligible or exceed the maximum federal funds available, it is understood and agreed that the Local Agency is responsible for these costs; payment for these costs shall be made within 30 days of receipt of an invoice from the State.

g. Automatically grant to the State, by execution of this Agreement, its agents and/or contractors, without cost, the temporary right to enter the Local Agency's rights of way, as required, to conduct any and all planning and design review related activities for the Project, on, to and over said Local Agency's rights of way. This temporary right will expire with completion of the Project.

h. Investigate and document utilities within the Project limits; submit findings to ADOT determining prior rights or no prior rights; approve a location within the final right of way to re-establish the prior right location for those utilities with prior rights.

i. Request and maintain, per established procedures of the State's SouthCentral District Permit office, a blanket Encroachment Permit for the design and pre-construction related activities by the Town within the State's right of way.

j. Acquire all right of way and/or access control and all acquisition costs for the Project in accordance with the FHWA State approved Right of Way Manual and the Uniform Act.

k. Select a consultant that is familiar with ADOT's right of way survey and plans standards, acquisition process and the Uniform Act (Public Law 91-646)

III. MISCELLANEOUS PROVISIONS

1. Effective Date. This Agreement shall become effective upon signing and dating of all Parties.

2. Amendments. Any change or modification to the Project will only occur with the mutual written consent of both Parties.

3. Duration. The terms, conditions and provisions of this Agreement shall remain in full force and effect until completion of the Design Review and all related deposits and/or reimbursements are made.

4. Cancellation. This Agreement may be canceled at any time, so long as the canceling Party provides at least 30 days' written notice to the other Party. It is understood and agreed that, in the event the Local Agency terminates this Agreement, the Local Agency shall be responsible for all costs incurred by the State up to the time of termination. It is further understood and agreed that in the event the Local Agency terminates this Agreement, the State shall in no way be obligated to complete the Design Review.

5. Indemnification. The Local Agency shall indemnify, defend, and hold harmless the State, any of its departments, agencies, boards, commissions, officers or employees (collectively referred to in this paragraph as the "State") from any and all claims, demands, suits, actions, proceedings, loss, cost and damages of every kind and description, including reasonable attorneys' fees and/or litigation expenses (collectively referred to in this paragraph as the "Claims"), which may be brought or made against or incurred by the State on account of loss of or damage to any property or for injuries to or death of any person, to the extent caused by, arising out of, or contributed to, by reasons of any alleged act, omission, professional error, fault, mistake, or negligence of the Local Agency, its employees, officers, directors, agents, representatives, or contractors, their employees, agents, or representatives in connection with or incident to the performance of this Agreement. The Local Agency's obligations under this paragraph shall not extend to any Claims to the extent caused by the negligence of the State, except the obligation does apply to any negligence of the Local Agency which may be legally imputed to the State by virtue of the State's ownership or possession of land. The Local Agency's obligations under this paragraph shall survive the termination of this Agreement.

6. Third-Party Indemnification. The State shall include Section 107.13 of the 2021 version of the Arizona Department of Transportation Standard Specifications for Road and Bridge Construction, incorporated into this Agreement by reference, in the State's contract with any and all contractors, of which the Local Agency shall be specifically named as a third-party beneficiary. This provision may not be amended without the approval of the Local Agency.

7. Programmed Federal Funds. The cost of scoping work under this Agreement is to be covered by the federal funds programmed for this Project, up to the maximum available. The Local Agency acknowledges that actual Project costs may exceed the maximum available amount of federal funds, or that certain costs may not be accepted by FHWA as eligible for federal funds. Therefore, the Local Agency agrees to pay the difference between actual costs of the Project and the federal funds received.

8. Termination of Federal Funding. Should the federal funding related to this Project be terminated or reduced by the federal government, or Congress rescinds, fails to renew, or otherwise reduces apportionments or obligation authority, the State shall in no way be obligated for funding or liable for any past, current or future expenses under this Agreement.

9. Indirect Costs. The cost of the Project under this Agreement includes indirect costs approved by FHWA, as applicable.

10. Federal Funding Accountability and Transparency Act. The Parties warrant compliance with the Federal Funding Accountability and Transparency Act of 2006 and associated 2008 Amendments (the "Act"). Additionally, in a timely manner, the Local Agency will provide information that is requested by the State to enable the State to comply with the requirements of the Act, as may be applicable.

11. Governing Law. This Agreement shall be governed by and construed in accordance with Arizona laws.

12. Conflicts of Interest. This Agreement may be canceled in accordance with A.R.S. § 38-511.

13. Inspection and Audit. The Local Agency shall retain all books, accounts, reports, files and other records relating to this Agreement which shall be subject at all reasonable times to inspection and audit by the State for five years after completion of the Design Review. Such records shall be produced by the Local Agency, electronically or at the State office as set forth in this Agreement, at the request of ADOT.

14. Title VI. The Local Agency acknowledges and will comply with Title VI of the Civil Rights Act Of 1964.

15. Non-Discrimination. This Agreement is subject to 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. The Parties to this Agreement shall comply with Executive Order Number 2009-09, as amended by Executive Order 2023-01, issued by the Governor of the State of Arizona and incorporated in this Agreement by reference regarding "Non-Discrimination."

16. Non-Availability of Funds. Every obligation of the State under this Agreement is conditioned upon the availability of funds appropriated or allocated for the fulfillment of such obligations. If funds are not allocated and available for the continuance of this Agreement, this Agreement may be terminated by the State at the end of the period for which the funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments as a result of termination under this paragraph.

17. Arbitration. In the event of any controversy, which may arise out of this Agreement, the Parties agree to abide by arbitration as is set forth for public works contracts if required by A.R.S. § 12-1518.

18. E-Verify. The Parties shall comply with the applicable requirements of A.R.S. § 41-4401.

19. Contractor Certifications. The Parties shall certify that all contractors comply with the applicable requirements of A.R.S. §§ 35-393.01 and 35-394.

20. Other Applicable Laws. The Parties shall comply with all applicable laws, rules, regulations and ordinances, as may be amended.

21. Notices. All notices or demands upon any Party to this Agreement shall be in writing and shall be delivered electronically, in person, or sent by mail, addressed as follows:

For Agreement Administration:

Arizona Department of Transportation
Joint Project Agreement Group
205 S. 17th Avenue, Mail Drop 637E
Phoenix, AZ 85007
JPABranch@azdot.gov

Town of Marana
Fausto Burruel
5100 W Ina Road
Marana, AZ 85743
520.382.2676
fburruel@maranaaz.gov

For Project Administration:

Arizona Department of Transportation
Project Management Group
Steve Boschen, PE
205 S 17th Avenue, Mail Drop 614E
Phoenix, AZ 85007
PMG@azdot.gov

Town of Marana
Mitchell Raum
5100 W Ina Road
Marana, AZ 85743
520.382.2680
gsendlak@maranaaz.gov

For Financial Administration:

Arizona Department of Transportation
Project Management Group
205 S 17th Avenue, Mail Drop 614E
Phoenix, AZ 85007
PMG@azdot.gov

Town of Marana
Yiannis Kalaitzidis
11555 West Civic Center Drive
Marana, AZ 85653
520.382.3493
ykalaitzidis@maranaaz.gov

22. Revisions to Contacts. Any revisions to the names and addresses above may be updated administratively by either Party with written notice to the other Party.

23. Legal Counsel Approval. In accordance with A.R.S. § 11-952 (D), the written determination of each Party's legal counsel providing that the Parties are authorized under the laws of this

State to enter into this Agreement and that the Agreement is in proper form is set forth below.

24. Electronic Signatures. This Agreement may be signed in an electronic format including DocuSign.

Remainder of this page is intentionally left blank.

(Signatures begin on the next page)

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective upon the signing and dating of all Parties.

TOWN OF MARANA

By _____ Date_____
JON POST
Mayor

ATTEST:

By _____ Date_____
JILL McCLEARY
Town Clerk

I have reviewed the above referenced Intergovernmental Agreement between the State of Arizona, acting by and through its Department of Transportation, and the Town of Marana, an agreement among public agencies which, has been reviewed pursuant to A.R.S. §§ 11-951 through 11-954 and A.R.S. § 9-240 and declare this Agreement to be in proper form and within the powers and authority granted to the Town under the laws of the State of Arizona.

No opinion is expressed as to the authority of the State to enter into this Agreement.
Approved as to Form:

By _____ Date_____
JANE FAIRALL
Town Attorney

ARIZONA DEPARTMENT OF TRANSPORTATION

By _____ Date_____
MATT MOUL, PE
Project Delivery and Operations
Division Director

This Agreement between public agencies, the State of Arizona and the Town of Marana, has been reviewed pursuant to A.R.S. §§ 11-951 through 11-954 and A.R.S. § 28-401, by the undersigned Assistant Attorney General who has determined that it is in the proper form and is within the powers and authority granted to the State of Arizona. No opinion is expressed as to the authority of the remaining Parties, other than the State or its agencies, to enter into said Agreement.

By _____ Date_____
Assistant Attorney General

EXHIBIT A

Cost Estimate

F0954 01D

The Design Review costs are estimated as follows:

ADOT Design Review Cost:*

Local Cost at 100% (DCR and NEPA Review)	$ 52,000
Local Cost at 100% (Initial Design Review)	52,000
Local Cost at 100% (Final Design Review)	156,000
Estimated TOTAL Design Review Cost	**$ 260,000**

*Depending on the task, reviews will be performed by Bridge, Contracts and Specs, SouthCentral District, Environmental Planning Group, Materials, Project Management, Right of Way, Roadway Design, Drainage, Traffic, ITS/FMS, or Utilities and Railroad technical areas

Council-Regular Meeting **C3**

Meeting Date: 10/20/2026

To: Mayor and Council

Submitted For: Jill McCleary, Town Clerk

From: Richelle Valenzuela, Executive Assistant

Date: October 20, 2026

Subject: Approval of Regular Council Meeting Summary Minutes of October 6, 2026 (Jill McCleary)

Attachments

Regular Council Meeting Minutes, 10/6/2026

MARANA TOWN COUNCIL
REGULAR COUNCIL MEETING
11555 W. Civic Center Drive, Marana, Arizona 85653
Council Chambers, October 6, 2026, 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

SUMMARY MINUTES

CALL TO ORDER AND ROLL CALL

Mayor Post called the meeting to order at 6:02 PM and directed the Town Clerk to call the roll. **Council Member Murphy** was absent. All other Council Members were present, constituting a quorum. **Council Member Kai** subsequently recused himself from Item E2 and departed the meeting at 7:45 PM.

PLEDGE OF ALLEGIANCE/INVOCATION/MOMENT OF SILENCE

Mayor Post led the Pledge of Allegiance and moment of silence.

APPROVAL OF AGENDA

Town Manager Terry Rozema requested the removal of Item A1, Ordinance No. 2026.016, to allow staff additional time to revise the proposed ordinance before returning it to Council.

Council Member Cavanaugh moved to approve the agenda as amended. Council Member Comerford seconded the motion. Motion passed, 6-0.

CALL TO THE PUBLIC

Ten individuals addressed Council during Call to the Public. **David Morales** discussed Marana's history and his service to veterans. **Elise Kelman** expressed concerns regarding the adequacy of environmental analysis for proposed data center regulations. **Lloyd Kirsch, Julie Prince, Daniela Ugaz, Caroline Isaacs, Alex Randall, Jonathan M., Mike Green, and Paula Palotay** raised concerns regarding plans to operate an immigration detention facility in Marana, including detainee welfare and safety, allegations of misconduct involving the facility's operator, Management & Training Corporation (MTC), emergency preparedness, environmental impacts, the Town's regulatory authority, zoning compliance, and opportunities for public oversight and involvement. The speakers also called for greater transparency, accountability, and Council action regarding the facility. **Mr. Kirsch** additionally requested further public review of proposed data center regulations.

PROCLAMATIONS

PR1 Proclamation Recognizing the Month of October as Fire Prevention Month (Jill McCleary)

Town Clerk Jill McCleary read the proclamation recognizing October as Fire Prevention Month. **Mayor Post** presented the proclamation to **Northwest Fire District's Community Relations and Public Education Services Manager Anne-Marie Braswell** and expressed appreciation for the District's service to the community.

MAYOR AND COUNCIL REPORTS: SUMMARY OF CURRENT EVENTS

Council Member Cavanaugh acknowledged concerns regarding plans to operate an immigration detention facility in Marana and discussed the Town's limited authority and the importance of community safety and transparency. He also recognized two recent student deaths in the community and encouraged individuals experiencing a mental health crisis to contact the 988 Suicide and Crisis Lifeline.

Council Member Officer reported on his participation in a Southern Arizona Chamber delegation to Washington, D.C., and New York City, where he met with federal representatives and site selectors to discuss economic development opportunities. He also discussed continued growth and community engagement in Marana.

Vice Mayor Ziegler reported on attending the State of the Town event in Sahuarita, encouraged residents to educate themselves about ballot propositions, and highlighted the groundbreaking for Phase II of the Town's Wastewater Reclamation Facility. She also discussed an 88-CRIME awards event, recognition received by the Marana Police Department, the opening of the Twin Peaks Road and Rattlesnake Pass improvements, and an anti-human trafficking event in Scottsdale.

Council Member Comerford discussed the need for donations to the Marana Community Food Bank and encouraged residents to support individuals and families experiencing food insecurity.

Mayor Post reported on his participation in the Southern Arizona Chamber delegation to Washington, D.C., and New York City, where he met with elected officials, site selectors, and media representatives to promote economic development opportunities in Southern Arizona. **Mayor Post** also highlighted the Wastewater Reclamation Facility expansion, recognition of Marana Police Department personnel at the 88-CRIME awards, and the completion of the Serpentina public art project at Rattlesnake Pass.

MANAGER'S REPORT: SUMMARY OF CURRENT EVENTS

Town Manager Terry Rozema reported that 49 single-family residential permits were issued in September 2026, compared to 66 during the same month in 2025. He announced an upcoming public meeting for the Parks and Recreation Master Plan update, National Night Out on October 10, and the Marana Fall Festival on October 17. **Mr. Rozema** recognized the Marana Police Department for receiving a Team of the Year award and **Police Chief Jeffrey Pridge**tt for receiving the National Organization of Black Law Enforcement Executives' Supervisor of the Year award. **Mr. Rozema** also highlighted a recent Town podcast featuring **Mayor Post** and announced plans to incorporate historic silos from Marana Heritage Park into the downtown development project.

PRESENTATIONS

P1 Relating to Tourism; Presentation, update, and discussion related to the Town of Marana Tourism Master Plan 2025-2035 (Stefanie Boe)

[Item P1 was heard following approval of the Consent Agenda.]

Tourism & Marketing Manager Stefanie Boe and **Tourism & Marketing Specialist Brandon Mejia** provided an update on the first year of implementation of the Tourism Master Plan 2025-2035, which Council approved in June 2025. A copy of the presentation slides is on file with the Town Clerk's Office.

Ms. Boe reviewed the economic benefits of tourism, reporting approximately 735,000 visitor trips during fiscal year 2026 and $1.9 million in bed tax revenue. Ms. Boe highlighted the plan's initial accomplishments, including the development of visitor resources, expanded marketing efforts, tourism partnerships, and increased promotion of community events and attractions.

Mr. Mejia discussed the distribution and reach of the Town's visitor guide, development of promotional materials highlighting Marana's history and attractions, and the success of the Dine & Discover program. **Ms. Boe** highlighted regional cycling partnerships, the economic impact of community events, and upcoming tourism initiatives, including expanded festivals, recreational events, marketing partnerships, and promotional opportunities. Ms. Boe also discussed efforts to incorporate tourism into the downtown development project and the Town's participation in a national tourism promotional event in Washington, D.C.

Council Member Cavanaugh asked about the methodology used to calculate tourism's economic impact and the use of Placer.ai to evaluate visitor activity. **Ms. Boe** explained that the economic impact calculation followed an established industry methodology and that Placer.ai provided visitor data that staff could compare with other sources. **Council Member Cavanaugh** also discussed the Town's tourism branding and opportunities to promote the community's diverse recreational amenities.

Council Member Comerford commended staff for the quality of the visitor guide and the progress made during the first year of the plan.

Mayor Post expressed appreciation for the presentation and discussed opportunities to promote Marana through *Arizona Highways*.

CONSENT AGENDA

C1 Resolution No. 2026-074: Relating to Intergovernmental Relations; approving and authorizing the Mayor to execute the "Intergovernmental Agreement Between Marana Unified School District and Town of Marana and the State of Arizona, Acting Through the Water Infrastructure Finance Authority of Arizona" for property access at 13250 N. Lon Adams Road, Marana, Arizona, 85653 (Mike Osborne)

C2 Resolution No. 2026-075: Relating to the Police Department; approving and authorizing the Chief of Police to execute a Drug Enforcement Administration State and Local Law Enforcement Agency Memorandum Agreement between the United States Department of Justice, Drug Enforcement Administration, and the Marana Police Department for October 1, 2026, through September 30, 2031 (Jeff Pridgett)

C3 Approval of Regular Council Meeting Summary Minutes of September 15, 2026 (Jill McCleary)

Vice Mayor Ziegler moved to approve the Consent Agenda. Council Member Comerford seconded the motion. Motion passed, 6-0.

LIQUOR LICENSES

L1 Relating to Liquor Licenses; recommendation to the Arizona Department of Liquor Licenses and Control regarding an application for a multi-license acquisition of control for one Series 9 Liquor Store license for Walgreens Store No. 9952, located at 12050 N. Dove Mountain Blvd., Marana, Arizona, 85653, and two Series 10 Beer and Wine Store licenses for Walgreens Store Nos. 05156, located at 7800 N. Cortaro Rd., Marana, Arizona, 85743, and 07209, located at 3800 W. Ina Rd., Marana, Arizona, 85741, submitted by Andrea Dahlman Lewkowitz on behalf of Walgreens (Jill McCleary)

Mayor Post asked whether Council had questions regarding the application. There were no questions.

Council Member Kai moved to recommend approval to the Arizona Department of Liquor Licenses and Control of the multi-license acquisition of control application submitted by Andrea Dahlman Lewkowitz on behalf of Walgreens. Council Member Cavanaugh seconded the motion. Motion passed, 6-0.

BOARDS, COMMISSIONS AND COMMITTEES

COUNCIL ACTION

A2 Resolution No. 2026-076: Relating to Police Department; approving and authorizing the Mayor and the Police Chief to execute an Intergovernmental Agreement Regarding Joint Formation and Operation of Specialized Law Enforcement Teams Among Public Agencies Within Pima County; and Rescinding Resolution No. 2026-045 (Jeffrey Pridgett)

Deputy Town Attorney David Udall explained that Council previously approved an amendment to the intergovernmental agreement in June 2026 through Resolution No. 2026-045. **Mr. Udall** stated that additional changes requested by participating agencies resulted in the preparation of a new five-year agreement. The revised agreement included provisions establishing a regional critical incident team board and clarifying that participating agencies were not obligated to deploy resources when requested.

Vice Mayor Ziegler moved to adopt Resolution No. 2026-076. Council Member Kai seconded the motion. Motion passed, 6-0.

A3 Resolution No. 2026-077: Relating to Water; approving and authorizing the Mayor to sign a lease agreement for 4,800 AF of Fort McDowell Yavapai Nation Indian Priority Central Arizona Project water (Heidi Lasham)

Water Director Heidi Lasham said that the Town was selected through a competitive proposal process to enter into a one-year lease with the Fort McDowell Yavapai Nation for 4,800 acre-feet of Central Arizona Project (CAP) Indian Priority water. **Ms. Lasham** stated that the approximately $3.7 million lease would be funded through impact fees and would provide an additional water source to support the Town's long-term water portfolio and local aquifer.

Mayor Post asked whether the water was firmed and whether the Town would receive long-term storage credits for any portion not delivered as physical water. **Ms. Lasham** confirmed that the water was firmed and explained that applicable long-term storage credits would be available.

Town Manager Terry Rozema commended Water Department staff for pursuing innovative opportunities to diversify and strengthen the Town's water resources.

Council Member Cavanaugh asked whether the water would be delivered through the CAP canal system. **Ms. Lasham** confirmed that it would and emphasized the importance of securing additional water resources for the Town's future.

Vice Mayor Ziegler asked what would occur after the lease ended. **Ms. Lasham** explained that the agreement was limited to one year and that additional leasing opportunities could become available.

Mayor Post asked how costs compared to Central Arizona Groundwater Replenishment District (CAGRD) water. **Ms. Lasham** stated that CAGRD water cost approximately $900 to $1,000 per acre-foot, compared to the lower cost of the proposed lease.

Council Member Comerford moved to adopt Resolution No. 2026-077. Council Member Kai seconded the motion. Motion passed, 6-0.

ITEMS FOR DISCUSSION / POSSIBLE ACTION

D1 Relating to Strategic Planning; presentation outlining the planning process and timeline for Strategic Plan VI; discussion and possible direction regarding proposed focus areas (Julia Cramer)

Assistant to the Town Manager Julia Cramer presented an overview of the development process and proposed focus areas for Strategic Plan VI, which would guide Town

priorities for fiscal years 2028 through 2030. A copy of the presentation slides is on file with the Town Clerk's Office.

Ms. Cramer outlined the development timeline for the Strategic Plan, including continued drafting through October 2026, community engagement during November and December, Council and staff review during January and February 2027, and anticipated adoption in March 2027. **Ms. Cramer** discussed planned outreach efforts, including community surveys, stakeholder meetings, town halls, and engagement at community events.

Council Member Cavanaugh expressed support for the proposed focus areas and asked how unfinished initiatives from Strategic Plan V would be addressed in the new plan. **Ms. Cramer** said that some initiatives would carry forward, others would be revised to reflect progress, and others might not be included in the new plan.

Mayor Post discussed the ongoing nature of strategic planning and noted that the plan provided long-term direction rather than a collection of tasks with a defined endpoint. **Ms. Cramer** agreed and explained that although individual initiatives could be completed, the broader focus areas would remain ongoing priorities.

Council Member Kai emphasized the importance of Future-Ready Infrastructure, particularly in supporting economic development and attracting employment opportunities.

Mayor Post expressed appreciation for staff's efforts to connect presentations and initiatives to the Town's strategic plan.

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.

Mayor Post asked for a motion to enter executive session on Item E2.

Council Member Cavanaugh moved to go into executive session on Item E2. Council Member Officer seconded the motion. Motion passed, 6-0.

Council Member Kai recused himself from Item E2 and did not participate in the executive session or return to the regular meeting.

[An executive session was held on Item E2 below, beginning at 7:45 PM and concluding at 8:50 PM.]

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 Discussion and consultation pursuant to A.R.S. § 38-431.03(A)(3) and (4), re: Proposition 207 (A.R.S. § 12-1134) Notice of Claim from TMR Investors, LLC relating to the Tortolita Specific Plan located east of Interstate 10, north of the Marana Road interchange, and northwest of the San Lucas subdivision.

Council Member Officer moved to direct staff as discussed in executive session. Council Member Cavanaugh seconded the motion. Motion passed, 5-0.

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 Officer seconded the motion. Motion passed, 5-0.

The meeting was adjourned at 8:51 PM.

CERTIFICATION

I hereby certify that the foregoing are the true and correct minutes of the regular Town Council meeting held on October 6, 2026. I further certify that a quorum was present.

_____

Jill McCleary, Town Clerk

Council-Regular Meeting **A1**

Meeting Date: 10/20/2026

To: Mayor and Council

From: Brett Wittenberg, Development Services Director

Date: October 20, 2026

Strategic Plan Focus Area:
Thriving Commerce, Vibrant Community, Proactive Public Services

Subject: PUBLIC HEARING: Ordinance No. 2026.018: Relating to Land Development; amending Marana Town Code Title 17 "Land Development", Section 17-6-13 (Data centers); revising Section 17-6-13(G) (Noise Attenuation) to clarify and add additional requirements related to noise attenuation for data centers; adding new paragraph K entitled "Decommissioning" to Section 17-6-13 establishing requirements for the decommissioning of data centers; and designating an effective date (Brett Wittenberg)

Resolution No. 2026-079: Relating to Land Development; declaring as a public record filed with the Town Clerk the amendments adopted by Ordinance No. 2026.018, amending Marana Town Code Title 17 "Land Development", Section 17-6-13 (Data centers); revising Section 17-6-13(G) (Noise Attenuation) to clarify and add additional requirements related to noise attenuation for data centers; adding new paragraph K entitled "Decommissioning" to Section 17-6-13 establishing requirements for the decommissioning of data centers (Brett Wittenberg)

Discussion:

Request
Town staff proposes to revise the Land Development Code text to clarify and add additional requirements for noise attenuation and decommissioning of data centers.

Background
In December 2024, the Town Council approved Ordinance 2024.029 establishing development regulations for data centers. After the adoption of the ordinance, the

Town has received input from the public with various concerns related to the adopted development regulations for data centers including, but not limited to, noise attenuation and decommissioning of data center facilities. As a result of the input received and additional research, the Town engaged the services of an acoustical consultant to review and make recommendations on the adopted ordinance to enhance the requirements regarding noise attenuation for data centers. In evaluating the current ordinance, Town staff is also recommending adding requirements establishing standards for the decommissioning of data center facilities to provide further protections to the community.

The proposed amendments are specific to the regulations in the Marana Town Code and do not specifically address any previously approved data center.

Proposed Amendments
The proposed text amendments include the following:

- Establishing standards for the required noise contour exhibit in accordance with the International Organization for Standardization (ISO) standard ISO 9613-2
- Establishing the methodology for measuring the ambient noise levels at a site prior to development of a data center, establishing definitions for daytime and nighttime ambient noise levels, and providing that if the ambient noise level exceeds the maximum permissible sound levels set forth in Table 2, the ambient noise level becomes the maximum sound level permitted
- Clarifying the definition of "dBA" and adding definitions for "C-weighted sound level", "decibel"' and "Leq" (also known as equivalent sound level)
- Clarifying and adding provisions to "Table 2. Maximum sound levels for data center operation" by adding the "Leq" to the maximum daytime/nighttime dBA levels and lowering the maximum allowed nighttime dBA level in relation to residential or mixed-use properties
- Adding new maximum dBC levels for daytime/intermittent and nighttime/24/7 operations to Table 2 to address low frequency noise
- Adding requirements that impose a 5 dB penalty for tonal noise as identified in accordance with ISO 1996-2
- Adding an exception from the maximum levels in Table 2 for backup/emergency generator use, and adding a definition of what does, and does not, constitute backup/emergency use
- Adding a new paragraph K to establish standards for the decommissioning of data centers, including a requirement for financial assurances and the establishment of timelines

Public Notification
Notice of this public hearing was published in The Daily Territorial as required by law. Notices were also posted in various locations in the town.

Planning Commission
At its September 30, 2026 meeting, the Planning Commission voted 7-0 to recommend approval of the Town Code amendments to the Town Council.

Staff Recommendation:
Staff recommends approval of the ordinance and resolution.

Suggested Motion:
I move to adopt Ordinance No. 2026.018; amending Marana Town Code Title 17 "Land Development", Section 17-6-13 (Data centers); and Resolution No. 2026-079, declaring as a public record filed with the Town Clerk the amendments adopted by Ordinance No. 2026.018.

Attachments

Ordinance No. 2026.018
Resolution No. 2026-079
Exhibit A to Resolution: Amendments
MD Acoustics Analysis
Public Comment Section

MARANA ORDINANCE NO. 2026.018

RELATING TO LAND DEVELOPMENT; AMENDING MARANA TOWN CODE TITLE 17 "LAND DEVELOPMENT", SECTION 17-6-13 (DATA CENTERS); REVISING SECTION 17-6-13(G) (NOISE ATTENUATION) TO CLARIFY AND ADD ADDITIONAL REQUIREMENTS RELATED TO NOISE ATTENUATION FOR DATA CENTERS; ADDING NEW PARAGRAPH K ENTITLED "DECOMMISSIONING" TO SECTION 17-6-13 ESTABLISHING REQUIREMENTS FOR THE DECOMMISSIONING OF DATA CENTERS; AND DESIGNATING AN EFFECTIVE DATE

WHEREAS A.R.S. §9-462.01 provides that the governing body of a municipality may adopt zoning regulations to conserve and promote public health, safety and general welfare; and

WHEREAS the Mayor and Council of the Town of Marana have adopted Marana Town Code Title 17 (Land Development) to promote the health, safety, order, and general welfare of the present and future inhabitants of the Town; and

WHEREAS the Mayor and Council of the Town of Marana find that revising Marana Town Code Title 17 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, Arizona, as follows:

SECTION 1. The revisions to Title 17 "Land Development", Section 17-6-13 (Data centers) of the Marana Town Code revising Section 17-6-13(G) (Noise Attenuation) to clarify and add additional requirements related to noise attenuation for data centers and adding new paragraph K entitled "Decommissioning" to Section 17-6-13 establishing requirements for the decommissioning of data centers, one paper copy and one electronic copy of which are on file in the office of the Town Clerk, which were made a public record by and attached as Exhibit A to Resolution No. 2026-079 of the Town of Marana, Arizona, are hereby referred to, adopted, and made a part of this ordinance as if fully set out here.

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. This ordinance is effective on the 31st day after its adoption.

PASSED AND ADOPTED by the Mayor and Council of the Town of Marana, Arizona, this 20th day of October, 2026.

_____
Mayor Jon Post

ATTEST:

_____
Jill McCleary, Town Clerk

APPROVED AS TO FORM:

_____
Jane Fairall, Town Attorney

MARANA RESOLUTION NO. 2026-079

RELATING TO LAND DEVELOPMENT; DECLARING AS A PUBLIC RECORD FILED WITH THE TOWN CLERK THE AMENDMENTS ADOPTED BY ORDINANCE NO. 2026.018, AMENDING MARANA TOWN CODE TITLE 17 "LAND DEVELOPMENT", SECTION 17-6-13 (DATA CENTERS); REVISING SECTION 17-6-13(G) (NOISE ATTENUATION) TO CLARIFY AND ADD ADDITIONAL REQUIREMENTS RELATED TO NOISE ATTENUATION FOR DATA CENTERS; AND ADDING NEW PARAGRAPH K ENTITLED "DECOMMISSIONING" TO SECTION 17-6-13 ESTABLISHING REQUIREMENTS FOR THE DECOMMISSIONING OF DATA CENTERS

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, ARIZONA, that the revisions to Title 17 "Land Development" of the Marana Town Code adopted by Marana Ordinance No. 2026.018, a copy of which is attached to and incorporated in this resolution as Exhibit A and one paper copy and one electronic copy of which are on file in the office of the Town Clerk, are hereby declared to be a public record and ordered to remain on file with the Town Clerk.

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE TOWN OF MARANA, ARIZONA, this 20th day of October, 2026.

Mayor Jon Post

ATTEST:

Jill McCleary, Town Clerk

APPROVED AS TO FORM:

Jane Fairall, Town Attorney

SECTION 1. Section 17-6-13 (Data centers) of the Marana Town Code is hereby revised as follows (with additions shown with double underlining and deletions shown with ~~strikethroughs~~):

17-6-13 Data centers

[No revisions to paragraphs A through F]

G. Noise Attenuation. The developer of a data center to be operated as either a principal or an accessory use must conduct a noise study performed by a qualified third-party acoustical ~~engineer~~ consultant to document baseline sound levels in the area of the proposed data center and to produce a noise contour exhibit depicting the anticipated noise levels to be generated by the data center. The baseline noise study shall measure ambient noise levels using a type 1 or type 2 sound level meter over a 24-hour period at a location representative of the nearest receptors to the site. The noise contour exhibit must be produced in accordance with the methodology set forth in International Organization for Standardization standard ISO 9613-2 (Acoustics - Attenuation of sound during propagation outdoors - Part 2: General method of calculation).

1. For purposes of this section 17-6-13:

a. "~~dBA~~A-weighted sound level" means the sound pressure level in decibels as measured on a sound level meter using the A-weighted filter network. The A-weighted filter network is designed to simulate the response of the human ear by de-emphasizing the very low and very high frequency components of the sound in a manner similar to the response of the human ear. The A-weighted sound level is expressed by the symbol "dBA."

b. "Backup/emergency use" means the operation of a data center's on-site generator or generators solely as a secondary source of electrical power, and only during, and for the duration of, a genuine and unforeseen interruption of the data center's primary electrical supply caused by conditions beyond the reasonable control of the owner or operator, including but not limited to a power outage, grid failure, load shedding directed by the serving electric utility or balancing authority, natural disaster, or other emergency condition, or during a state of emergency declared by a competent governmental authority. The following do not constitute backup/emergency use, and a generator so operated is not being used for backup/emergency use, regardless of the frequency or duration of such operation:

i. Operation as a substitute for, or supplement to, a primary electrical supply that is insufficient, inadequate, unreliable, or unavailable to meet the data center's power requirements, including any operation necessitated by the owner's or operator's failure to secure adequate utility or other stable primary power;

ii. Operation in anticipation of, or in response to, a chronic, foreseeable, or recurring shortfall or constraint in the primary electrical supply, including grid or utility capacity limitations known or reasonably knowable to the owner or operator;

iii. Peak shaving, load shedding, or load management undertaken by the data center operator but not directed by the serving electric utility or balancing authority, or other non-emergency demand response;

iv. Operation to reduce, avoid, or manage energy costs or utility charges, or to serve any economic or commercial purpose;

v. Operation pursuant to an interruptible-power or curtailable-service agreement, or to generate, provide, or sell power to an electric grid or to any other person as part of a financial arrangement; and

vi. Operation during scheduled utility maintenance or any other planned or foreseeable interruption of the primary supply.

c. "C-weighted sound level" means the sound pressure level in decibels as measured on a sound level meter using the C-weighted filter network. The C-weighted filter provides a nearly flat frequency response for most of the range of human hearing. The C-weighted sound level is expressed by the symbol "dBC."

~~b~~d. "Daytime" means 7:00 a.m. to 7:00 p.m. on weekdays, and 9:00 a.m. to 8:00 p.m. on Saturdays, Sundays, and legal holidays observed by the town.

e. "Daytime ambient noise level" means the quietest hourly average (Leq,h) measured during daytime hours pursuant to the methodology described in paragraph G above.

f. "Decibel" means the unit for measuring the amplitude of a sound, equal to 20 times the logarithm to the base 10 of the ratio of the pressure of the sound measured to the reference pressure, which is 20 micro-pascals. Decibel is expressed by the symbol "dB."

g. "Leq" (also known as "equivalent sound level") means the sound level corresponding to a steady noise level over a given sample period with the same amount of acoustic energy as the actual time varying noise level; the energy average noise level during the sample period. The sample period for purposes of this section is 15 minutes, expressed as "Leq(15 min)."

~~c~~h. "Nighttime" means 7:00 p.m. to 7:00 a.m. on weekdays, and 8:00 p.m. to 9:00 a.m. on Saturdays, Sundays, and legal holidays observed by the town.

i. "Nighttime ambient noise level" means the quietest hourly average (Leq,h) measured during nighttime hours pursuant to the methodology described in paragraph G above.

2. Any noise which emanates from any operation, activity, or source on a data center site, including, but not limited to, heating and cooling system(s), shall not exceed the maximum permissible sound levels set forth in Table 2 (Maximum sound levels for data center operation) measured at the property line of the property affected by the noise.

Table 2. Maximum sound levels for data center operation		
Planned or zoned use of affected property	**Maximum dBA Leq(15 min) Daytime/Nighttime**	**Maximum dBC Daytime or Intermittent/ Nighttime or 24/7 Operation**
Residential and mixed-use	55/~~55~~50	70/65
Agricultural	60/55	70/65
Commercial	65/60	80/75
Industrial	72/65	80/75

a. If the daytime or nighttime ambient noise level exceeds the maximum permissible sound level for a property's planned or zoned use as set forth in Table 2, in lieu of the corresponding Table 2 maximum, the applicable ambient noise level shall be the maximum sound level permitted for the time period in question.

b. Where the noise emanating from a data center site contains an audible tonal component, a penalty of 5 dB shall be added to the measured sound level (dBA Leq(15 min)) before that level is compared to the applicable maximum permissible sound level in Table 2 above. The resulting adjusted level, and not the unadjusted measured level, shall be used to determine compliance with this section.

c. The tonal noise penalty applies to both the daytime and nighttime maximum permissible sound levels and to each planned or zoned use category set forth in Table 2. The penalty adjusts only the measured sound level; it does not alter the maximum permissible sound levels stated in Table 2.

d. For purposes of subparagraph 2(a) above, a tonal component shall be identified in accordance with International Organization for Standardization standard ISO 1996-2 (Acoustics — Description, measurement and assessment of environmental noise — Part 2: Determination of sound pressure levels), including its objective method for assessing the audibility of tones in environmental noise. A tonal component is present where the analysis performed under ISO 1996-2 shows that the audibility of the tone meets or exceeds the threshold at which the standard treats the tone as audible. The 5 dB penalty described in subparagraph 2(a) above shall be applied as a fixed adjustment whenever a tonal component is so identified, and shall not be increased or decreased based on the degree of tonal audibility.

3. Notwithstanding the provisions of Table 2 above, ~~any person performing site construction work in compliance with section 11-5-4 (Construction noise; extended work permits)~~ the following activities shall not be subject to the maximum sound levels set forth in Table 2 above:~~.~~

   a. Site construction work performed in compliance with section 11-5-4 (Construction noise; extended work permits).

b. Operation of generators for backup/emergency use.

4. The data center must be designed and built to incorporate sound mitigation methods sufficient to prevent the sound levels emanating from the data center, as determined by a qualified third-party acoustical ~~engineer~~ consultant from exceeding the maximum sound levels set forth in Table 2. Design specifications for the required sound mitigation must be provided to the town before building permit approval.

5. Before issuance of a certificate of occupancy or certificate of completion, whichever occurs first, the data center operator must conduct a post-construction noise study performed by a qualified third-party acoustical ~~engineer~~ consultant to document sound levels emanating from the data center measured at the property line of the nearest property to the data center property that is planned or zoned for residential land uses, or other noise sensitive use as reasonably determined by the zoning administrator, during peak operation of the data center mechanical equipment. The post-construction noise study must demonstrate that sound levels do not exceed the maximum sound levels set forth in Table 2. If sound levels exceed the maximum sound levels set forth in Table 2, the town will issue a temporary certificate of occupancy until the data center operator demonstrates that the required sound mitigation is achieved. If the data center operator is unable to demonstrate compliance with the sound levels set forth in Table 2 before expiration of the temporary certificate of occupancy, the town will not issue a permanent certificate of occupancy.

6. The data center operator must also conduct an additional noise study, as measured at the property line of the nearest property to the data center property that is planned or zoned for residential land uses, or other noise sensitive use as reasonably determined by the zoning administrator, annually during peak operation of the data center mechanical equipment for five years after completion of the initial post-construction noise study and when requested by the town thereafter. The data center operator must provide the results of the noise study to the town within 30 days of the anniversary of the date on which the certificate of occupancy or certificate of completion was issued by the town. If sound levels exceed the maximum sound levels set forth in Table 2, the data center operator shall take appropriate steps to achieve the required sound mitigation.

[No revisions to paragraphs H through J]

K. Decommissioning. If a data center site ceases operations for a continuous period of 12 months, or if the owner or operator of a data center site provides written notice that the data center site will permanently cease operations, the data center owner or operator shall commence decommissioning of the facility within 180 days unless an extension is approved by the planning manager upon a showing of good cause. For purposes of this paragraph, a data center site "ceases operations" when the entire site is no longer in use; this paragraph shall not apply to a building or buildings that are no longer in use on an otherwise continuously operating data center site.

1. To ensure compliance with this paragraph, the developer of a data center site must provide financial assurances to the town at the time of submission of a development plan for the site.

a. Financial assurances may take the form of surety bonds, irrevocable letters of credit, trust funds, or other mechanisms acceptable to the town.

b. The amount of the financial assurances shall be calculated by the data center developer based on the projected expense to complete decommissioning pursuant to this paragraph, plus a 15% contingency, and must be approved by the town engineer.

c. The financial assurances shall remain in effect for the duration of the data center operation and for any necessary additional period until decommissioning is completed.

d. If a data center operation is sold or ownership is transferred to another person, the existing financial assurances shall remain in force and shall not be released by the town until new financial assurances are secured from the new owner and have been approved by the town.

e. The town shall review the amount of the financial assurances on a regular basis and may require adjustments to the amount to account for expansion of the data center operation, inflation, or other factors related to the cost of decommissioning which have changed since the previous review.

2. Decommissioning shall include, at a minimum:

a. Removal of all information technology equipment, servers, networking equipment, cooling equipment, backup generators, fuel tanks, batteries, transformers, substations, and all other operational equipment not intended for reuse by a subsequent permitted occupant, excluding any equipment, facilities, and infrastructure owned by a public utility provider. The data center owner or operator must coordinate with the electric utility provider to de-energize, disconnect, and forfeit allocated grid capacity.

b. Removal and lawful disposal of all hazardous materials, hazardous waste, petroleum products, coolants, refrigerants, chemicals, and other regulated substances in accordance with all applicable federal, state, and local laws.

c. Closure, removal, or abandonment of underground storage tanks, utility facilities, wells, or other improvements in accordance with applicable regulatory requirements.

d. Investigation and remediation of any environmental contamination resulting from operation of the facility to the standards required by the applicable regulatory agencies.

e. Removal of all signage identifying the facility or operator.

f. Securing the site during decommissioning to prevent unauthorized access.

g. Restoration of all disturbed areas to a safe and stable condition, including grading, drainage, erosion control, landscaping, and repair of any damage to public infrastructure caused by the decommissioning activities.

3. The data center owner or operator shall grant town staff access to the data center site for monitoring and inspection during the decommissioning period to verify compliance with the decommissioning requirements. Access shall be granted during regular town and

operator business hours or at such other times as may be mutually agreed upon by the town and the data center owner or operator. The provisions of this subparagraph shall be deemed to be a condition of decommissioning.

4. Unless otherwise approved by the town, all decommissioning activities must be completed within 12 months after commencement. The town manager or designee may administratively grant extensions for completion of decommissioning activities in increments of 90 days at a time on a showing of good cause by the data center owner or operator.

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July 17, 2026

Brett Wittenberg
Town of Marana
1555 W. Civic Center Drive
Marana, AZ 85653

Subject: Data Center Amendment to Marana Town Code – Sonoran Think Tank Analysis & Ordinance Review – Town of Marana, AZ

Dear Mr. Wittenberg,

MD Acoustics, LLC (MD) has received the data center analysis (by Colin Mellars) and the data center amendment to the Marana Town Code from the Town of Marana. MD has provided comments and suggestions to the think tank analysis and the amendment. These comments are provided below, as well as a discussion on infrasound from data centers. A glossary of acoustical terms is provided in Appendix A.

Sonoran Think Tank Analysis

MD has reviewed the Sonoran Think Tank Analysis paper and believes it lacks authority and expertise on the subject. Many statements lack citations, and most citations are not what they are claimed to be when cited directly in the text. The analysis is written from the perspective of a highly informed, concerned citizen and should not be considered a reliable source of information regarding data center noise. However, many of these concerns are worth addressing. Appendix B contains our redline annotations of the white paper.

Data Center Amendment to Marana Town Code

MD has reviewed the Data Center Amendment to the Marana Town Code. In general, the code provides good protection for residents by requiring sound mitigation measures in the design as well as pre- and post- acoustical studies to ensure compliance with the ordinance. The code also provides decibel noise limits, which is helpful for data center operators, residents, and enforcement personnel to make compliance measurable. MD recommends modifying how the decibel noise limits are defined in terms of specifying the acoustic metric and the time duration over which the measurement should be made to provide additional clarity.

The following suggestions are provided to further strengthen the noise ordinance:

1. Section 17-6-13, Paragraph G: Wording should be added to require the noise contour exhibit to align with ISO 9613-2.

2. Section 17-6-13, Paragraph G, #2: The metrics tied to the maximum sound level need a clearer descriptor (e.g., Leq vs. Lmax). Typically, noise level limits are proposed in dBA Leq. Therefore, Table 2 (and supporting text) should specify that the maximum sound levels are in dBA Leq.

3. The permitted nighttime maximum sound level for residential and mixed-use zones/properties is considered high compared to other noise ordinances. MD suggests taking multiple ambient noise measurements at night in rural and urban residentially zoned areas to document existing noise levels within the Town of Marana. The noise measurements should be at least 15 minutes in duration and taken only during typical quiet nighttime hours (11 PM to 4 AM). The results of these noise measurements can then be used to determine an appropriate nighttime limit. Nighttime noise levels are likely to range from the mid-30s to the low-50s, and the existing noise limits could quadruple the nighttime noise level in rural residential areas.

4. Section 17-6-13, Paragraph G, #3: The ordinance should add a point after #2 that imposes a 5 dB penalty for tonal noise, as defined by ISO 1996-2. The tonality survey method compares the sound pressure level in a 1/3-octave band against the levels in the two neighboring bands. If the sound pressure level in the 1/3-octave band exceeds the levels in both adjacent bands by a specific amount, the tone is deemed prominent. This would require pre- and post-analyses to analyze 1/3-octave bands.

5. An additional dBC code would help address low-frequency concerns. C-weighted decibels, unlike A-weighted decibels, do not significantly reduce the inclusion of noise below 1 kHz. MD recommends the following criteria, where the maximum may be appropriate for urban areas and the desirable for rural areas[1]:

Sensitive Receiver		Range	CriterialL_{eq} (dBC)
Residential	Night time or plant operation 24/7	Desirable	60
		Maximum	65
	Daytime or Intermittent (1-2 hours)	Desirable	65
		Maximum	70
Commercial/ Office/ Industrial	Night time or plant operation 24/7	Desirable	70
		Maximum	75
	Daytime or Intermittent (1-2 hours)	Desirable	75
		Maximum	80

Discussion on Infrasound

Infrasound refers to sound waves that are lower than the typical range of human hearing (i.e., below 20 Hz). Sound waves in this regime are often associated with wind turbines and other extremely large noise sources.

[1] Broner, N. "A simple criterion for low frequency noise emission assessment." *Journal of low frequency noise, vibration and active control* 29.1 (2010): 1-13.

MD has not seen sufficient evidence to suspect that data centers produce significant levels of infrasound. The fans and cooling systems typical of the data centers MD has worked on produce sound energy primarily in the audible range, especially from 600 Hz to 1000 Hz. Furthermore, infrasound is a highly debated topic within the acoustic research community, and there is no general consensus on acceptable levels of infrasound. Therefore, MD does not recommend including any provisions regarding infrasound in the noise ordinance or zoning regulations related to data centers.

Data Center Noise and Noise Mitigation Case Study

MD has worked on several data centers throughout the years, including data centers located in Chandler, Arizona, Mesa, Arizona, and San Antonio, Texas. Air-cooled chillers are often used to keep the sensitive computer and memory equipment indoors at stable temperatures. The sound characteristics of this equipment tend to feature annoying tonal sounds at approximately 600-1000 Hz.

Before a data center is constructed, noise mitigation options include setbacks, height limitations for cooling equipment, screening requirements (e.g., acoustical fencing and/or acoustical louvers), and equipment selection and specification. Setbacks include increasing the distance between sensitive uses and primary noise sources. Height limitations increase the effectiveness of barriers and noise screens. Screening requirements increase the distance and reduction between primary noise producers and sensitive land uses. Equipment selection and specification refer to the selection of quieter equipment and may include noise reduction packages provided by the manufacturer.

Figure 1 shows an unmitigated chiller typical of some air-cooled data centers. It is not uncommon for a single data center to employ several large cooling systems, including redundant systems, to ensure the sensitive electronics indoors stay at a consistent temperature.

Figure 1: Chiller Unit – No Mitigation



Figures 2-4 shows the same type of chiller with additional sound mitigation blankets wrapped around the primary noise producers within the chiller.

Figure 2: Chiller Unit with Noise Mitigation



Figure 3: Chiller Unit with Noise Mitigation

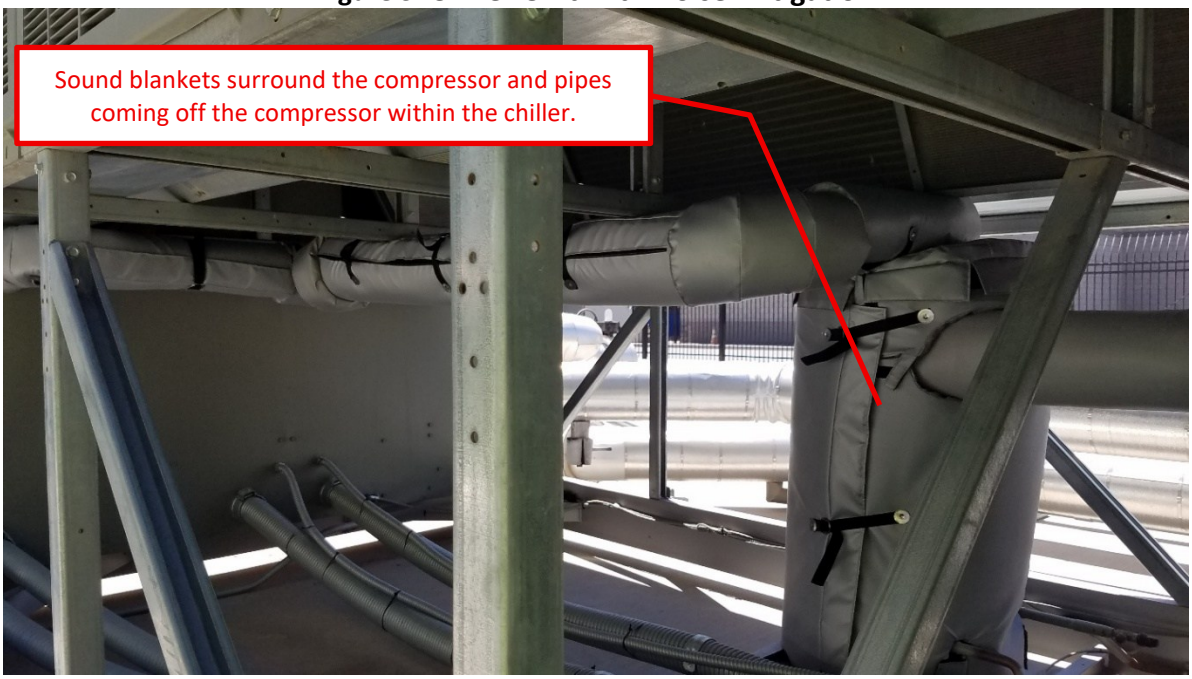
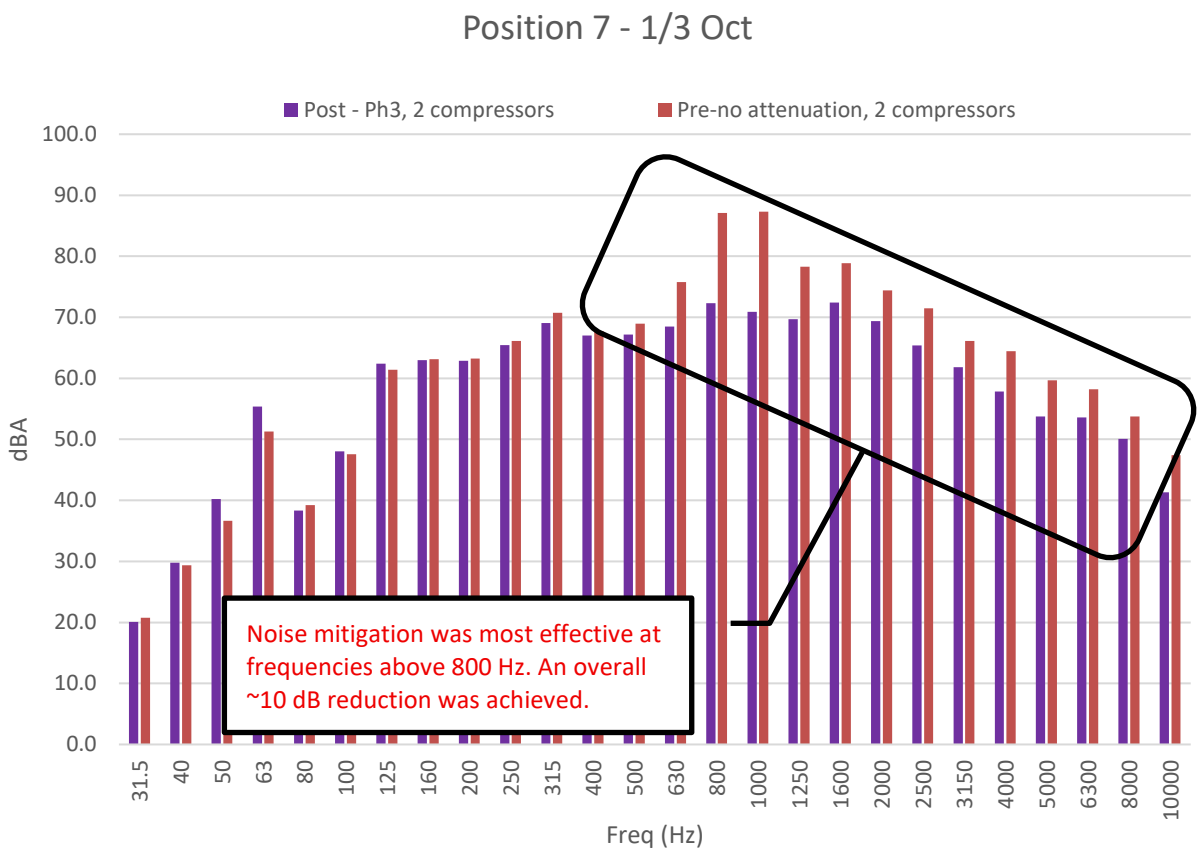


Figure 4: Chiller Unit with Noise Mitigation



Figure 5 shows noise measurements of this type of equipment before and after the noise mitigation was applied.

Figure 5: Pre-Mitigation vs. Post-Mitigation Noise Levels



As shown in Figure 5, the noise mitigation solution was effective at reducing the worst of the noise in the 600-1000 Hz range. There is a notable peak at 63 Hz that nearly misses the ISO 1996-2 definition of tonal and could possibly be tonal at different receptors. The noise control solution was much less effective at lower frequency noise reduction, but the primary community complaint was about the tonal noise in the 600-1000 Hz range.

Adding noise mitigation to the chillers was an expensive and labor-intensive project. The overall effect on the surrounding community was to reduce but not eliminate the nuisance noise from the chillers.

It has been MD's experience that data center needs and technology evolve over time. With the changing needs and equipment, additional cooling may introduce noise sources and equipment that were not planned for in the original design. MD recommends a thorough acoustical evaluation of all proposed changes to the mechanical equipment located on site.

Conclusions

MD has reviewed the Sonoran Think Tank Analysis and Data Center Amendment to the Marana Town Code. Comments and suggestions for changes and additional clarification are provided in this report. In addition, the redlined data center amendment by MD is included in the Appendix.

Please do not hesitate to call our AZ office at (602) 774-1950 with any questions or comments.

Sincerely,
MD Acoustics, LLC



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Acoustical Consultant

Appendix A
Glossary of Acoustical Terms

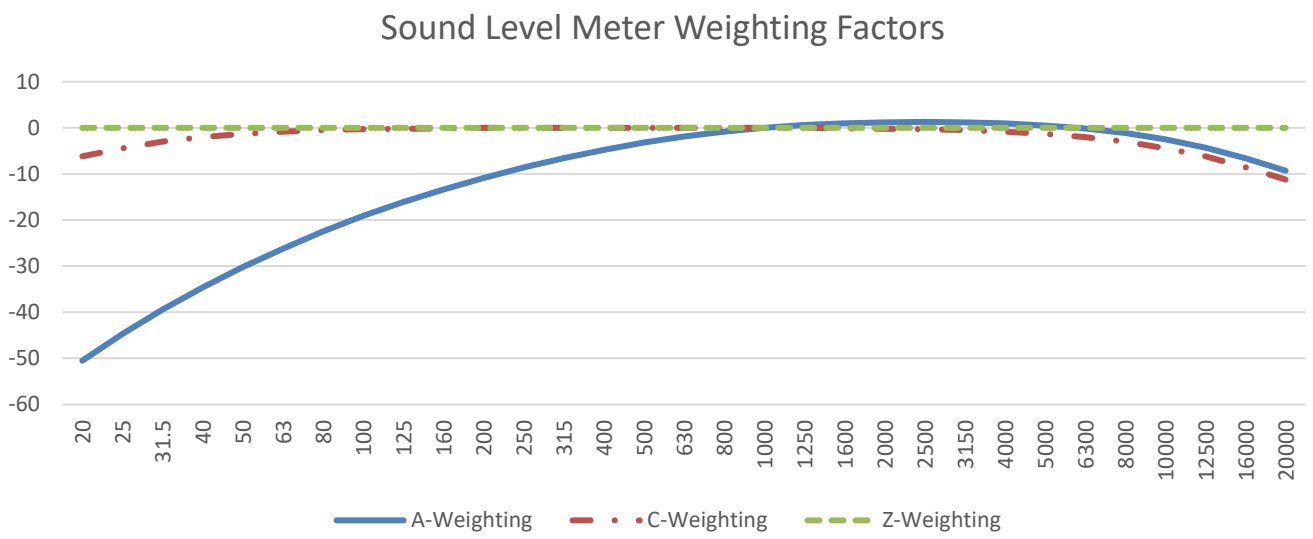
Glossary of Terms

Acoustic Spectrum: The sound pressure level at each frequency. Frequency is measured in cycles per second (cps), also known as Hertz.

A-Weighted Sound Level: The sound pressure level in decibels as measured on a sound level meter using the A-weighted filter network. The A-weighting filter de-emphasizes the very low and very high frequency components of the sound in a manner similar to the response of the human ear. A numerical method of rating human judgment of loudness.

Ambient or Background Noise Level: The composite of noise from all sources, near and far. In this context, the ambient noise level constitutes the normal or existing level of environmental noise at a given location.

C-Weighted Sound Level: The sound pressure level in decibels as measured on a sound level meter using the C-weighted filter network. The C-weighting filter provides a nearly flat frequency response for most of the range of human hearing as shown in the chart below.



Community Noise Equivalent Level (CNEL): The average equivalent A-weighted sound level during a 24-hour day, obtained after the addition of five (5) decibels to sound levels in the evening from 7:00 to 10:00 PM and ten (10) decibels to sound levels in the night before 7:00 AM and after 10:00 PM.

Day Night Level (DNL or Ldn): The average equivalent A-weighted sound level during a 24-hour day, obtained after the addition of ten (10) decibels to sound levels in the night before 7:00 AM and after 10:00 PM.

Decibel (dB): A unit for measuring the amplitude of a sound, equal to 20 times the logarithm to the base 10 of the ratio of the pressure of the sound measured to the reference pressure, which is 20 micro-pascals.

dB(A): A-weighted sound level (see definition above).

Equivalent Sound Level (LEQ): The sound level corresponding to a steady noise level over a given sample period with the same amount of acoustic energy as the actual time varying noise level. The energy average noise level during the sample period.

Frequency: Frequency is a property of a sound wave that relates an oscillation to a unit of time. Frequency can be measured for many physical phenomena, including light waves, electrical currents, and sound waves. Frequency is measured in cycles per second (cps), and the standard unit is hertz (Hz). One thousand Hz is a kilohertz (kHz). Human perception of frequency is most closely related to pitch (i.e., high frequencies are perceived as higher pitches (think violins and fruits) and low frequencies are perceived as lower pitches (think of a string bass or drum).

Human Sensitivity to Sound: In general, the healthy human ear can hear between 20 Hz to 20,000 Hz. Frequencies below 125 Hz are typically associated with low frequencies or bass. Frequencies between 125 Hz and 5,000 Hz are typically associated with mid-range tones. Finally, frequencies between 5,000 and 20,000Hz are typically associated with higher range tones.

The human ear is sensitive to changes in noise levels, depending on the frequency. Generally speaking, the healthy human ear is most sensitive to sounds between 1,000 Hz and 5,000 Hz (A-weighted scale) and perceives a sound within that range as being more intense than a sound with a higher or lower frequency with the same magnitude. At lower and higher frequencies, the ear can become less sensitive depending on a number of factors. Figure 1 provides common indoor/outdoor noise levels. Table 1 provides a brief summary of how humans perceive changes in noise levels.

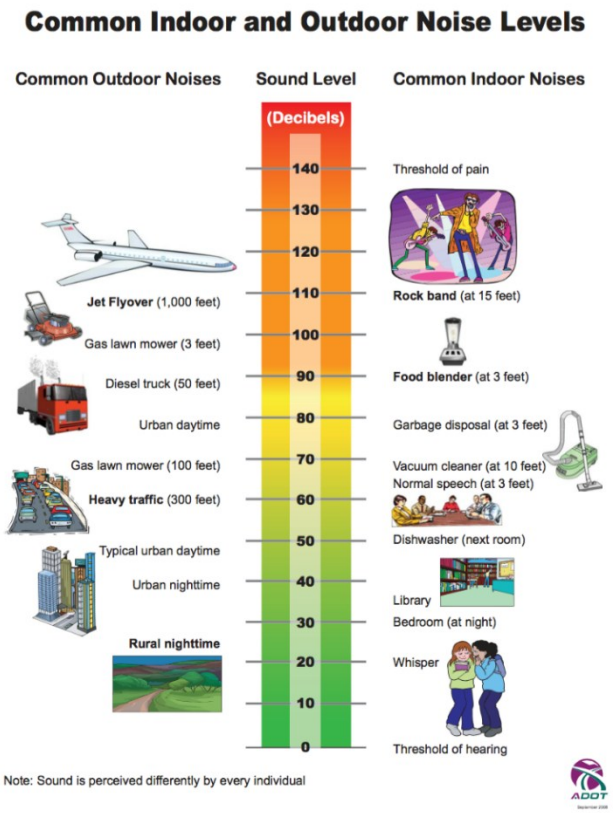


Table 1: Change in Noise Level Characteristics[1]

Changes in Intensity Level, dBA	Changes in Apparent Loudness
1	Not perceptible
3	Just perceptible
5	Clearly noticeable
10	Twice (or half) as loud

https://www.fhwa.dot.gov/environMent/noise/regulations_and_guidance/polguide/polguide02.cfm

Infrasound: Soundwaves with frequencies below the lower bound of human hearing (i.e., frequencies less than 20 Hz). Infrasound is not audible to the human ear, but in some cases it may be perceptible by the sense of touch or pressure.

L(n): The A-weighted sound level exceeded during a certain percentage of the sample time. For example, L10 in the sound level exceeded 10 percent of the sample time. Similarly, L50, L90, and L99, etc.

Loudness and Loudness Level: Loudness refers to the subjective perception of noise level, as opposed to the objective measurement of noise level, which has been determined through experiments involving human test subjects. The human hearing mechanism is both frequency and amplitude dependent. Experiments in which human subjects were asked to rate when two tones of different frequencies were equally loud allowed the creation of equal loudness level contours.

Noise: Any unwanted sound or sound which is undesirable because it interferes with speech and hearing, or is intense enough to damage hearing, or is otherwise annoying. The State Noise Control Act defines noise as "...excessive undesirable sound...".

Octave (and Fractional Octave) Bands: It can be useful to split the acoustic spectrum up evenly. An octave band has all the energy from one frequency until the frequency doubles (e.g., one octave band has all the energy from 125 Hz to 250 Hz, the next octave band from 250 Hz to 500 Hz, etc.). Octave bands are proportional to the doubling of the frequency. 1/3 Octave bands further split up the frequency content such that there are three bands per octave. Other fractional octave filters include 1/6 and 1/12 octave bands, but the octave and 1/3 octave bands are the most common in use today.

Percent Noise Levels: See L(n).

Sound Level (Noise Level): The weighted sound pressure level obtained by use of a sound level meter having a standard frequency-filter for attenuating part of the sound spectrum.

Sound Level Meter: An instrument, including a microphone, an amplifier, an output meter, and frequency weighting networks for the measurement and determination of noise and sound levels.

Z-Weighted Sound Level: The sound pressure level in decibels as measured on a sound level meter using the Z-weighted filter network. The Z-weighting filter indicates that no weighting factors have been applied to the measured sound pressure levels, and that the decibel is referenced to 20 micro-pascals.

Appendix B
Redlines

The Unheard Problem: Infrasound, Low-Frequency Noise, and Tonal Hum from High-Density Data Centers — A Public Policy Analysis

March 2026

Colin Mellars

Sonoran Think Tank

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Definitions

ACHE - Air-Cooled Heat Exchangers

AHU - Air Handling Units

AI - Artificial Intelligence

CDUs - Coolant Distribution Units

CRAC - Computer Room Air Conditioning

CRAH - Computer Room Air Handler

Hz - Hertz

LFN - Low Frequency Noise

PDU - Power Distribution Unit

PSU - Power Supply Unit

RPM - Revolutions Per Minute

I. Introduction

The United States is building data centers faster than it is building the rules to govern them. Driven by AI model training, cloud computing infrastructure, and cryptocurrency mining, the hyperscale data center industry has expanded from a regional curiosity into a geographic force reordering land use patterns across the country. Nowhere is this transformation more visible — or more consequential — than in the American Southwest. Proposed projects in the Tucson metropolitan area, including the 750-megawatt facilities in Marana referenced in this paper, represent a scale of industrial development with no regional precedent and no regulatory framework calibrated to manage it. The question of whether those facilities will be good neighbors to existing communities is, in significant part, a question of acoustics. And on that question, the current policy apparatus is almost entirely silent.

Data centers are, fundamentally, enormous heat-rejection machines. They consume electrical power to run servers and must continuously expel the resulting heat to the outside air. At hyperscale — 750 megawatts of load is roughly equivalent to the power draw of a mid-sized city — that heat rejection requires hundreds or thousands of large industrial axial fans running around the clock, every day of the year. Those fans are efficient, reliable, and loud. More precisely, they are loud in a specific, technically distinctive way: they generate persistent tonal noise concentrated in the low-frequency range, roughly 10 to 200 hertz, that is almost entirely invisible to the measurement standards embedded in virtually every noise ordinance in the United States, including the Marana Data Center Ordinance. A data center can satisfy every applicable noise regulation while still emitting a constant, penetrating hum that passes through walls, disrupts sleep, and produces measurable physiological stress in the surrounding residential population.

This is not a hypothetical risk. It is the documented experience of communities in Northern Virginia, North Dakota, and dozens of other data center corridors across the country.

No cited sources for this claim.

The regulatory failure at the core of this problem is technical before it is political. The A-weighted decibel — the unit of measurement that appears in virtually every community noise ordinance — was designed to assess hearing damage from industrial machinery. Its frequency-weighting filter progressively suppresses low-frequency sound, attenuating measured levels at 31.5 Hz to approximately one eight-thousandth of their actual energy. This is appropriate for evaluating occupational hearing risk, for which the filter was designed. It is the wrong tool entirely for characterizing the chronic, tonal, low-frequency emissions of a data center cooling array. The consequence is a compliance-impact gap: a structural divergence between what measurement standards register and what communities experience. That gap is not a regulatory loophole to be closed by stricter enforcement of existing rules. It is a function of using the wrong measurement tool for the wrong noise source. Until the tools change, the gap persists, regardless of how conscientiously the rules are applied (Industrial Noise and Vibration Centre, n.d.; Ramboll Group, 2024).

Source states there should be LF penalties and 1/3 octave assessments, attempting to minimize LF equipment

This paper examines the acoustic, public-health, and regulatory dimensions of that failure across six sections. Section II characterizes the engineering reality of a large-scale data center in the Sonoran Desert — the thermodynamic constraints that produce massive fan arrays, the blade-pass frequency physics that generate low-frequency tonal emissions, and the climatological features of Tucson that amplify long-range sound propagation during the nights when residents most need quiet. Section III surveys the scientific evidence on health consequences of low-frequency noise exposure, a literature substantially more developed and alarming than its near-total absence from U.S. regulatory frameworks would suggest. Section IV

examines those regulatory frameworks — federal, state, and local — and documents their systematic failure to address continuous, tonal, low-frequency sources. Section V presents three case studies drawn from communities that have already encountered this problem: Northern Virginia's data center corridor, the Atlas Power disaster in Williston, North Dakota, and Fairfax County, Virginia's pre-emptive ordinance reform. Section VI translates that analysis into a concrete policy agenda organized across five domains: measurement standards, siting and permitting, monitoring and enforcement, federal action, and industry best practices.

The central thesis of this paper is straightforward: existing regulatory frameworks are acoustically and scientifically inadequate to address the specific noise profiles generated by high-density data centers. They measure the wrong thing, with the wrong tools, against standards designed for a different industrial era. The health consequences of that inadequacy are not speculative — they are documented in a substantial peer-reviewed literature on low-frequency noise exposure that predates the data center industry. What is speculative, and urgently requires study, is the specific health burden carried by communities in data center corridors today. What is not speculative is the existence of technically sound, internationally tested alternatives to the current framework. The question this paper addresses is whether policymakers — in Southern Arizona, and in Washington — will adopt those alternatives before the window to do so meaningfully closes.

II. Acoustic Characteristics of Data Center Noise

Industrial facilities, especially data centers, have unique and specific noise signatures that are significantly different from those of current industrial, residential, and commercial facilities in the Southern Arizona region. The specific decisions within the Project Blue and Luckett Road Data Center projects call for dry-air cooling of the rezoned facilities, which puts this problem squarely in focus. These facilities will require substantial HVAC systems with significant airflow to operate. Critically, neither Pima County nor the Town of Marana currently maintains a noise ordinance with frequency-specific or continuous-source provisions capable of capturing the emissions this infrastructure will generate. The regulatory gap that devastated communities in Northern Virginia already exists here — the difference is that Southern Arizona still has time to close it before ground is broken.

The Core Engineering Challenge: Tucson + 750 MW + Dry Air Only

The first thing to understand is the thermodynamic brutality of this combination. Tucson sits in the Sonoran Desert with summer dry-bulb temperatures regularly exceeding 105–110°F (40–43°C). A dry-air-cooled system rejects heat using only the ambient air temperature as the heat sink. This means:

- No cooling towers (no evaporative benefit)
- No water consumption (the presumably stated goal for area governments)
- Massive penalty on efficiency — a dry cooler in 43°C ambient air rejects less heat per unit than one in 20°C air.

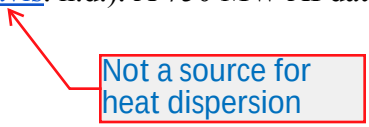
To compensate, you need either far more fan units running harder, or adiabatic pre-cooling (wetting the intake coils), which technically introduces water use even if not traditional tower evaporation

For a high-density data center with realistic dry-air cooling in a desert climate like Tucson, the power requirements for the cooling system alone would be 40% to 50% of the total facility power draw, and virtually all of that energy must be rejected to the atmosphere as heat, 24 hours a day, 365 days a year.

What the Cooling System Would Actually Look Like

Tier 1 — Rack Level (Inside the Building)

Modern hyperscale facilities can support over 135 kW per rack, making it an order of magnitude harder to dissipate heat from high-density racks (Larson Davis. n.d.). A 750 MW AI data center would almost certainly use a hybrid internal architecture:



- Direct-to-chip liquid cooling (D2C cold plates) for the highest-density GPU/AI racks (100–140+ kW per rack)
- Computer Room Air Handlers (CRAHs) for lower-density networking, storage, and auxiliary equipment
- Coolant Distribution Units (CDUs) act as the interface between server-level liquid loops and facility-level piping

In a liquid-cooled environment, heat from IT equipment is absorbed by a liquid coolant, which then rejects heat via heat exchangers, chillers, dry coolers, or other heat-rejection systems. Liquid cooling does not necessarily eliminate air cooling — many data centers use hybrid setups

where liquid cooling manages the highest-density components and air cooling supports auxiliary systems and lower-density racks (Duquesne Law Review, 2026).

Source doesn't talk about cooling methods

Tier 2 — Facility Loop (The Pipes)

All that heat collected flows through a closed glycol/water loop at elevated temperatures (likely 30–45°C supply, 45–60°C return) to the exterior. The design goal in dry cooling is to raise the hot-side temperature high enough to reject to 43°C+ ambient air, while staying within server inlet temperature tolerances.

Tier 3 — Exterior Heat Rejection (The Noise Source)

This is where the scale becomes staggering, and where almost all of the community noise originates.

Dry coolers remove heat by transferring it from a closed liquid loop to the ambient air using large finned coils (Larson Davis. n.d.). In a pure dry-cooling scenario at this scale, you would deploy numerous large industrial air-cooled heat exchangers (ACHEs) or dry-cooler units, arranged in yard-mounted or rooftop banks across the facility campus.

Source doesn't talk about heat dispersion

Rough scale estimate:

- Heat to reject: ~300 to 350 MW thermal (continuously)
- Large industrial dry cooler unit capacity in desert heat: roughly 2–5 MW per unit (severely derated at 43°C ambient vs. rated capacity at 20°C)
- Estimated unit count: 60-175 individual dry cooler units per facility, each containing 4–8 large-diameter industrial axial fans

- Total fan count: approximately 480-1,400 large industrial fans running 24/7/365

Additionally, if the operator uses adiabatic pre-cooling during peak summer (to derate less), you'd add water spray systems and associated pumping infrastructure. This is currently not permitted via the existing ordinance in Marana, but it is unaddressed in other area projects. This may represent a fundamental physical limitation on data center operations during summer months, necessitating that operators request variances or exceptions to water use requirements.

Tier 4 — Emergency/Backup Generators

At 750 MW load, the facility would require roughly 1,000–1,200 MW of backup generator capacity for N+1 redundancy — likely 50–100 large diesel or gas turbine gensets. During testing cycles (often monthly) and actual grid events, these are extremely high-noise, high-vibration sources with their own distinct low-frequency signature.

The Acoustic Profile: How Each Layer Contributes to the LFN Problem

1. Blade Pass Frequency (BPF) — The Core Infrasound/LFN Mechanism

This is the most important concept requiring updated regulations. Every rotating fan generates a tonal noise at the Blade Pass Frequency:

BPF (Hz) = (RPM × number of blades) ÷ 60

Large industrial axial fans used in dry cooler arrays are specifically designed to move enormous air volumes at low speed — this is what makes them efficient. Typical large ACHE fans operate at:

150–400 RPM with 4–8 blades

Plugging those numbers in:

Configuration	RPM	Blades	BPF
Very large, slow fan	150	4	10 Hz (infrasound)
Large slow fan	200	6	20 Hz (threshold of hearing)
Standard industrial ACHE	250	8	33 Hz (low LFN)
Moderate-speed ACHE	350	6	35 Hz (low LFN)
Higher-speed unit	400	8	53 Hz (LFN)

The first and second harmonics of these tones fall at 20–100 Hz — squarely in the range that barriers are almost completely ineffective at frequencies (<200 Hz). Chiller and AHU fans regularly generate low-frequency tones, as the blade-pass hum often falls within this range. While acoustic barriers and attenuators can reduce overall dB(A) noise levels, they do not address low-frequency tones, which are very commonly the actual cause of complaints (WHO Night Noise Guidelines, 2009).

Missing "For Europe" in title
Source does not state this.

All fans generate a tone at the blade pass frequency and its multiples (harmonics). Whether this tone is objectionable or barely noticeable depends on the fan's type and design and the point of operation (WHO Burden of disease fron environmental noise, 2011).

Source does not state this.

2. The Acoustic "Beating" Phenomenon at Scale

Claim without any source. This is not our personal experience.

With 480-1,400 fans running simultaneously, a phenomenon unique to large fan arrays emerges: acoustic beating. No two motors run at precisely the same RPM due to manufacturing tolerances, load variation, and control imprecision. When two fans generate tones at, say, 33.0 Hz and 33.3 Hz, they produce a beating pattern at 0.3 Hz — an amplitude modulation of the hum that pulses roughly every 3 seconds. This low-frequency amplitude modulation is among the most frequently reported and most disturbing characteristics of data center noise in residential communities. It is entirely invisible to standard dB(A) measurements.

3. Ground and Structure Borne Vibration

At a 750 MW scale, the mechanical loads on the facility slab and ground are enormous. Fan vibration couples into the building structure and radiates as structure-borne noise — particularly significant at infrasound frequencies (below 20 Hz) where wavelengths are long (17 meters at 20 Hz). Mechanical noise due to vibration transmitted into the support structure and then radiated as sound is tonal at the motor speed and higher harmonics (WHO Compendium of WHO and other UN guidance on health and environment: Environmental noise, 2022) . This can cause audible (and felt) vibration inside nearby buildings even when outdoor sound pressure levels appear acceptable.

Source does not discuss structure-borne noise

4. The Desert "Sound Cannon" Effect — Tucson-Specific

Tucson's climate creates a particularly punishing nocturnal propagation condition. During summer nights, the desert surface cools rapidly after sunset while the air temperature remains elevated, creating nocturnal temperature inversions. This produces what acousticians call a sound

duct — low-frequency sound is bent back toward the ground rather than dispersing upward. A very common problem is a low-frequency hum at the fan-blade-pass frequency, typically below 200 Hz. These tones travel large distances, passing through glazing virtually unattenuated, and are a very common cause of noise complaints (Alves et al., 2020). In inversion conditions, this effect is amplified dramatically — LFN can propagate coherently for kilometers rather than the hundreds of meters typically modeled in permit applications.

Source is poorly written study that doesn't discuss LF attenuation

5. CRAH Fan Noise (Interior to Exterior Leakage)

The large CRAH units inside the building also contain axial fans — typically smaller but running at higher RPM — that generate tones in the 60–200 Hz range. These tones propagate through building walls, louver openings, and cable penetrations, adding a mid-low-frequency noise layer to the outdoor acoustic environment.

6. Transformer and PDU Hum

The constant high power draw produces a low-frequency humming sound similar to that of HVAC fans. Perryvillageohio At 750 MW, the facility would contain hundreds of large medium-voltage transformers, all generating a characteristic 120 Hz fundamental tone (2× line frequency in the US) plus harmonics. While 120 Hz is at the upper edge of LFN classification, transformer hum is a well-documented community complaint source, especially where multiple transformers in phase synchronization produce a coherent, non-masking tone.

Unrelated link that aims to counter the claims of adverse health effects of data center noise

Why This Specific Scenario Is a Policy Emergency

The combination of factors here is uniquely adverse:

Factor	Why does it make LFN worse
Dry air cooling mandate	Forces massive fan arrays vs. compact cooling towers; far more fan sources
750 MW scale	480 - 1,400 fans vs. 50–200 for a typical campus
Tucson desert heat	Fans must run at maximum speed during summer; no free-cooling periods when fans throttle back
24/7 operation	No off-hours; LFN exposure is continuous, not episodic
Nocturnal inversions	Desert nights amplify long-range LFN propagation exactly when residents are sleeping
Arid landscape	Sparse vegetation means no natural acoustic absorption; flat terrain means no topographic shielding

The regulatory implication is direct: a standard dB(A) permit assessment conducted at typical distances would almost certainly miss the primary community impact entirely, because virtually all the acoustically problematic energy (10–70 Hz BPF tones, structure-borne vibration, beating effects) is filtered out by A-weighting before it's even measured.

III. Health Effects: The Scientific Evidence

The scientific literature on low-frequency noise (LFN) and infrasound has grown substantially over the past two decades. What began as a niche area of environmental acoustics has attracted increasing attention from public-health researchers, toxicologists, and cardiovascular epidemiologists. The following subsections survey the state of that evidence, trace its implications for cardiovascular and metabolic health, and identify the critical gaps that remain—most urgently, the near-total absence of research focused on data centers as a distinct exposure source.

A. Known and Established Effects of Low-Frequency Noise

Low-frequency noise—conventionally defined as sound energy concentrated below 200 Hz, and including the infrasonic range below 20 Hz—has occupied a recognised place in the environmental-health literature since at least the 1970s. Yet it was not until the turn of the millennium that international health authorities formally acknowledged its status as an environmental problem warranting dedicated regulatory attention.

The World Health Organization took a pivotal step when, in 2000, it formally recognised LFN as an environmental problem in its own right. Critically, WHO noted that the health impacts of low-frequency components of noise are estimated to be more severe than those of higher-frequency noise at equivalent decibel levels—a finding that fundamentally reframes the conventional A-weighted dB(A) metric used in most community-noise standards, since A-weighting heavily discounts the very frequencies at issue.

I can't find this source

Key Finding: *Standard A-weighted noise measurements systematically underestimate the biological burden of low-frequency and infrasonic emissions. Regulatory frameworks that rely exclusively on dB(A) are therefore inadequate for evaluating the impacts of data centers on nearby residents.*

A substantial body of peer-reviewed research has documented the following health endpoints associated with LFN exposure:

- Sleep disturbance — LFN penetrates standard building insulation with minimal attenuation, disrupting sleep architecture even when subjects are not consciously aware of the sound source. Sleep-onset latency, total sleep time, and slow-wave sleep have all been shown to be adversely affected.
- Annoyance and psychological distress — LFN generates a qualitatively distinct form of annoyance compared with broadband noise; affected individuals frequently describe sensations of pressure, vibration, or an indeterminate 'hum' that is difficult to localise or escape.
- Headaches and somatic complaints — Recurring headaches, tinnitus, dizziness, and general malaise are consistently reported in epidemiological surveys of populations exposed to chronic LFN sources.
- Cardiovascular effects — Elevated blood pressure, altered heart-rate variability, and markers of vascular stress have been documented in both human and animal studies (discussed in detail in Section III.B).
- Cognitive impairment — Exposure to acoustically rich infrasound environments causes psychomotor effects, including impairment of concentration, reaction time, and

working-memory tasks, alongside broader psychological distress and physiological alterations pertaining to cognitive performance and auditory processing.

It bears emphasis that these effects are not hypothetical: they appear across multiple study designs—controlled laboratory exposures, occupational cohorts, and community epidemiological surveys—and have been replicated in both human and animal models. The convergence of evidence across such diverse methodologies substantially strengthens the causal inference.

If they aren't hypothetical then sources should be present within this paragraph. Much of this research is at extremely high decibel levels that would not be experienced in this application.

B. Cardiovascular and Metabolic Risks

Among the health endpoints linked to environmental noise exposure, cardiovascular and metabolic effects have attracted the most systematic scientific and regulatory attention. WHO-commissioned systematic reviews—most recently updated as part of the Environmental Noise Guidelines for the European Region (2018)—established sufficient evidence to recommend exposure limits for ischemic heart disease, arterial hypertension, and stroke attributable to transportation noise. The mechanistic literature suggests these findings extend, at minimum by analogy, to chronic non-transportation LFN sources such as industrial machinery and data center infrastructure.

The dominant mechanistic pathway is the noise-stress cascade: LFN activates the hypothalamic-pituitary-adrenal axis and the sympathetic nervous system, elevating circulating catecholamines and cortisol. Sustained activation promotes endothelial dysfunction, arterial stiffening, and, over time, frank hypertension and atherosclerosis. Importantly, this pathway operates below the threshold of conscious awareness: physiological stress responses to LFN have been documented in sleeping subjects who reported no subjective sleep disturbance, and in waking subjects who denied hearing any unusual sound.

Mechanism: *Cardiovascular effects related to noise exposure may also result from decreased sleep quality caused by night-time noise, creating a compounding pathway in which disrupted sleep both directly harms cardiovascular function and amplifies daytime physiological stress responses.*

The metabolic dimension is equally concerning. Chronic sleep fragmentation caused by LFN exposure is independently associated with dysregulation of glucose metabolism, appetite-regulating hormones (leptin and ghrelin), and inflammatory cytokines. Long-term epidemiological studies of transportation-noise-exposed populations have found elevated rates of type 2 diabetes and obesity—outcomes whose mechanistic connection to noise runs through the sleep-disruption pathway identified above.

For residential communities sited within the LFN emission ranges of large-scale data center campuses, these findings carry direct implications. Data centers operate around the clock, generate continuous, low-frequency mechanical emissions, and are increasingly located near established residential areas. The chronic, 24-hour nature of the exposure removes the recovery periods that partially mitigate the cardiovascular burden associated with intermittent noise sources such as road traffic.

C. The Research Gap Specific to Data Centers

Despite the strength of the broader LFN literature, a striking gap persists: virtually no peer-reviewed research has examined the health consequences of data center noise specifically, in either occupational or residential contexts. This gap is not merely academic; it has direct consequences for the regulatory and legal frameworks available to affected communities.

The current regulatory landscape reflects this void:

- No federal agency has classified data centers as a health hazard under environmental noise criteria. OSHA's noise standards address occupational exposure within facilities—they do not govern emissions to surrounding residential areas.
- The EPA's ambient community-noise guidelines, last substantively updated in the 1970s, contain no data-center-specific provisions and rely on A-weighted metrics that are poorly suited to characterising low-frequency emissions.
- State and local noise ordinances vary widely in their frequency-weighting assumptions, measurement protocols, and enforcement mechanisms, leaving affected communities dependent on the most permissive available standard.

As a result, little is known about long-term health outcomes in data center host communities. Interdisciplinary studies are urgently needed to quantify pollution exposures—encompassing noise, air quality (diesel backup generators, cooling tower emissions), and water use—and to track associated health effects longitudinally. The absence of such data does not imply the absence of harm; rather, it reflects a failure of the research infrastructure to keep pace with the rapid geographic expansion of data center development.

Policy Implication: *Empirical research must be treated as a regulatory precondition rather than an afterthought. Permitting decisions for large-scale data centers should require baseline health assessments and post-construction monitoring as standard conditions of approval.*

The Wind Turbine Analogy. The most directly analogous body of research on LFN/infrasound health concerns wind energy facilities. Wind turbines produce low-frequency and infrasonic emissions in ranges substantially similar to those generated by data center cooling infrastructure,

and the affected-community dynamics—rural or peri-urban siting, continuous 24-hour operation, proximity to residences—are comparable. The wind turbine literature, which now encompasses several hundred peer-reviewed studies and multiple government-commissioned reviews, provides the strongest available evidence base for LFN health effects in a community-exposure context.

However, the translation from wind-energy findings to data center settings cannot be assumed without validation. Spectral profiles differ; distance relationships differ; building-penetration characteristics of the relevant frequency bands may differ. The wind turbine literature should therefore be understood as a hypothesis-generating foundation rather than a substitute for data center-specific research. Policymakers would be well-served by explicitly commissioning this translational work as part of any comprehensive data center regulatory regime.

D. Standardization Gaps

Beyond the substantive research gap described above lies an equally significant methodological challenge: the field lacks the standardized measurement and reporting frameworks necessary to accumulate comparable evidence across studies or to implement enforceable regulatory thresholds.

Two interrelated deficiencies are most consequential:

- **Exposure thresholds.** Establishing precise exposure thresholds—determining the intensity and duration of infrasound exposure that elicit a measurable physiological or psychological response in humans—remains an immediate and unmet research need. Without such thresholds, it is impossible to define compliance standards with scientific

credibility or to evaluate whether a given data center installation poses unacceptable risk to neighbouring populations.

- **Standardized metrics.** The development of harmonised sound pressure level (SPL) measurement protocols and frequency-weighting schemes—including G-weighting for infrasound, C-weighting for low-frequency noise, and linear (Z-weighted) measurements across the full relevant spectrum—is essential to ensure comparability and reproducibility across studies and jurisdictions. Currently, different researchers and regulators use different weighting curves, averaging periods, and measurement distances, rendering cross-study comparisons unreliable.

Agreed

Yes, we need to be clear and consistent in the code

These methodological gaps are not merely technical in function as regulatory shields: in the absence of agreed thresholds and metrics, industry actors can legitimately contest virtually any enforcement action, and courts lack the evidentiary benchmarks required to adjudicate noise disputes. Addressing them is therefore a prerequisite not only for advancing the science but for enabling meaningful regulatory oversight.

A practical path forward would involve convening a multi-agency technical working group—drawing on expertise from EPA, NIH, OSHA, NIOSH, and the acoustic sciences community—to develop data center-specific measurement protocols adapted from the wind energy and industrial-noise literature. International coordination with bodies such as WHO and ISO would facilitate the development of standards with sufficient global legitimacy to support both domestic regulation and cross-border comparability.

Section Summary — The peer-reviewed literature establishes a robust link between chronic low-frequency noise exposure and a range of serious health outcomes, including sleep disruption,

cardiovascular disease, and cognitive impairment. These effects operate through physiological mechanisms—principally the noise-stress cascade and sleep-fragmentation pathways—that are not dependent on conscious perception of the noise source. Yet no federal regulatory framework specifically addresses data centers as LFN sources, no substantial body of data center-specific health research exists, and no standardised measurement protocols have been adopted. Closing these gaps is an urgent public-health priority.

IV. The Regulatory Landscape — And Its Failures

The United States regulatory architecture for environmental noise was built in a different era, for different noise sources. Data centers — massive, 24-hour, mechanically relentless — expose the full depth of that architecture's gaps. At the federal level, the governing statute is essentially unfunded. At the state and local levels, ordinances designed to address sporadic nuisances are ill-equipped to handle continuous, low-frequency sound. And at the international level, leading jurisdictions have moved decisively beyond A-weighted measurement while the U.S. remains anchored to a metric that is functionally blind to data center noise. This section examines each layer of regulatory failure in turn.

A. Current Federal Framework (U.S.)

Congress established the Noise Control Act of 1972 (42 U.S.C. § 4901 et seq.) with an ambitious mandate: to promote an environment free from noise that jeopardizes health or welfare, and to direct the EPA to coordinate all federal noise-control activities. The Act was strengthened in 1978 by the Quiet Communities Act, which authorized grants to state and local governments for noise abatement and funded community noise research. Both statutes remain on the books and have never been repealed by Congress. Both are, however, essentially unfunded. In 1981, the Reagan Administration eliminated funding for the EPA's Office of Noise Abatement and Control (ONAC), shifting primary regulatory responsibility to state and local governments. The EPA has not promulgated a new federal noise regulation or standard since 1986. The promise of the Noise Control Act remains, in the words of the American Public Health Association, unfulfilled more than fifty years after its enactment.

The practical consequence of ONAC's defunding is a federal vacuum. No federal agency currently classifies data centers as a regulated stationary noise source. OSHA's occupational noise standard — the most prominent federal threshold in common use — establishes a permissible exposure limit of 85 dB(A) over an eight-hour workday for workers inside facilities. This standard was designed to protect hearing in occupational settings, not to govern chronic, low-frequency community exposure at the facility perimeter. It is structurally irrelevant to the problem at hand: the harm is occurring outside the building, in residential communities, at all hours of the day and night.

The National Environmental Policy Act (NEPA) offers a theoretically applicable, though rarely applied, federal hook. CEQ regulations implementing NEPA define 'effects' to include indirect and cumulative impacts on human health, and courts have recognized that chronic noise constitutes an environmental effect requiring disclosure in environmental impact statements and assessments. However, NEPA imposes process obligations — disclosure, analysis, public comment — rather than substantive noise limits. It compels agencies to look at noise impacts in federal permitting contexts; it does not set the standard against which those impacts are measured.

Policy Implication — The Nuisance Framing Misdescribes the Harm

Treating data center noise as a 'nuisance' — a subjective aesthetic grievance — is both scientifically inaccurate and politically consequential. Public health authorities, including the World Health Organization, characterize chronic environmental noise as a driver of sleep disturbance, cardiovascular disease risk, hearing impairment, tinnitus, and cognitive impairment. Framing this as

a mere nuisance places the regulatory burden on the complainant, not the noise source, and creates a legal standard of proof that is all but impossible for affected residents to meet.

B. The A-Weighting Problem

At the center of regulatory failure — at every level — sits a single, pervasive measurement standard: the A-weighted decibel, or dB(A). Understanding why this metric fails is essential to understanding why the existing regulatory patchwork, even where it exists, systematically fails to capture the impacts of data center noise.

The A-weighting is a sound-level meter frequency filter originally designed to assess how damaging a given sound would be to human hearing. Because the human auditory system is substantially less sensitive to low-frequency sound than to mid-range frequencies, the A-filter mimics this asymmetry — progressively attenuating lower frequencies. The attenuation is dramatic: the filter reduces measured levels at 31.5 Hz to as little as one-eight-thousandth (1/8,000th) of their actual sound pressure level. At 250 Hz, it attenuates to one-eighth. At 1,000 Hz, it passes the signal essentially unchanged. This is an appropriate filter for assessing occupational hearing damage from industrial machinery — its design purpose.

In the environmental context, however, the A-weighting's selective deafness to low frequencies is precisely the wrong tool for the job. Low-frequency sound travels the farthest, diffracts around barriers rather than being blocked by them, passes through windows and building envelopes with little attenuation, and is disproportionately represented among noise complaints near industrial facilities. The Industrial Noise and Vibration Centre has demonstrated this failure with data

center recordings: a facility's noise can satisfy dB(A) compliance limits even as a prominent 118 Hz fan tone — clearly audible to nearby residents around the clock — remains effectively invisible to the measurement standard. The A-weighted reading, as one acoustics consultancy has put it, is 'largely deaf to these critical low frequencies.'

The regulatory implications are significant. Because virtually all U.S. noise ordinances express limits in dB(A), the measurement standard that was never designed to capture low-frequency environmental noise has become the default shield against enforcement. A data center can generate a wall of low-frequency sound that passes through bedroom windows, disrupts sleep, and drives chronic physiological stress — and remain in technical compliance with local noise ordinances. The measurement tool governs; it is blind to the dominant emission.

Technical Note — Why dB(A) Fails for Data Centers

Data center cooling fans generate noise that is characteristically tonal and low-frequency — a persistent hum in the 50–200 Hz range. This is precisely the frequency band that A-weighting attenuates most aggressively. When the same sound is analyzed using Z-weighting (unfiltered) or C-weighting (which attenuates low frequencies far less severely), the spectral energy that A-weighting erases becomes clearly visible. Alternative metrics — including octave-band analysis, C-weighted SPL, and narrow-band (FFT) tonal analysis — are not experimental. They are already in regulatory use in several European jurisdictions. Their absence from U.S. noise ordinances is a policy choice, not a technical necessity.

I agree that 1/3 octave bands and dBC in conjuction with dBA is advised

C. Local and State Regulatory Challenges

With the federal framework dormant, noise regulation for stationary sources has devolved entirely to state and local governments — most of which lack the technical infrastructure, acoustic expertise, or political will to address the unique characteristics of data center noise. The result is a patchwork of ordinances drafted for a different era of industria proven structurally inadequate for hyperscale data center operations.

Many noise sources produce constant or consistent noise at or near 50 to 60 residential limits.

The foundational problem is temporal. Most noise ordinances establish maximum decibel limits — typically 50 to 60 decibels near residential areas — that reflect the loudest levels a noisy bar or commercial establishment might approach sporadically, not a level that any facility would sustain continuously. Data centers are fundamentally different: they operate 24 hours a day, 365 days a year, with near-constant noise output from cooling systems that cannot be shut down without operational consequences. A limit calibrated for sporadic peaks becomes an entirely different constraint when applied to a source that operates at or near that limit without interruption.

This design mismatch has produced documented enforcement failures. In Prince William County, Virginia — the jurisdiction with the highest concentration of data centers in the world — residents of the Great Oak subdivision outside Manassas documented nighttime noise readings at their property lines exceeding the county's limit by 17 decibels. Amazon, whose four adjacent data centers were the source of the complaint, maintained that its facilities complied with applicable ordinances by using averaging methods that, as the homeowners' association president noted, 'hide the issue.' The county's existing ordinance, moreover, contained an exemption for HVAC systems — the very equipment generating the noise — leaving residents without a viable enforcement mechanism.

Yes, being clear about the type of weighting, response, and time period is crucial.

Prince William County's experience has become a national policy bellwether. After sustained resident protests beginning in 2022, the county formed a Data Center Ordinance Advisory Group and hired three acoustics consultants, at a total cost of approximately $2 million, to draft a revised noise ordinance. The group's work — a two-plus-year process — produced a technically sophisticated proposed standard that addressed the 'steady tonal sound' characteristics specific to data centers through octave-band measurement limits calibrated for continuous low-frequency noise. Industry representatives pushed back sharply against the proposed limits, characterizing them as 'unachievable' and warning of [illegible]re. In October 2025, the Board of County Supervisors passed a substa[illegible] substitute ordinance — loosening the consultant-recommended octave-band thresholds by six decibels, which translates to a quadrupling of noise energy and, in the assessment of advisory group members, 'completely neuters' the group's efforts. In the same meeting, the board voted to disband the advisory group itself.

A distinctly noticeable change but this overstates.

The Prince William outcome illustrates a structural tension that will recur in every jurisdiction attempting to regulate data center noise: the political economy heavily favors the industry. Data centers generate tax revenue, require minimal public services, and have sophisticated legal and lobbying capacity. Affected residents are dispersed, resource-constrained, and often lack the technical vocabulary to effectively contest industry-commissioned sound studies. Without state or federal frameworks establishing baseline standards and measurement protocols, local governments face this negotiation without a floor.

What the Prince William process did establish, despite its compromised outcome, is the direction of technically sound regulation. Experts convened through the advisory group confirmed that standard dB(A) limits cannot adequately address the 'steady tonal sound' generated by

round-the-clock data center operation. Octave-band measurements, which analyze sound energy at specific frequency bands rather than collapsing the entire spectrum into a single A-weighted number, provide a far more accurate representation of the noise that residents actually experience. The International Acoustics consultancy Ramboll Group has similarly concluded that effective ordinance design requires assessing factors beyond the A-weighted average: tonality, frequency content, impulsiveness, and amplitude modulation all affect annoyance in ways that a single broadband metric cannot capture. Ramboll further recommends that 1/3-octave emission assessments be incorporated into the facility design phase — before ground breaks — rather than applied reactively after communities have already been subjected to years of unregulated noise.

Policy Implication — Prince William as National Template

Prince William County's regulatory journey — from resident protest to expert advisory process to industry lobbying to a diluted ordinance — is likely to be replicated in data center corridors across the United States unless federal or state frameworks establish minimum technical standards. Without those floors, each community faces this negotiation alone and without leverage. The Prince William experience suggests that the outcome of purely local regulation, without broader policy support, is predictably industry-favorable.

D. International Comparisons

The inadequacy of the U.S. framework comes into sharpest relief when viewed against the regulatory approaches adopted by peer jurisdictions in Europe. These comparisons are not merely academic: they demonstrate that technically sound, enforceable low-frequency noise

standards are feasible, that they coexist with functioning industrial economies, and that the United States' reliance on A-weighted metrics alone represents a policy choice well behind the international standard of care.

The World Health Organization's 2018 Environmental Noise Guidelines for the European Region represent the most comprehensive global synthesis of noise-health evidence to date. The Guidelines, which supersede the WHO's 2000 guidance, establish recommended exposure levels for road traffic, railway, aircraft, and wind turbine noise based on a systematic review of health endpoint data, including cardiovascular disease, sleep disturbance, and cognitive impairment in children. They explicitly endorse the Lden (day-evening-night level) metric with time-of-day penalties and recommend that Member States implement strategic noise mapping and action planning. The Guidelines are, however, non-binding. Their implementation in any given jurisdiction depends on the willingness of national and subnational governments to translate them into enforceable standards. Notably, the 2018 WHO Guidelines do not specifically address industrial facilities such as data centers — a gap that reflects the technology's novelty at the time of publication.

The European Union's Environmental Noise Directive (END, Directive 2002/49/EC) provides the structural framework for implementing WHO's recommendations across Member States. The END requires competent authorities to produce strategic noise maps for major roads, railways, airports, and industrial agglomerations, and to develop action plans to reduce exposure. Critically, the END's 2020 revision of its Annex III incorporated WHO dose-response functions for cardiovascular disease, annoyance, and sleep disturbance — formally embedding the health-effects evidence into the regulatory framework. The END, like the WHO Guidelines, applies primarily to transportation noise and has not yet been extended to address data centers as

a distinct source category. However, its institutional infrastructure — harmonized metrics, noise-mapping obligations, mandatory action planning — provides a template with no U.S. equivalent.

Individual European jurisdictions have gone substantially further on low-frequency noise specifically. Denmark has operated a dedicated regulatory framework for environmental low-frequency noise and infrasound since 1997. Under guidelines issued by the Danish Environmental Protection Agency, LFN exposure is assessed using the A-weighted level in the frequency range 10–160 Hz, with indoor limit values applied as equivalent levels measured over 10-minute periods — a methodology that directly captures the tonal, low-frequency character of noise sources such as data centers. In 2011, Denmark added a mandatory 20 dB(A) indoor limit for LFN from wind turbines in this frequency range, establishing a precedent for source-specific LFN regulation that other jurisdictions have studied closely.

The Netherlands' regulatory approach addresses LFN through its industrial noise assessment framework, which applies tonality penalties — adding 5 dB to the measured level when a noise source exhibits a clearly tonal character. This approach recognizes that tonal sounds, even at modest absolute levels, produce disproportionate annoyance and disruption. Dutch acoustics practice further uses the differential between C-weighted and A-weighted readings (dB(C) – dB(A)) as a rapid screening indicator for the presence of significant low-frequency content: when the differential exceeds approximately 20 dB, LFN is considered potentially problematic and warrants more detailed octave-band analysis.

In the United Kingdom, DEFRA-published guidance (NANR45) establishes 1/3-octave-band criteria across the 10–160 Hz frequency range for assessing LFN complaints from industrial and

commercial sources. The method includes provisions for tonality and time-of-day adjustments and requires complainants to maintain noise diaries to correlate measured levels with subjective experience — a design feature that both grounds the regulatory response in real-world impact and provides a structured mechanism for community participation in noise assessment. The U.K. standards' methodological sophistication contrasts sharply with U.S. ordinances that treat a single dB(A) reading as a comprehensive characterization of noise impact.

The common thread across Denmark, the Netherlands, and the United Kingdom is the recognition that A-weighting alone is an insufficient descriptor for noise sources whose dominant energy is in the low-frequency range. Each has developed supplementary metrics — octave-band limits, C-weighting differentials, G-weighting for infrasound, tonality penalties — precisely because regulators and public health authorities in those jurisdictions concluded that protecting communities from LFN requires measuring what is actually emitted, not a spectrally filtered approximation. The United States has yet to draw this conclusion at any level of government.

Section IV Summary — The Structural Failures of the Current Framework

The U.S. regulatory framework for environmental noise is inactive at the federal level, technically mismatched at the state and local levels, and decades behind international best practices in measurement methodology. The Noise Control Act of 1972 remains on the books but unfunded. OSHA's occupational standard is structurally irrelevant to community exposure. NEPA provides a process lever but no substantive standard. Local ordinances,

calibrated for sporadic nuisances rather than continuous sources, have proven ineffective even in jurisdictions — such as Prince William County, Virginia — that have devoted enormous resources to reform. A-weighted measurement, the universal basis for U.S. noise limits, is functionally blind to the primary frequency band of data center noise. Meanwhile, Denmark, the Netherlands, and the United Kingdom have operationalized dedicated low-frequency noise frameworks that provide enforceable, frequency-specific limits. Closing this gap requires action that local governments, facing industry opposition without federal support, cannot accomplish alone.

V. Case Studies

Abstract analysis of regulatory failure acquires its most concrete meaning in specific communities — in the neighborhoods that have lived with data center noise and navigated whatever legal and political remedies were available to them. The three case studies in this section span a range of outcomes: a region where residents describe conditions in sensory terms that regulatory language has yet to adequately capture; a North Dakota community that watched five million dollars evaporate on a noise wall that physics guaranteed would fail; and a Virginia county that drew explicit lessons from its neighbors' failures and enacted what is, by U.S. standards, a model pre-emptive ordinance. Together, they illustrate both what inadequate regulation produces and what a more serious regulatory posture looks like in practice.

A. Northern Virginia / Prince William County

Northern Virginia — and Prince William County in particular — is the most data-center-dense geography on earth. By 2025, the county hosted more than 44 data center campuses, with dozens more approved or under construction, concentrated in corridors around Manassas and along the I-66 and Route 28 technology spine. The region powers a significant share of global internet traffic. It also houses the residential communities closest to what has become, for many of their residents, the defining acoustic fact of daily life.

The Consumer Federation of America's 2025 report, *In the Shadow of Big Tech: The Real Harms Felt by Communities on the Frontlines,* documented the experience in language that no regulatory filing had yet produced: neighbors in Northern Virginia, home to the world's densest cluster of hyperscale data centers, compare the relentless hum to living beside a perpetually idling airplane. The report describes the consequences as chronic sleep disruption, heightened

stress, and elevated community anxiety — a public health framing that contrasts sharply with the 'nuisance' vocabulary that has governed regulatory treatment of the same phenomenon.

The airplane analogy is more precise than it first appears. Commercial aircraft engines produce broadband sound across a wide frequency spectrum; data center cooling arrays produce something acoustically distinct — a persistent tonal hum concentrated in the 50–200 Hz range. Where aircraft noise is episodic, data center noise is unceasing. Where aircraft exposure varies with approach paths and departure schedules, data center noise at the property line varies only with outside temperature, which drives cooling demand. On the hottest summer nights, when residents most need open windows for sleep, cooling systems run hardest. The noise is worst precisely when the need for quiet is greatest.

The CFA report also documented a related hazard compounding the baseline noise problem: diesel generator testing. Although data centers typically operate their primary cooling systems at noise levels that, in A-weighted terms, hover near or just above local limits, generator testing — required periodically for backup power certification — produces peaks the CFA report places as high as 100 dB(A). At those levels, the CDC's exposure guidelines for hazardous noise are exceeded within minutes. Generators serve multiple facilities simultaneously in dense clusters, compounding the acoustic impact on adjacent neighborhoods in ways that no individual facility's compliance record captures.

The Prince William County governance process described in Section IV emerged directly from these conditions. The Great Oak subdivision outside Manassas — 291 homes, eventually to be surrounded by up to 12 data center campuses — became the epicenter of a three-year regulatory battle. Residents documented, with professional sound equipment, noise events at their property

lines measuring 60 to 72 decibels or more during nighttime hours; the county's nighttime residential ordinance limit was 55 dB(A). Amazon, whose four adjacent data center buildings generated the primary complaints, maintained that its facilities complied with applicable law. The gap between what compliance metrics showed and what residents experienced in their homes became the defining tension of the Prince William case.

Community Impact Pattern — Northern Virginia

Northern Virginia's data center corridor exhibits what may be characterized as a 'compliance-impact gap': facilities operating within the letter of applicable dB(A) noise ordinances while producing chronic low-frequency tonal noise that residents experience as continuous, intrusive, and health-affecting. This gap is not a product of bad faith on the industry's part — it is a structural consequence of applying a measurement standard (A-weighting) that does not capture the frequency content that is the primary source of community complaint. Until the measurement standard changes, compliance and impact will continue to diverge.

B. The Atlas Power / Williston, North Dakota Case

The Atlas Power data center in Williston, Williams County, North Dakota, stands as perhaps the most instructive single case study in the data center noise literature — not because of the harm it produced, which was severe, but because of what the company did in response, and why it failed so completely and so expensively.

Atlas Power constructed a cryptocurrency and high-performance computing data center west of Williston in the Judson Township area. Beginning in April 2023, Williams County officials began receiving noise complaints from residents of the adjacent Painted Woods Subdivision, who described the sound from the facility's cooling fans as a constant, intrusive hum. Measurements taken by residents using professional-grade equipment recorded noise levels ranging from 60 to 95 decibels or more at their property lines. County officials simultaneously identified building code violations — Atlas had been operating eight Phase 2 buildings without the required Certificate of Occupancy — and levied $232,000 in fines before issuing a temporary occupancy permit in June 2023 contingent on noise mitigation.

Atlas Power's response to the noise complaints was, acoustically, precisely the wrong one. The company commissioned a massive noise barrier from the Urban Solution Group at a cost of approximately five million dollars. The structure was described in local news coverage as 'jaw-dropping' in scale. It was also functionally useless. The Industrial Noise and Vibration Centre, analyzing audio from television news coverage of the facility, identified the source of the problem noise within seconds: a dominant tonal peak at 118 Hz, with harmonics at 236 and 354 Hz — a classic blade-pass frequency signature for six-bladed fans running at 1,180 rpm on direct-drive synchronous motors.

The physics of low-frequency sound made the outcome of the noise wall inevitable before a single panel was installed. At 118 Hz, the sound wavelength is approximately 2.9 meters. Effective acoustic barrier attenuation requires the barrier to be dimensionally large relative to the wavelength of the sound being blocked — a condition that is practically impossible to satisfy at this frequency range with any structure short of a complete enclosure. The INVC's assessment was direct: even the most cursory noise analysis would have demonstrated that the barrier would

not and could not address the tonal hum. The analysis that would have revealed this required less than one minute using freely available smartphone audio tools. The five-million-dollar expenditure did not reduce the hum. Complaints continued. Litigation followed.

Twenty-two residents of the Painted Woods Subdivision filed a civil lawsuit against Atlas Power and Williams County in late 2023, seeking damages of at least $50,000 and a court order requiring the county to enforce its own zoning ordinance, which stipulated that all noise must be contained within the facility's heavy-industrial zone. The plaintiffs filed counts of private nuisance, public nuisance, and — in a legally novel argument — trespass, on the theory that acoustic energy crossing property lines without consent constitutes an unauthorized physical intrusion. Atlas Power's defense argued that noise is intangible and therefore cannot constitute trespass, and contested the calibration of residents' measurements.

What Went Wrong	What Should Have Been Done
Atlas Power commissioned a $5 million noise barrier without first diagnosing the acoustic character of the noise being complained about. A frequency analysis — a task requiring minutes with standard equipment — would have immediately revealed the source as a 118 Hz tonal hum: a	The acoustically and economically superior solution was aerodynamic modification of the cooling fans themselves — small retrofit components designed using computational fluid dynamics modeling to disrupt the tonal resonance at blade-pass frequency. This approach addresses noise at its source rather

low-frequency sound that physical law prevents barriers from attenuating effectively. The barrier was the right tool for the wrong problem. It addressed the visible symptom (noise escaping the site) while leaving the root cause (tonal low-frequency fan blade-pass emission) entirely untouched. The $232,000 in regulatory fines followed the same diagnostic failure: enforcement without measurement.	than attempting to contain it after emission. INVC data from comparable projects indicate this intervention can reduce the tonal hum by 90–99%, improve fan efficiency by up to 20%, and reduce cooling operating costs — potentially making the noise control project self-financing. The correct solution was cheaper, more effective, and invisible. It required accurate diagnosis first.

The Atlas Power case carries implications beyond North Dakota. It demonstrates that the wrong measurement standard — or no systematic measurement at all — does not merely produce regulatory non-compliance; it produces multi-million-dollar engineering failures. Industry and government alike treated the Williston problem as a barrier problem because that is the standard toolkit for noise mitigation, without asking what kind of noise was actually being generated. The answer, which a minute's analysis would have provided, would have redirected the entire response. As the INVC concluded, the $5 million waste was not primarily an acoustic failure — it was a diagnostic failure, enabled by a regulatory framework that did not require the right data to be collected before mitigation was prescribed.

Legal Note — The Trespass Theory

The Atlas Power litigation introduced a legal theory that reflects the same conceptual reframing that public health science has increasingly embraced: treating noise as a physical intrusion rather than a subjective grievance. The residents' trespass claim argued that acoustic energy crossing property lines without consent is legally equivalent to a physical entry. Courts have historically been reluctant to extend trespass to intangible invasions, and Atlas Power's defense leaned heavily on this resistance. However, the theory captures something acoustically precise: low-frequency sound waves are not metaphors for intrusion — they are pressure oscillations that physically enter buildings, rattle windows, and disrupt sleep architecture. Whether that physical reality constitutes a legally cognizable trespass is a question that data center noise litigation is likely to continue pressing.

C. Fairfax County, Virginia Zoning Ordinance Amendment (2024)

If Prince William County's experience represents regulatory failure under sustained community pressure, and the Atlas Power case represents the cost of acoustic and regulatory misdiagnosis, Fairfax County's 2024 Zoning Ordinance Amendment offers a partial counterpoint: a jurisdiction that watched its neighbors struggle and acted pre-emptively to establish a more demanding framework before the harm became irreversible.

The process began formally in January 2024, when the Fairfax County Board of Supervisors began examining a rezoning proposal for a major data center project near Chantilly. Community opposition to that project, combined with awareness of unfolding events in Prince William and

Loudoun counties, prompted the Board to direct county staff on March 19, 2024, to prepare a comprehensive Zoning Ordinance Amendment. The county held four virtual community meetings in May 2024 and public hearings before the Planning Commission on June 5, 2024, and the Board of Supervisors on July 16, 2024. The Board adopted the amendment 8-to-2 on September 10, 2024; it took effect September 11, 2024.

Board Chair Jeff McKay stated the intent of the ordinance explicitly before the vote: the county intended to put in place protections for data centers in Fairfax County and not repeat the challenges faced in neighboring Prince William and Loudoun counties. That framing — treating neighboring jurisdictions' failures as a cautionary template rather than an unfortunate outlier — marks a shift from reactive to anticipatory regulation, and from individual facility negotiation to framework-level standard-setting.

The amendment's noise provisions are its most significant technical element. Prior to the amendment, Fairfax County had no data-center-specific noise review requirements; facilities were subject to the county's general Noise Ordinance (Chapter 108.1) only after complaints arose. The amended ordinance establishes a mandatory two-stage noise study requirement. First, before site plan approval, applicants must submit a pre-construction noise study demonstrating to the Zoning Administrator's satisfaction that the proposed data center will comply with the county's Noise Ordinance during operation. Second, before issuance of a Nonresidential Use Permit — the authorization required to begin actual operations — a post-construction noise study must demonstrate that the facility as built and fully operating actually complies. Where development is phased, both studies must address current and full-buildout conditions.

This two-gate structure represents a meaningful procedural advance over the prevailing U.S. approach, in which noise review — if it occurs at all — happens once at permitting and enforcement relies thereafter on complaint-driven reactive monitoring. By requiring operational measurement as a condition of the use permit, Fairfax County creates a concrete legal accountability point that cannot be satisfied by pre-construction modeling alone. A facility that complies on paper but fails in practice will, under this framework, face a clear enforcement trigger rather than the diffuse complaint process that has proven so difficult to navigate in Prince William County.

The equipment enclosure requirements address a parallel noise vector. In all districts where data centers are permitted, all equipment necessary for operation — including cooling and ventilation equipment, power generators, and accessory electrical substations — must be either enclosed within the building or screened by a wall or barrier sufficient to reduce both visual and noise impacts. Backup generators must be at least 300 feet from the lot line of any residential property, and data center buildings must maintain a 200-foot setback from residential lot lines. The architectural standards — requiring main entrance features, facade variations every 150 feet, and minimum fenestration levels — carry indirect acoustic implications by breaking up the large flat reflective surfaces that can amplify and direct low-frequency sound toward residential areas.

What Fairfax Got Right — and What Remains Incomplete

The Fairfax County ordinance establishes genuine pre-emptive noise accountability through mandatory pre- and post-construction studies, equipment enclosure, and residential setbacks. These are material advances over the reactive enforcement that failed in Prince

William County. However, the ordinance's noise compliance standard remains tethered to the county's general Noise Ordinance — which, like virtually all U.S. noise ordinances, expresses limits in A-weighted decibels. Pre- and post-construction studies conducted in dB(A) will reproduce the compliance-impact gap that characterizes the Northern Virginia problem: a data center can satisfy every Fairfax noise requirement while still generating a tonal 100–150 Hz hum that passes through windows and disrupts sleep. The procedural architecture is sound. The underlying metric is still the wrong one.

Section V Summary — Three Modes of Regulatory Encounter

The Northern Virginia/Prince William County case demonstrates what chronic under-regulation of a high-density data center corridor produces: a compliance-impact gap in which residents experience measurable, health-affecting noise that regulatory instruments are calibrated to miss. The Atlas Power/Williston case demonstrates what happens when neither the operator nor the regulator correctly diagnoses the acoustic character of the problem: five million dollars spent on a solution that physics made useless from the outset, followed by litigation that attempted through nuisance and trespass law what zoning failed to prevent. The Fairfax County case demonstrates what anticipatory regulation — informed by neighboring failures — can look like in practice: mandatory two-stage noise review, equipment enclosure requirements, residential setbacks, and architectural standards. It also

demonstrates the limits of procedural reform without metric reform: the most sophisticated noise review process in Virginia still produces results in dB(A), and dB(A) remains functionally blind to the tonal low-frequency hum that is the defining acoustic signature of data center community impact.

VI. Policy Recommendations

The preceding sections have documented a structural regulatory failure, not an incidental one. It cannot be remedied by stricter enforcement of existing rules, because the rules are the problem — they measure the wrong thing, are calibrated to the wrong source, and are in a framework designed for a different era. What follows are recommendations organized across five domains: the measurement standards that define what counts as a violation; the siting and permitting frameworks that govern where and how facilities are built; the ongoing monitoring and enforcement mechanisms that determine whether rules have teeth; the federal policy action necessary to provide a national floor; and the industry practices that, adopted voluntarily or mandated by regulation, represent the technical frontier of responsible data center development.

These recommendations are presented in order of implementation priority within each domain, not in order of political feasibility. Regulatory reform in this area faces substantial industry opposition. That opposition is documented throughout this paper. It should not be treated as a reason to lower ambition — but rather as a reason to build the evidentiary and coalition infrastructure that sustainable reform requires.

A. Measurement and Standards Reform

No other recommendation in this section will achieve its intended effect without this one. The compliance-impact gap that defines the Northern Virginia data center corridor — facilities within the letter of the law while residents suffer chronic sleep disruption and health effects — is a direct consequence of measuring the wrong thing. A-weighted decibels are the wrong metric for 24/7 tonal low-frequency noise sources. Until that changes, every other reform operates in a defective frame.

The first and most consequential reform is mandating that C-weighted (dB(C)) or G-weighted measurements be submitted alongside dB(A) readings in all data center noise permits and compliance filings. The C-weighted filter attenuates low frequencies far less aggressively than A-weighting — it is sensitive to sounds in the 31.5 to 8,000 Hz range rather than the narrower A-weighted band — and is already widely used in European acoustic practice for industrial noise assessment. A simple initial screen for problematic low-frequency content can be obtained from the difference between C-weighted and A-weighted measurements: when dB(C) exceeds dB(A) by more than approximately 20 dB, significant low-frequency energy is present and warrants detailed analysis. This differential metric requires no new measurement equipment and adds minimal cost to permit applications; it simply requires that regulators ask for the data.

C-weighting, however, remains a single-number summary that cannot identify tonal components within the low-frequency spectrum. The second reform — requiring narrow-band (1/3-octave or FFT) frequency analysis as a standard component of permit applications — addresses this limitation directly. Narrow-band analysis reveals the spectral structure of the noise: whether energy is distributed broadly across frequencies (broadband) or concentrated at specific peaks (tonal). The distinction matters because tonal noise is reliably more annoying, at equivalent A-weighted levels, than broadband noise — and because the engineering solutions differ fundamentally. A tonal hum at 118 Hz requires aerodynamic fan modification, not a barrier. Broadband high-frequency noise from air movement may respond to barriers or acoustic louvres. Without knowing which problem exists, the correct solution cannot be specified. The Atlas Power case is the canonical example of the cost of this ignorance.

The third reform — adopting a tonal penalty in noise limit calculations when significant tonal components are present — formalizes what acoustics practice already knows about the

relationship between tonal quality and perceived annoyance. The Netherlands' industrial noise assessment framework applies a 5 dB penalty for clearly tonal noise; the UK's DEFRA low-frequency noise guidance provides for similar adjustments. A tonal penalty of 5 to 6 dB in data center noise permits would narrow the gap between what compliance metrics show and what residents experience, without requiring entirely new measurement infrastructure. It can be implemented as a standard condition of approval whenever narrow-band analysis reveals tonal peaks that exceed adjacent frequency bands by 5 dB or more — a threshold already defined in acoustics literature and consistent with existing European practice.

Narrow-band is going to be next to impossible as data isn't published that way.

1. **Mandate dB(C) and dB(A) dual reporting.** *Require both A-weighted and C-weighted measurements in all data center noise permit applications, pre-construction studies, and post-construction compliance filings. Use the dB(C)–dB(A) differential (threshold: >20 dB) as a mandatory LFN screening trigger.*

Agreed. We suggest dBC and dBA limits, with dBC limits no more than 20 above dBA.

2. **Require 1/3-octave or FFT narrow-band analysis.** *Single-number broadband metrics are insufficient for tonal sources. Narrow-band analysis must be a standard permit submission requirement, not an optional addition requested only after complaints arise.*

1/3 octave is ideal.

3. **Adopt a tonal penalty of +5 to +6 dB.** *When narrow-band analysis reveals tonal components exceeding adjacent frequency bands by 5 dB or more, the applicable noise limit shall be reduced by 5 to 6 dB (equivalent to tightening the standard) to reflect the increased*

Agreed

annoyance of tonal noise. This mirrors the Netherlands and UK practice and requires no new measurement technology.

B. Siting and Permitting

Measurement reform addresses what is measured and how violations are defined. Siting and permitting reform addresses where facilities are built, what information must be developed before construction begins, and what constraints govern the relationship between data centers and nearby residential uses from the outset. The goal is to move the point of intervention upstream — before concrete is poured, not after communities have spent years in complaint-driven enforcement processes that the regulatory architecture has made systematically difficult to win.

The most fundamental change is treating acoustic impact as a standard component of environmental review — not an afterthought triggered by complaints. Under the National Environmental Policy Act, federal agencies reviewing data center projects (including on federal land or involving federal approvals) must already assess effects on the human environment. CEQ regulations define 'effects' broadly to include indirect and cumulative impacts on human health. Requiring that NEPA environmental assessments and environmental impact statements include site-specific acoustic impact analyses — using validated propagation models rather than generic dB(A) comparisons — would establish an enforceable federal baseline. States with their own environmental review statutes (so-called 'little NEPAs') should adopt equivalent requirements.

Minimum setback requirements from residential zones, calibrated specifically for low-frequency noise propagation rather than for broadband levels, address the most direct mechanism of community impact. Low-frequency sound propagates farther than high-frequency sound, diffracts around barriers, and does not attenuate as rapidly with distance. Standard commercial setback requirements — often 50 to 200 feet — were developed for intermittent high-frequency industrial noise and are inadequate for 24/7 tonal LFN sources. Fairfax County's 200-foot building setback and 300-foot generator setback represent a minimum reasonable standard for broadband noise; for facilities generating significant low-frequency tonal content, modeling suggests substantially larger buffers are necessary to achieve residential noise levels below 40 dB at the nearest dwelling. Jurisdictions should be empowered to establish setbacks based on LFN propagation modeling outputs for specific proposed facilities, rather than on fixed-distance tables derived from different source types.

Pre-construction acoustic modeling, using validated propagation tools with LFN components explicitly included, should be mandatory for all data center permit applications above a threshold scale. ISO 9613-2 — updated to its 2024 revision — provides the standard engineering method for calculating sound attenuation during outdoor propagation, using octave-band algorithms applicable to industrial stationary sources. The standard's updated 2024 version extends its coverage and improves accuracy for conditions commonly encountered in data center siting. Critically, acoustic models must be submitted with octave-band source data — not merely A-weighted power levels — so that low-frequency propagation can be assessed accurately. A model built on A-weighted input data will underpredict LFN impacts at residential receptors, reproducing in the modeling phase the same measurement-standard failure that has plagued post-construction enforcement.

The ISO 9613-2 Requirement — and Its Limitation

ISO 9613-2 is the appropriate baseline standard for pre-construction acoustic modeling of stationary industrial sources; it is already required or referenced in permitting processes in numerous European jurisdictions. Its 2024 update improves treatment of propagation conditions relevant to nocturnal temperature inversions — conditions under which low-frequency sound from data centers travels farthest and produces its worst residential impacts. However, the standard was originally developed for A-weighted analysis and requires careful handling of the lower frequency bands to accurately represent LFN propagation. Jurisdictions should require that modeling submissions include explicit treatment of the 63 Hz, 125 Hz, and 250 Hz octave bands — the range most relevant to data center cooling fan tonal emissions — and that consultants submit raw octave-band source data alongside any A-weighted summary results.

63 Hz may be difficult, as not all manufacturers share that low. In an ideal world, I agree.

1. Require acoustic impact assessment in all NEPA and state-equivalent environmental reviews. *Environmental assessments and EIS documents for data center projects must include site-specific acoustic modeling covering LFN propagation, tonal content, and cumulative impacts from co-located facilities.*

All fair.

Would depend on the size of the data center. Agreed for mega.

2. Establish LFN-calibrated residential setbacks. *Minimum setbacks from residential zones should be set by LFN propagation modeling outputs for each proposed facility, with floor minimums of 200 feet for buildings and 300 feet for generators — consistent with Fairfax County — as a starting point, with larger buffers required where tonal LFN analysis indicates 40 dB exceedances at residential receptors.*

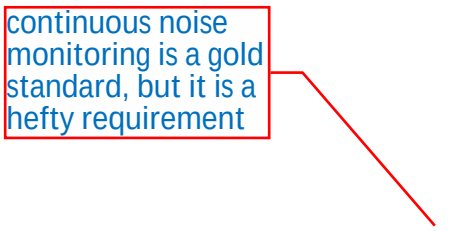
40 dB what? Weighting, response, and duration are important.

3. Mandate pre-construction ISO 9613-2 modeling with octave-band LFN data. *Permit applications must include validated acoustic models using the 2024 revision of ISO 9613-2, submitted with octave-band source data (63 Hz through 8 kHz) for all significant noise-generating equipment. A-weighted-only modeling submissions shall not satisfy this requirement.*

Agreed that octave band (or 1/3 octave band ideally) should be submitted as a part of a study.

C. Ongoing Monitoring and Enforcement

The Fairfax County two-stage noise study requirement is a procedural improvement that creates an accountability point at the moment of operations permit issuance. It is not, by itself, an ongoing compliance system. For a source that operates continuously — 24 hours a day, 365 days a year — a compliance regime anchored only to one-time post-construction studies is structurally incomplete. Temperature changes affect cooling load and, therefore, noise output. Fan failures alter spectral signatures. Phase expansions change aggregate emission levels. A snapshot measurement at one point in time cannot characterize a 24/7 source across its operational range.



Continuous real-time noise monitoring at data center property boundaries — with public data access — is the appropriate model for 24/7 industrial facilities. The technology is mature, commercially available, and already deployed voluntarily by some data center operators seeking to document compliance and manage community relations. Continuous monitoring systems using Class 1 sound level meters with octave-band analysis capability can simultaneously track dB(A), dB(C), and frequency-specific levels, providing the raw data necessary to detect tonal exceedances, peak generator events, and gradual compliance drift. Public access to monitoring data — via web portals or regulatory disclosure requirements — serves a dual function: it enables community verification of compliance claims, and it deters the complaint-driven enforcement dynamic in which residents bear the entire burden of documenting violations.

The civil penalty structure for noise ordinance violations is, at current levels, a negligible deterrent for operators of the scale involved in data center development. Virginia's Civil Code limits civil penalties for noise ordinance violations to $250 for a first offense and $500 for each subsequent violation — levels confirmed by the Virginia Code at § 15.2-980 and documented extensively in Prince William County proceedings. These figures were calibrated for residential and small-business violators who respond to social pressure; they are not calibrated for organizations whose facilities represent capital investments of hundreds of millions to billions of dollars. Amazon's annual revenue in 2024 exceeded $600 billion. A $500 fine for exceeding nighttime noise limits does not alter behavior. Penalty reform — whether through state legislative action raising the cap, or through zoning ordinance enforcement mechanisms that allow per-day or per-incident fines far exceeding the noise ordinance cap — is a necessary condition of credible enforcement.

Complaint-response protocols with defined timelines and access to independent acoustic review address the final gap in the enforcement chain: the experience of affected residents after complaints are filed. Under current practice in most jurisdictions, a noise complaint initiates a process in which the complainant bears the burden of documenting the violation, the operator challenges the measurement methodology, and local enforcement authorities — typically police or code enforcement officers without acoustic expertise — make determinations for which they lack the technical background. Defined complaint-response timelines (for example, a 72-hour initial response and 30-day investigation completion requirement), combined with access to independent acoustic review not funded by the facility operator, would substantially improve the odds that legitimate complaints produce enforceable outcomes.

1. Require continuous real-time perimeter noise monitoring with public data access. *All data centers above a threshold size must install and maintain continuous boundary monitoring systems capable of dB(A), dB(C), and octave-band measurement. Data must be published in real time to a publicly accessible portal. Monitoring system specifications and calibration protocols should be standardized by state or federal guidance.*

One would have to find a fair threshold size and distance to sensitive receptors

2. Reform civil penalty structures. *Virginia's $250/$500 civil penalty cap (Va. Code § 15.2-980) is inadequate for corporate operators whose facilities represent investments in the hundreds of millions of dollars. State legislatures should raise civil penalty caps for industrial noise ordinance violations to a level that creates genuine deterrence — at*

minimum, per-day fines calibrated to facility operating revenue. In the interim, jurisdictions should enforce noise violations through zoning ordinance mechanisms rather than noise ordinance mechanisms wherever the law permits higher penalties.

3. Establish complaint-response protocols and independent acoustic review.

Regulatory agencies must establish defined response timelines for noise complaints against data centers (initial response: 72 hours; investigation completion: 30 days). Complainants should have access to independent acoustic review conducted by a neutral party, with costs borne by the operator if violations are confirmed.

If violations are not confirmed, who bears the costs?

D. Federal Action

The federal regulatory framework for environmental noise has been dormant since the Reagan Administration defunded the EPA's Office of Noise Abatement and Control in 1981. The Noise Control Act of 1972 and the Quiet Communities Act of 1978 remain on the books. The EPA retains statutory authority to act. It has not exercised that authority in any substantive way in more than four decades. The result is a patchwork of state and local ordinances, calibrated for sources that predate the data center era, without a federal floor, federal research investment, or federal coordination. Local governments confronting industry lobbying — without federal standards to reference or federal research to cite — negotiate from a position of structural disadvantage. Federal action is necessary to change that dynamic.

The most accessible near-term federal action is updating the EPA's community noise guidance — published most comprehensively in the 1974 ONAC document 'Levels of Environmental Noise Requisite to Protect Public Health and Welfare' — to explicitly address industrial-scale 24/7 facilities and LFN sources. That 1974 guidance is over fifty years old and predates data centers as a noise source category entirely. Updated guidance need not take the form of a binding regulation; guidance documents require less rulemaking process and can be issued with existing EPA statutory authority. They can, however, provide the reference points that local governments need when negotiating with industry and defending ordinance provisions in court. The WHO's 2018 Environmental Noise Guidelines for the European Region demonstrate what contemporary, health-evidence-based noise guidance looks like; U.S. guidance should be updated to a comparable standard.

Longitudinal epidemiological research on health outcomes in data center host communities is currently absent from the scientific literature. The chronic disease burden of traffic and aircraft noise is well-documented — the WHO estimates that in Western Europe alone, chronic noise exposure contributes to hundreds of thousands of disability-adjusted life years lost annually through cardiovascular disease, sleep disturbance, tinnitus, and cognitive impairment in children. No comparable research has been conducted specifically on data center host communities, despite the fact that Northern Virginia, for example, has housed hyperscale concentrations for nearly two decades. Federally funded longitudinal cohort studies — tracking health outcomes, sleep quality, stress biomarkers, and property value effects in communities adjacent to data center corridors — would provide the evidentiary foundation for more aggressive regulatory intervention and would settle empirical disputes that industry lobbyists have exploited to resist tighter standards.

The most politically feasible federal action — and one that could achieve meaningful near-term impact without requiring new legislation — is the development of a voluntary federal acoustic performance standard for data centers, modeled on the Energy Star program. Energy Star, authorized by the Energy Policy Act of 2005 and administered jointly by EPA and the Department of Energy, has achieved substantial market penetration: as of September 2024, 270 of approximately 5,381 U.S. data centers held Energy Star certification based on energy efficiency performance. The program demonstrates that voluntary federal standards, backed by public benchmarking and consumer/procurement preference, can influence industry behavior across a large and growing sector. An analogous 'Quiet Data Center' certification — based on third-party verified acoustic performance metrics including tonal content, LFN emission levels, and boundary monitoring compliance — would provide procurement incentives, build industry familiarity with appropriate measurement standards, and generate data on what acoustic performance levels are actually achievable under current technology.

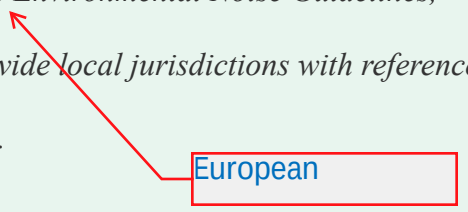
The Energy Star Analogy — Promise and Limitations

Energy Star's success in improving data center energy efficiency rests on three features: measurable performance metrics (Power Usage Effectiveness), third-party verification, and procurement incentives (federal agencies must preferentially purchase Energy Star products under executive orders). An acoustic performance analog would require equivalent elements: standardized measurement protocols for tonal content and LFN, verified third-party audits, and procurement or permitting preferences that create market incentive for certification. The

program's limitation as a noise governance tool is that it is voluntary — it can shift behavior at the leading edge of the market but cannot address the non-participating majority without complementary regulatory mandates. It is, however, a faster and less politically contested path to establishing industry norms than notice-and-comment rulemaking, and it can operate in parallel with longer-term regulatory reform.

1. Update EPA community noise guidance for 24/7 industrial LFN sources.

The EPA should issue updated community noise guidance addressing industrial-scale continuous-operation facilities, including data centers, explicitly. Guidance should adopt a health-based approach consistent with the WHO's 2018 Environmental Noise Guidelines, address low-frequency tonal noise specifically, and provide local jurisdictions with reference standards for ordinance drafting and litigation support.



2. Fund longitudinal epidemiological research in data center host communities. *Congress should direct NIH or CDC to fund multi-site longitudinal cohort studies tracking health outcomes — cardiovascular markers, sleep quality, stress biomarkers, and cognitive performance — in communities adjacent to hyperscale data center concentrations. Northern Virginia, Loudoun County, and Maricopa County and Pima County, Arizona represent established or emerging cluster sites with sufficient facility density to generate statistically meaningful results.*

3. Develop a voluntary federal acoustic performance standard for data centers. *EPA and DOE should jointly develop a voluntary 'Quiet Data Center' certification program modeled on Energy Star, incorporating standardized third-party-verified acoustic performance metrics including tonal content, LFN boundary levels, and continuous monitoring compliance. Federal procurement preferences should favor certified facilities, and state permitting authorities should be empowered to treat certification as satisfying pre-construction acoustic modeling requirements.*

E. Industry Best Practices

The recommendations in subsections A through D address what governments should require of the data center industry. This subsection addresses what the industry can and should do before, or instead of, waiting for government to require it. The distinction matters for two reasons: first, responsible operators already implement many of these practices, and establishing them as documented industry norms strengthens the evidentiary basis for arguing that they are technically feasible and economically reasonable; second, operators who adopt best practices voluntarily reduce their legal and regulatory exposure, their community relations risk, and — in the case of aerodynamic fan modifications and immersion cooling — often their operating costs.

Active Noise Cancellation (ANC) integration for mechanical rooms represents one of the most technically direct applications to the low-frequency tonal noise problem. ANC systems operate by measuring the unwanted noise signal, generating an anti-phase acoustic signal of equal

amplitude, and injecting it into the same space or duct — producing destructive interference that cancels the original sound. In ducted HVAC systems, ANC can be deployed in-duct, close to the fan source, specifically targeting the low-frequency broadband and tonal components that passive silencers handle poorly. At 63 Hz and 118 Hz — the dominant tonal frequencies in data center cooling fan noise — ANC provides effective attenuation precisely where passive methods (barriers, silencers, acoustic louvres) fail. The technology is mature: it has been deployed in HVAC systems, industrial machinery, and transportation for decades. Its application to data center mechanical rooms is an engineering problem with a known solution, not a research frontier.

Equipment procurement specifications that include tonal noise data represent a comparatively low-cost, high-leverage intervention. The Industrial Noise and Vibration Centre has developed a template supplier noise data request form that captures tonal components — blade-pass frequencies, harmonic content, and 1/3-octave emission levels — alongside the standard broadband dB(A) sound power specifications that equipment datasheets have historically provided. When procurement teams require this data from suppliers, they gain the ability to compare not just headline dB(A) ratings but the actual spectral character of the equipment being purchased. This enables selection of fans, compressors, and cooling units with lower tonal content before installation, rather than addressing tonal complaints after the facility is operational. The cost of specifying tonal data in procurement is negligible; the cost of retrofitting equipment after community complaints have escalated is documented in the Atlas Power case at five million dollars and counting.

Community engagement from the design phase — not after construction — is simultaneously the most commonsense and most consistently ignored best practice in data center development. The pattern documented in Prince William County, Atlas Power, and dozens of less-publicized cases is consistent: a data center is permitted and built; residents become aware of noise impacts only when the facility begins operating; community opposition mobilizes in response to a fait accompli rather than a proposal; and the regulatory and engineering options available at that point are far more constrained and expensive than they would have been at the design stage. Hosting community meetings during the design phase — disclosing predicted noise levels, explaining the mitigation measures being implemented, and establishing a community liaison channel for post-construction feedback — reduces the probability of adversarial escalation and, critically, provides operators with early warning of community sensitivity issues that can still be addressed in design.

These three practices are not independently sufficient. A facility that installs ANC, procures low-tonal-emission equipment, and engages the community from the design phase can still generate problematic noise if its cooling load is underestimated, if its setback from residential uses is inadequate, or if its cumulative impact with adjacent facilities has not been modeled. Industry best practices are complements to regulatory requirements, not substitutes for them. They are, however, the best available evidence that the acoustic performance standards this paper recommends are achievable — because responsible operators are already achieving them.

1. Integrate Active Noise Cancellation (ANC) in mechanical rooms and HVAC duct systems. *ANC provides effective attenuation of low-frequency tonal noise in the 50–250 Hz range where passive methods fail. Data centers generating tonal fan noise should evaluate in-duct ANC systems as a standard mitigation measure, particularly for facilities near residential uses. Industry associations should develop technical guidance on ANC deployment in data center mechanical rooms.*

2. Include tonal noise data in all equipment procurement specifications. *Procurement specifications for cooling fans, compressors, and HVAC equipment should require suppliers to provide 1/3-octave emission data and blade-pass frequency information alongside A-weighted sound power ratings. The INVC's supplier noise data request form template provides a model specification. This practice should be adopted as a standard clause in data center equipment procurement contracts.*

3. Conduct community engagement from the design phase. *Data center operators should host community information meetings before site plan submission, disclosing predicted noise levels using validated modeling, explaining mitigation measures, and establishing ongoing community liaison mechanisms. Post-construction monitoring data should be shared with community representatives on a regular schedule. Operators should voluntarily commit to independent acoustic review whenever community complaints are raised.*

Section VI Summary — A Reform Agenda Across Five Domains

The policy recommendations in this section are designed to be mutually reinforcing. Measurement reform (dB(C)/dB(A) dual reporting, narrow-band analysis, tonal penalties) without permitting reform produces better data about harms that the regulatory process still lacks authority to prevent. Permitting reform (acoustic impact assessments, LFN-calibrated setbacks, ISO 9613-2 modeling) without monitoring reform produces one-time accountability without ongoing compliance. Monitoring reform without penalty reform produces data about violations that carry insufficient consequences to change behavior. Federal action provides the standard-setting and research infrastructure that transforms fifty local regulatory battles into a coherent national policy framework. And industry best practices — ANC, tonal procurement specs, design-phase community engagement — demonstrate that the performance levels the regulatory reform agenda demands are technically and economically achievable. The data center industry is not being asked to operate at standards that no facility currently meets. It is being asked to operate at standards that responsible operators already meet, applied consistently, and enforced with credibility.

VII. Conclusion

The analysis presented in this paper rests on a foundation of documented failures and documented remedies. The failures are structural. The Noise Control Act of 1972 remains on the books and unfunded. The EPA's community noise guidance has not been substantively updated in more than fifty years and does not mention data centers. State and local noise ordinances, calibrated for sporadic nuisances rather than continuous industrial sources, have proven systematically ineffective in every jurisdiction that has attempted to apply them to hyperscale data center operations. And the A-weighted decibel — the universal currency of U.S. noise regulation — is functionally blind to the low-frequency tonal emissions that constitute data centers' dominant community impact. These are not failures of enforcement or political will, though those deficiencies compound the problem. They are failures of the scientific and technical framework embedded in the regulatory architecture itself.

The remedies are equally documented. Denmark, the Netherlands, and the United Kingdom have each developed enforceable, frequency-specific low-frequency noise frameworks that coexist with functioning industrial economies. C-weighting and G-weighting provide the spectral sensitivity that A-weighting lacks. Narrow-band analysis reveals the tonal structure of noise sources that broadband metrics conceal. Tonal penalties, already standard in Dutch and UK industrial noise assessment, formalize the well-established relationship between tonal quality and perceived annoyance. ISO 9613-2 provides validated propagation modeling methodology for pre-construction assessment. None of these tools are experimental. They are in active regulatory use abroad. The question is not whether technically sound alternatives exist — they do — but whether U.S. policymakers will adopt them (World Health Organization Regional Office for Europe, 2018; Jakobsen, 2001; Tofts et al., 2019).

The three case studies in Section V trace a trajectory from failure to partial remedy. Prince William County spent three years, millions of dollars in consulting fees, and enormous political capital to produce a noise ordinance that the data center industry subsequently lobbied into functional ineffectiveness — a cautionary illustration of what purely local regulation, without federal or state floors, ultimately produces. Atlas Power spent five million dollars on a noise barrier that physics guaranteed would fail, because neither the company nor the county required a frequency analysis that a smartphone could have provided in under a minute. Fairfax County watched those episodes unfold in neighboring jurisdictions and acted pre-emptively, establishing a two-stage noise review process and equipment enclosure requirements that represent, by U.S. standards, a meaningful advance — while still anchoring compliance to A-weighted measurements that cannot capture the tonal low-frequency hum at the center of the problem. The lesson across all three is consistent: procedural sophistication without metric reform does not close the compliance-impact gap. It documents it more carefully.

For Tucson and Southern Arizona, the stakes of getting this right are acutely specific. The proposed data center developments referenced throughout this paper would introduce dry-air cooling infrastructure at a scale unprecedented in the region — potentially 480 to 1,400 large industrial fans operating continuously in a desert climate that combines maximum cooling demand with the nocturnal temperature inversions that drive long-range low-frequency sound propagation. Tucson's flat, sparsely vegetated terrain provides no natural acoustic buffering. Its hot summers guarantee that fans will run at maximum output precisely during the nights when cooling demand is highest and residents are most vulnerable. The Sonoran Desert's characteristic temperature inversions — cool ground, warm air aloft — function as sound ducts, bending low-frequency noise back toward the earth and enabling coherent propagation over distances far

greater than standard permit modeling assumes. A regulatory framework calibrated for a Northern Virginia suburb will perform no better here. It will likely perform worse.

The policy reform agenda in Section VI is organized to be mutually reinforcing. Measurement reform — mandating C-weighted and G-weighted measurements alongside dB(A), requiring narrow-band frequency analysis, and adopting tonal penalties — is the foundational change without which every other reform operates in a defective frame. Siting and permitting reform — integrating acoustic impact assessment into NEPA review, establishing LFN-calibrated setbacks, and mandating ISO 9613-2 pre-construction modeling with octave-band source data — moves the point of intervention upstream, before concrete is poured. Monitoring and enforcement reform — requiring continuous real-time perimeter monitoring, reforming the civil penalty structure, and establishing complaint-response protocols with independent acoustic review — provides the ongoing compliance infrastructure that one-time post-construction studies cannot. Federal action — updated EPA guidance, federally funded longitudinal epidemiological research, and a voluntary "Quiet Data Center" certification modeled on Energy Star — provides the national floor without which local jurisdictions negotiate against a sophisticated industry from a position of structural disadvantage. Industry best practices — active noise cancellation in mechanical rooms, tonal noise data in equipment procurement specifications, and community engagement from the design phase — demonstrate that the performance standards these reforms demand are already achievable by responsible operators.

The urgency of this moment is not rhetorical. The AI infrastructure buildout underway in 2026 represents the largest single-cycle expansion of data center capacity in the industry's history. The communities that will live adjacent to that infrastructure for decades are being sited now. The permitting decisions being made today — before the Tucson City Council, before the Pima

County Board of Supervisors, and in data center corridors across the Sun Belt — will shape the acoustic environment of those communities for the operational lifetime of the facilities, typically thirty years or more. Retrofitting noise mitigation into existing facilities is expensive, technically constrained, and often inadequate, as the Atlas Power case demonstrates at a cost of five million dollars. Getting the physics right before ground breaks is not merely the preferable approach. For the specific problem of tonal low-frequency noise from large fan arrays, it is the only approach that works reliably. The data center industry is not being asked to operate at standards that no facility currently meets. It is being asked to operate at standards that responsible operators already meet — standards that international best practice has validated, that engineering science supports, and that affected communities deserve. The regulatory frameworks that give those standards force must be built now, while there is still time to build them right.

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Public Comments on Item A1

From: Laura Dzieman
To: Brett Wittenberg
Subject: FW: Data Ordinance
Date: Thursday, October 1, 2026 9:48:34 AM

Hi Brett,

Please include this in your staff report for the Town Council.

Thank you,

Kind regards,
Laura Dzieman
Executive Assistant | Development Services Department
Town of Marana
Direct: 520-382-2655
Ldzieman@maranaaz.gov
-

From: Marcus Longoni [redacted]>
Sent: Wednesday, September 30, 2026 5:03 PM
To: Laura Dzieman <ldzieman@maranaaz.gov>
Subject: Data Ordinance

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.

Good evening Laura,

Thank you very much for taking my call just a few minutes ago.

As a new resident of Marana, I would strongly consider the board/commission to enact stronger guidelines for any proposed Data Centers in Marana.

Please, do not accept as it is currently written. Do NOT use Groundwater use. This is water that we will need for the further expansion of Marana and for our communities. Not for a Data Center.

Please cap diesel generator hours.

Noise levels need to be capped at 45 DBA at night.

Many members of this community don't want a data center in the first place. These new additions are more than reasonable.

Thank you,

EXHIBIT A TO MARANA RESOLUTION NO. 2026-xxx

Amendments to Marana Town Code, Title 17, "Land development" pursuant to Marana Ordinance No. 2026.xx

SECTION 1. Section 17-6-13 (Data centers) of the Marana Twon Code is hereby revised as follows (with additions shown with double underlining and deletions shown with strikethroughs)

K. Decommissioning. A decommission plan is to be designed to ensure the data center site is restored to the condition prior to development. When a data center permanently ceases operations, the decommissioning plan shall immediately become effective. A data center shall be considered to permanently cease operations when it has been not in operation for a period of fourteen days. At that time: (a) all hazardous fluids and materials shall immediately be properly stored or removed to ensure against possible site contamination and (b) the town shall be given written notice of the permanent cessation of operations and the commencement and implementation of the decommissioning plan.

1. To ensure operational compliance with this paragraph, before a certificate of occupancy and certificate of completion are issued, together with the development plan, a decommission plan for the data center is required to be submitted. The decommission plan is to be certified by a professional consulting engineer and be approved by the town engineer.

2. To ensure financial compliance with this paragraph, before a certificate of occupancy and certificate of completion are issued, together with the development plan, a decommissioning bond is required to be submitted. The amount of the bond will include all projected decommissioning expenses plus a 15% contingency. The decommissioning expenses and bond amount will be reviewed annually. This will be

annually certified by a professional consulting engineer and be approved by the town engineer. The amount of the bond will be adjusted periodically to reflect estimated changes in the decommissioning amount.

3. In the decommissioning process time is of the essence. The town, developer or operator of the data center site will engage contractors to decommission the data center site. Payment for the work is to be taken from the bond. Town personnel and those engaged by the town are to be allowed on site. A professional consulting engineer will periodically certify compliance with professional standards and be approved by the town engineer.

Greg Johnsen
9/30/26

(Decommissioning Data Center 092426)

PROPOSED SUBSTITUTE EXHIBIT A TO MARANA RESOLUTION NO. 2026-xxx

Amendments to Marana Town Code, Title 17 "Land Development" and Chapter 11-5,

pursuant to Marana Ordinance No. 2026.xx. Clean copy with all changes accepted.

Citizen substitute draft dated September 29, 2026, offered in place of the Town's September 4, 2026 Exhibit A. Changes are shown against the current codified text of Section 17-6-13 as adopted by Ordinance 2024.029. Provisions carried forward from the Town's September 4, 2026 draft appear as additions because they are not yet part of the code.

SECTION 1. Section 17-6-13 (Data centers) of the Marana Town Code is hereby revised as follows (with additions shown with double underlining and deletions shown with strikethroughs).

17-6-13 Data centers

A.Purpose and findings. The council finds and declares as follows.

1.Data centers operated as principal uses can concentrate hundreds of megawatts of electrical and mechanical equipment on a single site and operate continuously, 24 hours a day, throughout the year.

2.Cooling fans, chillers, dry coolers, transformers, and generators produce continuous sound with tonal and low-frequency components. A-weighted measurement discounts low frequencies and can understate the sound that residents perceive and that passes through the walls of homes. The World Health Organization has identified adverse effects of nighttime noise at outdoor levels between 40 and 55 decibels and recommends a nighttime outdoor level of 40 decibels.

3.Diesel emergency generators emit nitrogen oxides and particulate matter. The Rillito area in the vicinity of the town is designated by the U.S. Environmental Protection Agency as a nonattainment area for particulate matter (PM10). Operators in other jurisdictions have run backup generators for non-emergency purposes and have installed on-site combustion turbines as primary or bridging power, producing emissions, noise complaints, and litigation.

4.The town lies within the Tucson Active Management Area, where groundwater is a finite and managed supply, and land subsidence associated with groundwater withdrawal has been documented in the Avra Valley. Generating electricity also consumes water, and the town's largest electric utility reports consumptive water use of approximately 400 gallons

for each megawatt-hour it generates.

5.Lithium-ion energy storage systems can undergo thermal runaway and explosion, as occurred at the McMicken battery facility in Surprise, Arizona in 2019, where firefighters were injured.

6.Data center operators and developers have entered bankruptcy, and data center projects have been paused, cancelled, or left partially built. Buildings designed for this use have limited value for other uses. Without adequate financial assurance, the cost of removing abandoned facilities and restoring sites can fall on the town and its residents.

7.Land in the town includes Sonoran Desert habitat for species protected by state and federal law, mapped wildlife linkages, washes, native plants protected under A.R.S. Title 3, Chapter 7, and dark skies relied upon by astronomical observatories in the region.

8.The regulations in this section are adopted to conserve and promote the public health, safety, and general welfare under A.R.S. 9-462.01. They are regulations for the protection of public health and safety, including pollution control and fire safety, and for the prevention of public nuisances, within the meaning of A.R.S. 12-1134(B)(1) and (2).

B.Definitions. In addition to the definitions in section 17-1-6 and paragraph I.1 below, the following definitions apply for purposes of this section 17-6-13.

1."Backup power system" means the emergency generators, uninterruptible power supplies, energy storage systems, and associated equipment installed to supply electricity to a data center during an emergency.

2."Critical IT load" means the electrical load of the servers, storage, networking, and other information technology equipment of a data center, excluding cooling, lighting, and other building loads. "Design critical IT load" means the maximum critical IT load for which a data center or data center campus is designed at full buildout.

3."Data center campus" means all data center buildings and associated facilities within a specific plan, together with all data center buildings within one mile of each other that are under common ownership or control.

4."Emergency" means only the following conditions, and only for their duration.

a.An unplanned interruption or failure of electric service from the serving electric utility at the data center's point of interconnection that the owner or operator did not request, schedule, arrange, or cause.

b.An unplanned failure of on-site electrical equipment that interrupts utility power to all or

part of the data center and that did not result from the owner's or operator's failure to maintain the equipment.

c.None of the following is an emergency.

(1)Any interruption, curtailment, or reduction of electric service under an interruptible, curtailable, flexible-load, demand response, or similar rate, tariff, contract, or program in which the owner or operator participates, or in exchange for which the owner or operator receives any payment, credit, or rate benefit.

(2)Operation to reduce or avoid the purchase of electricity, demand charges, or capacity obligations, including peak shaving and load shifting.

(3)Operation to supply electricity to the electric grid, to a utility, or to any other person.

(4)Operation in response to electricity prices, market signals, or a request by a utility or balancing authority for voluntary load reduction.

(5)Operation because utility service is not yet available, is insufficient to serve the connected load, or is awaiting interconnection or system upgrades, including operation during construction and during commissioning of critical IT load.

(6)A planned or scheduled interruption of utility service requested or arranged by the owner or operator.

(7)Testing, maintenance, and commissioning, which are governed by paragraph M.

5."Emergency generator" means a stationary internal combustion engine and generator set installed solely to supply electricity during an emergency.

6."Energy storage system" means equipment, including batteries, that stores electricity received from the serving utility or from a solar energy system described in paragraph B.12 and later discharges it, and that does not itself produce electricity from fuel or any other energy source.

7."Groundwater" has the meaning given in A.R.S. 45-101. For purposes of this section, groundwater also includes any water withdrawn from a well, including water recovered from underground storage, regardless of how that water is accounted for under state law.

8."Heat rejection system" means all equipment that transfers heat from a data center to the outdoor environment, including chillers, dry coolers, condensers, cooling towers, and their pumps, fans, and piping.

9."Large data center" means a data center or data center campus with a design critical IT load of 20 megawatts or more, or with 25,000 square feet or more of gross floor area.

10."Mapped wildlife linkage" means any wildlife linkage, corridor, or crossing identified in the Arizona Wildlife Linkages Assessment, in a Pima County or Pinal County wildlife connectivity assessment or linkage design, as a critical landscape connection in the Pima County Conservation Lands System, or in the town's general plan, and any wildlife corridor delineated in a site resource inventory under section 17-11-3. The edge of a mapped wildlife linkage is its boundary as delineated in the biological evaluation required by paragraph P and accepted by the town's biological consultant.

11."Noise-sensitive use" means a dwelling, school, day care facility, hospital, nursing home, place of worship, cemetery, public park, nature preserve, national monument, or other use the zoning administrator reasonably determines to be comparably sensitive to noise.

12."On-site power generation" means any equipment or facility that produces electricity, other than an emergency generator operated in compliance with paragraph M, that serves or is capable of serving a data center and that is located on the data center site, is located on land under common ownership or control with the data center site, or is connected to the data center by a private electric line. The term includes combustion turbines, reciprocating engines, microturbines, fuel cells, boilers and steam turbines, and nuclear reactors of any size, whether stationary, portable, mobile, trailer-mounted, temporary, or permanent, and whether used for primary, continuous, supplemental, bridging, peak, or grid-support power. The term does not include an energy storage system, or a solar energy system mounted on a building or on a parking canopy.

13."Owner" means any person holding fee title to, or a leasehold interest in, a data center site. "Operator" means any person that operates a data center. "Responsible parties" means the owner and the operator, and their successors and assigns, each of whom is jointly and severally responsible for compliance with this section.

14."Renewable water supply" means Colorado River water delivered through the Central Arizona Project system without withdrawal from a well, reclaimed water or effluent, and harvested rainwater or stormwater.

15."Wash" means a watercourse with a 100-year peak discharge of 50 cubic feet per second or more, as determined by a registered professional engineer.

16."Water-free heat rejection" means a heat rejection system that rejects heat to the atmosphere without evaporating, spraying, misting, or otherwise consuming water, including air-cooled chillers and dry coolers serving sealed closed loops, and that requires water only for the initial fill and periodic makeup of those sealed closed loops.

C.Data centers are not permitted to operate in the town as a principal use unless approved in a specific plan or specific plan amendment explicitly created or amended for the purpose of data center development and adopted through the rezoning process set forth in section 17-3-1 and as described in section 17-4-15 (Specific plan (SP)). Subject to the requirements of this section 17-6-13, a specific plan may authorize data center development in a specific geographic area or region of a larger specific plan area. Each specific plan rezoning for data center development shall include a schedule for development under A.R.S. 9-462.01(E) providing that, if a building permit for a data center building has not been issued within three years after the effective date of the rezoning, the council shall hold a public hearing to determine compliance with the schedule and may revert the property to its prior zoning classification. This section, as amended by Ordinance No. 2026.xx, applies to every application for a specific plan or specific plan amendment for data center development that the council has not approved before the effective date of that ordinance.

D.In addition to the requirements of section 17-4-15(C), an application for a specific plan or a specific plan amendment for the purpose of data center development shall include the following information:

1.The baseline noise study and noise contour exhibit required by paragraph I below.

2.The intended source of electric power for the development and documentation from the electric utility provider affirming sufficient power exists to serve the site, the projected peak demand and ramp schedule by phase, the location and capacity of all proposed substations, switchyards, and transmission and distribution lines, and the status of each energy supply agreement, including the Arizona Corporation Commission docket number where one exists.

3.An assessment of future energy needs for the site.

4.An estimate of annual water consumption for the site, by source and by use, including monthly peak use, construction-period use, and use at the monsoon design condition, together with an estimate of the water consumed in generating the electricity the site will use, calculated from the serving utility's most recently published consumptive water intensity.

5.The intended source of water for the development, and documentation from the water provider affirming sufficient water resources exist to serve the site, and a statement from each proposed water provider identifying the source of the water to be delivered, for use under paragraph J.4.

6.An explanation regarding how the development complies with each of the requirements of this section 17-6-13; or, if the applicant requests that the council waive a requirement or

requirements that paragraph E permits the council to waive, an explanation as to why compliance with the requirement(s) is not feasible.

7.A description of the heat rejection system demonstrating water-free heat rejection, and a thermal resilience statement identifying the ambient design temperature of the heat rejection equipment, whether manufacturer high-ambient options are specified, the delivered cooling capacity and remaining redundancy at 105.9°F and at 115°F, the equipment layout and clearances compared with the manufacturer's minimums, the allowance made for recirculation of discharge air, and the ASHRAE liquid cooling class of any closed loop.

8.A backup power plan identifying the number, rating, and emissions tier of each emergency generator, all fuel storage, all energy storage systems, projected annual operating hours by purpose, and the status of each required air quality permit.

9.A site resource inventory under section 17-11-3, a native plant preservation plan under section 17-11-5, a cultural resources report under chapter 17-12, and the biological evaluation, including the identification of mapped wildlife linkages, and the invasive species management plan required by paragraph P.

10.A drainage report delineating all washes, and a stormwater management plan meeting paragraph P.9.

11.An outdoor lighting plan and photometric analysis meeting paragraph Q.

12.Visual simulations of the development at full buildout from the nearest dwellings, public roads, cemeteries, parks, and national monuments within two miles.

13.A fire protection and hazardous materials plan and, for any energy storage system, the hazard mitigation analysis required by paragraph O.

14.A traffic impact analysis, a preliminary construction management plan, and a workforce housing plan meeting paragraph R.

15.For a large data center, a microclimate analysis estimating the effect of heat discharged by the development on air temperatures at the property line and at the nearest noise-sensitive uses.

16.For a large data center, a cumulative impact analysis addressing, together with all other data centers approved or proposed within ten miles, noise, water use, electricity demand, water consumed in generating electricity, sky glow, traffic, and wildlife habitat and connectivity.

17.A fiscal impact analysis that distinguishes one-time construction-period revenue from recurring revenue to the town, identifies each state tax incentive or exemption for which the development may qualify and its effect on town revenue, and estimates the cost of the town services the development will require.

18.A preliminary decommissioning plan meeting paragraph U and a preliminary cost estimate prepared under paragraph T.3.

19.A disclosure identifying the owner, the operator, each entity in their chains of ownership through the ultimate parent entity, and whether one or more end users has made a binding commitment to occupy the development.

20.A report of the neighborhood meetings required by paragraph S and the applicant's responses to the comments received.

21.An emergency operations plan coordinated with the fire district and, where paragraph S.3 applies, a description of the mitigation program the applicant will offer.

E.The minimum requirements of this section 17-6-13 shall apply to any data center operated as a principal use unless the council waives a requirement or requirements during the specific plan rezoning process as permitted by this paragraph. In addition to these minimum requirements, the town may impose additional or more stringent site-specific requirements or regulations during the specific plan rezoning process, provided that the site-specific requirements or regulations are reasonably related to the impact of the development.

1.The council shall not waive or modify paragraphs I.2 through I.9 (sound limits, monitoring, and response), paragraph J (water), paragraph M (on-site power generation and emergency generators), paragraphs N.3 and N.4 (grid events), paragraph O (fire safety and hazardous materials), paragraph P (biological resources, washes, and wildlife), paragraph T (financial assurances), paragraph U (decommissioning), paragraph V (reporting), or paragraph W (enforcement).

2.The council may waive or modify any other requirement of this section only upon written findings, supported by substantial evidence in the record, that the alternative approved provides protection equal to or greater than the requirement waived.

3.Independent review. The town shall retain independent consultants, selected from a list of qualified consultants maintained by the town, to review the studies and plans required by this section, including acoustical, hydrological, engineering, fire protection, biological, financial, appraisal, and fiscal reviews, and to perform the monitoring this section assigns to the town's consultants. A consultant retained under this paragraph shall not have

performed work for the applicant, owner, operator, or any of their affiliates within the preceding three years. Before review begins, the applicant, or for a data center subject to this section under paragraph H.2 or H.3 the responsible parties, shall deposit with the town the amount set by the town's adopted fee schedule to pay the actual and reasonable cost of review and monitoring, and shall replenish the deposit whenever it falls below 25 percent of the initial amount. The town shall return any unused balance. Review time frames shall be those established by the town under A.R.S. 9-835.

F.The minimum requirements of this section shall apply to any data center operated as an accessory use only where indicated, except that paragraphs I, M.3 through M.12, O, and Q apply to every data center operated as an accessory use.

G.The minimum requirements of this section that are based on the planned or zoned property uses of adjacent properties shall be established based on the most protective of the planned or zoned uses at the time of the specific plan rezoning process, the planned or zoned uses at the time of measurement or review, or the actual uses existing at the time of measurement or review. A requirement that applies to property planned or zoned for residential use also applies to any property containing a noise-sensitive use.

H.Relationship to other provisions and to existing specific plans.

1.The provisions of this section are intended to supplement the requirements of this code. If any provision of this section is found to be in conflict with any other provision of this code, the provision that establishes the higher or more restrictive standard shall prevail.

2.Operating standards. Paragraphs I.2 through I.9 (sound limits, monitoring, and response), paragraph M (on-site power generation and emergency generators), paragraphs N.3 and N.4 (grid events), paragraph O (fire safety and hazardous materials), paragraph P (biological resources, washes, and wildlife), paragraph T (financial assurances), paragraph U (decommissioning), paragraph V (reporting), and paragraph W (enforcement) are operating standards adopted for the protection of public health and safety, pollution control, fire safety, and the prevention of nuisances. They apply to every data center operated as a principal use in the town, and to every data center operated as an accessory use to the extent paragraph F provides, including a data center within a specific plan adopted before the effective date of Ordinance No. 2026.xx, beginning with the first development plan approval, grading permit, or building permit issued for that data center after that date, and they apply notwithstanding any less restrictive provision of such a specific plan to the extent permitted by law.

3.Where a specific plan adopted before the effective date of Ordinance No. 2026.xx does not address a matter regulated by this section, this section governs that matter.

4.Nothing in this section shall be applied to impair a right that has vested under A.R.S. 9-1201 through 9-1205 or under a development agreement approved under A.R.S. 9-500.05, except as those statutes permit.

5.This section regulates the siting, design, operation, and effects of data center land uses. It does not regulate the rates charged by any utility and shall be applied consistently with A.R.S. 9-810.

I.Noise Attenuation. The developer of a data center to be operated as either a principal or an accessory use must fund a noise study performed by the town's acoustical consultant retained under paragraph E.3 to document baseline sound levels in the area of the proposed data center and must submit a study by a qualified acoustical consultant, reviewed by the town's acoustical consultant, to produce a noise contour exhibit depicting the anticipated noise levels to be generated by the data center. The noise contour exhibit must be produced in accordance with the methodology set forth in International Organization for Standardization standard ISO 9613-2 (Acoustics - Attenuation of sound during propagation outdoors - Part 2: General method of calculation). The baseline study shall measure sound continuously for at least seven consecutive days, including a weekend, at each noise-sensitive use and each property planned or zoned for residential use within two miles of the proposed data center, and shall report A-weighted, C-weighted, and one-third octave band levels, including the L90. The noise model shall represent full buildout with all heat rejection equipment operating at the fan speeds expected at an outdoor temperature of 115°F, shall separately model routine generator testing and simultaneous operation of all emergency generators, and shall add a prediction uncertainty of not less than 3 dB to all predicted levels.

1.For purposes of this section 17-6-13:

a."A-weighted sound level" means the sound pressure level in decibels as measured on a sound level meter using the A-weighted filter network. The A-weighted filter network is designed to simulate the response of the human ear by de-emphasizing the very low and very high frequency components of sound. The A-weighted sound level is expressed by the symbol "dBA."

b."C-weighted sound level" means the sound pressure level in decibels as measured on a sound level meter using the C-weighted filter network. The C-weighted filter provides a nearly flat frequency response for most of the range of human hearing and captures low-frequency sound that the A-weighted filter discounts. The C-weighted sound level is expressed by the symbol "dBC."

c."Daytime" means 7:00 a.m. to 7:00 p.m. on weekdays, and 9:00 a.m. to 8:00 p.m. on

Saturdays, Sundays, and legal holidays observed by the town.

d."Decibel" means the unit for measuring the amplitude of a sound, equal to 20 times the logarithm to the base 10 of the ratio of the pressure of the sound measured to the reference pressure, which is 20 micropascals. Decibel is expressed by the symbol "dB."

e."L90" means the sound level exceeded 90 percent of the time during a measurement period, representing the residual sound in the absence of intermittent sources. The "baseline L90" for a location and period is the median of the hourly L90 values measured at that location during that daytime or nighttime period in the baseline study.

f."Leq" (also known as "equivalent sound level") means the steady sound level that, over a sample period, contains the same acoustic energy as the actual time-varying sound. The sample period for purposes of this section is 15 minutes, expressed as "Leq(15 min)."

g."Nighttime" means 7:00 p.m. to 7:00 a.m. on weekdays, and 8:00 p.m. to 9:00 a.m. on Saturdays, Sundays, and legal holidays observed by the town.

h."One-third octave band" means a frequency band one-third of an octave wide as defined in IEC 61260-1, reported for center frequencies from 16 hertz through 10,000 hertz.

i."Tonal component" means a tone identified as audible under the objective method for assessing the audibility of tones in International Organization for Standardization standard ISO 1996-2 (Acoustics - Description, measurement and assessment of environmental noise - Part 2: Determination of sound pressure levels).

2.Any noise which emanates from any operation, activity, or source on a data center site, including, but not limited to, heating and cooling system(s), shall not exceed the maximum permissible sound levels set forth in Table 2 (Maximum sound levels for data center operation) measured at the property line of the property affected by the noise, or at any location on that property. The limits apply to the combined sound from all data center sites contributing to the level measured, and each data center is responsible for compliance with the combined limit. For property planned or zoned for residential or mixed use, and for property containing a noise-sensitive use, the maximum permissible A-weighted sound level for each period is the lower of the value in Table 2 or the baseline L90 for that period plus 5 dB, but not less than 45 dBA during daytime or 40 dBA during nighttime. Where no baseline study was performed for a location, or where the baseline was measured after another data center began operating nearby, the town's acoustical consultant shall determine the baseline L90 from measurements at a comparable location unaffected by data center sound. References in this paragraph I to the maximum sound levels set forth in Table 2 include the limits and adjustments in this paragraph I.2.

Table 2. Maximum sound levels for data center operation		
Planned or zoned use of affected property	**Maximum dBA Leq(15 min) Daytime/Nighttime**	**Maximum dBC Leq(15 min) Daytime/Nighttime**
Residential and mixed-use, and any noise-sensitive use	50/45	65/60
Agricultural	55/50	65/60
Commercial	60/55	70/65
Industrial	70/65	75/70

a.Tonal penalty. Where sound emanating from a data center site contains a tonal component, a penalty of 5 dB shall be added to the measured A-weighted and C-weighted sound levels before they are compared to the applicable limits. The adjusted level, and not the unadjusted measured level, determines compliance. The penalty applies during daytime and nighttime and to each use category, and is a fixed adjustment that is not increased or decreased based on the degree of tonal audibility.

b.Low-frequency sound. Where the C-weighted Leq exceeds the A-weighted Leq by more than 10 dB at any location where limits apply, the operator shall, within 30 days, conduct a one-third octave band analysis, identify the contributing sources, and implement mitigation of the low-frequency sound approved by the town's acoustical consultant.

c.Indoor sound. Upon a complaint substantiated by the town's acoustical consultant, the operator shall reduce the sound from the data center inside the affected dwelling to not more than 30 dBA Leq(15 min) in sleeping rooms during nighttime with windows closed, by mitigation at the source or, at the dwelling owner's election, by sound insulation of the dwelling at the operator's expense.

3.Notwithstanding the provisions of Table 2 above, any person performing site construction work in compliance with section 11-5-4 (Construction noise; extended work permits) shall not be subject to the maximum sound levels set forth in Table 2 above. No extended work permit shall be issued under section 11-5-4 for data center construction within one mile of property planned or zoned for residential use or containing a noise-sensitive use, and pile driving and blasting for data center construction shall occur only between 8:00 a.m. and 5:00 p.m. on weekdays.

4.The data center must be designed and built to incorporate sound mitigation methods sufficient to prevent the sound levels emanating from the data center, as determined by a qualified third-party acoustical consultant, from exceeding the maximum sound levels set forth in Table 2. Design specifications for the required sound mitigation must be provided to the town and accepted by the town's acoustical consultant before building permit approval.

5.Before issuance of a certificate of occupancy or certificate of completion, whichever occurs first, the data center operator must fund a post-construction noise study performed by the town's acoustical consultant to document sound levels emanating from the data center measured at the property line of the nearest property to the data center property that is planned or zoned for residential land uses, or other noise sensitive use as reasonably determined by the zoning administrator, during peak operation of the data center mechanical equipment. The post-construction noise study must demonstrate that sound levels do not exceed the maximum sound levels set forth in Table 2. If sound levels exceed the maximum sound levels set forth in Table 2, the town will issue a temporary certificate of occupancy until the data center operator demonstrates that the required sound mitigation is achieved. If the data center operator is unable to demonstrate compliance with the sound levels set forth in Table 2 before expiration of the temporary certificate of occupancy, the town will not issue a permanent certificate of occupancy. A post-construction noise study shall be completed before a certificate of occupancy issues for each building or phase.

6.The data center operator must also fund an additional noise study performed by the town's acoustical consultant, as measured at the property line of the nearest property to the data center property that is planned or zoned for residential land uses, or other noise sensitive use as reasonably determined by the zoning administrator, annually during peak operation of the data center mechanical equipment for the life of the data center and whenever requested by the town. The data center operator must provide the results of the noise study to the town within 30 days of the anniversary of the date on which the certificate of occupancy or certificate of completion was issued by the town. If sound levels exceed the maximum sound levels set forth in Table 2, the data center operator shall take appropriate steps to achieve the required sound mitigation within the time periods required by paragraph I.8.

7.Continuous monitoring. Before the first certificate of occupancy, the operator shall fund, and the town's acoustical consultant shall install and operate, permanent sound monitoring stations at locations selected by the town, including the nearest noise-sensitive uses. A large data center shall have not fewer than three stations, and any other data center operated as a principal use shall have not fewer than one. Each station shall use a Class 1 sound level meter meeting IEC 61672-1, record A-weighted, C-weighted, and one-third octave band levels continuously, and record audio whenever a limit is exceeded. The town shall publish the Leq(15 min) data on a public website within one hour after collection. Monitoring shall continue for the life of the data center.

8.Exceedance response. An exceedance is any Leq(15 min), adjusted under paragraph I.2.a, above an applicable limit that the town's acoustical consultant attributes in whole or in part to one or more data centers. The operator shall notify the town within 24 hours after any exceedance recorded by a monitoring station or identified by a noise study. Within 10 days after the notice, the operator shall submit a corrective action plan, and it shall complete the corrective action within 90 days. If a nighttime exceedance continues after 90 days, or if three or more exceedances are verified within any 12-month period, the zoning administrator shall order the operator to curtail the equipment contributing to the exceedance during nighttime until the town's acoustical consultant verifies compliance.

9.Complaints. The operator shall maintain a telephone line and online form, available 24 hours a day, for noise complaints. The operator shall acknowledge each nighttime complaint within one hour, investigate each complaint within 24 hours, and provide the town a monthly log of complaints and responses, which the town shall make public.

J.Water.

1.The Marana water department will not provide potable water to a data center (principal or accessory use) for its cooling system, humidity control, and other similar operations.

2.Water-free heat rejection. Every data center shall use water-free heat rejection. Evaporative cooling, adiabatic or wetted-media pre-cooling, spray and misting systems, cooling towers, once-through cooling, and water-based humidification are prohibited.

3.Groundwater. No groundwater, whether withdrawn on the data center site or delivered by any water provider, including the town, an irrigation district, or a private water company, shall be used on a data center site for any purpose, except the following.

a.Water for fire protection required by the adopted fire code.

b.Potable water for drinking, sanitation, and other domestic uses by on-site personnel, not to exceed an average of 20,000 gallons per day in any calendar month for a data center

campus, if the responsible parties offset each year's domestic groundwater use under paragraph J.5.

c.Water for dust control, soil compaction, and concrete during construction, which shall be renewable water supply where available. Any groundwater used for these purposes shall be offset under paragraph J.5 before the certificate of occupancy issues for the building it served.

d.Water for the initial fill and periodic makeup of sealed closed loops, which shall be renewable water supply or shall be offset under paragraph J.5.

e.Water for irrigation of native plants during the establishment periods required by paragraph P.5 and by Table 3, and for dust control and revegetation during decommissioning, which shall be renewable water supply where available and otherwise shall be offset under paragraph J.5.

4.Source certification. Water delivered to a data center site by any provider, other than water supplied for fire protection under paragraph J.3.a, shall be accompanied by a written certification from the provider identifying the source of the water. Water from a blended supply is groundwater in proportion to the groundwater share of the blend. The responsible parties shall submit the certifications with the annual report required by paragraph V.

5.Offset. Where this paragraph requires an offset, the responsible parties shall, for each acre-foot of groundwater used, cause the permanent extinguishment of one acre-foot of long-term storage credits or groundwater allowances within the Tucson Active Management Area, or deliver to the town an equal quantity of renewable water supply, and shall document the offset in the annual report required by paragraph V.

6.Wells. No well shall be drilled, deepened, or operated on a data center site, except a monitoring well or a well required by a regulatory agency for remediation.

7.Annual limit and metering. Each specific plan for data center development shall state a binding annual limit on water use by source. Where a specific plan does not state a limit, the limit is the applicant's estimate of annual on-site water consumption by source submitted under paragraph D.4, or under the corresponding provision in effect when the specific plan was adopted, excluding any estimate of water consumed in generating electricity. All water used on a data center site shall be metered by source and by use, and use in excess of the limit is a violation of this section.

8.Private wells. For a large data center, the responsible parties shall, with the consent of each well owner, test the water level and water quality of each private well within one mile

of the site before grading begins and annually thereafter. They shall supply temporary water within 24 hours, and shall restore or replace the supply, for any well whose supply or quality is impaired by construction dewatering, a release of any substance from the site, or any other activity on the site.

K.Site Design Standards. The site design standards in Table 3 (Site design standards for data center development) apply to the development of land that will accommodate data centers, as well as the placement of buildings on a given site. The standards are intended to help minimize the physical, environmental, and visual impacts of data centers on adjacent development.

[No revisions to the Table 3 rows for building placement and orientation, and for screening of mechanical equipment and substations, or to Table 4. Revised rows are shown below.]

Table 3. Site design standards for data center development (revised rows)

Site design standard	Requirements
Lighting	Must comply with the town of Marana lighting code and paragraph Q.
Lot coverage	40 percent maximum, including buildings and outdoor equipment yards
Setbacks	Any data center building, equipment for cooling, ventilating, or otherwise operating the facility, power generator, or other power supply equipment must be located: • At least 2,640 feet from the property line of any property that is planned or zoned for residential or mixed land uses, or any noise-sensitive use. • At least 1,000 feet from the property line of any property that is planned or zoned for any use other than residential or industrial uses. • At least 500 feet from every property line of the data center site, in

	the case of emergency generators, outdoor heat rejection equipment, energy storage systems, substations, and fuel storage. • At least 300 feet from the edge of any mapped wildlife linkage and 100 feet from the edge of any wash.
Generators	Generators and generator use must be in compliance with all applicable state and federal regulations and with paragraph M.
Landscape buffers	In lieu of the landscape buffer requirements in section 17-11-7(F) (Landscape buffer standards), any side or rear yard of a data center site abutting property that is planned or zoned for any use other than industrial uses shall include one of the following: • Agricultural and commercial zoned/planned properties: A minimum 100-foot buffer. This may be achieved through existing mature landscaping or a landscaped earthen berm that screens the site. Berms shall have a slope no steeper than 2:1 with a minimum height of six feet and planted with a minimum of 320 plant units* per 100 feet of right-of-way or property line. • Residential or mixed-use zoned/planned properties: A minimum 200-foot buffer. This may be achieved through existing mature landscaping or a landscaped earthen berm that screens the site. Berms shall have a slope no steeper than 2:1 with a minimum height of eight feet and planted with a minimum of 320 plant units* per 100 feet of right-of-way or property line. [No revisions to the remaining text of this row, except as follows.] Plantings shall be native Sonoran Desert species. Berms shall be interrupted where they cross a wash or mapped wildlife linkage to allow the passage of wildlife and stormwater.
Fencing	Fencing of the property is permitted; however chain-link fencing, with or without slated inserts, and barbed wire fencing are prohibited along public or private street frontages. Where a data center site adjoins a wash, mapped wildlife linkage, or natural open space, security fencing shall be set back to leave a wildlife passage

	lane at least 100 feet wide, and any fence within or bounding that lane shall meet the Arizona Game and Fish Department's wildlife-compatible fencing guidelines.

L.Building Design Standards. The building design standards in Table 5 (Building design standards for data centers) are intended to guide the development of data center buildings and associated equipment. The goal of the standards is to ensure more visually appealing and welcoming data center developments that also minimize negative impacts in the built environment.

[No revisions to the Table 5 rows for massing and scale, principal facade, fenestration, main building entryways, and exterior colors and materials. Revised and new rows are shown below.]

Table 5. Building design standards for data centers (revised and new rows)

Building design standard	Requirements
Building height	A maximum building height of 50 feet is allowed, with an additional 10 feet permitted for rooftop mounting of screened mechanical equipment. This building height limitation does not apply to utility substations, associated utility infrastructure such as utility poles, or accessory communication towers, but a height limitation for this infrastructure must be specified in the specific plan application.
Roofs	Roof surfaces not covered by solar energy systems or mechanical equipment shall have an initial solar reflectance of at least 0.70.
Facade lighting	Architectural and facade illumination is prohibited.

M.On-Site Power Generation and Emergency Generators.

1.Prohibition. On-site power generation is prohibited. No specific plan, specific plan amendment, development plan, or permit shall authorize on-site power generation.

2.Land use regulation. Paragraph M.1 regulates electric generating equipment and facilities as a land use, based on their emissions, noise, fuel storage, and fire risk, and applies regardless of fuel. It does not restrict a data center from obtaining electric or natural gas service from a utility provider, or from installing an energy storage system or a solar energy system mounted on a building or on a parking canopy.

3.Emissions and enclosure. Each emergency generator shall meet the U.S. Environmental Protection Agency Tier 4 final emission standards for nonroad compression-ignition engines in 40 C.F.R. Part 1039, or shall be equipped with emission controls that achieve equivalent emission rates as certified by the manufacturer, and shall be housed in an acoustical enclosure designed to achieve compliance with paragraph I.

4.Permitted operation. An emergency generator may be operated only during an emergency, for testing and maintenance under paragraph M.5, and for commissioning under paragraph M.6. Any other operation is prohibited, including every use listed in paragraphs B.4.c(1) through (6).

5.Testing and maintenance.

a.Testing and maintenance operation shall occur only between 9:00 a.m. and 4:00 p.m. on weekdays, excluding legal holidays observed by the town and excluding any day for which the Pima County Department of Environmental Quality has issued an air quality advisory or high pollution advisory for the area that includes the town.

b.Not more than one emergency generator in each building shall be tested at a time, and the combined sound of all testing shall comply with paragraph I.

c.Each routine test shall not exceed 30 minutes, except that one annual load test not exceeding two hours, and one load test every three years not exceeding four hours, may be performed where required by NFPA 110.

d.Testing and maintenance operation of each emergency generator, excluding the annual and triennial load tests allowed by paragraph M.5.c, shall not exceed 12 hours in any calendar year.

e.The operator shall post the schedule of routine testing on a public website at least 24

hours in advance.

6.Commissioning. Each newly installed emergency generator may be operated for commissioning for not more than eight hours in total, on not more than two days, within 12 months after installation, and only during the hours allowed by paragraph M.5.a.

7.Annual limit on all operation. The total operation of each emergency generator for all purposes, including emergencies, testing, maintenance, and commissioning, shall not exceed 100 hours in any calendar year, except as follows.

a.Operation required by an order issued under 16 U.S.C. 824a(c), or required by any other federal law that preempts this paragraph, to the extent of the preemption. The operator shall notify the town within two hours after beginning that operation and shall report those hours separately under paragraph V.

b.Operation during an interruption of utility service that also interrupts electric service to other customers of the serving utility, if the operator notifies the town within two hours after the limit is reached and, within 90 days after the interruption ends, submits a backup power reduction plan identifying measures to reduce reliance on emergency generators, including additional energy storage or additional utility feeds, and a schedule for implementing them.

8.Return to standby. Each emergency generator shall return to standby within 30 minutes after utility service is restored.

9.Records and notice. Each emergency generator shall be equipped with a non-resettable hour meter and a data logger recording each start, stop, load, and purpose of operation. The operator shall notify the town within two hours after any emergency generator begins operating during an emergency, shall submit a written incident report within 30 days, and shall report the operating hours of each generator by purpose monthly under paragraph V.

10.Fuel storage. Diesel fuel shall be stored only in double-walled aboveground tanks, each with a capacity of not more than 20,000 gallons, with secondary containment of at least 110 percent of tank capacity, overfill protection, and leak detection. Fuel tanks shall be located at least 100 feet from every property line, well, and wash. Except during an emergency, fuel deliveries shall occur only between 7:00 a.m. and 5:00 p.m. on weekdays.

11.Air permits. Before operating any emergency generator, the operator shall provide the town a copy of each air quality permit required by the Pima County Department of Environmental Quality. Where a permit and this paragraph differ, the more restrictive requirement applies.

12.Separate violations. Each hour of operation of each emergency generator in violation of this paragraph M is a separate violation.

N.Electric Service and Grid Events.

1.Before the town issues a building permit for any data center building, the responsible parties shall provide the town an executed agreement for electric service sufficient to serve the building, evidence of each approval of that agreement required by the Arizona Corporation Commission or by the governing board of the serving cooperative, and a written statement from the serving utility identifying the facilities the utility will construct to serve the data center and whether the data center will pay the full cost of the line extensions, substations, switchyards, and transmission upgrades constructed to serve it.

2.With the application under paragraph D and before each building permit, the responsible parties shall disclose the term, minimum billing, termination payment, and collateral provisions of each electric service agreement, to the extent the agreement has been filed with the Arizona Corporation Commission or is otherwise not confidential under law. The town does not regulate electric rates. This disclosure is required for public information and for assessing the risk of stranded facilities within the town.

3.The operator shall design and operate the data center to comply with the voltage and frequency ride-through requirements of the serving utility and with any applicable reliability standard of the North American Electric Reliability Corporation, and shall disclose the maximum electrical load that could disconnect from the grid in a single protective event.

4.The operator shall notify the town within two hours after any event in which more than 50 megawatts of the data center's load disconnects from the grid unexpectedly, or in which a failure of the heat rejection system requires shutdown of critical IT load, and shall submit an incident report within 30 days.

5.Before each building permit, the responsible parties shall update the thermal resilience statement required by paragraph D.7 to reflect the heat rejection equipment actually selected.

O.Fire Safety and Hazardous Materials.

1.Before the first building permit, the data center site shall be annexed into a fire district, and the responsible parties shall enter an agreement with the fire district providing for emergency response planning, training, and any specialized equipment needed to respond to incidents at the data center, at the responsible parties' expense.

2.Before the first certificate of occupancy, the operator shall submit a hazardous materials management plan and a spill prevention, control, and countermeasure plan meeting 40 C.F.R. Part 112, and shall update both annually.

3.Class B firefighting foam, immersion cooling fluid, or dielectric fluid that contains a perfluoroalkyl or polyfluoroalkyl substance, as defined in A.R.S. 36-1696, shall not be stored or used on a data center site, except where federal law requires its use.

4.Closed cooling loops shall use water or propylene glycol solutions and shall not use ethylene glycol.

5.The operator shall disclose the type and quantity of each refrigerant on the site, maintain continuous refrigerant leak detection, and report the quantity of refrigerant added each year under paragraph V.

6.Each energy storage system shall be listed to UL 9540, shall be supported by UL 9540A test data, and shall comply with NFPA 855. The responsible parties shall submit a hazard mitigation analysis, reviewed by a fire protection engineer retained under paragraph E.3, and shall provide explosion control, gas detection, a 30-foot noncombustible zone kept free of buffelgrass and other vegetation, and containment of water used to fight a fire. After any fire or thermal runaway event, the responsible parties shall sample air, soil, and groundwater under a plan approved by the town, at their expense.

7.The operator shall update the emergency operations plan annually and provide it to the fire district and the town.

P.Biological Resources, Washes, and Wildlife.

1.Biological evaluation. The biological evaluation shall be prepared by a qualified biologist and shall include an Arizona Game and Fish Department Online Environmental Review Tool report and a U.S. Fish and Wildlife Service species list, each dated within six months of submittal, a habitat map of the site and the area within one mile, the identification of all mapped wildlife linkages within one mile, and evidence that the evaluation was submitted to the Arizona Game and Fish Department for review.

2.Pre-construction surveys. Before any grading or clearing, qualified biologists retained at the responsible parties' expense shall perform the following surveys.

a.Burrowing owl surveys following the Arizona Game and Fish Department's burrowing owl project clearance guidance, with a final survey not more than 30 days before ground disturbance. Active burrows shall be protected by a 100-foot buffer during the breeding season. Passive exclusion or relocation shall be performed only by persons authorized by

the Arizona Game and Fish Department, and the responsible parties shall fund the artificial burrows or relocation habitat required.

b.A Sonoran desert tortoise survey and relocation plan following the Arizona Game and Fish Department's guidelines for handling tortoises on development projects, with a biologist on call during clearing. Tortoises shall not be relocated when the air temperature exceeds 105°F unless a tortoise is in imminent danger.

c.Where the biological evaluation identifies potential habitat of the cactus ferruginous pygmy-owl, a survey following a protocol accepted by the U.S. Fish and Wildlife Service, and written technical assistance from that agency before a grading permit issues.

d.A nesting bird survey not more than seven days before clearing that occurs between February 1 and August 31. Active nests shall be buffered, as the biologist directs, until the young have fledged.

3.Wildlife linkages. Mapped wildlife linkages within a data center site shall be preserved as undisturbed natural open space, with no buildings, equipment, fences, berms, basins, or roads except crossings recommended by the Arizona Game and Fish Department. Off-site utility lines and pipelines constructed to serve a data center shall cross a mapped wildlife linkage only with crossing structures that follow the department's recommendations.

4.Washes. Washes shall be preserved in their natural condition with a buffer of at least 100 feet on each side, measured from the outer edge of the wash. Crossings shall be minimized and shall use spanning structures where feasible.

5.Native plants. Section 17-11-5 applies to data center development with the following modifications.

a.The exemptions in section 17-11-5 do not apply, and the section applies to off-site infrastructure constructed to serve the data center.

b.At least 80 percent of viable saguaros and ironwood trees, 100 percent of crested saguaros and of species listed as endangered, threatened, or highly safeguarded, and at least 50 percent of all other protected native plants shall be preserved in place or salvaged and transplanted on site.

c.Each saguaro, ironwood tree, or ocotillo not preserved or transplanted shall be replaced at a ratio of three to one, and each other protected native plant at a ratio of two to one. No payment in lieu of preservation is permitted for saguaros or ironwood trees.

d.Preserved, transplanted, and replacement plants shall be irrigated and monitored for

three years, and plants that die shall be replaced, secured by an assurance under section 17-11-13.

e.A copy of the notice of intent to clear land filed with the Arizona Department of Agriculture under A.R.S. 3-904 shall be submitted before a grading permit issues.

6.Invasive species. The invasive species management plan shall include a baseline survey of the site and the area within 100 feet, the use of weed-free fill, seed, and mulch, cleaning of construction equipment, annual treatment and reporting for the life of the data center, and a prohibition on planting any species on the Arizona noxious weed list. Areas around fuel, generator, and energy storage equipment shall be kept free of buffelgrass.

7.Habitat noise. Nighttime sound from a data center shall not exceed 45 dBA Leq(15 min) at the edge of any mapped wildlife linkage, wash buffer, or protected natural open space.

8.Habitat mitigation. Where the biological evaluation identifies native Sonoran Desert habitat, other than land in active cultivation, within the area to be disturbed, the responsible parties shall permanently protect off-site habitat of comparable quality within the town or Pima County by conservation easement or dedication. The mitigation ratio shall be based on the Pima County Multi-Species Conservation Plan ratio for the Conservation Lands System category of the disturbed land, as recommended by the town's biological consultant, and shall be roughly proportional to the habitat loss identified.

9.Stormwater. The runoff from the first one-half inch of rainfall on impervious surfaces shall be retained on site. Runoff from fuel, generator, transformer, and energy storage areas shall be routed to lined containment with oil and water separation.

10.Heat. For a large data center, the operator shall operate upwind and downwind air temperature monitoring stations at the property line. If the average daily downwind temperature exceeds the upwind temperature by more than 5°F, or if the difference exceeds 10°F for more than five minutes in any hour, the operator shall submit and implement a mitigation plan approved by the town.

Q.Outdoor Lighting and Dark Skies. Where this paragraph is more restrictive than the town's outdoor lighting code, this paragraph governs.

1.All outdoor light fixtures shall be fully shielded, with no light emitted above the horizontal plane.

2.All outdoor lighting shall have a correlated color temperature of 2200 K or less, or shall be amber.

3.Total outdoor lighting shall not exceed 47,000 lumens per net acre, and no unshielded lighting is permitted.

4.Outdoor lighting shall be controlled to dim to 50 percent or less of full output after 15 minutes without detected activity.

5.Outdoor lighting not required for security or safety shall be turned off from 10:00 p.m. until sunrise.

6.Light trespass shall not exceed 0.1 foot-candle at any property line of the data center site.

7.The responsible parties shall submit a photometric plan with the development plan, a post-installation lighting audit before the first certificate of occupancy, and an annual certification of compliance under paragraph V.

8.For a large data center, the town shall give notice of the application to Kitt Peak National Observatory, the University of Arizona Steward Observatory, and the Fred Lawrence Whipple Observatory, and shall consider any comments received.

R.Construction Management and Workforce Housing.

1.Before any grading permit issues, the responsible parties shall obtain town approval of a construction management plan that includes haul routes avoiding local residential streets, a construction traffic study, a pre-construction condition survey and video of each haul route, a road use agreement with security under paragraph T.5 to restore roads to their pre-construction condition or better, a dust control plan meeting Pima County requirements with fence-line particulate monitoring during mass grading, a valley fever prevention plan consistent with the guidance of the U.S. Centers for Disease Control and Prevention, worker parking and shuttle arrangements, and monthly reports of the number of workers on site.

2.Before the first building permit, the responsible parties shall submit a workforce housing plan estimating the peak construction workforce by phase and the housing expected to serve it. Temporary worker housing is permitted only in facilities approved under this code. The responsible parties shall report quarterly the number of construction workers and the ZIP codes of their residences, in aggregate form.

S.Resident Protection and Community Engagement.

1.Notice and meetings. In addition to the requirements of section 17-3-1, the applicant for a data center specific plan or specific plan amendment shall mail notice to the owners of all property within one mile of the proposed specific plan boundary and to every homeowners association and registered neighborhood group within two miles, and shall hold at least

two neighborhood meetings, at least 30 days apart and at least one on a weekday evening, with town staff present.

2.Community liaison. The operator shall designate a community liaison who can be reached 24 hours a day through the complaint line required by paragraph I.9.

3.Impact mitigation program. Where modeled or measured nighttime sound from a data center exceeds 40 dBA Leq(15 min) outside any dwelling, or where paragraph I.2.c applies, the responsible parties shall offer the dwelling owner, at the owner's election, sound insulation of the dwelling, a property value protection agreement, or purchase of the dwelling at its unaffected value.

a.The unaffected value is the average of two appraisals by state-certified appraisers selected by the town, valuing the dwelling as if no data center had been proposed, adjusted for market change since the application date by a published home price index for Pima County. If the two appraisals differ by more than 20 percent, a third appraisal shall be obtained, and the unaffected value is the average of the two closest appraisals.

b.Under a property value protection agreement, if the dwelling owner sells the dwelling in an arm's-length sale after listing it for at least 90 days at a price not less than the unaffected value, the responsible parties shall pay the owner the difference between the unaffected value and the sale price.

c.The program shall remain available until ten years after the final certificate of occupancy for the data center campus, shall be administered by a third-party administrator selected by the town and paid by the responsible parties, and shall be secured under paragraph T.7.

d.No agreement under this paragraph shall require the dwelling owner to release any claim other than a claim for loss of property value, or to keep the agreement or any complaint confidential.

4.Community advisory committee. For each large data center campus, the council shall appoint a community advisory committee of seven members, a majority of whom reside within two miles of the campus. The committee shall meet at least quarterly, shall receive the reports required by paragraph V, and may ask the town to direct its consultants to review compliance. The responsible parties shall have no vote on the committee.

5.Emergency notice. The town shall notify residents who register for alerts within two hours after it receives notice of any fire, hazardous materials release, emergency generator operation, or sound limit exceedance at a data center.

T.Financial Assurances, Insurance, and Cost Recovery.

1.Forms of assurance. Each financial assurance required by this section shall take one of the three forms listed in this paragraph, and no other form is acceptable. Parent guarantees, corporate guarantees, self-bonds, and financial tests are not acceptable.

a.Cash deposited in an escrow or trust account of which the town is the sole beneficiary and from which no funds may be released without the town's written consent.

b.A surety bond issued by a surety authorized to do business in Arizona, listed in U.S. Department of the Treasury Circular 570, rated A+ or better by A.M. Best, and within the surety's underwriting limitation.

c.An irrevocable standby letter of credit issued by a federally insured bank with a long-term credit rating of A or better from S&P Global or Fitch, or A2 or better from Moody's, payable at an office in the United States.

2.Terms. Each surety bond and letter of credit shall name the town as sole obligee or beneficiary, shall renew automatically each year unless the issuer gives the town at least 120 days' written notice of non-renewal by certified mail, and shall be payable on demand without proof of loss. The town may draw the full amount if an acceptable replacement is not delivered within 90 days after a notice of non-renewal, upon the bankruptcy, insolvency, or receivership of any responsible party, upon any failure to perform the secured obligation, or upon any failure to increase the assurance when this section requires. If an issuer ceases to meet this paragraph, the responsible parties shall deliver a replacement within 60 days. Each assurance is held for the benefit of the town to secure performance of obligations owed to the town and shall not be released except as this section provides.

3.Decommissioning assurance. The responsible parties shall provide a decommissioning assurance equal to 125 percent of the decommissioning cost estimate.

a.The estimate shall be prepared by a registered professional engineer selected by the town and paid through the deposit required by paragraph E.3. It shall state the cost for the town to perform all work required by paragraph U through a third-party contractor, including the town's administrative and contract management costs, and shall make no deduction for salvage or resale value.

b.The estimate shall cover all facilities constructed or under construction, including partially completed buildings and shared infrastructure.

c.The assurance shall be provided before the first grading or building permit issues, and shall be increased before each later building permit issues so that it covers all facilities authorized by the permits then issued.

d.The amount shall increase each year by the change in the Consumer Price Index for All Urban Consumers. The estimate shall be recalculated every five years, upon each new phase, and upon each transfer under paragraph T.8. Whenever 125 percent of a recalculated estimate exceeds the amount then provided, the responsible parties shall increase the assurance to that amount within 60 days.

e.The assurance shall be released only when the town verifies that decommissioning is complete. Where buildings remain under an approved reuse plan, the town may release the portion of the assurance attributable to removal of those buildings when the certificate of occupancy for the reuse issues and all other decommissioning is complete.

4.Public improvements. The financial assurance required by section 17-5-4 for public improvements constructed to serve a data center shall equal 125 percent of the cost of construction as determined by the town engineer.

5.Roads. The road use agreement required by paragraph R.1 shall be secured by an assurance equal to 125 percent of the town engineer's estimate of the cost of restoring each haul route to its pre-construction condition, adjusted as construction proceeds.

6.Native plants and habitat. The assurance required by paragraph P.5.d shall remain in place until the three-year monitoring period ends and all required replacements have survived.

7.Impact mitigation program. The program required by paragraph S.3 shall be secured by an assurance in an amount the town's appraisal consultant determines is sufficient to fund the reasonably anticipated obligations of the program.

8.Transfers. The responsible parties shall give the town at least 60 days' written notice before any transfer of ownership or operation of a data center site, or of a controlling interest, direct or indirect, in the owner or the operator, including a transfer to an affiliate. Before the transfer takes effect, the transferee shall deliver a written assumption of every obligation under this section and the applicable specific plan, together with replacement financial assurances. Existing assurances remain in force until the town accepts the replacements. Until the assumption is delivered, the town shall not issue further permits or certificates for the site.

9.Notice of financial events. The responsible parties shall notify the town within 10 days after any of the following events.

a.A petition in bankruptcy is filed by or against a responsible party or its parent entity, a receiver is appointed, or an assignment for the benefit of creditors is made.

b.A notice of default, trustee's sale, or foreclosure affecting the site is recorded or given.

c.Agreements covering 50 percent or more of the design critical IT load are terminated.

d.An electric service agreement for the site is terminated.

10.Insurance. Throughout construction, operation, and decommissioning, the responsible parties shall maintain commercial general liability insurance of not less than $10,000,000 per occurrence and $30,000,000 in the aggregate, and pollution legal liability insurance of not less than $25,000,000 per claim covering sudden and gradual releases, including releases of fuel, refrigerants, coolants, and residues of energy storage fires. Each policy shall be issued by an insurer authorized in Arizona and rated A- VII or better by A.M. Best, shall name the town as an additional insured on a primary and non-contributory basis, and shall require 30 days' written notice to the town before cancellation. The responsible parties shall file certificates of insurance with the town each year.

11.Indemnification. The responsible parties shall defend, indemnify, and hold harmless the town and its officers and employees from all claims arising from the construction, operation, or decommissioning of the data center or from any failure to comply with this section, including reasonable attorney fees, except to the extent caused by the sole negligence of the town.

12.Recorded covenant. Before the first grading or building permit issues, the owner shall record against the data center site a declaration approved as to form by the town attorney. The declaration shall bind successors to the decommissioning and restoration obligations of this section, shall grant the town and its contractors access to perform those obligations upon default, and shall provide that the town's unreimbursed costs are a lien on the property, enforceable as provided in A.R.S. 9-499 to the extent that statute applies and otherwise by foreclosure as a contractual lien.

U.Decommissioning.

1.Triggers. The responsible parties shall decommission a data center building, or the entire data center, upon any of the following events. The operator shall notify the town within 10 days after the critical IT load of any building falls below 10 percent of its design critical IT load.

a.The critical IT load of the building has averaged less than 10 percent of its design critical IT load for 12 consecutive months, measured beginning 24 months after the first certificate of occupancy for the building.

b.The owner or operator gives written notice that the building or data center will

permanently cease operations.

c.No substantial construction work has occurred on a building or structure under construction for 12 consecutive months, or its building permit has expired.

d.A financial assurance required by paragraph T lapses or is drawn and is not replaced within the time allowed by paragraph T.2, or within 30 days after written notice from the town where paragraph T.2 sets no time.

e.The approvals under which the data center operates have been revoked or have expired.

2.Timing. Decommissioning shall commence within 180 days after a trigger occurs and shall be completed within 12 months after it commences. The planning manager may grant one extension of not more than 12 months, and only upon documented, active marketing of the facility for reuse or approval of a reuse plan under paragraph U.6, if all financial assurances remain in full force.

3.Plan. The applicant shall submit a preliminary decommissioning plan with the application, a final decommissioning plan before the first certificate of occupancy, and an updated plan with each recalculation under paragraph T.3.d.

4.Scope. Decommissioning shall include each of the following.

a.Removal of all information technology equipment, servers, networking equipment, cooling equipment, backup generators, fuel tanks, batteries and energy storage systems, transformers, substations other than utility-owned facilities the utility will retain, and all other operational equipment not intended for reuse by a subsequent permitted occupant. The owner or operator shall coordinate with the electric utility provider to de-energize, disconnect, and release allocated grid capacity.

b.Removal and lawful disposal of all hazardous materials, hazardous waste, petroleum products, coolants, refrigerants, chemicals, and other regulated substances in accordance with all applicable federal, state, and local laws.

c.Closure, removal, or abandonment of underground storage tanks, utility facilities, wells, or other improvements in accordance with applicable regulatory requirements.

d.Investigation and remediation of any environmental contamination resulting from operation of the facility to the standards required by the applicable regulatory agencies and, where those standards vary by land use, to the standard for residential use.

e.Removal of all buildings, structures, foundations, slabs, and underground improvements to a depth of at least 48 inches below finished grade, together with paving, fencing, and

roads not needed for an approved reuse, except as paragraph U.6 allows.

f.Removal of all signage identifying the facility or operator.

g.Securing the site during decommissioning to prevent unauthorized access.

h.Restoration of all disturbed areas to a safe and stable condition, including grading, drainage, erosion control, revegetation with native Sonoran Desert species monitored for three years, and repair of any damage to public infrastructure caused by the decommissioning activities.

5.Access. The data center owner or operator shall grant town staff access to the data center site for monitoring and inspection during the decommissioning period to verify compliance with the decommissioning requirements. Access shall be granted during regular town and operator business hours or at such other times as may be mutually agreed upon by the town and the data center owner or operator. The provisions of this subparagraph shall be deemed to be a condition of decommissioning.

6.Reuse. Buildings may remain instead of being removed under paragraph U.4.e only if the town approves a reuse plan for a use permitted by the applicable zoning, all financial assurances remain in force until a certificate of occupancy issues for the reuse, and that certificate issues within 24 months after the trigger. All other decommissioning shall be completed within the time required by paragraph U.2. If the certificate of occupancy for the reuse does not issue within 24 months after the trigger, the responsible parties shall complete the removal required by paragraph U.4.e within 12 months after that period ends.

7.Town performance. If the responsible parties fail to commence or complete decommissioning as required, the town may perform the work through its contractors, draw on the financial assurances, and recover any cost exceeding the assurances from the responsible parties, jointly and severally, and through the lien provided by paragraph T.12.

V.Monitoring, Reporting, and Public Transparency.

1.Annual report. By March 31 of each year, the operator shall file with the town a report for the preceding calendar year, certified by an officer of the operator, that includes the following information.

a.A summary of sound monitoring, each exceedance, and each corrective action.

b.Each complaint received and the response.

c.The operating hours of each emergency generator by purpose, with hours under federal orders stated separately.

d.Water use by month, source, and use, with the source certifications and offsets required by paragraph J.

e.Electricity consumption and peak demand by month, and the water consumed in generating that electricity, calculated from the serving utility's most recently published consumptive water intensity.

f.The results of microclimate monitoring under paragraph P.10.

g.The lighting certification required by paragraph Q.7.

h.Each hazardous materials incident and the quantity of refrigerant added.

i.The current decommissioning cost estimate and the status of every financial assurance and insurance policy required by paragraph T.

j.The average and peak number of employees and contractors working on site.

k.The number and status of requests and claims under the impact mitigation program.

2.Monthly reports. The operator shall report emergency generator operating hours by purpose and water use by source within 15 days after the end of each month.

3.Public posting. The town shall publish each report, monitoring record, and incident report on its website, except information exempt from disclosure under A.R.S. Title 39, Chapter 1.

4.Audit. The town may direct a consultant retained under paragraph E.3 to verify any report.

W.Enforcement and Remedies.

1.A violation of this section is subject to section 1-8-1 and to every other remedy provided by this code. Each day that a violation continues is a separate violation, and each hour of prohibited generator operation is a separate violation as provided in paragraph M.12.

2.In addition to any other remedy, the town may withhold permits, approvals, and certificates for the data center site until a violation is cured, issue stop-work orders, order curtailment under paragraph I.8, suspend generator testing, draw on financial assurances to perform work the responsible parties fail to perform, seek injunctive relief, and initiate a specific plan amendment or, where A.R.S. 9-462.01(E) authorizes it, reversion of the zoning.

3.To the extent permitted by law, the responsible parties shall reimburse the town for its reasonable costs of investigating and enforcing violations of this section.

X.Severability and Construction.

1.If any provision of this section, or its application to any person or circumstance, is held invalid or preempted, the remainder of this section and its application to other persons and circumstances remain in effect. The council declares that it would have adopted each provision of this section independently of every other provision.

2.If paragraph J.3 is held invalid or preempted as applied to water from any source, water from that source may be used only within the limit established under paragraph J.7, and each acre-foot of groundwater used shall be offset under paragraph J.5.

3.If paragraph M.1 is held invalid or preempted as applied to any form of on-site power generation, that form of on-site power generation is permitted only by a specific plan amendment adopted after the effective date of Ordinance No. 2026.xx, and shall comply with paragraphs I, J, K, M.3, M.8 through M.12, O, Q, and T as though it were an emergency generator or data center equipment.

4.This section shall be applied consistently with A.R.S. 9-810 and to the maximum extent not preempted by state or federal law.

5.A reference in this section to a technical standard of ISO, IEC, NFPA, UL, or ASHRAE is to the edition in effect on the effective date of Ordinance No. 2026.xx, unless the town adopts a later edition.

SECTION 2. Chapter 11-5 of the Marana Town Code is hereby revised by adding a new section 11-5-[number to be assigned] (Data center operations), as follows (all new text, shown with double underlining).

11-5-[number to be assigned] Data center operations

A.Sound from any data center, as defined in section 17-1-6, regardless of the zoning or specific plan applicable to the data center or the date of its approval, shall not exceed the limits established by section 17-6-13(I)(2), including Table 2 and the tonal and low-frequency provisions, measured and determined as provided in section 17-6-13(I).

B.Emergency generators at any data center shall be operated only as permitted by section 17-6-13(M)(4) through (M)(9).

C.A violation of this section is a public nuisance under section 11-5-1 and may be abated as a nuisance, in addition to any other remedy.

D.This section is adopted to protect public health and safety and to prevent nuisances.

Data Center Land Development Codes

Strictest U.S./EU Standards & Suggested Amendments to Marana Town Code § 17-6-13

Part 1: Most Stringent Data Center Land Development Codes in the US and EU

United States

- **Loudoun County, VA —** the largest data center market in the world eliminated "by-right" development in spring 2025, so nearly every project now requires discretionary rezoning/special-use approval with public hearings.
- **Maine —** passed a moratorium banning new data center construction until November 1, 2027.
- **Illinois —** as of January 8, 2026, requires new diesel backup generators at data centers to meet EPA Tier 4 emissions standards, among the strictest generator rules in the country.
- **Anchorage, AK —** passed an ordinance in March 2026 requiring conditional-use review (case-by-case hearings) for every data center project rather than allowing them as a permitted use.
- **West Virginia (opposite direction) —** passed a law that preempts local zoning authority for data centers, illustrating the state-vs-local tension playing out nationally.

Many other counties (Pennsylvania, Georgia, Texas localities) are tightening setback, noise, lighting, and stormwater rules through new "data center overlay districts," but Loudoun County and Maine stand out as the most stringent enacted examples.

European Union

- **Germany —** generally the strictest EU market: mandates waste-heat reuse quotas (10% from July 2026, rising to 15% in 2027 and 20% in 2028), 100% renewable electricity sourcing by 2027, hard PUE (power usage effectiveness) ceilings for new builds, and fines up to €100,000 — applying to facilities as small as 300 kW.
- **Ireland —** after a de facto grid-connection moratorium since 2021, the regulator replaced it in December 2025 with a rule requiring any connection above 10 MVA to provide matching on-site dispatchable generation/storage and source 80% of demand from new Irish renewables over a six-year period.
- **Netherlands —** uses planning and grid-connection moratoriums as its main lever; business connection wait times in some regions now stretch up to 10 years, with congestion expected to persist until 2030–2036.

An EU-wide Data Centre Energy Efficiency Package (with a sustainability rating scheme and minimum performance standards) is expected in 2026, which would harmonize some of this — but for now Germany's heat-reuse/PUE/renewable mandates and Ireland's/Netherlands' grid-based moratoriums are the toughest hurdles.

Part 2: Suggested Amendments to Marana Town Code § 17-6-13 (Data Centers)

Note: The provision is codified at § 17-6-13, not § 17-6-3 as originally referenced.

This is a policy drafting aid, not legal advice — any amendment should be reviewed by the Town Attorney before introduction, since some provisions (especially generator/emissions rules and water rules) may implicate state preemption or utility-regulation limits under Arizona law.

Summary of Sources Drawn On

Standard	Source Jurisdiction
Discretionary approval / no by-right development	Loudoun County, VA (2025)
Conditional/individual review per facility	Anchorage, AK (2026)
Tier 4 diesel generator mandate	Illinois (2026) — Marana already matches this
PUE ceiling, tiered heat-reuse quotas, 100% renewable electricity	Germany, Energy Efficiency Act (EnEfG)
Matching dispatchable generation / renewable-matching for grid connections	Ireland, CRU Decision 2025236
Large substation setbacks from sensitive receptors	Chester County, PA Model Data Center Ordinance (2026)
Cumulative regional grid-impact review / moratorium trigger	Maine (2026 moratorium); Ireland's pre-2025 EirGrid moratorium
Mandatory public energy/water reporting	EU Energy Efficiency Directive; proposed EU Data Centre Energy Efficiency Package (2026)
Escalating monetary penalties	Germany (fines up to €100,000)

Section-by-Section Suggested Amendments

A. Approval Process — strengthen

Current: requires a specific plan/rezoning (no by-right use) — already aligned with the Loudoun County approach.

Add: Require each individual data center building or phase (not just the specific plan) to obtain a separate Conditional Use Permit renewed/reviewed every 5 years, with a public hearing at each renewal (Anchorage model). This prevents a single approval from covering unlimited future expansion.

B. Application Requirements — add new submittal items

In addition to existing items (noise study, power source, water estimate), add:

- **Energy efficiency plan —** committing to a maximum design Power Usage Effectiveness (PUE) of 1.3, ratcheting to 1.2 for permits issued after 2028 (modeled on Germany's PUE ceiling).
- **Renewable energy sourcing plan —** demonstrating that at least 80% of annual electricity demand will be matched by new renewable generation or storage, with a compliance glide path (Ireland CRU model).
- **Dispatchable backup/matching capacity plan —** any facility with an electrical load above a defined threshold (e.g., 10 MVA, mirroring Ireland) must demonstrate on-site or contracted dispatchable generation/storage matching its full import capacity, to protect town/regional grid reliability.
- **Waste heat reuse feasibility study —** required for any facility over a stated size threshold, evaluating options to supply waste heat to adjacent uses (irrigation, municipal facilities, future development), with a phased minimum reuse quota if feasible (Germany: 10%→15%→20%).
- **Cumulative electricity/water demand analysis —** showing the facility's share of town-wide or utility-territory electricity and water demand, with a requirement that the Council may deny or delay approval if cumulative data center demand exceeds a defined percentage of town capacity (Ireland/Maine moratorium logic, applied locally as a review trigger rather than outright ban).

G. Noise Attenuation — tighten thresholds and duration

Current Table 2 maximums (55/55 residential day/night) are already stricter than most U.S. codes.

Suggested revisions:

- **Lower nighttime residential maximum to 45 dBA** (closer to German TA Lärm nighttime residential limits, which run as low as 35–40 dBA in purely residential zones).
- **Extend the annual post-construction noise study requirement** from 5 years to the life of the facility, not just 5 years after completion.

- **Require continuous noise monitoring** (permanent monitoring stations at the property line) rather than only annual spot studies, with automatic reporting to the town if levels exceed thresholds.

H. Water — strengthen from "no potable water" to net water-positive

Current: bars potable water for cooling; requires alternate source.

Add:

- **Require closed-loop, air-cooled, or liquid-cooled systems** that eliminate evaporative water loss, rather than merely sourcing non-potable water for evaporative cooling.
- **Require annual public reporting of Water Usage Effectiveness (WUE),** consistent with EU-style mandatory reporting regimes.
- **Consider a net water-positive requirement** (facility must fund water reclamation/recharge exceeding its own consumption) for the largest tier of facilities.

I. Site Design Standards — increase setbacks and substation buffers

Current: 400 ft from residential/noise-sensitive uses; 100 ft from other non-industrial uses.

Suggested revisions (Chester County, PA model):

- **Increase substation setback** to 800 feet from any property line abutting a non-industrial zoning district or sensitive receptor (Chester County standard), while keeping the 400-ft general building setback for residential.
- **Increase the residential landscape buffer** from 100 ft to 150 ft, and the agricultural/commercial buffer from 50 ft to 75 ft.

I. Generators — already near strictest tier; add operational caps

Current: Tier IV or newer only; backup/emergency use only; testing limited to weekday business hours. This already exceeds Illinois's 2026 Tier 4 mandate (Illinois only requires Tier 4 for new generators; Marana requires it for all).

Add:

- **Cap total aggregate generator nameplate capacity** per site as a percentage of the facility's total load, to discourage using generators as a substitute for a real grid/renewable interconnection.
- **Require generators to be paired with battery energy storage systems** where feasible to reduce fossil-fuel runtime.

New Subsection — Energy Reporting & Enforcement

Add a new subsection requiring:

- **Annual public reporting** of actual PUE, WUE, renewable energy percentage, and total electricity/water consumption to the town, published in a format the public can review (EU Energy Efficiency Directive model).
- **Escalating civil penalties** for noncompliance with noise, water, or energy commitments, up to a stated maximum per violation per day (modeled on Germany's fines up to €100,000), with repeat violations triggering CUP revocation review.
- **A decommissioning and financial assurance requirement** (bond or letter of credit) ensuring funds exist to demolish/remediate the site if the facility closes or is abandoned.

Implementation Notes

- Some of the above (especially mandatory renewable-percentage and dispatchable-generation requirements) function more like utility/energy regulation than land use regulation in Arizona, and may need to be

structured as voluntary specific-plan commitments (already the mechanism Marana uses in § 17-6-13(C)) rather than blanket zoning mandates, to reduce legal exposure.

- Arizona has, in some sessions, seen proposed state preemption bills targeting local data center zoning (similar to Pennsylvania's SB 939) — any amendment package should be checked against current Arizona statute before adoption, since state law can change quickly in this area.
- Given how fast this regulatory landscape is moving (new EU package expected in 2026, multiple state legislatures active), recommend a built-in 2-year sunset/review clause requiring Council to reconsider these standards against then-current national/EU benchmarks.

Council-Regular Meeting **A2**

Meeting Date: 10/20/2026

To: Mayor and Council

From: Yiannis Kalaitzidis, Finance Director

Date: October 20, 2026

Strategic Plan Focus Area:
Not Applicable

Subject: Resolution No. 2026-080: Consideration and possible adoption of a resolution approving the sale and execution and delivery of pledged excise tax revenue obligations, in one or more series; approving the form and authorizing the execution and delivery of necessary agreements, instruments and documents; delegating authority to determine certain matters with respect to the foregoing and declaring an emergency (Yiannis Kalaitzidis)

Discussion:

Town staff has been preparing for the sale of excise tax revenue obligations (the "Obligations") with the Town's bond counsel, Paul Gales of Greenberg Traurig and Financial Advisor Mark Reader of Stifel. The primary purposes of the Obligations are to fund the design and construction of the Water Reclamation Expansion facility project (the "Project").

The Project, which is estimated to cost $96 million once completed and will double the existing plant capacity, was included in the most recent impact fee study and in the Town's Council approved fiscal year 2026-2027 budget and 5-year CIP schedule and will allow for continued growth in the community.

Design and certain elements of the Project have been underway since 2023 and have been funded through the use of a WIFA grant, water user revenues, and impact fees, with the intent to receive reimbursement for most of the money spent to date upon debt issuance. As such, Council approved an intent to reimburse resolution in February 2025 (Resolution 2025-014) in accordance with Federal Treasury (IRS) regulations, Section 1.150-2.

As construction on the main portion of the expansion is nearing, it is now time to issue the Obligations to cover ongoing construction costs through the completion of the Project. The amount of the Obligations will not exceed $96,000,000 and debt proceeds will be used to pay for costs of debt issuance and past and future Project expenses. Debt payments will be paid from a combination of impact fees, with a small portion projected to be covered from user rate charges. Town general excise tax revenues and State shared revenues (as opposed to impact fees and user rate charges) will be pledged to payment of debt service on the Obligations. The Town has adequate debt service coverage (i.e., sufficient revenues compared to debt service) for the incurrence of the Obligations. The debt is planned for a period of 25 years and will be structured to ensure annual debt service payments can be serviced through anticipated annual impact fee revenues and existing cash balances.

A draft Preliminary Official Statement (the "POS") for the Obligations which is the subject of the Resolution being considered is provided as backup material in connection with this agenda item to allow the Mayor and Council members an opportunity to review and return questions or comments. The POS must not contain any untrue statement of a material fact or omit to state a material fact required to make the statements therein not misleading. The POS has been assembled using information that is typically included in an Arizona municipality's preliminary official statement, is currently in draft form, and will be reviewed and edited by Town officials and members of the group working on the sale and issuance of the Obligations before it is sent to potential investors. However, the content of the POS is the sole responsibility of the Town, and participation by Mayor and Council members in review of the POS is required. Members should focus on the information about the Town and specifically financial-related matters in this regard.

Other backup documents provided with this agenda item and associated with the Obligations include the current drafts of the purchase agreement, and trust agreement with respect to the Obligations.

If adopted, the Resolution proposed for adoption by this item will authorize the Mayor and Town staff to prepare, finalize, and execute the various documents and undertake all necessary and prudent actions related to the sale of the Obligations.

Financial Impact:

If approved, this item will obligate the Town to pay a principal amount of up to $96,000,000 over a 25-year period.

Staff Recommendation:

Staff recommends approval of Resolution No. 2026-080.

Suggested Motion:
I move to approve Resolution No. 2026-080.

Attachments

Resolution No. 2026-080
Series 2026 Preliminary Official Statement
Series 2026 Draft Fifth Purchase Agreement
Series 2026 Draft Fifth Trust Agreement
Presentation

RESOLUTION NO. 2026-080

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF MARANA, ARIZONA, (1) APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIFTH PURCHASE AGREEMENT, A FIFTH TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; (2) APPROVING THE SALE AND EXECUTION AND DELIVERY OF PLEDGED EXCISE TAX REVENUE OBLIGATIONS, IN ONE OR MORE SERIES, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN THE PURCHASE AGREEMENT; (3) DELEGATING AUTHORITY TO THE MAYOR, THE MANAGER AND THE FINANCE DIRECTOR OF THE TOWN TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; (4) AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND (5) DECLARING AN EMERGENCY

WHEREAS, the Mayor and Common Council of the Town of Marana, Arizona (the "Town"), have determined to finance the costs of improvements to the Town's wastewater utility system and related capital improvements (collectively, the "Project"), by entering into a Fifth Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Obligations established as provided herein (the "Purchase Agreement"), with U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), in its separate capacity as "Seller"; and

WHEREAS, in connection with the Purchase Agreement, the Mayor and Common Council of the Town have deemed it necessary and desirable to provide for the sale and execution and delivery of pledged excise tax revenue obligations, in one or more series, as provided for by this Resolution (collectively, the "Obligations"), pursuant to the Fifth Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Trust Agreement"), between the Trustee and the Town, evidencing proportionate interests of the owners of the Obligations in payments to be made by the Town to the Trustee pursuant to the Purchase Agreement; and

WHEREAS, the payments represented by the Obligations will be secured by amounts received under the Purchase Agreement pursuant to which the Town will pledge Excise Tax Revenues and State Shared Revenues (as such terms are defined in the Trust Agreement); and

WHEREAS, the Mayor and Common Council of the Town will receive a proposal from one or more underwriters, serving in the capacity of and designated as the underwriter (the "Underwriter"), and has determined that the Obligations should be sold through negotiation to the

Underwriter on such terms as may hereafter be approved by the Authorized Representatives (as defined herein); and

WHEREAS, there have been presented to the Mayor and Common Council of the Town at the meeting at which this Resolution is being adopted the proposed forms of: (1) the Purchase Agreement; (2) the Trust Agreement; (3) a Continuing Disclosure Undertaking, to be dated the date of delivery of the Obligations (the "Undertaking"), from the Town necessary for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"); and (4) the Preliminary Official Statement, dated the date of the dissemination thereof (the "Preliminary Official Statement"), relating to the Obligations, which, as to be revised after the sale of the Obligations, shall constitute the Official Statement, to be dated the date of sale of the Obligations (the "Official Statement"), relating to the Obligations; and

WHEREAS, financing the costs of the Project pursuant to the Purchase Agreement is in furtherance of the purposes of the Town and is in the public interest;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF MARANA, ARIZONA, THAT:

Section 1. (a) The execution and delivery of the Obligations by the Trustee is approved.

(b) The Mayor, the Manager, the Finance Director of the Town or the designees of any of them (collectively, the "Authorized Representatives") are each authorized to determine on behalf of the Town: (1) the entity or entities to serve as the Underwriter; (2) the series name and series designation of each series of the Obligations; (3) the date the Obligations are to be sold to the Underwriter; (4) the total aggregate principal amount of each series of the Obligations which are to be executed and delivered (but not to exceed the aggregate principal amount of $96,000,000); (5) the date the Obligations are to be dated; (6) the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear; (7) the dates the Obligations become payable (but the final principal payment must occur not later than in the year 2052), the principal amounts to become payable on such dates and the provisions for prepayment thereof in advance of such dates; and (8) the terms upon which the Obligations are to be sold to the Underwriter (including determinations of price, original issue discount and premium and underwriting compensation); provided, however, that the foregoing determinations shall not result in the yield on the Obligations, as calculated in accordance with Section 148 of the Internal Revenue Code of 1986, as amended, exceeding six percent (6%).

(c) The Authorized Representatives are further each authorized to determine on behalf of the Town whether the purchase of an insurance policy securing payment of the Obligations would be advantageous to the Town or the terms of the financing represented by the Obligations. The Authorized Representatives are each authorized to negotiate with and secure, with proceeds of the Obligations or otherwise, such an insurance policy, from one or more institutions, the claims-paying ability of which are then assigned one of the two highest rating categories by a nationally recognized credit rating agency. The Authorized Representatives are each authorized to execute and deliver any instruments or documents necessary in connection with

the purchase of any such insurance policy, including those making provision for the repayment of amounts advanced by the institutions issuing such insurance policy.

(d) The form and other terms of the Obligations, including the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Trust Agreement and are approved.

Section 2. The Obligations are to be sold to the Underwriter pursuant to the terms of an Obligation Purchase Agreement, to be dated the date of the sale of the Obligations (the "Purchase Contract"), by and between the Town and the Underwriter, as such terms are to be determined as provided hereinabove.

Section 3. The forms, terms and provisions of the Purchase Agreement, the Trust Agreement and the Undertaking, in substantially the forms of such documents (including the Obligations and other exhibits thereto) presented at the meeting of the Mayor and Common Council at which this Resolution is being adopted, and the form, terms and provisions of the Purchase Contract, in substantially the same form as that used in connection with the sale of the Town's Pledged Excise Tax Revenue Obligations, Series 2024 and Pledged Excise Tax Revenue Refunding Obligations, Series 2024, are hereby approved, with such final provisions, insertions, deletions and changes as determined as provided hereinabove, and shall be approved by the Mayor of the Town, any other member of the Council, and, in the case of the Purchase Contract, the Authorized Representatives, the execution of each such document being conclusive evidence of such approval. The Mayor of the Town or any other member of the Council and, in the case of the Purchase Contract, the Authorized Representatives, or the Clerk of the Town, where applicable, are hereby authorized and directed, for and on behalf of the Town, to execute and deliver, and attest or approve, the Purchase Agreement, the Trust Agreement, the Purchase Contract and the Undertaking, and to take all action to carry out and comply with the terms of such documents.

Section 4. The preparation, distribution and use by the Underwriter of the Preliminary Official Statement in substantially the form presented to the Council at the meeting at which this Resolution was adopted, is in all respects hereby ratified, approved and confirmed, and the Authorized Representatives are hereby authorized to certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the Town as of a particular date for purposes of the Rule. The Authorized Representatives are authorized and directed to approve, on behalf of the Council, and to execute and deliver, the Official Statement, for distribution and use in connection with the offering and sale of the Obligations. The execution and delivery of such Official Statement by the Authorized Representatives shall be conclusively deemed to evidence the approval of the status, form and contents thereof by the Council.

Section 5. The Trustee (including in its capacity as Seller) is requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement and the Trust Agreement and the sale and execution and delivery of the Obligations, and is further authorized and directed to take such action as may be reasonable for the administration of the trusts so held by it.

Section 6. The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on Excise Tax Revenues and State Shared Revenues and the restriction on the execution and delivery of further parity obligations secured by Excise Tax Revenues and State Shared Revenues are approved and confirmed.

Section 7. The Authorized Representatives and other officers of the Town, on behalf of the Town, are authorized and directed, without further order of the Mayor and Common Council of the Town, to do all such acts and things and to execute and deliver all such certificates, proceedings, agreements and other documents as may be necessary or convenient to be executed and delivered on behalf of the Town, to evidence compliance with, or further the purposes of, all the terms and conditions of this Resolution and the consummation of the transactions contemplated by the Preliminary Official Statement and the Official Statement. The Authorized Representatives are authorized to select, and execute and deliver contracts with, appropriate professionals (including the Town's municipal advisor and special counsel) to provide various professional services with respect to the sale and execution and delivery of the Obligations as well as to provide for such other matters as are necessary in order to accomplish the purposes of this Resolution.

Section 8. All actions of the officers and agents of the Town which conform to the purposes and intent of this Resolution and which further the sale and execution and delivery of the Obligations as contemplated by this Resolution, whether heretofore or hereafter taken, are ratified, confirmed and approved.

Section 9. If any section, paragraph, clause or phrase of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this Resolution. All orders, ordinances and resolutions or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, ordinance or resolution or any part thereof. The Mayor and Common Council of the Town hereby declare that this Resolution would have been adopted with each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the execution and delivery of the Obligations pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 10. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety, particularly to immediately sell the Obligations to secure the best, available economic terms therefor, and an emergency is hereby declared to exist, and this Resolution will be in full force and effect from and after its passage by the Mayor and Common Council of the Town and it is hereby excepted from the referendum provisions of the Constitution and laws of the State of Arizona. After any of the Obligations are delivered by the Trustee to the Underwriter and upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Obligations and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

PASSED AND ADOPTED by the Common Council and approved by the Mayor of the Town of Marana, Arizona, this 20th day of October 2026.

….....
Mayor

ATTEST:

.....
Town Clerk

APPROVED AS TO FORM:

.....
Town Attorney

CERTIFICATION

I hereby certify that the foregoing Resolution No. ..... was duly passed and adopted by the Mayor and Common Council of the Town of Marana, Arizona, at a regular meeting held on the 20th day of October 2026, and the vote was ..... ayes and ..... nays.

.....
Town Clerk

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE – BOOK-ENTRY ONLY **RATING: See "RATING" herein.**

In the opinion of Greenberg Traurig, LLP, Special Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, the portion of each installment payment made by the Town pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations (the "Interest Portion") will be excludable from gross income for federal income tax purposes. Further, the Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. See "TAX EXEMPTION" herein for a description of certain other federal tax consequences of ownership of the Obligations. Special Counsel is further of the opinion that the Interest Portion will be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes.

$96,000,000*
TOWN OF MARANA, ARIZONA
PLEDGED EXCISE TAX REVENUE OBLIGATIONS, SERIES 2026

DRAFT II
10-8-26

Dated: Date of Delivery *Due:* July 1, as shown on the inside front cover page

The Pledged Excise Tax Revenue Obligations, Series 2026 (the "Obligations") will be executed and delivered (i) to finance the costs of certain improvements to the wastewater system for the Town of Marana, Arizona (the "Town") and (ii) to pay costs relating to the execution and delivery of the Obligations.

Interest on the Obligations will be payable semiannually on each July 15 and January 15, commencing July 1, 2027*. The Obligations will be dated the date of delivery and will be issuable as fully registered obligations without coupons and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Obligations. Beneficial interests in the Obligations will be available to purchasers in amounts of $5,000 of principal of a series due on a specific payment date and any integral multiple thereof only under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants (as defined herein). Purchasers will not receive physical certificates. So long as any purchaser is the beneficial owner of an Obligation, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal and interest on such Obligations. See APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM" herein.

The Obligations will be subject to prepayment prior to their stated payment dates as described herein. See "THE OBLIGATIONS – Prepayment Provisions" herein.

SEE PAYMENT SCHEDULE ON INSIDE FRONT COVER PAGE

The Obligations will be undivided, participating, proportionate interests in the installment payments to be made by the Town pursuant to a Fifth Purchase Agreement, to be dated as of November 1, 2026* (the "Purchase Agreement"), between the Town and U.S. Bank Trust Company, National Association. The installment payments will be payable from and secured by a first lien on and pledge of Excise Tax Revenues (as defined herein) and State Shared Revenues (as defined herein) on a parity with the Outstanding Parity Obligations and any Additional Revenue Obligations (each as defined herein) as provided in the Purchase Agreement. No obligations may be incurred that would have a prior pledge of Excise Tax Revenues and State Shared Revenues to the installment payments due pursuant to the Purchase Agreement. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS" herein.

THE OBLIGATIONS WILL BE SPECIAL, LIMITED, REVENUE OBLIGATIONS OF THE TOWN AND WILL BE PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN. THE OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE TOWN, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF AND THE FULL FAITH AND CREDIT OF THE TOWN, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL NOT BE PLEDGED FOR THE PAYMENT OF THE OBLIGATIONS.

The Obligations will be offered when, as and if executed and delivered, subject to the approving opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Special Counsel, as to validity and tax exemption. Certain matters will be passed upon for the underwriter identified below by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona. It is anticipated that the Obligations in definitive form will be available for delivery through DTC on or about November 19, 2026*.

This cover page contains only a brief description of the Obligations and the security therefor. It is not a summary of material information with respect to the Obligations. Investors are advised to read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Obligations.

[underwriter]

* *Subject to change.*

PAYMENT SCHEDULE*

$96,000,000*
TOWN OF MARANA, ARIZONA
PLEDGED EXCISE TAX REVENUE OBLIGATIONS, SERIES 2026

Payment Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP®[1] No. 56574C
2031	$ 2,665,000	%	%	
2032	2,800,000			
2033	2,940,000			
2034	3,085,000			
2035	3,240,000			
2036	3,405,000			
2037	3,570,000			
2038	3,750,000			
2039	3,940,000			
2040	4,135,000			
2041	4,340,000			
2042	4,560,000			
2043	4,800,000			
2044	5,050,000			
2045	5,315,000			
2046	5,595,000			
2047	5,890,000			
2048	6,200,000			
2049	6,540,000			
2050	6,900,000			
2051	7,280,000			

* *Subject to change.*

(1) *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Town, Special Counsel, the Municipal Advisor, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.*

TOWN OF MARANA, ARIZONA

TOWN COUNCIL

Jon Post, *Mayor*

Roxanne Ziegler, *Vice Mayor*

Patrick Cavanaugh, *Councilmember*

Herb Kai, *Councilmember*

Jackie McGuire, *Councilmember*

Teri Murphy, *Councilmember*

John Officer, *Councilmember*

TOWN ADMINISTRATION

Terry Rozema, *Town Manager*

Erik Montague, *Deputy Town Manager*

Yiannis Kalaitzidis, *Finance Director*

Jane Fairall, *Town Attorney*

MUNICIPAL ADVISOR

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

SPECIAL COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE

U.S. Bank Trust Company, National Association
Tempe, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Town of Marana, Arizona (the "Town"), Stifel, Nicolaus & Company, Incorporated (the "Municipal Advisor") or (the "Underwriter") to give any information or to make any representations with respect to the Obligations, other than those in this Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of the Obligations by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement has been obtained from representatives of the Town and the Arizona Department of Revenue and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Town, the Municipal Advisor or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Town. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the Town has been identified by source and has not been independently confirmed or verified by the Town, the Municipal Advisor or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the Town or any of the other parties or matters described herein since the date hereof.

None of the Town, the Municipal Advisor, the Underwriter, counsel to the Underwriter or Special Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the Town's share of unfunded liabilities of the Arizona State Retirement System, the Arizona Public Safety Personnel Retirement System, the Corrections Officers Retirement Plan or the Elected Officials Retirement Plan.

The Obligations will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission (the "SEC") nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Obligations for sale.

A wide variety of information, including financial information, concerning the Town is available from publications and websites of the Town and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the SEC.

The Town will undertake to provide continuing disclosure as described in this Official Statement under the heading "CONTINUING DISCLOSURE" and in APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING," all pursuant to Rule 15c2-12 of the SEC.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES OF THE OBLIGATIONS TO DEALERS AND OTHERS.

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OFFICIAL STATEMENT

$96,000,000*
TOWN OF MARANA, ARIZONA
PLEDGED EXCISE TAX REVENUE OBLIGATIONS, SERIES 2026

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the Pledged Excise Tax Revenue Obligations, Series 2026 (the "Obligations"), to be executed and delivered in the principal amount indicated hereinabove. The Obligations will be undivided, participating, proportionate interests in installment payments (the "Payments") to be made by the Town of Marana, Arizona (the "Town"), pursuant to a Fifth Purchase Agreement, to be dated as of November 1, 2026* (the "Purchase Agreement"), between the Town, as buyer, and U.S. Bank Trust Company, National Association, in its capacity as trustee (the "Trustee"), as seller. The Obligations are being executed and delivered for the purpose of providing funds (i) to finance the costs of certain improvements to the wastewater system in and for the Town (the "Project") and (ii) to pay the costs and expenses relating to the execution and delivery of the Obligations.

Pursuant to the Purchase Agreement, the Trustee will sell and convey to the Town, and the Town will buy and accept from the Trustee, the Project. Payment of the Obligations will not be secured by the Project and the Owners of the Obligations have no claim or lien on the Project or any part thereof or any proceeds of the Obligations.

The Obligations will be executed and delivered pursuant to a Fifth Trust Agreement, to be dated as of November 1, 2026* (the "Trust Agreement"), between the Town and the Trustee. Certain of the Trustee's interests under the Purchase Agreement, including, without limitation, the right to receive and collect the Payments and the right to enforce the payment of the Payments, will be held by the Trustee for the benefit of the registered owners of the Obligations. See APPENDIX D – "SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS" in addition to the information hereinbelow for descriptions of the terms of the Purchase Agreement and the Trust Agreement. See APPENDIX A – "TOWN OF MARANA, ARIZONA – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION," APPENDIX B – "TOWN OF MARANA, ARIZONA – FINANCIAL DATA" and APPENDIX C – "TOWN OF MARANA, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" for information about the Town.

The Payments will be payable from and secured by a first lien on and pledge of Excise Tax Revenues (as defined herein) and State Shared Revenues (as defined herein), on a parity with the payments required pursuant to (i) the Third Purchase Agreement, dated as of April 1, 2017 (the "Third Purchase Agreement"), executed and delivered by the Town in connection with $17,215,000 outstanding aggregate principal amount of the Town's Pledged Excise Tax Revenue Obligations, Series 2017A, and $4,980,000 outstanding aggregate principal amount of the Town's Pledged Excise Tax Revenue Refunding Obligations, Series 2017B, (ii) Loan Agreement No. 910176-19, dated as of August 10, 2018, by and between the Town and the Water Infrastructure Finance Authority of Arizona ("WIFA") with an outstanding aggregate principal amount of $459,671, (iii) Loan Agreement No. 920293-19, dated as of January 18, 2019, by and between the Town and WIFA with an outstanding aggregate principal amount of $9,849,988, (iv) Loan Agreement No. 910183-20, dated as of May 15, 2020, by and between the Town and WIFA with an outstanding aggregate principal amount of $163,242, (v) Loan Agreement No. 920303-20, dated as of May 15, 2020, by and between the Town and WIFA with an outstanding aggregate principal amount of $346,929, (vi) Loan Agreement No. 920362-23, dated as of December 9, 2022, by and between the Town and WIFA with an outstanding aggregate principal amount of $884,759, (vii) Loan Agreement No. 920378-24, dated as of June 26, 2024, by and between the Town and WIFA with an outstanding aggregate principal amount of $2,478,787 (such loan agreements between the Town and WIFA are collectively referred to herein as the "WIFA Loan Agreements"), (viii) the Fourth Purchase Agreement, dated as of February 1, 2024 (the "Fourth Purchase Agreement"), executed and delivered by the Town in connection with $49,500,000 outstanding aggregate principal amount of the Town's Pledged Excise Tax Revenue Obligations, Series 2024, and $20,425,000 outstanding aggregate principal amount of the Town's Pledged Excise Tax Revenue Refunding Obligations, Series 2024, and (ix) any Additional Revenue Obligations (as defined herein) hereafter issued or incurred as provided in the Purchase Agreement. The Third Purchase Agreement, the Fourth

Purchase Agreement and the WIFA Loan Agreements are collectively referred to herein as the "Outstanding Parity Obligations."

"Excise Tax Revenues" means revenues from the Town sales taxes, license and permit fees and fines and forfeitures which the Town now collects; provided that the Mayor and Common Council of the Town may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council. "State Shared Revenues" means revenues from amounts allocated or apportioned to the Town by the State of Arizona (the "State" or "Arizona"), any political subdivision thereof or any other governmental unit or agency, except the share of the Town of any taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes.

So long as any amounts due under the Purchase Agreement remain unpaid or unprovided for, the Town may not further encumber Excise Tax Revenues and State Shared Revenues on a basis equal to the pledge for the Purchase Agreement unless certain requirements are satisfied. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS – Additional Revenue Obligations; No Prior Lien Obligations" and, for detail about amounts due pursuant to the Outstanding Parity Obligations and the Purchase Agreement, see APPENDIX B – "TOWN OF MARANA, ARIZONA – FINANCIAL DATA." The Town may not encumber Excise Tax Revenues and State Shared Revenues on a basis prior to the pledge for the Purchase Agreement.

THE OBLIGATIONS AND THE OBLIGATION OF THE TOWN TO MAKE THE PAYMENTS EACH CONSTITUTE A LIMITED OBLIGATION OF THE TOWN, AND NEITHER CONSTITUTES A GENERAL OBLIGATION OF THE TOWN WITHIN THE MEANING OF THE CONSTITUTION OR LAWS OF THE STATE. THE TOWN'S OBLIGATION TO MAKE THE PAYMENTS IS NOT SUBJECT TO ANNUAL APPROPRIATION OR BUDGETING BY THE TOWN NOR IS SUCH OBLIGATION SUBJECT TO ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON EXPENDITURES.

Unless and until discontinued, the Obligations will be held in book-entry form by The Depository Trust Company ("DTC"), a registered securities depository, and beneficial interests therein may only be purchased and sold, and payments of principal and interest on the Obligations will be made only to beneficial owners (the "Beneficial Owners"), through participants in the DTC system. Beneficial interests in the Obligations will be available to purchasers in amounts of $5,000 of principal due on a specific payment date and any integral multiple thereof. So long as Cede & Co. is the registered Owner of the Obligations, as nominee for DTC, references in this Official Statement to "Owner" or registered Owners of the Obligations (other than with respect to the Obligations under the heading "TAX EXEMPTION") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Obligations. See APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM" herein.

Brief descriptions of the security for the Obligations and of matters related to the Town are included in this Official Statement together with a summary of select provisions of the Purchase Agreement and the Trust Agreement. Such descriptions do not purport to be comprehensive or definitive. All references to the Purchase Agreement and the Trust Agreement are qualified in their entirety by reference to such documents, and references herein to the Obligations are qualified in their entirety by reference to the form thereof included in the Trust Agreement, copies of all of which are available for inspection at the designated corporate trust office of the Trustee.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes, or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as, or as part of, a contract with the original purchasers or subsequent owners or beneficial owners of the Obligations.

THE OBLIGATIONS

General Provisions

The Obligations will be dated the date of their initial execution and delivery, and will bear interest payable semiannually on July 15 and January 15 of each year (each an "Interest Payment Date"), commencing on July 15, 2027*, until their payment date or prepayment dates, at the rates set forth on the inside front cover page of this Official Statement. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

As described in APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM," the Obligations, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or its nominee Cede & Co., is the registered owner of all the Obligations, all payments on the Obligations and notices regarding the Obligations will be made directly to DTC.

Subject to the provisions summarized in APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM," the principal of each Obligation will be payable at the designated office of the Trustee. Interest represented by the Obligations will be paid on each Interest Payment Date by check drawn on the Trustee mailed on or before the Interest Payment Date to the registered owners as shown on the records of the Trustee as of the fifteenth day of the month immediately preceding such Interest Payment Date or, if such date is not a business day, on the next succeeding business day (the "Regular Record Date") or the Trustee may agree with a registered Owner of $1,000,000 or more in aggregate principal amount of the Obligations for another form of payment.

If the Trustee fails to make payments or provision for payment of interest on the Obligations when due on any Interest Payment Date, that interest shall cease to be payable to the registered Owner of such Obligations as of the applicable Regular Record Date, and when moneys become available for payment of that interest, the Trustee shall establish a special record date for the payment of that interest, which shall be at least ten days prior to the proposed interest payment date, and notice of such special record date shall be mailed to each registered Owner at least ten days prior to the special record date.

Each Obligation will accrue interest from the Interest Payment Date next preceding the date of its execution, unless: (i) executed on an Interest Payment Date or after a Regular Record Date but before the following Interest Payment Date, in which case interest accrues from such Interest Payment Date, (ii) executed on the date of initial delivery or prior to July 15, 2027*, in which case interest accrues from its dated date, or (iii) payment of interest is in default, in which case interest is payable from the last date to which interest has been paid or, if none, its dated date.

Prepayment Provisions *

Optional Prepayment of Obligations. The Obligations will be subject to prepayment, at the option of the Town, in whole or in part on any date on or after July 1, 20__, at the prepayment price of the principal amount to be prepaid, plus accrued interest to the date fixed for prepayment, without premium.

Manner of Selection for Prepayment. The Obligations will be prepaid only in principal amounts of $5,000 each or integral multiples thereof. The Town will, at least 45 days prior to the prepayment date, notify the Trustee of such prepayment date and of the payment dates of the Obligations and the principal amount of the Obligations of any such payment date to be prepaid on such date. For the purposes of any prepayment of less than all of the Obligations of a single payment date, the particular Obligations or portions of the Obligations to be prepaid shall be selected through the procedures of DTC.

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* *Subject to change.*

Notice of Prepayment. Prepayment notices will be sent only to DTC by electronic media, not more than 60 nor less than 30 days prior to the date set for prepayment. See APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM." Such notice will state that if, on the specified prepayment date, moneys for prepayment of all the Obligations to be prepaid together with interest to the date of prepayment, is held by the Trustee, then, from and after said date of prepayment, interest with respect to the Obligations will cease to accrue and become payable and that if such moneys are not so held, the prepayment will not occur.

SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS

General

The Obligations will be special, limited, revenue obligations, taking the form of undivided, participating, proportionate interests in the Payments. The obligation of the Town to make the Payments will be limited to payment from Excise Tax Revenues and State Shared Revenues and will in no circumstances constitute a general obligation or a pledge of the full faith and credit of the Town, the State or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any *ad valorem* property taxes.

Excise Tax Revenues and State Shared Revenues in excess of amounts, if any, required to be deposited with or held by the Trustee for payments due under the Purchase Agreement will constitute surplus revenues and may be used by the Town for any lawful purpose for the benefit of the Town. The Town, also, may make the Payments from its other funds as permitted by law and as the Town determines from time to time, and the Trustee will thereafter have no claim to such other funds.

Under the terms of the Trust Agreement, an irrevocable trust will be administered by the Trustee for the equal and proportionate benefit of the Owners of the Obligations, which trust includes: (1) all right, title and interest of the Trustee in the Purchase Agreement and the right to (a) make claim for, collect or receive all amounts payable or receivable thereunder, (b) bring actions and proceedings thereunder or for the enforcement of such rights, and (c) do any and all other things which the Trustee is entitled to do thereunder; (2) amounts on deposit from time to time in the funds created pursuant to the Trust Agreement; and (3) any and all other property of any kind hereafter conveyed as additional security for the Obligations.

Pledge

The Payments will be payable from and secured by a first lien on and pledge of Excise Tax Revenues and State Shared Revenues on a parity with the payments due pursuant to the Outstanding Parity Obligations and any Additional Revenue Obligations.

So long as any amounts due under the Purchase Agreement remain unpaid or unprovided for, the Town may not further encumber Excise Tax Revenues and State Shared Revenues on a basis equal to the pledge for the Purchase Agreement unless certain requirements are satisfied. See "Additional Revenue Obligations; No Prior Lien Obligations" below. For detail about amounts due pursuant to the Purchase Agreement, see APPENDIX B – "TOWN OF MARANA, ARIZONA – FINANCIAL DATA."

If at any time the moneys in the funds held for payment of amounts due under the Purchase Agreement or the Trust Agreement are not sufficient to make the deposits and transfers required, any such deficiency will be made up from the first moneys thereafter received and available for such transfers under the terms of the Purchase Agreement and, with respect to payment from Excise Tax Revenues and State Shared Revenues, *pro rata*, as applicable, with amounts due with respect to the Purchase Agreement, the Outstanding Parity Obligations and any Additional Revenue Obligations. Excise Tax Revenues and State Shared Revenues in excess of amounts, if any, required to be deposited with or held by the Trustee for payments due under the Purchase Agreement and the Trust Agreement will constitute surplus revenues and may be used by the Town for any lawful purpose for the benefit of the Town. The Town may make such payments from its other funds as permitted by law and as the Town determines from time to time, but the Trustee will thereafter have no claim to such other funds. The Purchase Agreement will not terminate so long as any of the Payments are due and owing pursuant to the terms of the Obligations.

Payment of the principal represented by the Obligations will not be secured by the Project, and neither the Trustee nor the Owners of the Obligations have any claim or lien on the Project or any part thereof.

THE PAYMENTS WILL NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE TOWN NOR WILL THE TOWN BE LIABLE FOR THE PAYMENTS FROM AD VALOREM PROPERTY TAXES. PURSUANT TO THE TRUST AGREEMENT, THE OBLIGATIONS WILL BE SPECIAL, LIMITED REVENUE OBLIGATIONS, PAYABLE SOLELY FROM THE PAYMENTS MADE PURSUANT TO THE AGREEMENT. THE OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND WILL NOT REPRESENT OR CONSTITUTE A DEBT OR A DIRECT OR INDIRECT PLEDGE OF THE FULL FAITH AND CREDIT OF THE TOWN, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF.

Coverage Requirements

To the extent permitted by applicable law, Excise Tax Revenues will be retained and maintained so that the amounts received from Excise Tax Revenues and State Shared Revenues, all within and for the most recently completed fiscal year of the Town, will be equal to at least two (2) times the Annual Debt Service (as defined herein) for the current fiscal year of the Town. If Excise Tax Revenues and State Shared Revenues for any such fiscal year shall not have been equal to at least one and one-quarter (1.25) times the Annual Debt Service for the current fiscal year of the Town or if at any time it appears that Excise Tax Revenues and State Shared Revenues will not be sufficient to meet such requirements, the Town will, to the extent permitted by applicable law, impose new exactions of the type of the excise taxes which will be part of the excise taxes or increase the rates for the excise taxes currently imposed fully sufficient at all times, after making allowance for contingencies and errors, in each fiscal year of the Town in order that (i) Excise Tax Revenues and State Shared Revenues will be sufficient to meet all such requirements and (ii) Excise Tax Revenues and State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this paragraph.

Additional Revenue Obligations; No Prior Lien Obligations

Additional Revenue Obligations may be incurred but only if Excise Tax Revenues and State Shared Revenues in the most recently completed fiscal year of the Town have amounted to at least two (2) times the Maximum Annual Debt Service (as defined herein).

The Obligations and the Outstanding Parity Obligations are secured by a first lien pledge of Excise Tax Revenues and State Shared Revenues. No obligations may be executed and delivered by the Town with a pledge of Excise Tax Revenues and State Shared Revenues on a basis prior or paramount to the lien and pledge provided for under the Purchase Agreement or the Outstanding Parity Obligations.

EXCISE TAX REVENUES AND STATE SHARED REVENUES

Excise Tax Revenues and State Shared Revenues will be pledged as security for the Payments due pursuant to the Purchase Agreement, which will be used to pay debt service on the Obligations. The major categories of such revenues are discussed more fully under this heading.

NO ASSURANCES CAN BE GIVEN THAT THE AMOUNT OF EXCISE TAX REVENUES, STATE SHARED SALES TAXES OR STATE SHARED INCOME TAXES DESCRIBED HEREINBELOW WILL NOT BE REDUCED OR ELIMINATED BY THE STATE LEGISLATURE IN THE FUTURE.

Excise Tax Revenues

Town Transaction Privilege (Sales) Tax. The Town collects a transaction privilege (sales) tax on a variety of categories of business activity. The Town's transaction privilege (sales) tax is levied by the Town upon persons on account of their business activities within the Town. The amount of taxes due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities shown in TABLE 1.

TABLE 1

Town Transaction Privilege (Sales) Tax Rates by Category
Town of Marana, Arizona

Category	Town Privilege Tax Rate *(a)(b)*
Amusements	2.50%
Contracting – Prime	4.00
Contracting – Speculative Builders	4.00
Contracting – Owner Builder	4.00
Job Printing	2.50
Manufactured Buildings	2.00
Timbering and Other Extraction	2.50
Severance – Metal Mining	0.10
Publication	2.50
Hotels	2.50
Hotel/Motel (Additional Tax) *(c)*	6.00
Commercial Rental, Leasing, & Licensing for Use	2.50
Rental Occupancy	2.50
Rental, Leasing, & Licensing for Use of TPP	2.50
Restaurant and Bars	2.50
Retail Sales	2.50
Retail Sales (Single Item over $5,000)	2.00
Maintenance, Repair, Replace and Alteration (MRRA) Amount	2.50
Communications	4.00
Transporting	2.50
Utilities	4.00
Use Tax Purchases	2.50
Use Tax Purchases (Single Item over $5,000)	2.00
Use Tax From Inventory	2.50

(a) Chapter 204, Laws of Arizona 2023 (commonly referred to by its original bill number "SB 1131"), eliminates the ability of Arizona municipalities to levy a transaction privilege tax on the business of renting or leasing real property for residential purposes from and after December 31, 2024.

(b) Currently, the Town levies a 2.5% transaction privilege (sales) tax (except for utilities, communications, contracting, mining activities and retail sales and use tax purchase over $5,000). Note: 0.5% of the transaction privilege (sales) tax, adopted in January 2022, is restricted as to use and sunsets when sufficient funds have been collected by the Town from such 0.5% increment to substantially complete the design, construction, and financing of a multi-generational Community Center and Aquatic Center. Such amounts are not included as part of the Excise Tax Revenues pledged to the payments due with respect to the Outstanding Parity Obligations and the Purchase Agreement.

(c) The Town levies an additional 6.00% transient lodging tax on any hotel, motel, apartment or individual charging for lodging space to any person for less than 30 consecutive days. 3.50% of this tax is restricted by State law to use for visitor and hospitality services. Such restricted amounts are not included as part of the Excise Tax Revenues pledged to the payments due with respect to the Outstanding Parity Obligations and the Purchase Agreement.

Source: Arizona Department of Revenue.

The following table shows actual collections of the Town's unrestricted transaction privilege (sales) tax by industry classification for fiscal years 2020/21 through and including 2024/25, unaudited actual collections for 2025/26 and budgeted collections for fiscal year 2026/27.

TABLE 2

Transaction Privilege (Sales) Tax Collections by Industry Classification *(a)(b)(c)*
Town of Marana, Arizona

	Actual					Unaudited Actual	Budgeted
Industry Classification	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 *(c)*	2026/27 *(c)*
Construction	$ 9,869,708	$ 11,299,816	$ 21,154,863	$ 20,947,739	$ 23,835,172	$ 20,137,383	$ 16,961,480
Transportation, communications & utilities	4,071,000	4,373,856	4,804,649	5,394,398	5,365,929	5,622,310	5,688,851
Retail trade	19,308,702	21,243,723	23,223,744	24,013,281	25,938,411	27,189,798	27,375,347
Restaurants and bars	3,489,065	4,267,676	4,647,828	4,736,054	5,008,749	5,244,155	5,308,343
Fire, insurance & real estate	1,515,124	1,524,034	1,493,746	1,534,350	1,735,426	1,806,854	1,668,447
Hotels and other lodging	1,250,615	1,916,240	1,933,010	1,789,554	1,915,889	1,921,189	1,890,000
All others	2,096,172	1,976,729	2,306,212	2,394,887	2,817,117	2,771,982	2,804,772
Total	$ 41,600,386	$ 46,602,074	$ 59,564,053	$ 60,810,264	$ 66,616,692	$ 64,693,670	$ 61,697,240

(a) Due to the Town's participation in the Arizona Department of Revenue ("ADOR") sales tax collection program and ADOR's reporting of collections on a cash basis, the totals represented here may differ from the amounts shown in TABLE 4.

(b) See footnote (a) to Table 1 for a description of the elimination of the residential rental transaction privilege tax. See footnotes (b) and (c) to TABLE 1 for a description of certain amounts that are not part of the Excise Tax Revenues pledged to payment of the Payments.

(c) Unaudited actual collections for 2025/26 and budgeted collections for fiscal year 2026/27 are "forward-looking" statements, subject to change upon audit and should be considered with an abundance of caution.

Source: Finance Department of the Town.

Franchise Fees. The Town imposes and collects franchise fees to engage in certain activities within the Town and the right to utilize certain Town property.

Business Licenses. The Town imposes and collects fees for licenses to engage in certain activities within the Town and the right to utilize certain Town property. Those entities transacting more than one type of business are required to have separate business license for each activity in which they engage. The Town has the authority and ability to set the charge for the business license at whatever rate it determines.

Permits. The Town imposes and collects fees for permits to engage in certain activities within the Town and the right to utilize certain Town property.

Parks and Recreation Fees. The Town imposes and collects fees for parks and recreation to engage in certain activities within the Town and the right to utilize certain Town property.

Fines and Forfeitures. The Town imposes and collects fines and forfeitures for violations of State laws or Town ordinances relating to traffic, parking, animal control and other offenses.

State Shared Revenues

State Shared Sales Taxes. Pursuant to statutory formula, cities and towns in Arizona receive a portion of revenues from the State-levied transaction privilege (sales) tax. As TABLE 3 indicates, the rate of taxation on such tax varies among the different types of business activities taxed, with the most common rate being 5.0% of the amount or volume of business transacted.

Currently, the aggregate amount distributed to all Arizona cities and towns is equal to 25% of the "distribution share" of revenues attributable to each category of taxable activity. Each city's or town's allocation of the revenues available to all cities and towns is based on its population relative to the aggregate population of all cities and towns as shown by the latest census. State-levied transaction privilege (sales) taxes are collected by the State and are distributed monthly to cities and towns.

TABLE 3

State Transaction Privilege (Sales) Tax Rates
Taxable Activities and Distribution Base

Taxable Activities	State Tax Rate	Distribution Base	0.60% Education Tax Rate (*a*)	Combined Tax Rate
Transporting	5.000%	20.00%	0.60%	5.600%
Utilities	5.000	20.00	0.60	5.600
Communications	5.000	20.00	0.60	5.600
Private rail car and pipelines	5.000	20.00	0.60	5.600
Publishing	5.000	20.00	0.60	5.600
Printing	5.000	20.00	0.60	5.600
Contracting	5.000	20.00	0.60	5.600
Owner builder sales	5.000	20.00	0.60	5.600
Amusements	5.000	40.00	0.60	5.600
Restaurant and bars	5.000	40.00	0.60	5.600
Personal property rentals	5.000	40.00	0.60	5.600
Retail	5.000	40.00	0.60	5.600
Hotel/motel	5.500	50.00	N/A	5.500
Mining – non-metal, oil/gas	3.125	32.00	N/A	3.125
Mining severance	2.500	80.00	N/A	2.500
Use and use inventory tax	5.000	N/A	0.60	5.600
Medical marijuana	5.000	40.00	0.60	5.600
Adult use marijuana	5.000	40.00	0.60	5.600
Maintenance, repair, replacement or alteration	5.000	40.00	0.60	5.600
Online lodging marketplace	5.500	50.00	N/A	5.500
Remote seller or marketplace	5.000	40.00	0.60	5.600
Jet fuel use tax	*(b)*	N/A	N/A	*(b)*

N/A = Not applicable.

(a) *Represents the State transaction privilege (sales) tax rate approved by voters of the State in November 2000 (the "Education Tax") on certain of the categories of business activity at six-tenths of one percent (0.6%).* ***The Education Tax collections are dedicated exclusively to education and are not distributed to the Town or pledged to the payment of debt service with respect to the Obligations. The Education Tax is scheduled to expire on June 30, 2041.***

(b) *Does not include $0.0305 per gallon State tax on the retail sale of jet fuel, which tax is only levied on the first ten million gallons sold to each purchaser in each calendar year.*

Source: Arizona Revised Statutes, Arizona Department of Revenue and the Arizona Secretary of State.

State Shared Income Taxes. Under current State law, Arizona cities and towns are preempted from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to receive a percentage of State personal and corporate income tax collections. Distribution of such funds is made monthly based on the proportion of the population of each city and town to the total population of all incorporated cities and towns in the State as determined by the latest census. The State Legislature has at various times adjusted the distribution percentage. Most recently, the percentage of State shared income tax received by cities and towns was 15.0%. As part of the State's fiscal year 2021/22 budget, on June 30, 2021, the Governor signed Senate Bill 1828 ("SB1828"), which consolidated the State's four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning after December 31, 2021.

Legislative reports at the time of passage of SB1828 indicated that such a rate consolidation was estimated to reduce significantly State income tax receipts, with a possible concurrent reduction in State shared income taxes distributed to Arizona cities and towns.

In order to partially mitigate impacts of the expected reduction in State shared income taxes, SB1828 increased, beginning in fiscal year 2023/24, the percentage of State income taxes distributed to cities and towns from 15% to 18%. As a result of the enactment of SB1828, the Town received increases in its State shared income tax distribution in fiscal year 2023/24. Such increases did not continue in fiscal year 2024/25, and such increases are not expected to continue in fiscal year 2025/26 and beyond as the enactment of the 2.5% flat income tax rate becomes fully implemented. The amount and continued receipt of State shared income taxes by the Town could be adversely affected by future changes in law by the State Legislature.

As reported by the Arizona Joint Legislative Budget Committee, the State recorded individual income tax revenues of $5.48 billion in fiscal year 2024/25, an increase of 13.1% year-over-year.

In addressing past State budgetary deficiencies, the Governor and members of the State legislature have occasionally proposed certain adjustments that would reduce the distribution of State shared income taxes to cities and towns. The Town cannot determine whether any such proposals will occur in the future and become law or how they might affect the Town's receipt of State shared income taxes.

Legislation Regarding Withholding of State Shared Revenues. Section 41-194.01, Arizona Revised Statutes, permits the State to withhold from a county, city or town ("Local Jurisdiction") State revenues that would otherwise be shared with Local Jurisdictions.

Under such statute, at the request of one or more members of the State Legislature, the State Attorney General must investigate any ordinance, regulation, order or other official action ("Local Action") adopted or taken by the governing body of a Local Jurisdiction that the legislator alleges violates State law or the State Constitution. The Attorney General must make a written report within 30 days after receipt of the request. The Local Jurisdiction then has 30 days to resolve the violation. If the Attorney General determines that the violation has not been resolved within 30 days, the Attorney General must notify the State Treasurer and the State Treasurer must withhold payment to the Local Jurisdiction of State shared excise taxes otherwise due to the Local Jurisdiction pursuant to Section 42-5029(L), Arizona Revised Statutes and all State shared income taxes otherwise due to the Local Jurisdiction pursuant to Section 43-206(F), Arizona Revised Statutes, until such time as the Attorney General determines that the violation has been resolved. However, the State Treasurer may not withhold any amount that the Local Jurisdiction certifies to the Attorney General and the State Treasurer as being necessary to make deposits or payments for debt service on bonds or other long-term obligations that were issued or incurred before the Local Action occurred.

The Town is not aware of any Local Action by the Town taken or currently under consideration that does or if taken would violate State law or the State Constitution. State Shared Revenues are pledged to payments due to the Purchase Agreement. The withholding of State Shared Revenues could have a material adverse effect on the payment of principal of and interest on the Obligations during any period of withholding.

Section 42-17451, Arizona Revised Statutes (the "Refund Law"), provides that, beginning in tax year 2025, a property owner (i.e., the holder of fee title to the affected real property) may apply to the Arizona Department of Revenue ("ADOR") for a property tax refund for expenses incurred by the property owner if the city, town or county (the "Affected Entity") in which the property owner's real property is located fails to enforce certain public nuisance laws

on or near the property owner's real property. The amount of the refund is equal to the documented expenses incurred by the property owner that were reasonably necessary to mitigate the effects of the failure to enforce such public nuisance laws but may not exceed the amount the property owner paid for the prior tax year in primary property taxes for the tax year to the Affected Entity. If the refund exceeds such amount, the property owner must apply to ADOR for the remaining portion of the refund the following and successive tax years, as needed.

Within 15 days after receipt of an application for a refund, ADOR will notify the Affected Entity. Within 30 days after receiving the notice, the Affected Entity will accept or reject the refund and notify ADOR of that determination. If the refund is accepted by the Affected Entity or if the Affected Entity does not respond to ADOR within the 30-day period, ADOR will pay the refund to the property owner. If the Affected Entity rejects the refund, ADOR may not pay the refund and the property owner may file a cause of action in the superior court of the county in which the real property is located to challenge the rejection of the refund. In any such cause of action, the Affected Entity will bear the burden of demonstrating that its actions are lawful or that the amount of the refund is unreasonable.

On notice from ADOR, the State Treasurer will withhold from the distribution of State shared sales taxes, a component of State Shared Revenues, to the Affected Entity the aggregate amount of refunds issued under the Refund Law. The State Treasurer will continue to withhold such State shared sales taxes until the entire amount provided by ADOR has been withheld. Any moneys withheld by the State Treasurer will be credited as reimbursement to ADOR for issuing refunds. Notwithstanding the foregoing, pursuant to the Refund Law, the State Treasurer may not withhold any payments for debt service on bonds or other long-term obligations of the Affected Entity that were issued or incurred before the refund was issued.

The Town is not able to determine or predict what impact, if any, the Refund Law will have on the receipt of the Town's State Shared Revenues. State Shared Revenues are pledged to payments due with respect to the Purchase Agreement. The withholding of State shared sales taxes, a component of the State Shared Revenues, could have a material adverse effect on the payment of principal of and interest on the Obligations during any period of withholding.

Lack of Town's Control Over State Shared Sales Tax or State Shared Income Tax Levels; Recent Legislative Changes. From time to time, bills are introduced in, and legislation enacted by, the Arizona Legislature to change the formulas used to allocate State Shared Sales Taxes and State Shared Income Taxes, including proposed adjustments that would reduce the distribution to cities and towns. The possibility of changes in this respect are more likely to be adverse to the Town when the State is experiencing financial difficulties. The Town cannot determine whether any such measures will become law or how they might affect State Shared Sales Taxes and State Shared Income Taxes, which comprise State Shared Revenues. In addition, initiative measures are circulated from time to time seeking to place on the ballot changes in Arizona law, which would repeal or modify State Shared Sales Taxes and State Shared Income Taxes (a major source of funds for state revenue sharing). The Town cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

It should be noted that no assurances can be given that the amount of State Shared Sales Taxes and State Shared Income Taxes will not be reduced or eliminated by the State Legislature in the future. The State Legislature may from time to time eliminate State Shared Sales Taxes and State Shared Income Taxes or may change the amount and timing of payment of State Shared Sales Taxes and State Shared Income Taxes and is under no legal obligation to maintain the amount of State Shared Sales Taxes and State Shared Income Taxes payable to the Town at any amount or level. For example, addressing State budgetary deficiencies, adjustments that reduce the distribution of State Shared Sales Taxes could be enacted. Likewise, legislative reductions in State sales or income taxes generally could result in reductions in the amounts distributed to local governments, including the Town. Accordingly, the Town is unable to covenant to maintain State Shared Sales Taxes or State Shared Income Taxes at any certain level.

Vehicle License Tax Revenues. Article IX, Section 11 of the Arizona Constitution provides that from and after December 31, 1973, a vehicle license tax shall be imposed as provided by law on vehicles registered for operation upon the highways in Arizona, which vehicle license tax shall be in lieu of all ad valorem property taxes on any vehicle subject to such license tax. The constitutional provision further provides that the Arizona Legislature shall provide for the distribution of the proceeds from such vehicle license tax to the State, counties, school districts, cities and towns, including distributions to the State General Fund.

Pursuant to statutory formula, cities and towns in Arizona, including the Town, receive a distribution of revenues from the State vehicle license tax from the Arizona Department of Transportation (the "Department"), which is the State agency charged with collecting the tax. 20.45% of the vehicle license tax collected by the State with respect to alternative fuel vehicles, car rental surcharges, and private ambulances, fire-fighting vehicles and school buses and 24.60% of the vehicle license tax collected by the State with respect to all other eligible vehicles is distributed by the Department to the cities and towns in Arizona. Such amounts may be applied by the cities and towns in Arizona to any municipal purpose. The amounts and percentages distributed to the Town are beyond any control of the Town. Accordingly, the Town is unable to covenant to maintain vehicle license tax revenues at any certain level.

From time to time bills are introduced in the State Legislature to make changes in the formula to allot such vehicle license tax revenues. The Town cannot determine whether any such measures will become law or how such measures might affect the revenues that comprise vehicle license tax revenues.

In addition, initiative measures may be circulated from time to time seeking to place on the ballot changes in State Constitution or State law which repeal or modify the imposition, collection or distribution of vehicle license tax revenues. The Town cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

Set forth in TABLE 4 below are actual collections of Excise Tax Revenues and State Shared Revenues for fiscal years 2020/21 through and including 2024/25, unaudited actual collections for fiscal year 2025/26 and budgeted collections for fiscal year 2026/27.

TABLE 4

Historical, Unaudited Actual and Budgeted Excise Tax Revenues and State Shared Revenues Collections *(a)(b)*
Town of Marana, Arizona

	Actual					Unaudited Actual	Budgeted
Category	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 *(c)*	2026/27 *(c)*
Town Sales Tax *(b)*	$ 41,600,386	$ 46,602,074	$ 59,564,053	$ 60,810,264	$ 66,616,692	$ 64,693,670	$ 61,697,240
State-shared Sales Taxes	5,816,852	7,324,638	8,114,630	8,487,989	9,012,360	9,710,978	9,387,270
State-shared Income Taxes *(e)*	7,007,072	6,771,044	10,413,667	14,829,456	12,429,693	12,148,253	13,329,485
Vehicle License (Auto Lieu) Tax	2,547,863	2,417,595	2,776,380	2,689,996	2,891,306	2,928,529	3,051,351
Licenses and permits	7,248,432	11,190,222	7,776,633	10,017,930	8,677,526	8,285,967	7,753,703
Fines and forfeitures and penalties	436,491	383,241	364,942	410,716	433,127	401,515	389,500
	$ 64,657,096	$ 74,688,814	$ 89,010,305	$ 97,246,351	$ 100,060,704	$ 98,168,912	$ 95,608,549

(a) Due to the Town's participation in the ADOR sales tax collection program and ADOR's reporting of collections on a cash basis, the totals represented here may differ from the amounts shown for Town Sales Tax Collections in TABLE 2.

(b) See footnote (a) to Table 1 for a description of the elimination of the residential rental transaction privilege tax. See footnotes (b) and (c) to TABLE 1 for a description of certain amounts that are not part of the Excise Tax Revenues pledged to payment of the Payments.

(c) Unaudited actual collections for 2025/26 and budgeted collections for fiscal year 2026/27 are "forward-looking" statements, subject to change upon audit and should be considered with an abundance of caution.

(d) Pursuant to State law, the State's four personal income tax rate categories were consolidated into a single flat rate of 2.5% over a three-year period beginning after December 31, 2021, which resulted in a reduction in State shared income taxes distributed to Arizona municipalities. See "EXCISE TAX REVENUES AND STATE SHARED REVENUES - State Shared Revenues - State Shared Income Taxes."

Source: The Finance Department of the Town.

SOURCES AND USES OF FUNDS

Principal Amount	$96,000,000.00*
[Net] Original Issue Premium / Discount *(a)*	
Total Sources of Funds	
Deposit to Acquisition Fund	
Deposit to Costs of Issuance Fund *(b)*	
Total Uses of Funds	

* *Subject to change.*

(a) *[Net original issue premium consists of original issue premium on the Obligations less original issue discount on the Obligations.]*

(b) *Includes fees of the Special Counsel (as defined herein), the Trustee and the Municipal Advisor (as defined herein), rating agency fees and other costs related to the delivery of the Obligations.*

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ESTIMATED DEBT SERVICE REQUIREMENTS AND COVERAGE

TABLE 5

Schedule of Estimated Debt Service Requirements and Coverage *(a)*
Town of Marana, Arizona

Fiscal Year	Excise Tax Revenues and State Shared Revenues *(b)*	Outstanding Obligations		The Obligations*		Total Annual Debt Service Requirements*	Projected Maximum Annual Debt Service Coverage *(d)* *
		Principal	Interest	Principal*	Interest *(c)*		
2024/25	$ 100,060,704						
2025/26	98,168,912						
2026/27		$ 7,205,203	$ 3,993,965		$ 2,744,017 *(e)*	$ 13,943,185	
2027/28		7,593,295	3,656,623		4,371,000	15,620,918	6.41x
2028/29		4,036,972	3,300,447		4,371,000	11,708,418	
2029/30		4,181,248	3,157,870		4,371,000	11,710,118	
2030/31		4,436,140	2,973,479	$ 2,665,000	4,371,000	14,445,618	
2031/32		4,661,662	2,776,956	2,800,000	4,243,823	14,482,441	
2032/33		4,862,832	2,569,786	2,940,000	4,110,600	14,483,218	
2033/34		5,204,665	2,353,203	3,085,000	3,971,100	14,613,968	
2034/35		5,512,180	2,120,189	3,240,000	3,825,323	14,697,691	
2035/36		5,500,392	1,893,226	3,405,000	3,672,570	14,471,188	
2036/37		5,729,320	1,665,998	3,570,000	3,512,843	14,478,161	
2037/38		5,949,876	1,428,835	3,750,000	3,345,675	14,474,386	
2038/39		5,201,916	1,189,679	3,940,000	3,170,603	13,502,197	
2039/40		5,414,477	956,282	4,135,000	2,987,625	13,493,384	
2040/41		5,607,169	742,149	4,340,000	2,796,045	13,485,363	
2041/42		5,823,448	519,871	4,560,000	2,595,630	13,498,948	
2042/43		3,539,917	289,002	4,800,000	2,385,915	11,014,834	
2043/44		3,676,582	149,536	5,050,000	2,166,435	11,042,554	
2044/45		52,167	4,669	5,315,000	1,936,725	7,308,561	
2045/46		53,679	3,157	5,595,000	1,696,320	7,348,156	
2046/47		55,235	1,601	5,890,000	1,444,755	7,391,591	
2047/48				6,200,000	1,181,333	7,381,333	
2048/49				6,540,000	905,820	7,445,820	
2049/50				6,900,000	617,520	7,517,520	
2050/51				7,280,000	315,735	7,595,735	
		$ 94,298,376		$ 96,000,000			

* *Subject to change.*

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Municipal Advisor").

(b) The amount of Excise Tax Revenues and State Shared Revenues used to calculate the coverage requirements is the unaudited actual amount for fiscal year 2025/26. These amounts are unaudited, actual collections, and such are subject to change upon audit and should be viewed with an abundance of caution. See TABLE 4 – "Historical, Unaudited Actual and Budgeted Excise Tax Revenues and State Shared Revenues."

(c) Interest on the Obligations is estimated.

(d) Debt service coverage is based on revenues available for debt service (see footnote (b)) compared to the Maximum Annual Debt Service.

(e) The first interest payment on the Obligations is due on July 1, 2027. Thereafter, interest payments will be made semiannually on January 1 and July 1, until the final payment or prepayment of the Obligations. See "THE OBLIGATIONS – Prepayment Provisions".*

TAX EXEMPTION

In General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the Town must continue to meet after the execution and delivery of the Obligations in order that the portion of each of the Payments made by the Town pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations (the "Interest Portion") be and remain excludable from gross income for federal income tax purposes. The Town's failure to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Obligations. The Town has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion.

In the opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Special Counsel ("Special Counsel"), assuming the accuracy of certain representations and certifications of the Town and continuing compliance by the Town with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the Interest Portion will be excludable from gross income of the owners thereof for federal income tax purposes and will be exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. The Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income. Special Counsel will express no opinion as to any other tax consequences regarding the Interest Portion or the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors as to the status of the Interest Portion under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Obligations will be based on and will assume the accuracy of certain representations and certifications of the Town, and compliance with certain covenants of the Town to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Obligations will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of those certifications and representations. Special Counsel will express no opinion as to any other consequences regarding the Obligations.

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the Interest Portion, or the ownership or disposition of the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of the Obligations may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Obligations, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the Interest Portion, (iii) the inclusion of the Interest Portion in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the Interest Portion in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of the Interest Portion in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the Obligations generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates, and (vii) receipt of certain investment income, including the Interest Portion, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors as to the impact of these and any other tax consequences.

Special Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Special Counsel as of the date thereof. Special Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Special Counsel's attention,

or to reflect any changes in law that may thereafter occur or become effective. Moreover, Special Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Special Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Original Issue Premium

Certain of the Obligations ("Discount Obligations") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Obligation determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Obligation over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Obligation (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Obligations, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Obligation.

Certain of the Obligations ("Premium Obligations") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Obligations callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Obligation, based on the yield to maturity of that Premium Obligation (or, in the case of a Premium Obligation callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Obligation), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Obligation. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Obligation, the owner's tax basis in the Premium Obligation is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Obligation for an amount equal to or less than the amount paid by the owner for that Premium Obligation.

Owners of Discount Obligations and Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Obligations or Premium Obligations and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or State tax matters, respectively, described above including, without limitation, the excludability from gross income of the Interest Portion, adversely affect the market price or marketability of the Obligations, or otherwise prevent the holders from realizing the full current benefit of the status of the Interest Portion. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Obligations. Prospective purchasers of the Obligations should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt Obligations such as the Obligations is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of the Interest Portion from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Obligations, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Obligations and proceeds from the sale of the Obligations. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Obligations. This withholding generally applies if the owner of the Obligations (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Obligations may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

LEGAL MATTERS

Legal matters incident to the authorization, sale and execution and delivery by the Town of the Obligations and with regard to the tax-exempt status of the Obligations will be passed upon by Greenberg Traurig, LLP, Phoenix, Arizona, Special Counsel. A signed copy of that opinion, dated and speaking only as of the date of delivery of the Obligations, will be delivered to the Town. A draft of the form of that opinion is included as APPENDIX E hereto. Certain legal matters will be passed upon solely for the benefit of the Underwriter by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona.

While Special Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the Town or the Obligations that may be prepared or made available by the Town or others to the bidders for or holders of the Obligations or others.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and nonfinancial, impacting the operations of municipalities which could have a material impact on the Town and could adversely affect the secondary market value of the Obligations. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Obligations) issued prior to enactment.

The legal opinion to be delivered concurrently with the delivery of the Obligations will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

To the knowledge of the Town, no litigation or administrative action or proceeding is pending, restraining or enjoining, or seeking to restrain or enjoin, the execution and delivery of the Obligations or the pledge of Excise Tax Revenues and State Shared Revenues to the Payments, contesting or questioning the proceedings and authority under which the Obligations have been authorized and are to be sold, executed or delivered, or the validity of the Obligations. An authorized Town representative will deliver a certificate to the same effect at the time of the original delivery of the Obligations.

FINANCIAL STATEMENTS

The financial statements of the Town for the period ended June 30, 2025, which are included as APPENDIX C – "TOWN OF MARANA, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" of this Official Statement, have been audited by Baker Tilly US, LLP. All financial information presented herein should be read in conjunction with the financial statements and accompanying Notes in APPENDIX C. **The Town neither requested nor obtained the consent of Baker Tilly US, LLP to include such financial statements and Baker Tilly US, LLP has not reviewed this Official Statement nor performed any procedures subsequent to rendering its opinion on such financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE TOWN.

CONTINUING DISCLOSURE

The Town will covenant for the benefit of the owners of the Obligations to provide certain financial information and operating data relating to the Town by not later than February 1 in each year commencing February 1, 2027 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the Town as such will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access System, each as described in APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING." The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING." These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission's Rule 15c2-12(b)(5) (the "Rule"). A failure by the Town to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Obligations and their market price.

UNDERWRITING

The Obligations are being purchased by (the "Underwriter"). The Underwriter has agreed to purchase from the Town the Obligations at an aggregate purchase price of $_____ pursuant to an obligation purchase agreement between the Town and the Underwriter. The aggregate purchase price reflects compensation to the Underwriter of $_____. The Obligations may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Obligations into investment trusts) at prices lower than the public offering prices stated on the inside cover page hereof, and such public offering prices may be changed, from time to time, by the Underwriter. The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all of the Obligations if any Obligations are purchased.

RATING

Moody's Ratings ("Moody's") has assigned a rating of "___" to the Obligations. Such rating reflects only the view of Moody's. An explanation of the significance of a rating assigned by Moody's may be obtained at One Front Street, Suite 1900, San Francisco, California 94111. Such rating may be revised or withdrawn entirely at any time by Moody's if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Obligations. The Town will covenant in its continuing disclosure undertaking with respect to the Obligations that it will file notice of any formal change in any ratings relating to the Obligations. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

MUNICIPAL ADVISOR

The Municipal Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. The Municipal Advisor has not verified, and does not assume any responsibility for, the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement: "The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information."

RELATIONSHIP AMONG PARTIES

Greenberg Traurig, LLP, Special Counsel, has acted as counsel to the Underwriter in other transactions underwritten by the Underwriter and as bond counsel in other transactions underwritten by the Underwriter. Squire Patton Boggs (US) LLP, counsel to the Underwriter, has acted as bond counsel in other transactions underwritten by the Underwriter. Greenberg Traurig, LLP and Squire Patton Boggs (US) LLP have also acted as bond counsel and/or counsel to the underwriter with respect to bonds issued by the Town and/or other overlapping political subdivisions. The Underwriter has underwritten with respect to bonds issued by the Town and other overlapping political subdivisions.

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CONCLUDING STATEMENT

The summaries or descriptions of provisions in the Purchase Agreement and the Trust Agreement contained herein and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such documents.

All projections, forecasts and other information in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Obligations.

The attached APPENDICES A through G are integral parts of this Official Statement and must be read together with all of the foregoing statements.

This Official Statement has been prepared on direction of the Town and has been approved by and executed for and on behalf of the Town by its authorized representative indicated below.

TOWN OF MARANA, ARIZONA

By.....
Mayor

APPENDIX A

TOWN OF MARANA, ARIZONA – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information regarding the Town is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Payments to be paid by the Town under the Purchase Agreement which are secured by a first lien pledge of Excise Tax Revenues and State Shared Revenues as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS."

General

The Town adjoins the north border of the City of Tucson, Arizona ("Tucson") and extends to the northern border of Pima County, Arizona and also includes about 440 acres located in Pinal County, Arizona. The Town encompasses an approximate area of 122 square miles and sits at an elevation of 2,055 feet above sea level. The Town was incorporated in 1977.

TABLE 1

POPULATION STATISTICS

Years	Town of Marana	Pima County	State of Arizona
2025 Estimate *(a)*	66,736	1,093,761	7,718,747
2020 Census	51,908	1,043,433	7,151,502
2010 Census	34,961	980,263	6,392,017
2000 Census	13,556	843,746	5,130,632
1990 Census	2,187	666,957	3,665,305
1980 Census	1,674	531,443	2,716,546

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Organization

The Town operates under the Council-Manager form of government. The Mayor and six council members are elected at large for staggered four-year terms. The Town Council appoints a Town Manager who has full responsibility for carrying out council policies and administering Town operations. The Town provides police, sewer, and water services to its residents.

Tucson Electric Power Corporation and Trico Electric Cooperative provide electricity to the Town's residents. Southwest Gas Corporation provides natural gas. Water is provided by the Town, as well as certain public and private providers. Sewer services are provided by the Town. Telephone and internet services are provided by Century Link and Comcast. Waste disposal and sanitation services are provided by various private disposal companies.

Economy

The economy of the Town and the area surrounding the Town has historically been dominated by agricultural activities. Though agriculture is still a large part of the economy, commercial, retail and industrial elements are becoming large contributors. The Town's agricultural elements include a variety of irrigated crops.

The commercial elements of the economy have developed due to the growth of the Town and the growth of Tucson. The Town has become a retail trade center for suburban northern Tucson and the rural outlying areas surrounding the Town. Also, the Town's proximity to both the cities of Phoenix, Arizona and Tucson has attracted business. Many residents commute from the Town to the Tucson metropolitan area for employment as well.

The following table is a partial list of major employers within the Town.

TABLE 2

MAJOR EMPLOYERS
Town of Marana, Arizona

Employer	Description	Approximate Number of Employees
Marana Unified School District	Education	1,783
Fry's Food Stores	Retail	1,200
Town of Marana	Government	461
The Ritz-Carlton Dove Mountain	Hospitality	350
Wal-Mart	Retail	343
Sargent Aerospace & Defense	Aerospace	313
Waste Management	Solid Waste	300
Costco	Retail	300
Northwest Fire District	Government	291
Marana Health Center	Healthcare	250
FLSmidth Krebs	Manufacturing	239

Source: Town of Marana Economic Development Department, Marana Unified School District, Northwest Fire District, Sargent Aerospace, Costco.

The following table illustrates unemployment rate averages for the Town.

TABLE 3

UNEMPLOYMENT RATE AVERAGES

Calendar Year	Town of Marana *(a)*
2026 *(b)*	4.1%
2025	3.6
2024	2.9
2023	2.9
2022	2.9
2021	3.4

(a) *Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.*

(b) *Data through June 2026.*

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Data accessed August 4, 2026.

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APPENDIX B

TOWN OF MARANA, ARIZONA – FINANCIAL DATA

The following information regarding the Town is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Payments to be paid by the Town under the Purchase Agreement which are secured by a first lien pledge of Excise Tax Revenues and State Shared Revenues as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS."

TABLE B-1

Current Year Statistics (For Fiscal Year 2026/27)
Town of Marana, Arizona

General Obligation Bonds Outstanding	None
Excise Tax Revenue and State Shared Revenue-Secured Obligations Outstanding and to be Outstanding	$190,298,376 * *(a)*
Water Revenue-Secured Obligations Outstanding	1,321,933

* *Subject to change.*

(a) Includes the Obligations.

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STATEMENTS OF BONDED INDEBTEDNESS

TABLE B-2

Excise Tax Revenue and State Shared Revenue Obligations Outstanding and to be Outstanding
Town of Marana, Arizona *(a)*

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding and to be Outstanding
2017A	$ 17,215,000	Wastewater system expansion	2042	$ 17,215,000
2017B	19,865,000	Advance refunding	2028	4,980,000
WIFA Loan #910176-19	1,481,990	Lift station and force main	2038	459,671
WIFA Loan #920293-19	15,000,000	Water treatment systems	2038	9,849,988
WIFA Loan #910183-20	475,000	Lift station and force main	2040	163,242
WIFA Loan #920303-20	1,100,000	Water treatment systems	2040	346,929
WIFA Loan #920362-23	4,455,413	Water main	2047	884,759
2024	49,500,000	Community center & aquatic center	2044	43,810,000
2024 Refunding	20,425,000	Current Refunding	2034	14,110,000
WIFA Loan #920378-24	7,180,000	Treatment facility and water storage tank	2044	2,478,787
Total Excise Tax Revenue and State Shared Revenue Obligations Outstanding				$ 94,298,376
Plus: The Obligations				96,000,000 *
Total Excise Tax Revenue and State Shared Revenue Obligations Outstanding and to be Outstanding				$ 190,298,376 *

* *Subject to change.*

TABLE B-3

Total Water Revenue-Secured Obligations Outstanding
Town of Marana, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding
2010	$5,250,000	Various Purposes *(a)*	2029	$ 909,000
2022	1,000,000	Storage reservoir *(a)*	2042	412,933
Total Water Revenue-Secured Obligations Outstanding				$ 1,321,933

(a) *Represents funds borrowed under loan agreements with WIFA.*

(b) *In addition to the Obligations, the Town expects to enter into an additional loan agreement with WIFA in the 4th quarter of 2026 to fund additional potable water improvements. Such loan agreement, if executed and delivered, will be secured by a pledge of net system Revenues of the water department. The principal amount of such loan agreement is expected to be approximately $8,682,000 with $4,341,000 of such principal amount being forgivable if certain requirements are satisfied. Such loan agreement if executed and delivered, is expected to be repaid over a twenty (20) year repayment period with semi-annual payments of interest and annual payments of principal.*

Other Indebtedness
Town of Marana, Arizona

The Town does not currently have any capital leases outstanding.

Source: Town Finance Department.

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GENERAL FUND

Below are the Town general fund revenues, expenditures and changes in fund balance for the audited fiscal years 2020/21 through and including 2024/25, unaudited figures for fiscal year 2025/26 and budgeted figures for fiscal year 2026/27. **See "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS" for a description of the source of payment for the Obligations. This information is not intended to indicate that the Obligations will be payable from any source other than described under such heading or to indicate future or continuing trends of the financial affairs of the Town.**

TABLE B-4

	Audited					Unaudited Actual	Budgeted
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 *(a)*	2026/27 *(a)*
FUND BALANCE AT BEGINNING OF YEAR	$ 46,110,854	$ 71,356,794	$ 98,574,822	$ 99,240,093	$ 129,897,885	$ 136,884,234	$ 149,581,213
REVENUES							
Sales taxes	$ 34,001,109	$ 37,758,894	$ 43,388,307	$ 44,763,592	$ 48,335,560	$ 49,247,202	$ 48,626,130
Intergovernmental	23,559,040	24,710,836	21,315,511	26,020,737	24,341,359	24,794,761	25,768,106
Licenses, fees & permits	7,248,433	11,190,988	7,776,633	10,017,930	8,677,526	8,285,968	7,753,703
Fines, forfeitures & penalties	436,491	382,476	364,942	410,716	433,127	401,515	389,500
Charges for services	541,107	988,782	822,976	812,584	1,502,439	2,435,790	2,545,318
Lease income	158,998	264,148	170,766	170,302	225,019	242,072	170,000
Contributions	12,636	500	101,590	-	2,679	2,790	2,500
Investment income	476,106	(180,161)	6,015,344	10,938,076	9,943,443	7,365,058	6,641,697
Miscellaneous	641,286	758,188	679,937	1,019,162	1,055,896	1,026,346	1,173,625
TOTAL REVENUES	$ 67,075,206	$ 75,874,651	$ 80,636,006	$ 94,153,099	$ 94,517,048	$ 93,801,502	$ 93,070,579
ADJUSTMENTS							
Proceeds from sale of capital assets	$ 131,810	$ -	$ -	$ -	$ -	$ -	$ -
Leases and subscription technology arrangements	-	-	414,265	-	122,303	-	-
Transfers in/(out)	(1,825,966)	(4,082,153)	(19,825,223)	(3,673,637)	(4,005,941)	(2,950,898)	
TOTAL FUNDS AVAILABLE FOR EXPENDITURES	$ 111,491,904	$ 143,149,292	$ 159,799,870	$ 189,719,555	$ 220,531,295	$ 227,734,838	$ 242,651,792
EXPENDITURES							
Current:							
General government	$ 12,238,056	$ 14,160,004	$ 15,973,231	$ 18,580,854	$ 21,762,317	$ 25,885,180	$ 35,861,809
Public safety	15,375,855	16,341,432	25,032,319	21,797,377	36,668,580	24,597,649	25,468,905
Highways and streets	2,685,862	2,714,642	2,909,688	3,347,517	4,472,508	4,082,519	4,748,802
Health and welfare	350,436	318,004	417,916	416,217	429,619	393,390	650,790
Economic and community development	4,205,306	4,126,391	4,469,262	4,943,778	5,418,342	5,600,289	6,624,133
Culture and recreation	4,182,708	5,714,361	6,353,162	7,031,232	8,694,720	11,766,384	13,851,119
Capital outlay	1,096,887	1,183,638	4,914,974	3,563,464	5,965,519	5,756,206	12,159,954
Debt service:							
Principal retirement	-	5,020	112,353	113,876	125,531		
Interest and fiscal charges	-	10,978	376,872	27,355	109,925	72,008	
TOTAL EXPENDITURES	$ 40,135,110	$ 44,574,470	$ 60,559,777	$ 59,821,670	$ 83,647,061	$ 78,153,625	$ 99,365,512
FUND BALANCE AT END OF YEAR	**$ 71,356,794**	**$ 98,574,822**	**$ 99,240,093**	**$ 129,897,885**	**$ 136,884,234**	**$ 149,581,213**	**$ 143,286,280**

(a) Unaudited actual and budgeted amounts are "forward looking" statements and should be considered with an abundance of caution.

RETIREMENT SYSTEM

Retirement Plans

The Town contributes to the retirement plans described below and as referenced in Note 10 in APPENDIX C – "TOWN OF MARANA, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025." Benefits are established by State statute and, depending on the plan, provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the Town and each covered employee contribute to the plans.

From time to time, each of the plans may report increases in its unfunded liabilities. Any increases in unfunded liabilities is expected to result in increased future annual contributions by the Town and its employees; however the specific impact on the Town's and its employees' future contributions cannot be determined at this time.

Note 10 in APPENDIX C – "THE TOWN OF MARANA, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" is information about the plans based on GASB's Statements No.s 67 and 68. Please refer to APPENDIX C for more specific information about the plans. In the case of any difference between what is here versus what is in APPENDIX C, the latter supersedes the former.

The Arizona State Retirement System ("ASRS"). ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for approximately 650,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. As of June 30, 2025, the unfunded liability for ASRS was $18.294 billion with a funding ratio of 75.6% and an assumed earning rate of 7.0%. As of June 30, 2025, the Town reported a liability of $23,426,204 for its proportionate share of the net pension liability under ASRS. Pursuant to State statute, the contribution rate for the employer (the Town) and active members of ASRS are equal. For Fiscal Year 2025/26, the actuarially determined contribution rate for the Town and active members of ASRS is 11.98% (11.87% for retirement and health insurance and 0.11% for long-term disability).

The table below shows recent actuarially determined contribution rates that the active ASRS members and the Town are/were required to contribute, the plan's funded status and the pension contributions under ASRS for the next, current and past three fiscal years.

Fiscal year ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate	Funded Status	Pension Contributions
June 30, 2027	11.87%	0.11%	11.98%	unavailable	unavailable
June 30, 2026	11.86	0.14	12.00	unavailable	unavailable
June 30, 2025	12.12	0.15	12.27	75.6%	$2,754,223
June 30, 2024	12.14	0.15	12.29	74.0	2,462,981
June 30, 2023	12.03	0.14	12.17	73.1	2,312,893

The Public Safety Personnel Retirement System ("PSPRS"). PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members' contribution rates and member benefits. This is not a "pooled" system – a separate account exists for the police and fire employees of each participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution ("Prop 124") created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State's legislative ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate "tiers" based on date of hire which are shown in the following table.

"Tier 1" Members	"Tier 2" Members	"Tier 3" Members
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or defined benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

As of June 30, 2025, the unfunded liability for Tiers 1 and 2 of PSPRS was $7.1 billion with a funding ratio of 70.5%. When calculating, an assumed earning rate of 7.2% was used and an assumed rate of 1.75% was used for increases in the cost of living allowance ("COLA").

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for PSPRS.

Police

	Fiscal Year Ended				
	6/30/2027	6/30/2026	6/30/2025	6/30/2024	6/30/2023
Contribution Rates*					
Tier 1 Defined Benefit Employer	14.87%	30.12%	29.25%	35.09%	36.80%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	14.87%	30.12%	29.25%	35.09%	36.80%
Tier 2 Defined Benefit Employee (a)(b)	11.65%	11.65%	11.65%	11.65%	11.65%
Tier 3 Defined Benefit Employer (a)(c)	8.66%	23.96%	24.38%	31.69%	33.21%
Tier 3 Defined Benefit Employee (a)	8.66%	8.69%	8.89%	9.56%	9.94%
Tier 3 Defined Contribution Employer (c)	10.78%	26.01%	26.22%	32.73%	34.12%
Tier 3 Defined Contribution Employee	10.78%	10.74%	10.73%	10.60%	10.85%
Pension Funded Status	N/A	N/A	101.9%	79.2%	75.8%
Health Funded Status	N/A	N/A	157.3%	150.9%	136.3%
Total Town (Employer) Pension and Health Contribution	N/A	N/A	$16,211,724	$2,960,238	$3,021,179

* Sum of the Pension and Health insurance premium benefit contribution rates.

(a) Does not include additional contribution percentage of 3% associated with defined benefit ("DB") members additionally participating in the defined contribution ("DC") plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date.

(b) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.

The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

The Corrections Officers Retirement Plan. CORP is an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit plan that covers certain State, County and municipal employees whose primary duties require direct contact with inmates, for which the State Legislature establishes active plan members' contribution rates. The CORP also administers the Administrative Officers of the Courts ("AOC") cost-sharing plan.

As presented below, CORP active membership is comprised of three separate "tiers" based on date of hire which are shown in the following table.

Tier 1 Members	Tier 2 Members	Tier 3 Members
Hired into CORP position before January 1, 2012	Hired into CORP position on or after January 1, 2012 and before July 1, 2018	Hired into CORP position on or after July 1, 2018

Among other differences, the tiers vary in terms of employee contribution rate, retirement eligibility, and post retirement cost of living adjustment eligibility. Additionally, in lieu of the defined benefit program, most employees in Tier 3 are members of a defined contribution program.

For Tier 1 and Tier 2 members, for the fiscal year ended June 30, 2012 and each subsequent fiscal year, the employee contribution rate is set by statute and calculated at the lesser of 8.41%, or fifty percent of the sum of the member's contribution rate from the preceding fiscal year, plus the aggregate computed employer contribution rate, subject to a minimum employee contribution rate of 7.65%. Until the funded status of the Plan reaches 100 percent, the member

contribution rate for full-time dispatchers is 45 basis points less than the general member contribution rate. The employer contribution rates are based upon an actuarial valuation, and generally may not be less than 6%.

All correction members hired on or after July 1, 2018 (Tier 3), are required to participate in a DC plan; however, AOC probation and surveillance officers hired on or after this date have the option to choose between a DB plan and the DC retirement account managed by PSPRS. Generally, the defined contribution plan rate is 7% for employees and 5% for employers. The DB plan contribution rate for Tier 3 is 66.7%/33.3% employee/employer for the normal cost associated with the program and 50%/50% for the unfunded liability associated with the program. Additionally, the employer contribution rate (DB and DC) includes a legacy unfunded liability component associated with Tiers 1 and 2.

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for the CORP plan.

Dispatchers

	Fiscal Year Ended				
	6/30/2027	6/30/2026	6/30/2025	6/30/2024	6/30/2023
Contribution Rates*					
Tier 1/2 Defined Benefit Employer (a)	3.46%	35.38%	216.13%	66.78%	28.18%
Tier 1/2 Defined Benefit Employee (a)	7.65%	7.96%	7.96%	7.96%	7.96%
Tier 3 Defined Contribution Employer (b)	6.11%	37.39%	218.62%	70.45%	30.83%
Tier 3 Defined Contribution Employee	7.61%	7.63%	7.67%	7.62%	7.61%
Pension Funded Status	N/A	N/A	101.6%	94.9%	61.1%
Health Funded Status	N/A	N/A	314.9%	309.0%	512.6%
Total Town (Employer) Pension Contribution	N/A	N/A	$271,504	$1,218,495	$27,625

* Sum of the Pension and Health insurance premium benefit contribution rates.

(a) Tier 2 applicable beginning fiscal year 2018.

(b) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

The Elected Officials Retirement Plan. EORP is a multiple-employer defined benefit pension plan and a multiple-employer defined benefit health insurance premium plan that covers elected officials and judges of certain state and local governments. (EORP is governed by the same Board of Trustees that manages PSPRS.) As of January 1, 2014 EORP is closed to new members. Pursuant to Arizona statute, the annual contribution for active members of EORP is 13% of the members' annual covered payroll. Additionally, the amount of the members' contribution that exceeds 7% is not used to reduce the actuarially determined employer contribution. As of June 30, 2025, the Town reported a liability of $807,476 for its proportionate share of the net pension liability under EORP.

Participating EORP employers are required to annually contribute at an actuarially determined employer contribution rate. The basis for the employer rate is the covered payroll for all eligible elected officials and eligible judges employed by the employer. The actuarially determined statutory employer contribution rate for 2026/27 is 70.44% (70.58% for EODCRS with the employer disability program). This amount is distributed to EORP, the Elected Officials Defined Contribution Retirement System ("EODCRS") and ASRS, depending on the retirement program in which each eligible employee participates. As a percent of covered payroll, the employer contribution, by statute, for EODCRS participating members is 6.00%; the employer contribution for ASRS participating members is 11.98% for fiscal year 2026/27; all remaining employer contributions, up to the actuarially determined contribution rate of the

covered payroll of all elected officials and eligible judges, are remitted to EORP. EORP is additionally funded each year with designated state and municipal court fees and a $5,000,000 appropriation from the State general fund.

Other Post-Employment Retirement Benefits

During the year ended June 30, 2018, the Town implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The Town is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. GASB 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan. Please refer to APPENDIX C of the Official Statement which includes the Town's audited financial statements and specifically "Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

The Town does not offer any OPEB. The Town's employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State's health care program. The Town does not make payments for OPEB costs for such retirees.

Governmental Accounting Standards Board

The Governmental Accounting Standards Board adopted Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 also requires that the cost-sharing employer's pension expense component include its proportionate share of the system's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. The pension liability was measured as of June 30, 2024. See Note 10 in APPENDIX C – "TOWN OF MARANA, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025." for further discussion of the Town and its pension liability.

New Reporting Requirements - Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

APPENDIX C

TOWN OF MARANA, ARIZONA –

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The following audited financial statements are for the fiscal year ended June 30, 2025. These are the most recent audited financial statements available to the Town. THESE FINANCIAL STATEMENTS ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE TOWN.

The Town neither requested nor obtained the consent of Baker Tilly US, LLP to include such financial statements and Baker Tilly US, LLP has not reviewed this Official Statement nor performed any procedures subsequent to rendering its opinion on such financial statements.

APPENDIX D

SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS

DEFINITIONS OF CERTAIN TERMS

In addition to the terms defined elsewhere herein, the following terms shall, for all purposes of the Trust Agreement and the Purchase Agreement have the following meanings:

"Acquisition Fund" means the fund of that name established pursuant to the Trust Agreement.

"Additional Revenue Obligations" means any additional obligations which may hereafter be issued or incurred by the Town (or any financing conduit acting on behalf of the Town) having a lien upon and payable from Excise Tax Revenues and State Shared Revenues on a parity with, and in compliance with the terms of, the Outstanding Parity Obligations and the Purchase Agreement.

"Annual Debt Service" means the amount to be paid in any fiscal year of the Town with respect to the Parity Obligations for payment of principal and interest requirements.

"Certificate of Completion" means the notice of completion, filed with the Trustee by the Town Representative, stating that the Project has been substantially completed.

"Completion Date" means the date on which the Certificate of Completion is filed with the Trustee by the Town Representative.

"Costs of Issuance Fund" means the fund of that name established pursuant to the Trust Agreement.

"Defeasance Obligations" means, to the extent permitted by law (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, (5) securities eligible for "AAA" defeasance under then-existing criteria of S&P, or (6) any combination of the foregoing.

"Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the Town or the Trustee relating to the sale and execution and delivery of the Purchase Agreement, this Agreement and the Obligations, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Obligations and charges and fees in connection with the foregoing.

"Depository Trustee" means any bank or trust company, which may include the Trustee, designated by the Town, with a combined capital and surplus of at least Fifty Million Dollars ($50,000,000) and subject to supervision or examination by federal or State authority.

"Event of Default" means an event of default under the Purchase Agreement as described under the subheading "THE PURCHASE AGREEMENT – Remedies Upon Default."

"Maximum Annual Debt Service" means, for any fiscal year, the greatest Annual Debt Service for the then-current or any succeeding fiscal year of the Town.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town by notice to the Trustee.

"Outstanding" refers to Obligations issued in accordance with this Trust Agreement, excluding: (i) Obligations which have been exchanged or replaced, or delivered to the Trustee for credit against a mandatory prepayment installment with respect to principal represented thereby; (ii) Obligations which have been paid; (iii) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee; and (iv) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or obligations permitted hereby and by the Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal and interest represented by such Obligations, provided, however, that if principal represented by any such Obligations is to be prepaid, the Town shall have taken all action necessary to prepay such Obligations and notice of such prepayment shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to give such notice shall have been given to the Trustee.

"Owner" or any similar term, when used with respect to an Obligation means the person in whose name such Obligation shall be registered.

"Parity Obligations" means the Outstanding Parity Obligations, the Purchase Agreement and any Additional Revenue Obligations.

"Payment Fund" means the fund of that name established pursuant to the Trust Agreement.

"Permitted Investments" means any investment permitted by applicable law, including Section 35-323, Arizona Revised Statutes (or any successor provision thereto).

"Town Representative" means the Town Manager, the Town Finance Director or any other person authorized by the Town Manager or the Mayor and Common Council to act on behalf of the Town with respect to the Trust Agreement.

THE TRUST AGREEMENT

The following, in addition to the information under the headings "INTRODUCTORY STATEMENT" and "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS," is a summary of certain provisions of the Trust Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

Acquisition Fund and Costs of Issuance Fund. The Acquisition Fund and the Costs of Issuance Fund will be established by the Trustee from which the Trustee will pay the costs to finance the Project and pay Delivery Costs, respectively. On the earlier of February 1, 2027, or when all Delivery Costs have been paid, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund. Amounts in the Acquisition Fund will be used to pay principal of and interest on the Obligations if insufficient funds are otherwise available to make such payments when due. On the Completion Date, all remaining moneys in the Acquisition Fund shall be transferred to the Payment Fund and applied by the Trustee to the Payments due from the Town on the next succeeding Interest Payment Date.

Payment Fund. The Payment Fund will also be established by the Trustee. The moneys in the Payment Fund will be applied by the Trustee solely to pay principal of and premium, if any, and interest with respect to the Obligations.

Separate Funds. Moneys and investments properly paid into and held in the funds established under the Trust Agreement will not be subject to the claims of the owners of the Additional Revenue Obligations, and the Owners of the Obligations shall have no claim or lien upon any moneys or investments properly paid into and held in the funds and accounts established under the proceedings for the Additional Revenue Obligations.

Protection of Lien. The Trustee and the Town will agree not to make or create or suffer to be made or created any assignment or lien having priority or preference over the assignment and lien of the Trust Agreement and that no obligations the payment of which is secured by a superior or equal claim on or interest in property or revenues pledged will be issued or delivered by either except in lieu of, or upon transfer of registration or exchange of, any Obligation.

Investments Authorized; Allocation of Earnings. Upon order of the Town, moneys held by the Trustee will be invested and re-invested in Permitted Investments. The Trustee may purchase from, or sell to, itself or any affiliate, as principal or agent, investments and may invest in funds to which the Trustee or any of its affiliates provide services as an investment advisor. The Trustee may act as purchaser or agent in the making or disposing of any investment.

Any income, profit or loss on such investments will be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds will be deposited in the fund from which such deposit was made, except as otherwise provided. At the direction of the Town, any such income, profit or interest will be applied if necessary to pay any rebate due with respect to the Obligation pursuant to the Code.

Appointment of the Trustee. The Town will maintain as the Trustee a bank or trust company with a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by federal or State authority so long as any of the Obligations are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority, then the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Liability of the Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute the Trust Agreement, the recitals of facts, covenants and agreements in the Trust Agreement and the Obligations will be taken as statements, covenants and agreements of the Town, and the Trustee will assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Trust Agreement or the Obligations or will incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Trust Agreement or in the Obligations assigned to or imposed upon it. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee will perform only such duties as are specifically set forth in this Trust Agreement. After the occurrence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent indenture trustee would exercise under the circumstances in the conduct of its own affairs.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible as described hereinabove, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Protection and Rights of the Trustee. The Trustee will be protected and will incur no liability in acting or proceeding in good faith upon any document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Trust Agreement, and the Trustee will be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such document, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee will not be bound to recognize any person as an Owner of any Obligation or to take any action at the request thereof unless such Obligation will be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation will be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it in good faith.

Whenever in the administration of its duties under the Trust Agreement, the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof be specifically prescribed) will be deemed to be conclusively proved and established by the certificate of the appropriate representative of the Town and such certificate will be full warranty to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion

the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may become the Owner of the Obligations with the same rights it would have if it were not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the Town with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations, whether or not such committee shall represent the Owners of the majority in principal amount of the Obligations then Outstanding.

The Trustee will not be answerable for the exercise of any discretion or power under the Trust Agreement or for anything whatever in connection with the funds established thereunder, except only for its own willful misconduct or negligence.

No provision in the Trust Agreement will require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee will not be required to take notice or be deemed to have notice of an Event of Default, except for nonpayment of amounts due under the Trust Agreement or the Purchase Agreement, unless the Trustee has actual notice thereof or is specifically notified in writing of such default by the Town or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Obligations then Outstanding.

The Town will from time to time, as agreed upon between the Town and the Trustee, pay to the Trustee reasonable compensation for its services, including an hourly rate based fee after an Event of Default and will reimburse the Trustee for all its advances and expenditures, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties.

Removal of the Trustee. The Trustee may be removed by the Town (if not in default) or by the Owners of a majority in aggregate principal amount of the Obligations.

The Trustee may also resign effective upon the appointment of a successor Trustee by the Town.

Amendments Permitted. The Trust Agreement and the Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement which will become effective upon the written consent of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, exclusive of certain disqualified Obligations. No such modification or amendment will (1) extend or have the effect of extending the fixed payment date of any Obligation or reducing the interest rate represented thereby or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of the Trust Agreement or the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

The Trust Agreement and the Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement, without the consent of any Owners, but only (1) to provide for additions or modifications to the Project, (2) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved in the Trustee (for its own behalf) or the Town, (3) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (4) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (5) to provide for the appointment of a successor trustee pursuant to the terms hereof, (6) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the Town to continue to issue bonds or other obligations the interest on which is likewise exempt from federal and State income taxes, (7) to cure, correct or supplement any ambiguous or defective provision in the Trust Agreement and Purchase Agreement, (8) to facilitate the incurrence of the Additional Revenue Obligations, (9) with respect to rating matters, or (10) in regard to questions arising thereunder, as the parties thereto may deem necessary or desirable and which will not adversely affect the

interests of the Owners of the Obligations. Any such supplemental or amending agreement will become effective upon execution and delivery by the parties thereto.

Procedure for Amendment With Written Consent of Obligation Owners. A copy of the proposed supplemental or amending agreement, together with a consent request, must be mailed to each Owner of an Obligation, but failure to mail copies of such supplemental or amending agreement and request does not affect the validity of the supplemental or amending agreement when assented to by a majority in principal amount of the Obligations then Outstanding (exclusive of Obligations then disqualified). The supplemental or amending agreement will not become effective until the required Owners have consented and the Trustee has mailed notice to the Owners of the Obligations stating in substance that such supplemental or amending agreement has been consented to by the Owners of the required percentage of Obligations and will become effective (but failure to mail copies of said notice shall not affect the validity of such supplemental or amending agreement or consents thereto).

Disqualified Obligations. Obligations owned or held by or for the account of the Town or by any person directly or indirectly controlled by, or under direct or indirect common control with the Town (except any Obligations held in any pension or retirement fund) will not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Obligations provided for in the Trust Agreement, and will not be entitled to vote upon, consent to, or take any other action provided therein.

No Liability of the Town for the Trustee Performance. The Town will have no obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement

Remedies Upon Default; No Acceleration. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, or upon request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding and receiving indemnity satisfactory to it shall, exercise one or more of the remedies granted pursuant to the Purchase Agreement; provided, however, that notwithstanding anything in the Trust Agreement or in the Purchase Agreement to the contrary, there will be no right under any circumstances to accelerate the payments of the Obligations or otherwise to declare any of the Payments not then past due or in default to be immediately due and payable.

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of the Trust Agreement or the Purchase Agreement shall be applied by the Trustee in the order following, in the case of the Obligations, upon presentation of the several Obligations, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

> First, to the payment of the fees, costs and expenses of the Trustee and then of the Obligation Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel and the creation of a reasonable reserve for anticipated fees, costs and expenses, and
>
> Second, to the payment of the whole amount then owing and unpaid with respect to the Obligations and, with interest on the overdue principal and installments of interest at the rate of twelve percent (12%) per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained in the Trust Agreement.

Power of the Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, it will have full power, in the exercise of its discretion for the best

interests of the Owners of the Obligations, with respect to the continuance, or disposal of such action; provided, however, that the Trustee will not discontinue, or otherwise dispose of any litigation, without the consent of a majority in aggregate principal amount of the Obligations Outstanding.

Limitation on Obligation Owners' Right to Sue. No Owner of any Obligation will have the right to institute any action, for any remedy, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of at least a majority in aggregate principal amount of all the Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such action, in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity; and (d) the Trustee shall have not complied with such request for a period of sixty (60) days.

No one or more Owners of Obligations will have any right in any manner whatever by their action to enforce any right under the Trust Agreement, except in the manner therein provided, and all proceedings with respect to an Event of Default will be pursued in the manner therein provided and for the equal benefit of all Owners of the Outstanding Obligations.

The right of any Owner of any Obligation to receive payment of said Owner's proportionate interest in the Payments as the same become due, or to institute suit for the enforcement of such payment, will not be impaired or affected without the consent of such Owner.

Defeasance. If and when all Outstanding Obligations shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest represented by such Obligations Outstanding, as and when the same become due and payable;

(b) by depositing with a Depository Trustee, in trust for such purpose, at or before the payment date, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all principal and interest due represented by such Outstanding Obligations; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are non-callable in such amount as shall be certified to the Trustee and the Town by a national firm of certified public accountants acceptable to the Town, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all principal interest represented by such Obligations at their respective payment or prepayment dates;

notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the Town with respect to all Outstanding Obligations will cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to paragraphs (b) or (c) above and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) or (c), the Obligations will continue to represent direct and proportionate interests of the Owners thereof in such funds.

Any Obligation or portion thereof in Authorized Denominations may be paid and discharged as provided in this Section; provided however, that if principal represented by any such Obligation is to be prepaid, notice of such prepayment shall have been given in accordance with the provisions hereof or the Town shall have submitted to the Trustee instructions to be irrevocable as to the date upon which such Obligation or portion thereof is to be prepaid and as to the giving of notice of such prepayment; and provided further, that if any such Obligation or portion thereof will not be payable within sixty (60) days of the deposit referred to in subsections (b) or (c) above, the Trustee shall give notice of such deposit by first class mail to the Owners.

THE PURCHASE AGREEMENT

The following, in addition to the information under the headings "INTRODUCTORY STATEMENT" and "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS," is a summary of certain provisions of the Purchase Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

Payments. The obligation of the Town to make the Payments will be limited to amounts from Excise Tax Revenues and State Shared Revenues. The Town will receive a credit against amounts due with respect to the Payments equal to any amounts held and available in the Payment Fund.

The obligation of the Town to make the Payments from the sources described and to perform and observe the other agreements contained in the Purchase Agreement will be absolute and unconditional and will not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach of the Trustee of any obligation to the Town or otherwise, or out of indebtedness or liability at any time owing to the Town by the Trustee. Until such time as all of the Payments shall have been fully paid or provided for, the Town (i) will not suspend or discontinue the Payments, (ii) will perform and observe all other agreements contained in the Purchase Agreement, and (iii) will not terminate the Purchase Agreement for any cause.

Providing for Payment. The Town may provide for the payment of any of the Payments in any one or more of the following ways:

(a) by paying such Payment as and when the same becomes due and payable at its scheduled due date or on a date on which it can be prepaid;

(b) by depositing the with a Depository Trustee, in trust for such purposes, money which, together with the amounts then on deposit with the Trustee and available for such Payment is fully sufficient to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are non-callable, in such amount as shall be certified by a national firm of certified public accountants acceptable to the Town as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with the Trustee and available for such Payment, to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid.

Upon any partial prepayment of a Payment, each installment of interest which shall thereafter be payable as a part of the subsequent Payments shall be reduced, taking into account the interest rate or rates on the Obligations remaining outstanding after the partial prepayment so that the interest remaining payable as a part of the subsequent Payments shall be sufficient to pay the interest on such outstanding Obligations when due.

Default; Remedies Upon Default.

(a) (i) Upon (A) the nonpayment of the whole or any part of any of the amounts due pursuant to the Purchase Agreement (including the Payments) at the time when the same are to be paid as provided in the Purchase Agreement or the Trust Agreement, (B) the violation by the Town of any other covenant or provision of the Purchase Agreement or the Trust Agreement, (C) the occurrence of an event of default with respect to the Outstanding Parity Obligations or any Additional Revenue Obligations, or (D) the insolvency or bankruptcy of the Town as the same may be defined under any law of the United States of America or the State of Arizona, or any voluntary or involuntary action of the Town or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A) in the case of nonpayment of such amounts as required under the Purchase Agreement or the Trust Agreement on the due date, or the nonpayment of principal or interest due with respect to the Outstanding Parity Obligations or any Additional Revenue Obligations on their due date, (B) in the case of the breach of any other covenant or provision of the Trust Agreement or the Purchase Agreement not cured within sixty (60) days after notice in writing from the Trustee specifying such default; and (C) in

the case of any default under the Outstanding Parity Obligations or any Additional Revenue Obligations, after any notice and passage of time provided for under the proceedings under which such obligations were issued then,

(iii) subject to the limitations of the Trust Agreement, the Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect such amounts payable by the Town under the Trust Agreement or the Purchase Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the Town under the Trust Agreement or the Purchase Agreement and with respect to Excise Tax Revenues and State Shared Revenues, without notice and without giving any bond or surety to the Town or anyone claiming under the Town, have a receiver appointed of the amounts of Excise Tax Revenues and State Shared Revenues which are pledged to the payment of amounts due thereunder, with such powers as the court making such appointment shall confer (and the Town will irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

The obligations of the Town under the Purchase Agreement, including, without limitation, its obligation to pay the Payments, will survive any action brought, and the Town will continue to pay the Payments and perform all other obligations provided in the Purchase Agreement; provided, however, that the Town will be credited with any amount received by the Trustee.

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APPENDIX E

PROPOSED FORM OF APPROVING LEGAL OPINION

[Closing Date]

U.S. Bank Trust Company, National Association
Tempe, Arizona

Re: Pledged Excise Tax Revenue Obligations, Series 2026 Evidencing Proportionate Interests of the Owners Thereof in Purchase Payments to be Made by the Town of Marana, Arizona to U.S. Bank Trust Company, National Association, Dated the Date Hereof

We have examined the transcript of proceedings (the "Transcript") relating to the execution and delivery by U.S. Bank Trust Company, National Association (the "Trustee") of the Pledged Excise Tax Revenue Obligations, Series 2026 (the "Obligations") pursuant to a Fifth Trust Agreement, dated as of November 1, 2026* (the "Trust Agreement"), between the Trustee and the Town of Marana, Arizona (the "Town"). Each of the Obligations is an undivided, participating, proportionate interest in certain payments to be made by the Town pursuant to a Fifth Purchase Agreement, dated as of November 1, 2026* (the "Purchase Agreement"), between the Trustee and the Town to finance certain projects for the Town. In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinions rendered herein below.

In such an examination, we have examined originals (or copies certified or otherwise identified to our satisfaction) of the foregoing and have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the accuracy of the statements contained in such documents. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents contained in the Transcript. We have also relied upon the opinions of the Town Attorney delivered even date herewith as to the matters provided therein.

Based upon such examination, we are of the opinion that, under the law existing on the date of this opinion:

1. The Obligations, the Trust Agreement and the Purchase Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof and the rights thereunder are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally; except to the extent that the enforceability thereof and the rights thereunder may be limited by the application of general principles of equity and, as to the Trust Agreement, except to the extent that the enforceability of the indemnification provisions thereof may be affected by applicable securities laws.

2. The obligations of the Town pursuant to the Purchase Agreement with respect to payment of principal and interest with respect to the Obligations are solely from the revenues and other moneys pledged and assigned pursuant to the Trust Agreement to secure such payments. Those revenues and other moneys include payments required to be made by the Town pursuant to the Purchase Agreement, and the obligation of the Town to make those payments is secured by a limited pledge of "Excise Tax Revenues" and "State Shared Revenues" as described in, and provided by, the Purchase Agreement. Such payments are not secured by an obligation or pledge of any moneys raised by taxation other than the specified taxes; the Obligations do not represent or constitute a debt or pledge of the general credit of the Town and the Purchase Agreement, including the obligation of the Town to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the Town.

* *Subject to change.*

3. (a) Based on the representations and covenants of the Town and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, the portion of each payment made by the Town pursuant to the Purchase Agreement, denominated and comprising interest and received by the beneficial owners of the Obligations (the "Interest Portion"), is excludable from the gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion is not excluded from the determination of adjusted financial statement income. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligations. The Code includes requirements which the Town must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the Town to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to their date of execution and delivery. The Town has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. (Subject to the same limitations in the first numbered paragraph hereof as they would relate to such covenants, the Town has full legal power and authority to comply with such covenants.) In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other state tax consequences resulting from the receipt or accrual of the Interest Portion on, or disposition or ownership of, the Obligations.)

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$96,000,000*
TOWN OF MARANA, ARIZONA
PLEDGED EXCISE TAX REVENUE OBLIGATIONS,
SERIES 2026

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by the Town of Marana, Arizona (the "Town"), in connection with the execution and delivery of $96,000,000* principal amount of Pledged Excise Tax Revenue Obligations, Series 2026 (the "Obligations"). The Obligations are being executed and delivered pursuant to a Fifth Trust Agreement, dated as of November 1, 2026* (the "Trust Agreement"), by and between the Town and U.S. Bank Trust Company, National Association (the "Trustee"). The Town covenants and agrees as follows:

1. Definitions. In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

"Annual Financial Information" means the financial information and operating data set forth in Exhibit I.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the Town prepared pursuant to the standards and as described in Exhibit I.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the Town and which has filed with the Town a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at http://emma.msrb.org.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Final Official Statement" means the Final Official Statement relating to the Obligations, dated _____, 2026.

---

* *Subject to change.*

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"GAAP" means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

"Listed Event" means the occurrence of events set forth in *Exhibit II*.

"Listed Events Disclosure" means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

"Purchase Agreement" means the Fifth Purchase Agreement, dated as of November 1, 2026*, by and between the Town and the Trustee.

"Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

"State" means the State of Arizona.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the Town as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The Town represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. CUSIP Number. The CUSIP Numbers of the Obligations are as follows:

CUSIP No. (Base 56574C)	Payment Date

4. Annual Financial Information Disclosure. Subject to Section 8 of this Undertaking, the Town shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), through EMMA.

* *Subject to change.*

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Town will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. Subject to Section 8 of this Undertaking, the Town shall disseminate in a timely manner, but in not more than ten (10) business days after the occurrence of the event, its Listed Events Disclosure through EMMA. Whether events subject to the standard "material" would be material shall be determined under applicable federal securities laws.

6. Consequences of Failure of the Town to Provide Information. The Town shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Town to comply with any provision of this Undertaking, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the Town to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Purchase Agreement or the Trust Agreement, and the sole remedy available to such owners of the Obligations under this Undertaking in the event of any failure of the Town to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Undertaking, the Town by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Town, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the Town (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Trust Agreement at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Town to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the Town change or the fiscal year of the Town changes, the Town shall file a notice of such change in the same manner as for a notice of Listed Event.

8. Termination of Undertaking. This Undertaking shall be terminated hereunder if the Town shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Trust Agreement.

9. Dissemination Agent. The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the Town chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the Town shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. Beneficiaries. This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the Town, the Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. Recordkeeping. The Town shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. Assignment. The Town shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the Town under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

14. Governing Law. This Undertaking shall be governed by the laws of the State.

Dated: [Closing Date]

TOWN OF MARANA, ARIZONA

By.....
Mayor

ATTEST:

.....
Town Clerk

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the Final Official Statement in TABLE 4 – Historical, Unaudited Actual and Budgeted Excise Tax Revenues and State Shared Revenues Collections (actual results for most recently completed fiscal year only).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB. The Town shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by February 1 of each year, commencing February 1, 2027. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the Town.

Audited Financial Statements will be prepared according to GAAP.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the Town will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the Town, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.
13. The consummation of a merger, consolidation or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Town, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Town, any of which reflect financial difficulties.

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has Standard & Poor's rating of: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to

the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Obligations and the redemption price of any Obligation will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Obligations and the redemption price of any Obligations will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the Town or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DRAFT
09/25/26
10/08/26

FIFTH PURCHASE AGREEMENT

by and between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Seller

and

THE TOWN OF MARANA, ARIZONA,
as Purchaser

Dated as of November 1, 2026

728872354

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FIFTH PURCHASE AGREEMENT

THIS FIFTH PURCHASE AGREEMENT, dated as of November 1, 2026 (this "Agreement"), by and between the TOWN OF MARANA, ARIZONA, a municipal corporation under the laws of the State of Arizona ("Town"), as purchaser hereunder, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association ("Trustee"), in its capacity as trustee under the Fifth Trust Agreement, dated as of even date herewith (the "Trust Agreement"), by and between Trustee and Town, and in its separate capacity as seller hereunder,

W I T N E S S E T H:

WHEREAS, the Mayor and Common Council of Town have determined that it will be beneficial for the citizens of Town for Town to finance the costs of the Project (as such term and all other undefined terms used herein are defined in the Trust Agreement); and

WHEREAS, for such purpose, the Mayor and Common Council of Town requested that Trustee execute and deliver the Obligations, and Trustee has, as provided in the Trust Agreement, caused deposits to be made to the Acquisition Fund and the Costs of Issuance Fund; and

WHEREAS, Town is a municipal corporation duly incorporated and validly existing under the laws of the State; the Constitution and the laws of the State authorize Town to enter into this Agreement and the transactions contemplated by this Agreement; Town has duly authorized and executed this Agreement; this Agreement is a lawful, valid and binding obligation of Town, enforceable against Town in accordance with its terms; all required procedures for execution and performance of this Agreement have been or will be complied with in a timely manner; the Payments will be paid when due out of funds which are legally available for such purposes; neither the execution and delivery of this Agreement or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which Town is now a party or by which Town is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Town; and the Project complies with all applicable environmental laws, rules and regulations (including, without limitation, all federal, state and local laws) and with Title III of the Americans with Disabilities Act and the regulations issued thereunder by the United States Department of Justice concerning accessibility of places of public accommodation and commercial facilities if and to the extent such Act and regulations apply to the Project; and

WHEREAS, Trustee has full legal authority and is duly empowered to enter into this Agreement and has taken all actions necessary to the execution and delivery hereof;

NOW THEREFORE, PURSUANT TO LAW AND FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREINAFTER CONTAINED, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. Term and Payments.

(a) In order to finance the costs of the Project, Town sells and conveys any interests it has in the Project to Trustee, without recourse, representation or warranty, for the sum of $10.00 and other valuable consideration had and received. For the amounts payable pursuant hereto (including the Payments), Trustee in turn hereby sells and conveys back to Town, without recourse, representation or warranty, and Town hereby purchases from Trustee, any interests Trustee has in the Project.

(b) Trustee shall have no further obligation to provide funds for the Project, and Town shall be entitled to sole and exclusive possession of the Project.

(c) As the purchase price, Town shall pay the Payments to Trustee on the dates and in the amounts set forth in the Schedule hereto. (The Interest Portion is interest for purposes of the Code.) This Agreement shall be deemed and construed to be a "*net purchase agreement*," and the Payments shall be an absolute net return to Trustee, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein.

Town shall also pay all amounts necessary for compliance with the Continuing Disclosure Undertaking.

Town shall further also pay to Trustee its fees and expenses in accordance with the provisions of the Trust Agreement and to the United States of America any amounts required by Section 11(b)(ii).

Town shall receive a credit against amounts so due, equal to any amounts held in the Payment Fund in excess of the amount then required to be in the Payment Fund. If the balance available in the Payment Fund after a Payment is insufficient to make the next required payments of principal and interest due on the Obligations on the next date for payment thereof, Town shall pay any such deficiency in sufficient time to prevent default in the payment of principal of or interest on the Obligations falling due on such date.

(d) The obligation of Town to pay the amounts described in paragraph (c) hereof (including the Payments) from the sources described herein and to comply with the other provisions hereof shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach by Trustee of any obligation to Town or otherwise, or out of indebtedness or liability at any time owing to Town by Trustee. Until such time as all of the payments described in paragraph (c) hereof (including the Payments) shall have been fully paid or provided for, Town (i) shall not suspend or discontinue the same, (ii) shall comply with the other provisions hereof, and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project or the taking by *eminent domain* of title to or temporary use of any or all of the Project, commercial frustration of purpose, abandonment of the Project by Town, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of Trustee to perform

and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or this Agreement. Nothing contained in this Section shall be construed to release Trustee from the performance of any of the agreements on its part herein or in the Trust Agreement contained, and, in the event Trustee shall fail to perform any such agreements on its part, Town may institute such action against Trustee as Town may deem necessary to compel performance so long as such action does not abrogate the obligations of Town contained in the first sentence of this paragraph.

(e) Any of the payments described in paragraph (c) hereof (including the Payments) due on a day which is not a Business Day may be made on the next Business Day and will be deemed to have been made on the date due.

(f) Amounts payable to Trustee shall be paid by the means specified by Trustee in writing to Town.

Section 2. Pledge; Limited Obligations.

(a) Excise Tax Revenues and State Shared Revenues are hereby irrevocably pledged by Town to the payment of all amounts described in Section 1(c) hereof (including the Payments), and payment of such amounts shall be secured by a paramount and first lien on and pledge of Excise Tax Revenues and State Shared Revenues on parity with the pledge and lien hereby granted by Town for the payment and security of the Outstanding Parity Obligations and any Additional Revenue Obligations. Town shall make said payments from Excise Tax Revenues and State Shared Revenues (first making the Payments and thereafter making the other required payments). All of such payments are coequal as to the pledge of and lien on Excise Tax Revenues and State Shared Revenues and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Tax Revenues and State Shared Revenues or security therefor.

(b) Town shall remit to Trustee from Excise Tax Revenues and State Shared Revenues all amounts due under this Agreement in the amounts and at the times and for the purposes as required herein. The obligation of Town to make payments of any amounts due under this Agreement, including amounts due after default or termination hereof, is limited to payment from Excise Tax Revenues and State Shared Revenues and shall under no circumstances constitute a general obligation or a pledge of the full faith and credit of Town, the State or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any *ad valorem* property taxes.

(c) Town may, at the sole option of Town, make payments due pursuant to Section 1 hereof from its other funds as permitted by law and as Town shall determine from time to time, but Trustee acknowledges that it has no claim hereunder to such other funds. No part of the purchase price payable pursuant to this Agreement shall be payable out of any *ad valorem* property taxes imposed by Town or from bonds or other obligations, the payment of which Town's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by Town according to law, (ii) such payment or payments shall be within the budget limitations of the

statutes of the State, and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

Section 3. Surplus and Deficiency of Excise Tax Revenues and State Shared Revenues. Excise Tax Revenues and State Shared Revenues in excess of amounts, if any, required to be deposited with or held by Trustee for payments due under this Agreement shall constitute surplus revenues and may be used by Town for any lawful purpose for the benefit of Town, including the payment of obligations to which Excise Tax Revenues and State Shared Revenues may from time to time be pledged on a basis subordinate hereto. If at any time the moneys in the funds held for payment of amounts due under this Agreement are not sufficient to make the deposits and transfers required, any such deficiency shall be made up from the first moneys thereafter received and available for such transfers under the terms of this Agreement and, with respect to payment from Excise Tax Revenues and State Shared Revenues, *pro rata*, as applicable, with amounts due with respect to the Outstanding Parity Obligations, this Agreement and any Additional Revenue Obligations, and the transfer of any such sum or sums to said fund as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant hereto.

Section 4. Additional Revenue Obligations. Additional Revenue Obligations may be incurred but only if Excise Tax Revenues plus State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed Fiscal Year, shall have amounted to at least two (2) times the Maximum Annual Debt Service.

Section 5. Town Control over Revenue Collection.

(a) To the extent permitted by applicable law, Excise Tax Revenues shall be retained and maintained so that the amounts received from Excise Tax Revenues plus State Shared Revenues, when combined mathematically for such purpose only, all within and for the most recently completed Fiscal Year, shall have been equal to at least two (2) times the Annual Debt Service for the current Fiscal Year. If Excise Tax Revenues plus State Shared Revenues for any such Fiscal Year shall not have been equal to at least one and one-quarter (1.25) times the Annual Debt Service for the current Fiscal Year or if at any time it appears that Excise Tax Revenues plus State Shared Revenues will not be sufficient to meet such requirements, Town shall, to the extent permitted by applicable law, impose new exactions of the type of the excise taxes which will be part of the Excise Tax Revenues or increase the rates for the excise taxes currently imposed fully sufficient at all times, after making allowance for contingencies and errors, in each Fiscal Year in order that (i) Excise Tax Revenues plus State Shared Revenues will be sufficient to meet all current requirements hereunder, and (ii) Excise Tax Revenues plus State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this paragraph.

(b) The Excise Tax Revenue Fund established in connection with the Prior Lease is hereby expanded to provide for the purposes of this Agreement and, after paying therefrom amounts for the purposes described herein, such Fund may be reduced to zero, including by transferring any such balance to the General Fund of Town.

Section 6. Certain Matters with Respect to Project.

(a) Except with respect to its power and authority to enter into this Agreement and to perform its covenants hereunder, Trustee has made and makes no representation or warranty, express or implied, and assumes no obligation with respect to the title, merchantability, condition, quality or fitness of the Project for any particular purpose or the conformity of the Project to any plans, specifications, construction contract, purchase order, model or sample, or as to their design, construction, delivery, installation, construction oversight and operation or their suitability for use by Town. All such risks shall be borne by Town without in any way excusing Town from its obligations under this Agreement, and Trustee shall not be liable to Town for any damages on account of such risks. Except with respect to any acts by Trustee which are not undertaken at the request of Town or with the prior approval of Town, Town waives all claims against Trustee related to or arising from the acquisition of the Project. Trustee shall have no liability to Town for any failure of any contractor to perform any contract or other undertaking with respect to the Project in any respect. Trustee shall have no obligation to obtain or insure compliance with any required permits or approval procedures with respect to the Project. In the event of any defect in any item of the Project or other claim with respect to the Project, recourse of Town shall be against the contractors, manufacturers, suppliers, etc. of the Project and, where applicable, the person selling the property to Trustee, and not against Trustee. For such purpose, Trustee hereby assigns and transfers to Town the right, title and interest of Trustee in and to all representations, warranties, guarantees and service agreements relating to the Project made or entered into by Trustee and by any contractor, manufacturers, suppliers, etc. of the Project. Trustee further designates Town as its attorney-in-fact granting to Town the right to initiate and take all actions necessary to enforce any and all construction contracts and all such warranties and service agreements. Trustee is entering into this Agreement solely as Trustee, shall not be personally liable hereunder and shall be afforded the same rights, protections, immunities and indemnities acting hereunder as afforded to it as Trustee under the Trust Agreement. Notwithstanding anything to the contrary herein, at no time shall Trustee be listed in the chain of title to the Project.

(b) Trustee hereby irrevocably appoints Town as its sole and exclusive agent to act for and on behalf of Trustee in financing the costs of the Project. As such agent, Town shall have full authority to do all things necessary to accomplish such purposes. Trustee shall not be liable, responsible or accountable for the acts of Town as its agent hereunder, and Town hereby assumes all responsibility for the performance of such duties.

(c) Town, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Agreement, peaceably and quietly, have, hold and enjoy the Project, without suit, trouble or hindrance from Trustee. Town hereby grants and conveys to Trustee, and all persons claiming by, through or under Trustee, including its successors and assigns under the Trust Agreement and the Owners for whom it acts, a nonexclusive easement upon, in and to the Project for the purpose of permitting the Project to be maintained upon the premises.

(d) Notwithstanding any other terms or provisions of this Agreement, the interest of Trustee in the Project is solely in its capacity as Trustee for the purpose of facilitating

the financing of the Project, and Trustee shall not have the power, authority or obligation to assume any responsibility for the Project.

Section 7. Providing for Payment. Town may provide for the payment of any of the Payments in any one or more of the following ways:

(a) by paying such Payment as provided herein as and when the same becomes due and payable at its scheduled due date pursuant to Section 1 hereof or on a date on which it can be prepaid;

(b) by depositing with a Depository Trustee, in trust for such purposes, money which, together with the amounts then on deposit with Trustee and available for such Payment is fully sufficient to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are noncallable, in such amount as shall be certified to Trustee and Town, by a national firm of certified public accountants acceptable to Town, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with Trustee and available for such Payment, to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid.

Upon any partial prepayment of a Payment, each installment of interest which shall thereafter be payable as a part of the subsequent Payments shall be reduced, taking into account the interest rate or rates on the Obligations remaining outstanding after the partial prepayment so that the interest remaining payable as a part of the subsequent Payments shall be sufficient to pay the interest on such outstanding Obligations when due.

Section 8. Term of Agreement. This Agreement shall not terminate so long as any payments are due and owing pursuant to the Obligations. Subject to Section 7 hereof, upon full payment or provision for payment and in consideration of the timely payment of all of the amounts described in Section 1(c) hereof (including the Payments) and provided that Town has performed all the covenants and agreements required by Town to be performed, this Agreement shall cease and expire. The obligations of Town under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section hereof, and Town shall continue to pay the Payments and perform all other obligations provided in this Agreement; provided, however, that Town shall be credited with any amount received by Trustee pursuant to actions brought under the next Section hereof.

Section 9. Default; Remedies Upon Default.

(a) (i) Upon (A) the nonpayment of the whole or any part of any of the amounts described in Section 1(c) hereof (including the Payments) at the time when the same are to be paid as provided herein or in the Trust Agreement, (B) the violation by Town of any other covenant or provision of this Agreement or the Trust Agreement, (C) the occurrence of an event of default with respect to the Outstanding Parity Obligations or any

Additional Revenue Obligations, or (D) the insolvency or bankruptcy of Town as the same may be defined under any law of the United States of America or the State, or any voluntary or involuntary action of Town or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A) in the case of nonpayment of any of the amounts described in Section 1(c) hereof (including the Payments) as required hereunder or under the Trust Agreement on the due date or the nonpayment of principal or interest due with respect to the Outstanding Parity Obligations or any Additional Revenue Obligations on their due dates, (B) in the case of the breach of any other covenant or provision of the Trust Agreement or this Agreement not cured within sixty (60) days after notice in writing from Trustee specifying such default, and (C) in the case of any other default under any of the Outstanding Parity Obligations or any Additional Revenue Obligations after any notice and passage of time provided for under the proceedings under which such obligations were issued then,

(iii) subject to the limitations of the Trust Agreement, Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by Town under the Trust Agreement or this Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement or covenant of Town under the Trust Agreement or this Agreement, and with respect to Excise Tax Revenues and State Shared Revenues, without notice and without giving any bond or surety to Town or anyone claiming under Town, have a receiver appointed of Excise Tax Revenues and State Shared Revenues which are pledged to the payment of amounts due hereunder, with such powers as the court making such appointment shall confer (and Town does hereby irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

Each right, power and remedy of Trustee provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for herein, or, unless prohibited by the terms hereof, now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by Trustee of any one or more of the rights, powers or remedies provided for herein or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by either party of any or all of such other rights, powers or remedies. The failure to insist upon strict performance of any of the covenants or agreements herein set forth shall not be considered or taken as a waiver or relinquishment for the future of the rights of Trustee to insist upon a strict compliance by Trustee with all the covenants and conditions hereof. Town shall, upon not less than 10 days' prior request by Trustee, execute, acknowledge and deliver to Trustee a statement in writing certifying that this Agreement is unmodified and in full force and effect (or, if this Agreement has been modified, that it is in full force and effect except as modified, and stating the modification), and the dates to which the amounts payable hereunder have been paid in advance, if any.

(b) Trustee shall in no event be in default in the performance of any of its obligations hereunder unless and until Trustee shall have failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by Town properly specifying wherein Trustee has failed to perform any such obligation. No default by Trustee shall relieve Town of its obligations to make the various payments herein required, so long as any of the Obligations remain outstanding; however, Town may exercise any other remedy available at law or in equity to require Trustee to remedy such default so long as such remedy does not interfere with or endanger the payments required to be made to Trustee under the Trust Agreement.

Section 10. Assignment.

(a) Except as otherwise provided herein, Town shall not assign, transfer, pledge or hypothecate or otherwise dispose of this Agreement or any interest therein, and any assignment in contravention hereof shall be void.

(b) Subject to the terms of the Trust Agreement, all and every part of the right, title and interest of Town in and to this Agreement and all payments of any kind due or which become due to Trustee hereunder are sold, pledged, assigned and transferred pursuant to the Trust Agreement.

Section 11. Federal Law Provisions.

(a) (i) As described in further detail in the Tax Certificate, no direction by Town for the making of any investment or other use of the proceeds of the Obligations or of the Project shall be made, permitted to be made or omitted from being made which would cause the Obligations to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and the requirements of such sections and related regulations of the Code shall be complied with throughout the term of the Obligations. Particularly, Town shall be the owner of the Project for federal income tax purposes. Town shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Project unless the management or service contract complies with the requirements of such authority as may control at the time, or any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Project. Also, the payment of principal and interest with respect to the Obligations shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Obligations, or amounts treated as proceeds of the Obligations, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds may be so invested for an initial temporary period until needed for the purpose for which the Obligations are being executed and delivered, may be so used in making investments in a *bona fide* debt service fund or may be invested in obligations issued by the United States Treasury. Town shall comply with the procedures and covenants contained in any arbitrage rebate provision or separate agreement executed in connection with the execution and delivery of the Obligations (initially those in subsection (b) and the Tax Certificate) for so long as compliance is necessary in order to maintain

the exclusion from gross income for federal income tax purposes of the Interest Portion. In consideration of the purchase and acceptance of the Obligations by the owners from time to time thereof and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, Town shall, and the appropriate officials of Town are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(ii) (A) Town shall take all necessary and desirable steps, as determined by the Mayor and Common Council of Town, to comply with the requirements hereunder in order to ensure that the Interest Portion is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event Town receives a Special Counsel's Opinion that either compliance with such requirement is not required to maintain the exclusion from gross income of the Interest Portion or compliance with some other requirement will meet the requirements of the Code relating to such exclusion. In the event Town receives such a Special Counsel's Opinion, the parties agree to amend this Agreement to conform to the requirements set forth in such opinion.

(B) If for any reason any requirement hereunder is not complied with, Town shall take all necessary and desirable steps, as determined by Town, to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and Town shall pay any required interest or penalty under hereinafter described Regulations Section 1.148-3(h) with respect to the Code.

(C) Written procedures have been established for Town to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Regulations and to monitor the requirements of Section 148 of the Code relating to arbitrage, with which Town will comply.

(b) (i) Undefined terms used in this Subsection shall have the meanings given to them in the Code and the Regulations.

(ii) Unless an exception is available to the satisfaction of a Town Representative, within 60 days after the end of each Bond Year, Town shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(A) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount which, when added to the future value of all previous Rebate Payments with respect to the Obligations (determined as of such computation date), is equal to at least 90% of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous Rebate Payments with respect to the Obligations (determined as of the last day of such Bond Year); and

(B) not later than 60 days after the retirement of the last Obligation, an amount equal to 100% of the Rebate Requirement (determined as of the date of retirement of the last Obligation).

Each Rebate Payment required to be made under this Section shall be filed on or before the date such payment is due, with the Internal Revenue Service at the appropriate location and with required forms and other materials, currently by addressing it to IRS Service Center, Ogden, Utah 84201, and accompanying it with IRS Form 8038-T.

(iii) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(iv) For purposes of paragraph (iii), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(A) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing purchaser would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(B) Except as provided in Subsections (v) or (vi), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code Section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(C) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

(v) The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(A) the yield on reasonably comparable direct obligations of the United States; and

(B) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(vi) A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(A) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential

provider has with Town or any other person (whether or not in connection with the Obligations), and that the bid is not being submitted solely as a courtesy to Town or any other person for purposes of satisfying the requirements in the Regulations that Town receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Obligations.

(B) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

(C) At least three reasonably competitive providers (i.e., having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Obligations (e.g., a lead underwriter within 15 days of the issue date of the Obligations or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If Town uses an agent to conduct the bidding, the agent may not bid.

(D) The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

(E) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

(F) The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

(G) The provider of the investment contract certifies the administrative costs (as defined in Regulations Section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

(H) Town retains until three years after the last outstanding Obligation is retired, (1) a copy of the guaranteed investment contract, (2) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by Town and a copy of the provider's certification described in (G) above, (3) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (4) the bid solicitation form and, if the terms of the guaranteed investment contract deviate from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(vii) Such experts and consultants shall be employed by Town to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code with respect to the Obligations.

(c) Town shall comply with and carry out all of the provisions of the Continuing Disclosure Undertaking, provided that such costs of compliance shall be payable solely

from Excise Tax Revenues and State Shared Revenues. Notwithstanding any other provision of this Agreement, failure of Town to comply with the Continuing Disclosure Undertaking shall not be considered an event of default; however, Trustee may (and, at the request of the original purchaser of the Obligations or the owners of at least 25% aggregate principal amount in outstanding Obligations and receipt of indemnity to its satisfaction, shall) take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause Town to comply with its obligations under the Continuing Disclosure Undertaking.

(d) Trustee has no duty or obligations under this Section 11 and has no duty to monitor compliance by Town with this Section 11.

Section 12. Covenant as to Conflict of Interest; Other Statutory Restrictions.

(a) To the extent applicable by provision of law, Trustee acknowledges that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein and which provides that Town may within three (3) years after its execution cancel any contract (including this Agreement) without penalty or further obligation made by Town if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of Town is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of Town within three years from the execution of this Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, is provided by Town. No basis exists for Town to cancel this Agreement pursuant to Section 38-511, Arizona Revised Statutes, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by Trustee of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of Trustee by Town. Town retains the legal right to randomly inspect the papers and records of Trustee to ensure that Trustee is complying with the above-mentioned warranty. Trustee shall keep such papers and records open for random inspection during normal business hours by Town. Trustee shall cooperate with the random inspections by Town including granting Town entry rights onto its property to perform such random inspections and waiving its rights to keep such papers and records confidential.

(c) To the extent applicable under Section 35-393 et seq., Arizona Revised Statutes, Trustee hereby certifies it is not currently engaged in, and for the duration of this Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If Town determines that Trustee's certification

above is false or that it has breached such agreement, Town may remove Trustee hereunder as provided by law.

(d) To the extent applicable under Section 35-394, Arizona Revised Statutes, Trustee hereby certifies it does not currently, and for the duration of this Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People's Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certification is made to the best knowledge of Trustee without any current independent investigation or without any future independent investigation for the duration of this Agreement. If Trustee becomes aware during the duration of this Agreement that it is not in compliance with such certification, Trustee shall take such actions as provided by law, including providing the required notice to Town. If Town determines that Trustee is not in compliance with the foregoing certification and has not taken remedial action, Town shall terminate Trustee's role as Trustee hereunder pursuant to Article VII of the Trust Agreement.

Section 13. Miscellaneous.

(a) No covenant or obligation herein to be performed by Town may be waived except by the written consent of Trustee, and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not preclude Trustee from invoking such remedy at any later time prior to the cure by Town of the condition giving rise to such remedy.

(b) This Agreement shall be construed and governed in accordance with the laws of the State in effect from time to time.

(c) The recitals set forth at the beginning of this Agreement are incorporated in this Agreement by this reference. This Agreement constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, supplemented, altered or changed in any respect except by a written document signed by both Trustee and Town, subject to the restrictions with regard thereto provided by the Trust Agreement.

(d) Any term or provision of this Agreement found to be prohibited by law or unenforceable or which would cause this Agreement to be invalid, prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without, to the extent reasonably possible, causing the remainder of this Agreement to be invalid, prohibited by law or unenforceable.

(e) The captions set forth herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

(f) Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors, assigns and personal representatives, as the case may be. Any person or entity acquiring any interest in or to the right, title or interest of Trustee herein shall be and have the rights of a third-party beneficiary hereunder.

(g) This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

[Signature page follows.]

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

Trustee:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as seller

By.....
Authorized Representative

Town:

TOWN OF MARANA, ARIZONA, a municipal corporation under the laws of the State of Arizona, as purchaser

By.....
Mayor

ATTEST:

.....
Town Clerk

[Signature page to Fifth Purchase Agreement]

SCHEDULE

Payment Date	Principal	Interest	Total Payment
Total			

DRAFT
09/25/26
10/08/26

FIFTH TRUST AGREEMENT

by and between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

and

THE TOWN OF MARANA, ARIZONA

Dated as of November 1, 2026

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* * *

FIFTH TRUST AGREEMENT

THIS FIFTH TRUST AGREEMENT, dated as of November 1, 2026 (together with any duly authorized, executed and delivered supplement hereto, this "Trust Agreement"), by and between U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association authorized to exercise corporate trust powers in the State of Arizona, as trustee, or any successor thereto acting as trustee pursuant to this Trust Agreement and in its capacity as "Seller" pursuant to the hereinafter described Purchase Agreement (the "Trustee"), and the TOWN OF MARANA, ARIZONA, a municipal corporation under the laws of the State of Arizona (the "Town"),

W I T N E S S E T H:

WHEREAS, the Mayor and Common Council of the Town have determined that it will be beneficial to the citizens of the Town for the Town to finance the costs of the Project (as such term and all other terms not otherwise defined hereinabove are hereinafter defined); and

WHEREAS, for such purpose, the Mayor and Common Council of the Town requested that the Trustee execute and deliver the Obligations, and the Trustee has, as described in this Trust Agreement, caused deposits to be made to the Acquisition Fund and the Costs of Issuance Fund; and

WHEREAS, the Town and the Trustee will enter into this Trust Agreement to facilitate the administration of the financing of the costs of the Project, and the Trustee has full legal authority and is duly empowered to enter into this Trust Agreement and has taken all actions necessary to authorize the execution and delivery hereof; and

WHEREAS, for the purpose of obtaining the moneys to provide for such deposits, rights pursuant to the Purchase Agreement have been assigned and transferred to the Trustee for purposes hereof, and in consideration of such assignment and the execution hereof, the Trustee has executed and delivered the Obligations, each evidencing a proportionate interest in certain rights pursuant to the Purchase Agreement;

NOW, THEREFORE, in consideration for the Obligations executed, delivered and Outstanding under this Trust Agreement; the acceptance by the Trustee of the trusts created herein; the purchase and acceptance of the Obligations by the Owners, and to secure the payment of principal and interest (to the extent provided herein) represented by the Obligations, the rights of the Owners of the Obligations and the performance and the observance of the covenants and conditions contained in the Obligations, the Purchase Agreement and herein, and the performance and the observance of all of the covenants and conditions contained therein, the Town absolutely and irrevocably pledges and assigns to the Trustee, and the Trustee hereby declares an irrevocable trust and acknowledges its acceptance of, all right, title and interest in and to the following described trust estate, which shall be administered by the Trustee according to the provisions of this Trust Agreement and for the equal and proportionate benefit of the Owners of the Obligations:

A. All right, title and interest of the Seller in, under and pursuant to the Purchase Agreement, the Payments and any other amounts payable by the Town under the

Purchase Agreement and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all such revenues, receipts and other sums of money payable or receivable thereunder, (ii) bring actions and proceedings thereunder or for the enforcement of such rights, and (iii) do any and all other things which the Seller is or may become entitled to do thereunder;

B. Amounts on deposit from time to time in the funds created pursuant hereto, subject to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

C. Any and all other real or personal property of any kind from time to time hereafter by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Obligations, by the Seller or by anyone on its behalf or with its written consent, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof,

TO HAVE AND TO HOLD, all and singular, the trust estate, including all additional property which by the terms hereof has or may become subject to the encumbrance of this Trust Agreement, unto the Trustee and its successors and assigns, forever, subject, however, to the rights of the Town, its successors and assigns, under the Purchase Agreement;

IN TRUST, however, for the equal and proportionate benefit and security of the Owners from time to time of the Obligations executed and delivered hereunder and Outstanding, none of the Obligations being entitled to priority or distinction one over the other in the application of Excise Tax Revenues and State Shared Revenues pledged by the Purchase Agreement to the Payments, regardless of the delivery of any of the Obligations prior to the delivery of any other of the Obligations, or regardless of the time or times principal represented by any Obligations are paid or are subject to prepayment with respect to principal represented thereby, all of the Obligations being co-equal as to the pledge of and lien on Excise Tax Revenues and State Shared Revenues pledged for the Payments thereof and sharing ratably, without preference, priority or distinction, as to the source or method of payment from Excise Tax Revenues and State Shared Revenues or security therefor and conditioned, however, that if the Town shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, this Trust Agreement shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth. For such purposes, the Town and the Trustee hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. In addition to the terms defined in the first paragraph hereof and unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings herein specified.

"Acquisition Fund" means the fund of that name established pursuant to Article III and held by the Trustee.

"Additional Revenue Obligations" means any additional obligations which may hereafter be issued or incurred by the Town (or any financing conduit acting on behalf of the Town) having a lien upon and payable from Excise Tax Revenues and State Shared Revenues on a parity with, and in compliance with the terms of, the Outstanding Parity Obligations and the Purchase Agreement.

"Annual Debt Service" means the amount to be paid in any Fiscal Year with respect to the Parity Obligations for payment of principal and interest requirements.

"Authorized Denominations" means $5,000 of principal represented by the Obligations due on a specific payment date or integral multiples thereof.

"Bond Year" means each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Obligations and shall end on the date selected by the Town, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Obligation.

"Bond Yield" means the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations Section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Obligations as determined under Regulations Section 1.148-4(b), recomputed if required by Regulations Section 1.148-4(b)(4) or 4(h)(3). The present value of all such payments shall be computed as of the date of issue of the Obligations and using semiannual compounding on the basis of a 360-day year.

"Business Day" means any day of the week other than a Saturday, Sunday or a day which shall be in the State a legal holiday or a day on which the Trustee is authorized or obligated by law or executive order to close or a day on which the Federal Reserve is closed as modified by the effect of Section 9.6.

"Certificate of Completion" means the notice of completion, filed with the Trustee by the Town Representative, stating that the Project has been substantially completed.

"Closing Date" means November __, 2026.

"Code" means the Internal Revenue Code of 1986, as amended. References to the Code and sections thereof include applicable regulations and temporary regulations thereunder and any successor provisions to those sections, regulations or temporary regulations and any applicable regulations or temporary regulations issued pursuant to the Internal Revenue Code of 1954, as amended.

"Completion Date" means the date on which the Certificate of Completion is filed with the Trustee by the Town Representative.

"Continuing Disclosure Undertaking" means the Continuing Disclosure Undertaking, dated the Closing Date, from the Town.

"Corporate Trust Office" means the office of the Trustee designated in Section 12.2 or any successor corporate trust office.

"Costs of Issuance Fund" means the fund of that name established pursuant to Article III and held by the Trustee.

"Defaulted Interest" has the meaning provided in Section 2.11(d).

"Defeasance Obligations" means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, (5) securities eligible for "AAA" defeasance under then-existing criteria of S&P, or (6) any combination of the foregoing.

"Delivery Costs" means all items of expense directly or indirectly payable by or reimbursable to the Town or the Trustee relating to the sale and execution and delivery of the Purchase Agreement, this Trust Agreement and the Obligations, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Obligations and charges and fees in connection with the foregoing.

"Depository Trustee" means any bank or trust company, which may include the Trustee, designated by the Town, with a combined capital and surplus of at least Fifty Million Dollars ($50,000,000) and subject to supervision or examination by federal or State authority.

"Designated Office" means the office designated as such by the Trustee in writing to the Town.

"DTC" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"Electronically" means, with respect to notice, one transmitted through a timesharing terminal, computer network or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

"Event of Default" means an event of default under the Purchase Agreement as provided in Section 9 thereof.

"Excise Tax Revenues" means revenues from the Town sales taxes, license and permit fees and fines and forfeitures which the Town now collects; provided that the Mayor and Common Council of the Town may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council.

"Fiscal Year" means the fiscal year of the Town, currently the period July 1 through June 30.

"Fourth Purchase Agreement" means the Fourth Purchase Agreement, dated as of February 1, 2024, by and between U.S. Bank Trust Company, National Association, as seller, and the Town, as purchaser.

"Gross Proceeds" means:

(i) any amounts actually or constructively received by the Town from the sale of the Obligations but excluding amounts used to pay accrued interest on the Obligations within one year of the date of issuance of the Obligations;

(ii) transferred proceeds of the Obligations under Regulations Section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii); and

(iv) replacement proceeds of the Obligations within the meaning of Regulations Section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Obligations, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Obligations in the event the Town encounters financial difficulties and other replacement proceeds within the meaning of Regulations Section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under this Trust Agreement.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Town or the Trustee and which may include the counsel giving a Special Counsel's Opinion.

"Interest Payment Date" means each January 15 and July 15, while principal represented by any Obligations is Outstanding provided that, pursuant to Section 9.6, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

"Interest Portion" means the amounts of each of the Payments in the column in the Schedule attached to the Purchase Agreement designated "Interest," denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations.

"Investment Property" means any security, obligation (other than a tax-exempt bond within the meaning of Code Section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations Section 1.148-1(b).

"Issue Price" means the issue price of the Obligations determined as provided in the Regulations and as indicated in the Tax Certificate.

"Market Value" means the indicated bid value of the investment or investments to be valued as shown in The Wall Street Journal or any publication having general acceptance as a source of valuation of the same or similar types of securities or any securities pricing service available to or used by the Trustee and generally accepted as a source of valuation.

"Maximum Annual Debt Service" means, for any Fiscal Year, the greatest Annual Debt Service for the then-current or any succeeding Fiscal Year.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town by notice to the Trustee.

"Nonpurpose Investment" means any Investment Property acquired with Gross Proceeds and which is not acquired to carry out the governmental purposes of the Obligations.

"Notification" shall have the meaning provided in Section 10.3.

"Obligations" means the Town of Marana, Arizona Pledged Excise Tax Revenue Obligations, Series 2026, executed and delivered pursuant hereto.

"Outstanding" refers to Obligations issued in accordance with this Trust Agreement, excluding: (i) Obligations which have been exchanged or replaced, or delivered to the Trustee for credit against a mandatory prepayment installment with respect to principal represented thereby; (ii) Obligations which have been paid; (iii) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee; and (iv) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or

obligations permitted hereby and by the Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal and interest represented by such Obligations, provided, however, that if principal represented by any such Obligations is to be prepaid, the Town shall have taken all action necessary to prepay such Obligations and notice of such prepayment shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to give such notice shall have been given to the Trustee.

"Outstanding Parity Obligations" means, collectively, the Third Purchase Agreement, the Fourth Purchase Agreement and the WIFA Loan Agreements.

"Owner" or any similar term, when used with respect to an Obligation means the person in whose name such Obligation shall be registered.

"Parity Obligations" means the Outstanding Parity Obligations, the Purchase Agreement and any Additional Revenue Obligations.

"Payment Fund" means the fund of that name established pursuant to Article V and held by the Trustee.

"Payment Request Form" means the form set forth in Exhibit B attached hereto.

"Payments" means the "Payments" required to be paid by the Town pursuant to Section 1(c) of the Purchase Agreement and as set forth in the Schedule to the Purchase Agreement, subject to the provisions of Section 5.2(b).

"Permitted Investments" means any investment permitted by applicable law, including Section 35-323, Arizona Revised Statutes (or any successor provision thereto).

"Prior Lease" means the Amended and Restated Town Lease and Series 1992 Town Lease, dated as of October 1, 1997, as amended by the First Amendment to Amended and Restated Town Lease and Series 1992 Town Lease, dated as of January 1, 2000, the Combined Operations Center Property Ground Lease and Second Amendment to Amended and Restated Town Lease and Series 1992 Town Lease, dated as of April 1, 2002, and the Third Amendment to Amended and Restated Town Lease and Series 1992 Town Lease, dated as of September 1, 2003, and supplemented by the First Supplement to Amended and Restated Town Lease and Series 1992 Town Lease, dated as of February 1, 2000, the Second Supplement to Amended and Restated Town Lease and Series 1992 Town Lease, dated as of September 1, 2003, the Third Supplement to Amended and Restated Town Lease and Series 1992 Town Lease, dated as of August 1, 2004, and the Fourth Supplement to Amended and Restated Town Lease and Series 1992 Town Lease, dated as of August 1, 2008 by and between the Town and the Town of Marana Municipal Property Corporation.

"Project Costs" means all architectural, engineering, soils, survey, archaeology, demolition, construction management fees, development fees, contingencies and other related costs of installation, construction and other matters necessary for the Project and all

costs incurred by the Trustee or the Town with respect to the transaction to which this Trust Agreement pertains.

"Project" means, collectively, improvements to the Town's wastewater utility system and related capital improvements.

"Purchase Agreement" means the Fifth Purchase Agreement, dated as of November 1, 2026, by and between the Trustee, as seller, and the Town, as purchaser.

"Rebate Payment" means any payment within the meaning of Regulations Section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

"Rebate Requirement" means, for each Bond Year, at any time the excess of the future value of all Receipts over the future value of all Rebate Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Rebate Payments in accordance with Regulations Section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under Section 148(f)(4) of the Code or Regulations Section 1.148-7.

"Receipt" means any receipt within the meaning of Regulations Section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

"Regular Record Date" means the close of business on the first day of the month of each Interest Payment Date.

"Regulations" means Sections 1.148-1 through 1.148-11 and Section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

"Reimbursement Request Form" means the form set forth in Exhibit C attached hereto.

"Responsible Officer" means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any senior associate, any associate or any other officer of the Trustee within the Corporate Trust Office customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Trust Agreement.

"S&P" means Standard & Poor's Financial Services, LLC, a limited liability company organized and existing under the laws of the State of New York, its successors and assigns, and, if such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town by notice to the Trustee.

"Securities Depository" means a "clearing agency" (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended.

"Special Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Town.

"Special Record Date" has the meaning provided in Section 2.11(d).

"State" means the State of Arizona.

"State Shared Revenues" means revenues from amounts allocated or apportioned to the Town by the State, any political subdivision thereof or any other governmental unit or agency, except the share of the Town of any taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes.*

"Tax Certificate" means the Certificate Relating To Federal Tax Matters, executed and delivered by the Town on the Closing Date.

"Third Purchase Agreement" means the Third Purchase Agreement, dated as of April 1, 2017, by and between U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Bank), as seller, and the Town, as purchaser.

"Town Representative" means the Town Manager, the Town Finance Director or any other person authorized by the Town Manager or the Mayor and Common Council of the Town to act on behalf of the Town with respect to this Trust Agreement.

"WIFA" means the Water Infrastructure Finance Authority of Arizona.

"WIFA Loan Agreements" means, collectively, Loan Agreement No. 910176-19, dated as of August 10, 2018, by and between the Town and WIFA, Loan Agreement No. 920293-19, dated as of January 18, 2019, by and between the Town and WIFA, Loan Agreement No. 910183-20, dated as of May 15, 2020, by and between the Town and WIFA, Loan Agreement No. 920303-20, dated as of May 15, 2020, by and between the Town and WIFA, Loan Agreement No. 920362-23, dated as of December 9, 2022, by and between the Town and WIFA, and Loan Agreement No. 920378-24, dated as of June 26, 2024, by and between the Town and WIFA.

Section 1.2. Interpretation.

(a) Any reference herein to the Mayor and Common Council of the Town or any officer of the Town shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

* For clarity, this definition (as used herein and in the Parity Obligations) is to be read to include vehicle license taxes allocated or apportioned to the Town by the State, any political subdivision thereof or any other governmental unit or agency from and after the date hereof.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. References to "Articles" and "Sections" are to those in this Trust Agreement.

Section 1.3. Obligations Not General Obligations of the Town. The Obligations shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness or general obligation of the Town within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Town or be a charge against the Town's general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

ARTICLE II
SPECIAL REVENUE OBLIGATIONS

Section 2.1. Authorization of the Obligations. The Trustee is hereby authorized and directed to execute and deliver to the original purchaser thereof, the Obligations in the principal amount of $____,000, evidencing proportionate ownership interests in the Payments. In no event shall the Obligations be deemed liabilities, debts or obligations of the Trustee.

Section 2.2. Date; Interest Accrual. Each Obligation shall be dated the Closing Date, and interest represented thereby shall be payable from such date or from the most recent Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Obligations.

Section 2.3. Payment Amounts and Dates and Interest Rates. The Obligations shall be in Authorized Denominations. Principal represented by the Obligations shall be payable on the dates and in the principal amounts, and interest represented thereby shall be computed at the rates, as shown below:

Payment Date (July 1)	Principal Amount	Interest Rates

Section 2.4. Interest on Obligations. Interest represented by the Obligations shall be payable semiannually on January 15 and July 15 of each year commencing July 15, 2027, to and including the date of payment or prepayment of the amount of principal represented by the

Obligations. Except for the initial period, said interest shall represent the portion of the Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date with respect to the Obligations. The proportionate share of the portion of the Payments designated as interest with respect to any Obligation shall be computed by multiplying the portion of Payments designated as principal remaining with respect to such Obligation (whether paid as a result of mandatory prepayment or payment) by the rate of interest applicable to such Obligation (on the basis of a 360-day year of twelve 30-day months), except that the first portion of the Payments designated as interest shall be for interest from the Closing Date to July 15, 2027.

Section 2.5. Form. The Obligations shall be in fully registered, certificated form, substantially in the form set forth in Exhibit A hereto.

Section 2.6. Execution. The Obligations shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any representative whose signature appears on any Obligation ceases to be such representative before the Closing Date, such signature shall nevertheless be as effective as if the representative had remained in office until the Closing Date. Any Obligation may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Obligation shall be the proper authorized representative of the Trustee although at the nominal date of such Obligation such person shall not have been such authorized representative of the Trustee. No Obligation shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Trust Agreement unless and until executed and delivered by the Trustee. The execution by the Trustee of any Obligation shall be conclusive evidence that the Obligation so executed has been duly authorized and delivered hereunder and is entitled to the security and benefit of this Trust Agreement.

Section 2.7. Book-Entry Only System. The Trustee and the Town may from time to time enter into, and discontinue, an agreement with a Securities Depository as the Owner of the Obligations, to establish procedures with respect to the Obligations not inconsistent with the provisions of this Trust Agreement; provided, that, notwithstanding any other provisions of this Trust Agreement, any such agreement may provide that different provisions for notice to the Securities Depository may be set forth herein and that a legend shall appear on each Obligation so long as the Obligations are subject to such agreement. With respect to Obligations registered in the name of a Securities Depository (or its nominee), neither the Trustee nor the Town shall have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Obligations. It is hereby acknowledged that the Town intends to enter into an agreement with DTC in connection with the execution and delivery of the Obligations, and while such agreement is in effect, the procedures established therein shall apply to the Obligations notwithstanding any other provisions of this Trust Agreement to the contrary. As long as DTC is the Securities Depository with respect to the Obligations, the Trustee shall be a "DTC Direct Participant." The Trustee shall not have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Obligations regarding accuracy of any records maintained by DTC or DTC participants, the payments by DTC or DTC participants of any amount in respect of principal or interest represented by the Obligations, any notice which is permitted or required to be given to or by Owners hereunder (except such notice as is required

to be given by the Town to the Trustee or to DTC), or any consent given or any other action taken by DTC as Owner.

Section 2.8. Application of Proceeds. The proceeds received by the Trustee from the sale of the Obligations ($_____) shall forthwith be applied by the Trustee as follows:

(1) $_____ shall be deposited in the Acquisition Fund, and

(2) $_____ shall be deposited in the Costs of Issuance Fund.

Section 2.9. Transfer and Exchange.

(a) Any Obligation may, in accordance with its terms, be transferred upon the registration books for the Obligations required to be kept pursuant to the provisions of Section 2.13 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Obligation for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Obligation or Obligations shall be surrendered for transfer, the Trustee shall execute and deliver a new Obligation or Obligations in fully registered form of the same payment date and interest rate and for a like aggregate payment amount.

(b) Obligations may be exchanged at the Designated Office for a like aggregate payment amount of Obligations of Authorized Denominations of the same payment date and interest rate. In connection with any such exchange or transfer of Obligations, the Owner requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid, other than one imposed by the Town (which will not be payable by the Trustee), or any fee or expense of the Trustee or the Town with respect to such exchange or transfer.

(c) The Trustee may, but shall not be obligated to, exchange or register the transfer of an Obligation (i) if principal represented by the Obligation is to be prepaid, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of prepayment. If an Obligation subject to such prepayment is to be transferred after having been selected for prepayment, any notice of prepayment which has been given to the transferor shall be binding on the transferee and a copy of the notice of prepayment shall be delivered by the Trustee to the transferee along with the duly registered Obligation or Obligations.

Section 2.10. Obligations Mutilated, Lost, Destroyed or Stolen. If any Obligation shall become mutilated, the Trustee, at the expense of the Owner of said Obligation, shall execute and deliver a new Obligation of like tenor, payment date and amount in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Trustee of the Obligation so mutilated. Any mutilated Obligation so surrendered to the Trustee shall be cancelled by it and redelivered to, or upon the order of, the Owner of such Obligation. If any Obligation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner of such Obligation, shall

execute and deliver a new Obligation of like tenor and payment date and amount and numbered as the Trustee shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Obligation delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Obligation issued under the provisions of this Section in lieu of any Obligation alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Obligations secured by this Trust Agreement. The Trustee shall not be required to treat both the original Obligation and any replacement Obligation as being Outstanding for the purpose of determining the principal amount of Obligations which may be executed and delivered hereunder or for the purpose of determining any percentage of Obligations Outstanding hereunder, but both the original and replacement Obligation shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Obligation for an Obligation which has been mutilated, lost, destroyed or stolen, and which has become due, the Trustee may make payment with respect to such Obligation upon receipt of the aforementioned indemnity.

Section 2.11. Payment.

(a) Payment of interest due represented by any Obligation on any Interest Payment Date shall be made to the persons appearing on the registration books for the Obligations maintained by the Trustee as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the date due by first class mail to such Owners at the addresses thereof as they appear on such registration books, payable in lawful money of the United States of America.

(b) The principal represented by any of the Obligations shall be payable in lawful money of the United States of America upon surrender when due at the Designated Office.

(c) Interest and, if satisfactory arrangements for surrender are made with the Trustee, principal payable to any Securities Depository or to any Owner of $1,000,000 or more in principal amount of Obligations shall be paid by wire transfer in immediately available funds to an account in the United States of America if the Owner makes a written request of the Trustee at least twenty (20) days before the Interest Payment Date specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

(d) Any interest represented by any Obligation which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the Owners on the relevant Regular Record Date solely by virtue of such Owners having been such Owners. Such Defaulted Interest at the same rate as the Obligations shall thereupon be paid, together with interest thereon at the same rate per annum as such Defaulted Interest, by the Trustee (out of funds provided to it by the Town) to the persons in whose names such Obligations are registered at the close of business on a special record date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided (the "Special Record Date"). When the Trustee has funds available to pay the Defaulted Interest and interest thereon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest and interest thereon which shall be not more than fifteen (15) nor less than ten

(10) days prior to the date of the proposed payment by the Trustee. The Trustee shall promptly cause notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor to be mailed, first class postage prepaid, to each Owner of an Obligation at his address as it appears in the registration books by the Trustee for the Obligations not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest and interest thereon shall be paid to the persons in whose names the Obligations are registered on such Special Record Date.

Section 2.12. Execution of Documents and Proof of Ownership.

(a) Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by the Obligation Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Obligations. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of the Obligations shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(1) The fact and date of the execution by any Owner or the attorney or agent thereof of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(2) The fact of the ownership of the Obligations by any person and the amount, the payment date and the numbers of such Obligations and the date of his holding the same be proved on the registration books maintained pursuant to Section 2.13.

(b) Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.13. Obligation Register. The Trustee will keep or cause to be kept, at the Designated Office, sufficient books for the registration and transfer of the Obligations which shall at all times during regular business hours on any Business Day be open to inspection by the Town and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Obligations as hereinbefore provided.

Section 2.14. Payment of Unclaimed Amounts. In the event any check for payment of interest represented by an Obligation is returned to the Trustee unendorsed or is not presented for payment within two (2) years from its payment date or any Obligation is not presented for payment of principal when due, including because of prepayment, if funds sufficient to pay such interest or principal due upon such Obligation shall have been made available to the Trustee for the benefit of the Owner thereof, it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Obligation who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Obligation or amounts due thereunder. The obligation of the Trustee to hold such funds shall continue for two years and six months (subject to applicable escheat laws) following the date on which such interest or principal payment became due, whether on the date due or the date fixed for prepayment, or otherwise, at which time the Trustee shall surrender such unclaimed funds so held to the Town, whereupon any claim of whatever nature by the Owner of such Obligation arising under such Obligation shall be made upon the Town.

ARTICLE III
ACQUISITION FUND; COSTS OF ISSUANCE FUND

Section 3.1. Establishment and Application of Acquisition Fund.

(a) The Trustee shall establish a special trust fund designated as the "Town of Marana Series 2026 Acquisition Fund" (herein referred to as the "Acquisition Fund"), shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Trust Agreement.

(b) (1) Upon receipt of a duly executed, applicable Payment Request Form, the Trustee shall remit to the payee designated in the Payment Request Form, the amount requested to be paid in such Payment Request Form for Project Costs within three (3) Business Days following submission of such Payment Request Form. Notwithstanding the foregoing, the Trustee shall apply moneys on deposit in the Acquisition Fund to reimburse the Town for any Project Costs with respect to the Project incurred or advanced by the Town within three (3) Business Days of receipt of a duly executed Reimbursement Request Form. The Trustee has no duty or obligation to confirm that such disbursements constitute Project Costs.

(2) On the Completion Date, the Trustee shall transfer any remaining amounts in the Acquisition Fund to the Payment Fund to be applied only to the Payments due from the Town on the next succeeding Interest Payment Date, and the Acquisition Fund shall be closed.

(3) Any amount remaining in the Acquisition Fund upon the occurrence of an Event of Default shall not be disbursed as provided in this Section, but shall be immediately transferred to the Payment Fund and used only to pay principal and interest represented by the Obligations.

(c) Any income or profit on the investment of moneys in the Acquisition Fund may be used for the payment of Project Costs or, as directed in writing by the

Town, transferred to the Payment Fund and applied by the Trustee to the Payments due from the Town on the next succeeding Interest Payment Date.

(d) Any amount in the Acquisition Fund not used for Project Costs may, as directed in writing by the Town, be transferred to the Payment Fund and applied by the Trustee to the Payments due from the Town.

Section 3.2. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish a special trust fund designated as the "Town of Marana Series 2026 Costs of Issuance Fund" (herein referred to as the "Costs of Issuance Fund"), shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Trust Agreement.

(b) Amounts in the Costs of Issuance Fund shall be disbursed for the payment of Delivery Costs. Disbursements from the Costs of Issuance Fund shall be made by the Trustee upon receipt of a requisition for disbursement (on which the Trustee is entitled to rely) executed or approved by the Town Representative. Each such certificate shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of Delivery Costs and the person or persons to whom said amounts are to be disbursed. The Trustee has no duty or obligation to confirm that such disbursements constitute Delivery Costs.

(c) On the earlier of February 1, 2027, or when all Delivery Costs associated with the Obligations have been paid (as shown by a certificate of a Town Representative, if requested by the Trustee), the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund, and the Costs of Issuance Fund shall be closed.

ARTICLE IV
PREPAYMENT OF OBLIGATIONS

Section 4.1. Prepayment Provisions.

(a) Principal represented by the Obligations payable before or on July 15, 20__, is not subject to prepayment. Principal represented by the Obligations payable on or after July 15, 20__, is subject to prepayment in such order and from such principal amount payable selected by the Town and by lot within such principal amount by such methods as may be selected by the Trustee (or if held in book-entry form in any manner acceptable to DTC) from prepayments made by the Town pursuant to Section 7 of the Purchase Agreement, in whole or in part on any date on or after July 15, 20__, at a price equal to the principal amount thereof to be prepaid, together with accrued interest to the date fixed for prepayment, but without premium.

(b) Principal represented by the Obligations payable on July 15, 20__, shall be prepaid on July 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus interest accrued to the date of prepayment, but without premium:

Year Prepaid	Principal Amount Prepaid

A remaining principal amount of $____,000 of such Obligations shall be paid on July 15, 20__.

Whenever Obligations subject to mandatory prepayment are purchased, prepaid (other than pursuant to mandatory prepayment) or delivered by the Town to the Trustee for cancellation, the principal amount of the Obligations represented thereby so retired shall satisfy and be credited against the mandatory prepayment requirements for such Obligations for such years as the Town may direct.

Section 4.2. Selection of Obligations for Prepayment. Principal represented by the Obligations shall be prepaid only in the amounts of $5,000 of principal represented by each or integral multiples thereof. The Town shall, at least forty-five (45) days prior to the prepayment date, notify the Trustee of such prepayment date and of the payment dates of the Obligations and the payment amount of principal represented by the Obligations due on any such payment date to be prepaid on such date. For the purposes of any prepayment of less than all of the Obligations payable on a single payment date, if the Obligations are not held in a book-entry-only system as described in Section 2.7, the particular Obligations or portions of Obligations payable on the date(s) selected to be prepaid shall be selected by the Trustee by lot in accordance with its standard procedures not more than forty-five (45) nor less than thirty (30) days prior to the prepayment date by such selection methods as the Trustee shall in its sole discretion deem appropriate and fair; provided, however, that such selection methods shall provide for the selection of Obligations or portions thereof for prepayment in principal amounts of $5,000 or integral multiples thereof such that any $5,000 Obligation or $5,000 portion of an Obligation payable on the date selected shall be as likely to be called for prepayment as any other such $5,000 Obligation or $5,000 portion thereof. The Trustee shall promptly notify the Town in writing of the Obligations so selected for prepayment, and the Town will provide the Trustee within thirty (30) days a recomputed payment schedule for the Purchase Agreement. Notwithstanding the foregoing, the Securities Depository for Obligations held in a book-entry-only system shall select the Obligations for prepayment from Obligations payable in a given year according to its stated procedures. While the Town intends that allocations be made in accordance with the foregoing proportional provisions, the selection of Obligations for prepayment shall be subject to practices and procedures of the Securities Depository as in effect from time to time.

Section 4.3. Notice of Prepayment; Effect.

(a) The Trustee shall cause notice of any optional prepayment hereunder to be mailed to the Owners of all of the Obligations to be prepaid at the addresses appearing in the Register kept for such purpose pursuant to Section 2.13. Each such notice shall (1) be sent no more than 60 nor less than 30 calendar days prior to the prepayment date, (2) identify the Obligations to be prepaid (specifying the CUSIP numbers, if any, assigned to the Obligations), (3) specify with respect to the Obligations being prepaid their date of issue, their final payment

date, their prepayment date and their prepayment price, (4) set forth the name, address and telephone number of the person from whom information pertaining to the prepayment may be obtained, and (5) state that on the prepayment date the Obligations to be prepaid will be payable at the Designated Office, that from that date interest will cease to accrue and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Obligations. No defect affecting any Obligation, whether in the notice of prepayment or the delivery thereof (including any failure to mail such notice), shall affect the validity of the prepayment proceedings for any other Obligations.

(b) If at the time of mailing of notice of an optional prepayment of principal represented by Obligations, there has not been deposited with the Trustee moneys or Defeasance Obligations sufficient to prepay all Obligations subject to such prepayment and the requirements of (e) below are not satisfied, then such notice shall state that the prepayment is conditional upon the deposit of moneys or Defeasance Obligations sufficient for the prepayment with the Trustee and satisfaction of such requirements not later than the opening of business on the prepayment date, and such notice will be of no effect and such Obligations shall not be prepaid unless such moneys or Defeasance Obligations are so deposited and such requirements in (e) below are met.

(c) Any notice of prepayment shall be mailed by first class mail, postage prepaid; provided that any notice of prepayment given to any Owner of $1,000,000 or more in aggregate principal amount of Obligations also shall be transmitted electronically. A certificate of the Trustee shall conclusively establish the mailing or delivery of any such notice for all purposes.

(d) Notice having been mailed in the manner provided in (a) above, the Obligations and portions thereof, principal which is represented thereby, shall become due and payable on the prepayment date, and upon presentation and surrender of such Obligation at the place or places specified in that notice, shall be paid at the prepayment price, plus interest accrued to the prepayment date.

(e) If the money or Defeasance Obligations for the prepayment of all of the portion of principal represented by the Obligations to be prepaid, together with interest accrued thereon to the prepayment date, is held by the Trustee on the prepayment date, so as to be available therefor on that date, then from and after the prepayment date such principal thereof to be prepaid shall cease to bear interest, and, the Obligations or portion thereof represented thereby no longer shall be considered to be Outstanding hereunder. If those moneys shall not be so available on the prepayment date, such principal shall continue to bear interest, until paid, at the same rate as they would have borne otherwise.

(f) All moneys deposited in the Payment Fund and held by the Trustee for the prepayment of such portions of principal represented by particular Obligations shall be held in trust for the account of the Owners of such Obligations and shall be paid to them, respectively, upon presentation and surrender of those Obligations.

Section 4.4. Partial Prepayment of Obligation. Upon surrender of any Obligation, the principal portion of which has been prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the Town, a new Obligation or Obligations of

Authorized Denominations equal in aggregate payment amount to the unpaid portion of the Obligation surrendered and of the same payment date.

ARTICLE V
PAYMENT FUND

Section 5.1. Trustee's Rights in Purchase Agreement. The Trustee holds in trust hereunder all of its rights and duties in the Purchase Agreement, including but not limited to all of the rights to receive and collect all of the Payments and all other amounts required to be deposited in the Payment Fund pursuant to the Purchase Agreement or pursuant hereto. All of the Payments and such other amounts to which the Seller may at any time be entitled shall be paid directly to the Trustee in trust, and all of the Payments collected or received by the Trustee shall be held by the Trustee in trust hereunder in the Payment Fund for the benefit of the Owners.

Section 5.2. Establishment and Application of Payment Fund.

(a) The Trustee shall establish a special trust fund designated as the "Town of Marana Series 2026 Payment Fund" (herein referred to as the "Payment Fund"). So long as any Obligations are Outstanding, the Town shall have no beneficial right or interest in the Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

(b) Not less than ten (10) Business Days prior to each Interest Payment Date, the Trustee shall notify the Town of the amount required to be paid, after taking into account amounts which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date, so that a sufficient amount will then be on deposit for both principal and interest represented by the Obligations then due. All amounts received by the Trustee as Payments pursuant to the Purchase Agreement or as transfers pursuant hereto shall be deposited in the Payment Fund.

(c) All amounts in the Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest represented by the Obligations as the same shall become due and payable, in accordance with the provisions of Articles II and IV.

Section 5.3. [Reserved to Preserve Section Numbering.]

Section 5.4. Transfers of Investment Earnings to Payment Fund. With the same limitation described in Section 3.1(b)(3), except as otherwise directed by the Town, the Trustee shall, on or before the next Interest Payment Date occurring on July 15, transfer any income or profit on the investment of moneys in the funds hereunder, except any such amounts held in the Acquisition Fund, to the Payment Fund.

Section 5.5. Surplus. Any surplus remaining in any of the funds created hereunder, after prepayment and payment or provision for prepayment and payment of all Obligations, including accrued interest and payment of any applicable fees, expenses or

indemnities to the Trustee, or provision for such prepayment and payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the Town.

ARTICLE VI
MONEYS IN FUNDS; INVESTMENT; CERTAIN TAX COVENANTS

Section 6.1. Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Obligations and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Town or any Owner of the Obligations.

Section 6.2. Investments Authorized. Upon written order of the Town Representative and subject to the limitations provided herein, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments. The Town Representative shall direct such investment in specific Permitted Investments. Such investments, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. The Trustee shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written direction from the Town Representative. In no event shall the Trustee be liable for the selection of investments. The Trustee may conclusively rely upon such written direction from the Town Representative as to both the suitability and legality of the directed investments. The Town acknowledges that regulations of the Comptroller of the Currency grant the Town the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Town specifically waives compliance with 12 Code of Federal Regulations 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur. The Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with moneys representing income or principal payments due on, or sales proceeds due in respect of, Permitted Investments in such funds and accounts, or to credit to Permitted Investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The Town acknowledges that the legal obligation to pay the purchase price of any Permitted Investment arises immediately at the time of the purchase. Notwithstanding anything else in this Trust Agreement, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Trust Agreement shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code Section 9-206.

Section 6.3. Accounting. The Trustee shall furnish to the Town, not less than semiannually, an accounting (which may be in the form of its customary statement) of all

investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.2.

Section 6.4. Allocation of Earnings. Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made, except as otherwise provided herein. At the direction of the Town Representative, any such income, profit or interest shall be transferred and applied if necessary to pay amounts due pursuant to Section 148 of the Code.

Section 6.5. Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at Market Value. The Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 6.6. Limitation of Investment Yield. In the event the Town is of the opinion that it is necessary to restrict or limit the yield on the investment of any amounts paid to or held by the Trustee hereunder in order to avoid the Obligations, or any of them, being considered "arbitrage bonds" within the meaning of Section 148 of the Code, the Town Representative may issue to the Trustee a written certificate to such effect (along with appropriate instructions), in which event the Trustee will take such action as is instructed so to restrict or limit the yield on such investment in accordance with the specific instructions contained in such certificate.

Section 6.7. Other Tax Covenants. In consideration of the acceptance and execution of the Purchase Agreement by the Trustee and the purchase by the Owners of the Obligations, from time to time, and in consideration of retaining the exclusion of the Interest Portion for federal income tax purposes, the Town shall, from time to time, neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in the Interest Portion becoming subject to inclusion in gross income for federal income tax purposes under either laws existing on the date of execution of the Purchase Agreement or such laws as they may be modified or amended or tax laws later adopted. The Town shall comply with such requirement(s) and will take any such action(s) as are necessary to prevent the Interest Portion from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements required by any Special Counsel's Opinion; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Obligations; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys held pursuant to this Trust Agreement and limiting the use of the proceeds of the Obligations and property financed thereby.

ARTICLE VII
THE TRUSTEE

Section 7.1. Appointment of Trustee. The Town hereby authorizes and directs the Trustee to, and the Trustee shall, execute and deliver the Purchase Agreement, as Seller, and receive all moneys required to be deposited with the Trustee hereunder and shall allocate, use and apply the same as provided in this Trust Agreement. The Town shall maintain as the Trustee a bank or trust company with a combined capital and surplus of at least Fifty Million Dollars ($50,000,000), and subject to supervision or examination by federal or State authority, so long as any of the Obligations are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 7.2. Liability of Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute this Trust Agreement, the recitals of facts, covenants and agreements herein, in the Purchase Agreement and in the Obligations shall be taken as statements, covenants and agreements of the Town, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity hereof or sufficiency of this Trust Agreement, the Purchase Agreement or the Obligations or shall incur any responsibility in respect hereof or thereof, other than in connection with the duties or obligations herein or in the Obligations assigned to or imposed upon it. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee shall perform only such duties as are specifically set forth in this Trust Agreement and no implied obligations or covenants should be read into this Trust Agreement against the Trustee. After the occurrence of an Event of Default and during the continuance thereof, the Trustee shall exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent person would exercise under the circumstances in the conduct of its own affairs.

Section 7.3. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 7.1, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.4. Protection and Rights of the Trustee.

(a) The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statements, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall

not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation shall be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(b) Whenever in the administration of its duties under this Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the Town Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(c) The Trustee may become the Owner of the Obligations with the same rights it would have if it were not Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the Town with the same rights it would have if it were not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations, whether or not such committee shall represent the Owners of the majority in principal amount of the Obligations then Outstanding.

(d) The recitals, statements and representations by the Town contained in this Trust Agreement, the Purchase Agreement or the Obligations shall be taken and construed as made by and on the part of the Town and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

(e) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

(f) No provision in this Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability (including, without limitation, any and all environmental liability) in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(g) The Trustee shall not be accountable for the use or application by the Town or any other party of any funds which the Trustee has released in accordance with the terms of this Trust Agreement.

(h) The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the Town of the Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Purchase Agreement or this Trust Agreement for the Project.

(i) Notwithstanding any provision in this Trust Agreement or the Purchase Agreement to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of an Event of Default, except an Event of Default under Section 9(a)(i)(A) of the Purchase Agreement, unless a Responsible Officer of the Trustee has actual notice thereof or is specifically notified in writing of such default by the Town or the Owners of at least twenty-five percent (25%) in aggregate principal amount of all Obligations then Outstanding.

(j) The Trustee shall accept and act upon instructions of directions pursuant to this Trust Agreement sent by unsecured email, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Town elects to give the Trustee email or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Town shall assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(k) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(l) The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the execution and delivery of the Obligations.

(m) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other

than its negligence or willful default. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the Project.

(n) Before taking any action under this Trust Agreement relating to an Event of Default or in connection with its duties under this Trust Agreement other than making payments of principal and interest represented by the Obligations as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated, to have resulted from its negligence or willful default in connection with any action so taken.

(o) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

Section 7.5. Compensation of Trustee. The Town shall from time to time, pursuant to a fee schedule agreed to between the Town and the Trustee (which fee schedule may be amended in writing), pay to the Trustee reasonable compensation for its services, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 7.6. Removal and Resignation of Trustee.

(a) The Town (but only if no Event of Default has occurred and is continuing) or the Owners of a majority in aggregate principal amount of all Obligations Outstanding, at any time upon thirty (30) days' prior written notice, and for any reason, may remove the Trustee and any successor thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars ($50,000,000) and subject to supervision or examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then, for the purposes of this Section, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Trustee may at any time resign by giving written notice to the Town. Upon receiving such notice of resignation, the Town shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the Town does not

appoint a successor trustee within thirty (30) days following receipt of such notice of resignation or its giving notice of removal, the retiring Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. The Trustee and the Town shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under Sections 7.4 and 10.3. Upon such acceptance, the successor trustee shall mail notice thereof to the Owners of the Obligations at their respective addresses set forth on the registration books for the Obligations maintained pursuant to Section 2.13.

Section 7.7. Appointment of Agent. The Trustee may appoint an agent or agents to exercise any of the powers, rights or remedies granted to the Trustee under this Trust Agreement and to hold title to property or to take any other action which may be desirable or necessary.

Section 7.8. Commingling. The Trustee may commingle any of the funds held by it pursuant to this Trust Agreement in a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 7.9. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the Town, or any of its agents, at any time, upon reasonable prior notice, during regular business hours. The Trustee shall provide the Town Representative with semiannual reports of funds transactions and balances.

ARTICLE VIII
MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 8.1. Amendments Permitted.

(a) This Trust Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of all Obligations then Outstanding, exclusive of Obligations disqualified as provided in Section 8.3, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the final payment of principal represented by any Obligation or reducing the interest represented thereby or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of this Trust Agreement or the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without

its written assent thereto. Any such supplemental or amending agreement shall become effective as provided in Section 8.2.

(b) This Trust Agreement and the rights and obligations of the Owners of the Obligations, and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement, without the consent of any such Owners, but only (1) to provide for additions or modifications to the Project, (2) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Trustee (for its own behalf) or the Town, (3) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (4) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (5) to provide for the appointment of a successor trustee pursuant to the terms hereof, (6) to preserve the exclusion of interest represented by the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the Town to continue to issue bonds or incur other obligations the interest on which is likewise exempt from federal and State income taxes, (7) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (8) to facilitate the incurrence of Additional Revenue Obligations, (9) with respect to rating matters or (10) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners of the Obligations as evidenced by a Special Counsel's Opinion delivered by the Town to the Trustee. Any such supplemental or amending agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee may rely upon a Special Counsel's Opinion as conclusive evidence that any such supplemental or amending agreement complies with this Section.

Section 8.2. Procedure for Amendment With Written Consent of Obligation Owners.

(a) This Trust Agreement and the Purchase Agreement may be amended by supplemental or amending agreement as provided in this Section in the event the consent of the Owners of the Obligations is required pursuant to Section 8.1. A copy of such supplemental or amending agreement, together with a request to the Owners of the Obligations for their consent thereto, shall be mailed by the Trustee to each Owner of an Obligation at the address thereof as set forth on the registration books for the Obligations maintained pursuant to Section 2.13, but failure to mail copies of such supplemental or amending agreement and request shall not affect the validity of the supplemental or amending agreement when assented to as provided in this Section.

(b) Such supplemental or amending agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of a majority in principal amount of all Obligations then Outstanding (exclusive of Obligations disqualified as provided in Section 8.3) and a notice shall have been mailed as hereinafter in this Section provided. The consent of an Owner of an Obligation shall be effective only if accompanied by proof of ownership of the Obligations for which such consent is given, which proof shall be such as is permitted by Section 2.12. Any such consent shall be binding upon the Owner of the Obligation

giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of the required percentage of Obligations shall have filed their consents to such supplemental or amending agreement, the Trustee shall mail a notice to the Owners of the Obligations in the manner hereinbefore provided in this Section for the mailing of such supplemental or amending agreement of the notice of adoption thereof, stating in substance that such supplemental or amending agreement has been consented to by the Owners of the required percentage of Obligations and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental or amending agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental or amending agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Obligations after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within sixty (60) days.

Section 8.3. Disqualified Obligations. Obligations owned or held by or for the account of the Town or by any person directly or indirectly controlled by, or under direct or indirect common control with the Town (except any Obligations held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Obligations provided for in this Trust Agreement and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement; provided, however, that in determining whether the Trustee shall be protected in relying upon any such approval or consent of an Owner, only Obligations which a Responsible Officer of the Trustee actually knows to be owned or held by the Town, or by any person directly or indirectly controlled by, or under direct or indirect common control with the Town (except any Obligations held in any pension or retirement fund) shall be deemed not to be Outstanding unless all Obligations are so owned, in which case such Obligations shall be considered Outstanding for the purpose of such determination.

Section 8.4. Effect of Supplemental Trust Agreement. From and after the time any supplemental or amending agreement becomes effective pursuant to this Article VIII, this Trust Agreement or the Purchase Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Obligations Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental or amending agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Purchase Agreement, as the case may be, for any and all purposes. The Trustee may require each Owner, before his consent provided for in this Article VIII shall be deemed effective, to reveal whether the Obligations as to which such consent is given are disqualified as provided in Section 8.3.

Section 8.5. Endorsement or Replacement of Obligations Delivered After Amendments. The Trustee may determine that Obligations delivered after the effective date of any action taken as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Obligation Outstanding at such effective date and presentation of his Obligation for the purpose at the office of the Trustee, a suitable notation shall be made on such Obligation. The Trustee may determine that the delivery of substitute Obligations, so modified as in the opinion of the Trustee is necessary to conform to such Obligation Owners' action, which substitute Obligations shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Obligation then Outstanding, such substitute Obligation shall be exchanged at the Designated Office of the Trustee, without cost to such Owner, for an Obligation of the same character then Outstanding, upon surrender of such Outstanding Obligation.

Section 8.6. Amendatory Endorsement of Obligations. The provisions of this Article shall not prevent any Obligation Owner from accepting any amendment or supplement as to the particular Obligations held thereby, provided that proper notation thereof is made on such Obligations.

ARTICLE IX
COVENANTS, NOTICES

Section 9.1. Compliance With and Enforcement of Purchase Agreement. The Town shall perform all obligations and duties imposed on it under the Purchase Agreement and shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be an Event of Default. The Town, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting any such action will deliver the same, or a copy thereof, to the Trustee.

Section 9.2. Observance of Laws and Regulations. The Town shall well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Town, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 9.3. Recordation and Filing. The Town shall file this Trust Agreement (or a memorandum thereof or a financing statement with respect thereto), and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Owners. The Trustee shall have no duty or obligation to determine the sufficiency of any such filings.

Section 9.4. Further Assurances. The Trustee (at the reasonable request of the Town) and the Town shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Purchase Agreement and for the better assuring and confirming unto the Owners the rights and benefits provided herein.

Section 9.5. Notification to the Town of Failure to Make Payments. The Trustee shall notify the Town of any failure by the Town to make any Payment or other payment required under the Purchase Agreement to be made to the Trustee, in writing and within one (1) Business Day of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default.

Section 9.6. Business Days. Except as otherwise required herein, if this Trust Agreement or the Purchase Agreement requires any party to act on a specific day and such day is not a Business Day, such party need not perform such act until the next succeeding Business Day, and such act shall be deemed to have been performed on the day required.

ARTICLE X
LIMITATION OF LIABILITY

Section 10.1. Limited Liability of the Town. Except for the payment of Payments from Excise Tax Revenues and State Shared Revenues when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the Town contained in the Purchase Agreement and herein, the Town shall have no pecuniary obligation or liability to any of the other parties or to the Owners with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Obligations or the distribution of Payments to the Owners by the Trustee.

Section 10.2. No Liability of the Town for Trustee Performance. The Town shall have no obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 10.3. Indemnification of the Trustee.

(a) To the extent permitted by law, the Town shall indemnify and save the Trustee and its officers, directors, agents and employees, harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (1) the use, maintenance, condition or management of, or from any work or thing done on, the Project or any portion thereof or interest therein by the Town; (2) any breach or default on the part of the Town in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Project or any interest therein; (3) any act of negligence of the Town or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (4) any act of negligence of any assignee of, or purchaser from, the Town or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (5) the acquisition of the Project or any interest therein; (6) the actions of any other party, including but not limited to the operation or use of the Project or interest therein by the Town; (7) the ownership of the Project or interest therein; (8) the exercise and performance by the

Trustee of its powers and duties hereunder, under the Purchase Agreement or the Obligations or in connection with any document or transaction contemplated herewith or therewith, or (9) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Obligations, including the costs and expenses of defending itself against any claim of liability arising under this Trust Agreement. No indemnification will be made under this Section or elsewhere in this Trust Agreement for willful misconduct, negligence or breach of duty under this Trust Agreement by the Trustee, or by its officers, agents, employees, successors or assigns. As security for the payment of amounts due under Section 7.5 and this Section, the Trustee shall be secured under this Trust Agreement by a lien prior to that for the Obligations. The obligations of the Town hereunder for indemnification under this Section shall remain valid and binding notwithstanding, and shall survive, the payment or prepayment of principal represented by the Obligations or resignation or removal of the Trustee or the termination of this Trust Agreement.

(b) Promptly after determining that any event or condition which requires or may require indemnification by the Town hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought hereunder, the Trustee shall notify the Town in writing of such circumstances or action (the "Notification"). Failure to give such notification shall not affect the right of the Trustee to receive the indemnification provided for herewith. Upon giving of the Notification, the Trustee shall cooperate fully with the Town in order that the Town may defend, compromise or settle any such matters or actions which may result in payment by the Town hereunder. The Town shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the Town, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder. If the Town timely gives the notice that it will represent and defend the Trustee thereafter, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the Town hereunder; provided, however, the Trustee may retain its own counsel and still be indemnified against the cost of employing counsel and all other reasonable expenses despite an assumption of the defense by the Town if the Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the Town and which the Trustee believes in good faith cannot be effectively asserted by common counsel. The Trustee always has the right to employ separate legal counsel but, subject to the preceding sentence, the fees and expenses of its separate legal counsel must be paid by the Trustee unless the Town and the Trustee have mutually agreed to the employment of the Trustee's separate legal counsel. The Town shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the Town shall pay all losses and the Trustee shall be fully released from such claim or action. If the Town either fails to timely give its notice or notifies the Trustee that the Town will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion, at the expense of the Town. In the event the Town is required to and does indemnify the Trustee as herein provided, the rights of the Town shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 10.4. Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

ARTICLE XI
EVENTS OF DEFAULT AND REMEDIES OF OBLIGATION OWNERS

Section 11.1. Seller's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of the Seller's rights in and to the Purchase Agreement, including without limitation all of the Seller's rights to exercise such rights and remedies conferred on the Seller pursuant to the Purchase Agreement as may be necessary or convenient to enforce payment of the Payments and any other amounts required to be deposited in the Payment Fund and enforcement of the pledge of Excise Tax Revenues and State Shared Revenues for the payment of the Obligations.

Section 11.2. Remedies Upon Default; No Acceleration. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, or upon request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding and receiving indemnity satisfactory to it shall, exercise one or more of the remedies granted pursuant to the Purchase Agreement; provided, however, that notwithstanding anything herein or in the Purchase Agreement to the contrary, there shall be no right under any circumstances to accelerate the payment dates of the Obligations or otherwise to declare any of the Payments not then past due or in default to be immediately due and payable.

Section 11.3. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of this Article XI or Section 9 of the Purchase Agreement shall be applied by the Trustee in the order following, in the case of the Obligations, upon presentation of the several Obligations, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

> First, to the payment of the fees, costs and expenses of the Trustee and then of the Obligation Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel and the creation of a reasonable reserve for anticipated fees, costs and expenses, and
>
> Second, to the payment of the whole amount then owing and unpaid with respect to the Obligations, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 11.4. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Obligations then Outstanding, and

upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of the Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained herein.

Section 11.5. Non-waiver. Except as otherwise provided in this Article, the Obligation Owners have the right to institute suit to enforce and collect the Payments as provided in the Purchase Agreement. No delay or omission of the Trustee or of any Owner of any of the Obligations to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or the Owners of the Obligations may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Obligation Owners.

Section 11.6. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Obligations, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of the Owners of a majority in aggregate principal amount of the Obligations Outstanding.

Section 11.7. Limitation on Obligation Owners' Right to Sue.

(a) No Owner of any Obligation issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (1) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (2) the Owners of at least a majority in aggregate principal amount of all Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (3) said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

(b) Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Obligations of any remedy hereunder; it being understood and intended that no one or more Owners of Obligations shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal and proportionate benefit of all Owners of the Outstanding Obligations.

(c) The right of any Owner of any Obligation to receive payment of said Owner's proportionate interest in the Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Trust Agreement.

ARTICLE XII
MISCELLANEOUS

Section 12.1. Defeasance.

(a) If and when any Outstanding Obligation or portion thereof shall be paid and discharged in any one or more of the following ways:

(1) By paying or causing to be paid the principal and interest represented by such Obligations Outstanding, as and when the same become due and payable;

(2) By depositing with a Depository Trustee, in trust for such purpose, at or before the payment date therefor, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all principal and interest due represented by such Outstanding Obligations; or

(3) By depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are noncallable in such amount as shall be certified to the Trustee and the Town in a report by an independent firm of nationally recognized certified public accountants acceptable to the Town, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all principal and interest represented by such Obligations at their respective payment or prepayment dates, which deposit may be made in accordance with the provisions of Section 7 of the Purchase Agreement;

notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the Town with respect to such Outstanding Obligations shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to subsections (2) or (3) of this Section and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to subsections (2) or (3) of this Section, the Obligations shall continue to represent direct and proportionate interests of the Owners thereof in such funds.

(b) Any funds held by the Trustee, at the time of one of the events described in paragraph (a) of this Section, which are not required for the payment to be made to Owners or for the payment of any other amounts due and payable by the Town hereunder or under the Purchase Agreement, shall be paid over to the Town.

(c) Any Obligation or portion thereof in Authorized Denominations may be paid and discharged as provided in this Section; provided however, that if principal

represented by any such Obligation is to be prepaid, notice of such prepayment shall have been given in accordance with the provisions hereof or the Town shall have submitted to the Trustee instructions to be irrevocable as to the date upon which such Obligation or portion thereof is to be prepaid and as to the giving of notice of such prepayment; and provided further, that if any such Obligation or portion thereof will not be payable within sixty (60) days of the deposit referred to in subsections (2) or (3) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owners.

(d) No Obligation may be provided for as described in this Section if, as a result thereof, or of any other action in connection with which the provisions for payment of such Obligation is made, the interest payable on any Obligation is thereby made includable in gross income for federal income tax purposes. The Trustee, the Depository Trustee, and the Town may rely upon a Special Counsel's Opinion to the effect that the provisions of this subsection will not be breached by so providing for the payment of any Obligations.

Section 12.2. Notices. All written notices to be given under this Trust Agreement shall be given by overnight delivery or courier or by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States of America mail, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the Town: Town of Marana, Arizona
11555 West Civic Center Drive
Marana, Arizona 85653
Attention: Finance Director

If to the Trustee: U.S. Bank Trust Company, National Association
1101 West Washington Street
Tempe, Arizona 85288
Attention: Global Corporate Trust

Section 12.3. Incorporation of State Statutes.

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the Town may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the Town if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Town is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Trust Agreement on behalf of the Town within three years from the execution of this Trust Agreement, unless a waiver of Section 38-511, Arizona Revised

Statutes, is provided by the Town. No basis exists for the Town to cancel this Trust Agreement pursuant to Section 38-511, Arizona Revised Statutes, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Trust Agreement and may result in the termination of the services of the Trustee. The Town retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection during normal business hours by the Town. The Trustee shall cooperate with the random inspections by the Town including granting the Town entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) To the extent applicable under Section 35-393, et seq., Arizona Revised Statutes, the Trustee hereby certifies it is not currently engaged in, and for the duration of this Trust Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the Town determines that the Trustee's certification above is false or that it has breached such agreement, the Town may impose remedies as provided by law.

(d) To the extent applicable under Section 35-394, Arizona Revised Statutes, the Trustee hereby certifies it does not currently, and for the duration of this Trust Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People's Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certification is made to the best knowledge of the Trustee without any current independent investigation or without any future independent investigation for the duration of this Trust Agreement. If the Trustee becomes aware during the duration of this Trust Agreement that it is not in compliance with such certification, the Trustee shall provide the required notice to the Town and resign as Trustee hereunder in accordance with the provisions of Article VII. If the Town determines that the Trustee is not in compliance with the foregoing certification and has not taken remedial action, the Town shall terminate the Trustee's role as the Trustee hereunder pursuant to Article VII.

Section 12.4. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 12.5. Binding Effect and Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Town or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Town or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 12.6. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Trust Agreement.

Section 12.7. Destruction of Cancelled Obligations. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the Town of any Obligations, the Trustee may destroy such Obligations and deliver a certificate of such destruction to the Town instead.

Section 12.8. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles", "Sections", and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 12.9. Parties Interested Herein. Nothing in this Trust Agreement or the Obligations, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Town, the Trustee and the Owners, any legal or equitable right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, provisions and agreements in this Trust Agreement contained by and on behalf of the Town shall be for the sole and exclusive benefit of the Town, the Trustee and the Owners of the Obligations.

Section 12.10. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.11. Severability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Obligations shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Obligations pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

[Signature page follows.]

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

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Representative

TOWN OF MARANA, ARIZONA

By.....
Mayor

ATTEST:

.....
Town Clerk

[Signature page to Fifth Trust Agreement]

EXHIBIT A

(Form of Obligation)

Number: R-..... Principal Amount: $.....

Unless this Obligation is presented by an authorized representative of The Depository Trust Company of New York, a New York corporation ("DTC"), to the Trustee (or any successor registrar) for registration of transfer, exchange, or payment, and any Obligation issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

PLEDGED EXCISE TAX REVENUE OBLIGATION, SERIES 2026
Evidencing a Proportionate Interest of the Owner
Hereof in Payments to be Made by

THE TOWN OF MARANA, ARIZONA

to

……,
as Trustee

Interest Rate:	Payment Date:	Dated Date:	CUSIP:
.....%	July 15, 20....	November __, 2026	56574C .....

REGISTERED OWNER: CEDE & CO.*

PRINCIPAL AMOUNT: ..... DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns, as the registered owner of this Pledged Excise Tax Revenue Obligation, Series 2026 (this "Obligation") is the owner of an undivided, participatory, proportionate interest in the right to receive certain "Payments" under and defined in that certain Fifth Purchase Agreement, dated as of November 1, 2026 (the "Purchase Agreement"), by and between ……. (the "Trustee"), and the Town of Marana, Arizona, a municipal corporation under the laws of the State of Arizona (the "Town"), which Payments and other rights and interests under the Purchase Agreement are held by the Trustee in trust under that certain Fifth Trust Agreement, dated as of November 1, 2026 (the "Trust Agreement"), by and between the Town and the Trustee. The

* Included only while DTC is the Securities Depository.

Trustee maintains a corporate trust office for payment and transfer of this Obligation (the "Designated Office").

The registered owner of this Obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the payment date set forth above, the principal amount set forth above, representing a portion of the payments due designated as principal coming due and to receive semiannually on January 15 and July 15 of each year commencing July 15, 2027 (the "Interest Payment Dates"), until payment in full of said portion of principal or prepayment prior thereto, the registered owner's proportionate share of the payments designated as interest coming due during the period commencing on the last date on which interest was paid and ending on the day prior to the Interest Payment Date or, if no interest has been paid, from the Dated Date specified above. Said interest is the result of the multiplication of said principal by the interest rate per annum set forth above. Interest shall be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each.

Said amounts representing the registered owner's share of the Payments designated as interest are payable in lawful money of the United States of America by check mailed when due by first class mail by the Trustee to the registered owner in whose name this Obligation is registered at the close of business on the first (1st) day of the calendar month of the Interest Payment Date at the address thereof as it appears on the registration books for the Obligations maintained by the Trustee. Said amounts representing the registered owner's share of the Payments designated as principal are payable when due upon surrender of this Obligation at the Designated Office. Principal and interest payable to any owner of $1,000,000 or more in principal amount of the series of obligations of which this Obligation is a part (the "Obligations") may be paid by wire transfer in immediately available funds to an account in the United States of America if the owner makes a written request of the Trustee at least twenty (20) days before the date of payment specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

The Trustee has no obligation or liability to the registered owners of the Obligations for the payment of interest or principal represented by the Obligations. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Obligations, the various funds and accounts established pursuant to the Trust Agreement. (The recitals, statements, covenants and representations made in this Obligation shall be taken and construed as made by and on the part of the Town, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.)

This Obligation has been executed and delivered by the Trustee pursuant to the terms of, and for the purposes described in, the Trust Agreement. The Town is authorized to enter into the Purchase Agreement and the Trust Agreement under the laws of the State of Arizona and by a resolution of the Mayor and Common Council of the Town adopted on October 20, 2026. Reference is hereby made to the Purchase Agreement and the Trust Agreement (copies of which are on file at the Designated Office) for further definitions, the terms, covenants and provisions pursuant to which the Obligations are delivered, the rights thereunder of the registered owners of the Obligations, the terms under which the Trust Agreement or the Purchase Agreement may be modified or supplemented, the rights, duties and immunities of the Trustee and the security for,

and the rights and obligations of the Town under the Purchase Agreement (including with respect to certain obligations secured and to be secured on a parity with the security for the Payments and to certain limitations on such security), to all of the provisions of which Purchase Agreement and Trust Agreement the registered owner of this Obligation, by acceptance hereof, assents and agrees. (To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement and the Purchase Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal represented by all Obligations then outstanding, and may be amended without such consent under certain circumstances but in no event such that the interests of the owners of the Obligations are adversely affected, provided that no such amendment shall impair the right of any owner to receive in any case such owner's proportionate share of any Payment thereof in accordance with such owner's Obligation.)

The obligation of the Town to make the Payments does not represent or constitute a general obligation of the Town for which the Town is obligated to levy or pledge any form of taxation nor does the obligation to make the Payments under the Purchase Agreement constitute an indebtedness of the Town, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction or otherwise.

Neither the Trustee nor the registered owners of the Obligations shall have any right under any circumstances to accelerate the payment dates of the Obligations or otherwise declare any of the Payments not then past due or in default to be immediately due and payable. (This Obligation represents an interest in a limited obligation of the Town (as described herein), and no member of the Mayor and Common Council, officer or agent, as such, past, present or future, of the Town shall be personally liable for the payment hereof.)

The Obligations are executed and delivered only in fully registered form in denominations of $5,000 of principal represented by the Obligations due on a specific payment date or integral multiples thereof. The Obligations shall not be transferable or exchangeable, except as provided in the Trust Agreement.

This Obligation may be exchanged for an Obligation or Obligations of like aggregate payment amount in authorized denominations having the same payment date and interest rate.

This Obligation is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the Designated Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Obligation. Upon such transfer a new Obligation or Obligations, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange therefor. The Town and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Obligation shall be overdue, and the Town and the Trustee shall not be affected by any notice to the contrary.

The Trustee may require a registered owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes or governmental charges required by law in connection with the exchange or transfer.

The Trustee may, but shall not be obligated to, exchange or register the transfer of this Obligation (i) if this Obligation has been selected for prepayment, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of prepayment. If this Obligation is transferred after having been selected for prepayment, any notice of prepayment which has been given to the transferor shall be binding on the transferee, and a copy of the notice of prepayment shall be delivered by the Trustee to the transferee along with the duly registered Obligation or Obligations.

The registered owner of this Obligation shall have no right to enforce the provisions of the Trust Agreement or the Purchase Agreement or to institute any action to enforce the covenants thereof, or to take any action with respect to a default thereunder or hereunder, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Trust Agreement.

Principal represented by the Obligations of the series of which this is a part payable before or on July 15, 20__, is not subject to prepayment. Principal represented by the Obligations of the series of which this is a part payable on or after July 15, 20__, is subject to prepayment in such order and from such principal amounts payable as may be selected by the Town, in whole or in part on any date on or after July 15, 20__, at a price equal to the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment but without premium.

Principal represented by the Obligations of the series of which this is a part payable on July 15, 20__, shall be prepaid on July 1 of the years indicated and in the principal amounts indicated at a price equal to the amount thereof plus interest accrued to the date of prepayment, but without premium:

Year Prepaid	Principal Amount Prepaid

A remaining principal amount of $____,000 of such Obligations shall be paid on July 15, 20__.

Whenever Obligations subject to mandatory prepayment are purchased, prepaid (other than pursuant to mandatory prepayment) or delivered by the Town to the Trustee for cancellation, the principal amount of the Obligations represented thereby so retired shall satisfy and be credited against the mandatory prepayment requirements for such Obligations for such years as the Town may direct.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the execution and delivery of this Obligation have happened, have been done, do exist and have been performed in regular and due form and time as required by law.

This Obligation shall not be entitled to any security or benefit under the Trust Agreement until executed by the Trustee.

IN WITNESS WHEREOF, this Obligation has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: .....

……,
as Trustee

By.....
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned ..... (the "Transferor"), hereby sells, assigns and transfers unto ..... (the "Transferee"), whose address is ..... and whose social security number (or other federal tax identification number) is

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE
.....
.....

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints ..... as attorney to register the transfer of the within certificate on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date: .....

.....
NOTICE: No transfer will be registered and no new certificate will be issued in the name of the Transferee, unless that signature(s) to this assignment correspond(s) with the name as it appears on the face of the within certificate in every particular, without alteration or enlargement or any change whatever and name, address and the Social Security Number or federal employee identification number of the Transferee is supplied

The following abbreviations when used in the inscription on the face of the within certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common
TEN ENT -	as tenants by the entireties
JT TEN -	as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT - ..... Custodian for .....
(Cust.) (Minor)

under Uniform Gifts/Transfers to Minors Act of .....
(State)

Additional abbreviations may also be used though not in list above.

EXHIBIT B
Payment Request Form

Application No. .....

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Fifth Trust Agreement, dated as of November 1, 2026 (the "Trust Agreement"), between the Town of Marana, Arizona (the "Town"), and ……..……, as trustee (the "Trustee") to the person or corporation designated below as "Payee," the sum set forth below such designation, in payment of the Project Costs (as such term is defined in the Trust Agreement) described below. The amount shown below is due and payable under a purchase order or contract with respect to such costs described below and has not formed the basis of any prior request for payment.

Payee: .....

Address or Wiring Instructions: .....

Amount: .....

Description of costs or portion thereof authorized to be paid to the Payee: .....

The Town acknowledges that it has received and inspected items related to such costs and has found each item thereof so described to be in good condition, in conformity with the Town's specifications and satisfactory for the Town's purposes and in accordance with the applicable purchase order or contract. Notwithstanding anything herein to the contrary, the Town shall not be deemed to have waived or released the Payee from any liability or obligation to the Town in the event the Town's acknowledgment herein is discovered to be inaccurate in any respect as to any item described above.

By execution of this Payment Request Form, the Town requests and approves the payment of the amount stated above to Payee set forth above.

DATED: ....., 20....

.....
.
Town Representative

Please forward payment to Payee at the following address:

EXHIBIT C

Reimbursement Request Form

Application No. .....

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Fifth Trust Agreement, dated as of November 1, 2026 (the "Trust Agreement"), between the Town of Marana, Arizona (the "Town"), and ……...……..., as trustee (the "Trustee"), to the Town, the sum set forth below as reimbursement of (all/a portion) of the Project Costs (as such term is defined in the Trust Agreement) described below. Payment of the amount, shown below was made by the Town on ……..., 20……., as evidenced by ……. attached hereto, as full/partial payment of ……..., also attached hereto. The amount shown below was paid by the Town and has not formed the basis of any prior request for payment.

The Town acknowledges that it has received and has inspected items related to such costs and has found each item thereof so described to be in good condition, in conformity with the Town's specifications and satisfactory for the Town's purposes. Notwithstanding anything herein to the contrary, the Town shall not be deemed to have waived or released any entity named on the attached documentation, from any liability or obligation to the Town in the event the Town's acknowledgment herein is discovered to be inaccurate in any respect as to any item described below.

Amount: .....

Description of costs or portion thereof for which reimbursement is hereby requested:

DATED: ....., 20....

.....
.
Town Representative

Dated Received: ....., 20....

Town of Marana, Arizona

Pledged Excise Tax Revenue Obligations, Series 2026

Information in Connection with the Issuance of Pledged Excise Tax Revenue Obligations

Tuesday, October 20, 2026

STIFEL | Public Finance

2801 E. Camelback Road, Suite 300
Phoenix, Arizona 85016

Mark Reader, Managing Director
(602) 794-4011
mreader@stifel.com

1.5 MGD Water Reclamation Plant Expansion, $96 Million

STIFEL | Public Finance



carollo WALSH

Public Policy Objectives

Pledged Excise Tax Revenue Obligations

1. Issue revenue bonds to finance the construction of the WWTP expansion project (**1.5 mgd**).
2. Secure debt service with Town Excise Taxes.
3. Pay debt service from future Development Impact Fees and wastewater utility rates.
4. Initiate the Development Impact Fee study—currently underway.
5. Structure debt service payments during the fee implementation.
6. Manage the Town's credit rating, targeting the **Aa** to **Aaa** range for the excise tax financing (Town recently assigned an **Aaa** issuer rating by Moody's).
7. Position the transaction to allow early repayment of bonds when appropriate.
8. Access the bond market at the appropriate time.

Preliminary Bond Market Update and Interest Rates

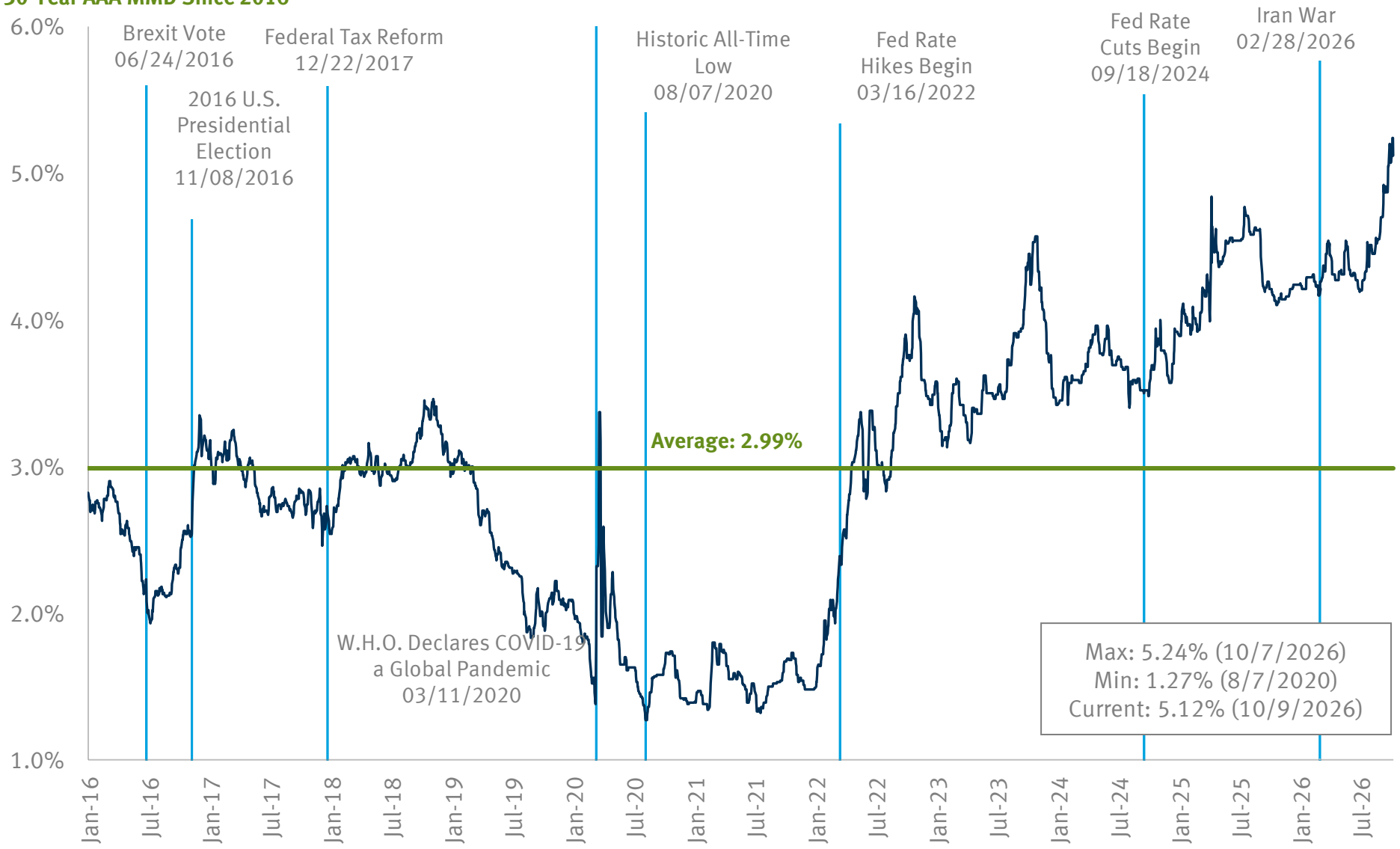
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Town of Marana Credit Ratings:	"Aa" to "Aaa" category expected from Moody's (based on recent Gladden II CFD rating)
Type of Bonds to be Issued:	Pledged Excise Tax Revenue Obligations
Source of Repayment:	Impact Fee Revenues
Amortization Period:	25 years
Estimated Tax-Exempt Interest Rates:	3.85% - 5.35%
Estimated Debt Service Structure and Alternatives:	See Page 7

Market Volatility: A Defining Characteristic

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30-Year AAA MMD Since 2016



Source: Thomson Reuters. As of October 9, 2026.

Pledged Excise Tax Revenues

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Category	Actual 2020/21	Actual 2021/22	Actual 2022/23	Actual 2023/24	Actual 2024/25	Unaudited Actual 2025/26 *(c)*	Budgeted 2026/27 *(c)*
Town Sales Tax *(b)*	$ 41,600,386	$ 46,602,074	$ 59,564,053	$ 60,810,264	$ 66,616,692	$ 64,693,670	$ 61,697,240
State-shared Sales Taxes	5,816,852	7,324,638	8,114,630	8,487,989	9,012,360	9,710,978	9,387,270
State-shared Income Taxes *(a)*	7,007,072	6,771,044	10,413,667	14,829,456	12,429,693	12,148,253	13,329,485
Vehicle License (Auto Lieu) Tax	2,547,863	2,417,595	2,776,380	2,689,996	2,891,306	2,928,529	3,051,351
Licenses and permits	7,248,432	11,190,222	7,776,633	10,017,930	8,677,526	8,285,967	7,753,703
Fines and forfeitures and penalties	436,491	383,241	364,942	410,716	433,127	401,515	389,500
	$ 64,657,096	$ 74,688,814	$ 89,010,305	$ 97,246,351	$ 100,060,704	$ 98,168,912	$ 95,608,549

(a) Due to the Town's participation in the ADOR sales tax collection program and ADOR's reporting of collections on a cash basis, the totals represented here may differ from the amounts shown for Town Sales Tax Collections in TABLE 3.

(b) See footnotes (a) and (c) to TABLE 2 for a description of certain amounts that are not part of the Excise Tax Revenues pledged to payment of the Payments.

(c) Figures for fiscal year 2025/26 and 2026/27 are based on budgeted figures, subject to change upon audit, and should be considered with an abundance of caution.

Estimated Debt Service Requirements and Coverage*

25-Year Amortization

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Existing Outstanding Obligations		The Obligations*					
Fiscal Year	Principal	Interest	Principal*	Interest *(c)*	Total	Total Annual Debt Service Requirements*	Excise Tax Revenues and State Shared Revenues *(b)*	Projected Maximum Annual Debt Service Coverage *(d)* *
2024/25							$ 100,060,704	
2025/26							98,168,912	
2026/27	$ 7,205,203	$ 3,993,965		$ 3,146,815 *(e)*	$ 3,146,815	$ 14,345,983		
2027/28	7,593,295	3,656,623		5,012,625	5,012,625	16,262,543		6.04x
2028/29	4,036,972	3,300,447		5,012,625	5,012,625	12,350,043		
2029/30	4,181,248	3,157,870		5,012,625	5,012,625	12,351,743		
2030/31	4,436,140	2,973,479	$ 2,665,000	5,012,625	7,677,625	15,087,243		
2031/32	4,661,662	2,776,956	2,800,000	4,879,375	7,679,375	15,117,993		
2032/33	4,862,832	2,569,786	2,940,000	4,739,375	7,679,375	15,111,993		
2033/34	5,204,665	2,353,203	3,085,000	4,592,375	7,677,375	15,235,243		
2034/35	5,512,180	2,120,189	3,240,000	4,438,125	7,678,125	15,310,493		
2035/36	5,500,392	1,893,226	3,405,000	4,276,125	7,681,125	15,074,743		
2036/37	5,729,320	1,665,998	3,570,000	4,105,875	7,675,875	15,071,193		
2037/38	5,949,876	1,428,835	3,750,000	3,927,375	7,677,375	15,056,086		
2038/39	5,201,916	1,189,679	3,940,000	3,739,875	7,679,875	14,071,469		
2039/40	5,414,477	956,282	4,135,000	3,542,875	7,677,875	14,048,634		
2040/41	5,607,169	742,149	4,340,000	3,336,125	7,676,125	14,025,443		
2041/42	5,823,448	519,871	4,560,000	3,119,125	7,679,125	14,022,443		
2042/43	3,539,917	289,002	4,800,000	2,879,725	7,679,725	11,508,644		
2043/44	3,676,582	149,536	5,050,000	2,627,725	7,677,725	11,503,844		
2044/45	52,167	4,669	5,315,000	2,362,600	7,677,600	7,734,436		
2045/46	53,679	3,157	5,595,000	2,083,563	7,678,563	7,735,399		
2046/47	55,235	1,601	5,890,000	1,789,825	7,679,825	7,736,661		
2047/48			6,200,000	1,480,600	7,680,600	7,680,600		
2048/49			6,540,000	1,139,600	7,679,600	7,679,600		
2049/50			6,900,000	779,900	7,679,900	7,679,900		
2050/51			7,280,000	400,400	7,680,400	7,680,400		
	$ 94,298,376		$ 96,000,000		$ 179,437,877			

* *Subject to change.*

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Municipal Advisor").

(b) The amount of Excise Tax Revenues and State Shared Revenues used to calculate the coverage requirements is the unaudited actual amount for fiscal year 2025/26. These amounts are unaudited, actual collections, and such are subject to change upon audit and should be viewed with an abundance of caution.

(c) Interest on the Obligations is estimated.

(d) Debt service coverage is based on revenues available for debt service (see footnote (b)) compared to the highest Maximum Annual Debt Service

(e) The first interest payment on the Obligations is due on July 1, 2027. Thereafter, interest payments will be made semiannually on January 1 and July 1, until the final payment or prepayment.*

Tentative Financing Calendar*

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Date	Event
October 14th	Conduct credit rating meeting with Moody's.
October 20th	**Town Council adopts a Resolution authorizing the issuance of the Bonds within parameters, delegating authority to the Finance Team and approving the form of financing documents, including POS.**
October 21st	Receive credit rating and distribute bond offering document (Preliminary Official Statement) to prospective investors.
Week of November 1st	Price the Town's Obligations in the market, subject to market conditions.
Week of November 19th	Closing. Funds wired to the Town's Bond Trustee. Net Obligation Proceeds are then available for the Project.

** Preliminary, subject to change.*

Disclosure

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Stifel, Nicolaus & Company, Incorporated ("Stifel") is providing the information for discussion purposes and is declaring that it has done so within the regulatory framework of MSRB Rule G-23 as a financial advisor, as defined therein, and not an underwriter to the issuer for this proposed issuance of municipal securities. A "financial advisory relationship" shall be deemed to exist when a firm enters into an agreement to render financial advisory or consultant services to or on behalf of an issuer with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters. Accordingly, any services provided by Stifel as they relate to our role as financial advisor should not be construed as those of an underwriter or placement agent.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and are subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or counsel as you deem appropriate.

Council-Regular Meeting **A3**

Meeting Date: 10/20/2026

To: Mayor and Council

From: Curry C. Hale, Human Resources Director

Date: October 20, 2026

Strategic Plan Focus Area:
Proactive Public Services

Subject: Resolution No. 2026-081: Relating to Personnel; approving and adopting the Town of Marana Leadership Continuity Program (Curry C. Hale)

Discussion:
The proposed Leadership Continuity Program is designed to provide the Town with a structured mechanism to retain those who are eligible to retire with the Arizona State Retirement System (ASRS) in executive leadership, and other critical senior management positions that hold organizational, financial, technical, and operational knowledge that will be difficult to replace immediately.

The core objectives are to preserve knowledge, maintain operational stability, and support strategic continuity. The guiding principles are business needs, limited participation, voluntariness, no entitlement, continuity first, and fiscal responsibility.

The framework has important boundaries: it is limited to critical positions, the initial agreements may not exceed 12 months, any extension requires new justification and approval, duties are defined, and each arrangement receives appropriate review from the Town Manager, Legal, HR, and Finance. The program identifies several risks associated with executive and senior-management vacancies: operational disruption, delays in strategic initiatives, loss of institutional knowledge, and added workload for remaining leaders; it will be a bridge for those situations. It is not intended to become a retiree re-employment benefit or a substitute for filling permanent positions.

The program is deliberately narrow. Covered roles are executive and selected senior-management positions designated as critical to continuity. The employee must

be eligible to retire under ASRS, meet the applicable return-to-work requirements, be in good standing, and agree to a defined scope and transition plan. Participation is voluntary, but there is no entitlement to a post-retirement assignment.

The approval route is designed to prevent informal arrangements. Documented business justification starts the process. Human Resources and Finance review the personnel, compensation, budget, and retirement-system implications. Legal reviews the arrangement when appropriate. Retirement eligibility and ASRS compliance are confirmed, followed by written approval and a written agreement before services begin.

The program includes multiple safeguards. It cannot be used simply because a retiree wants to continue working, and it cannot be used to bypass competitive recruitment, procurement, or other Town rules. ASRS requirements remain applicable. Additional safeguards may be included in individual agreements, and the program itself is subject to annual review by Human Resources, Finance, and the Town Manager's Office.

The decision presented is whether to approve the Leadership Continuity Program framework, so the Town has a consistent, controlled mechanism for critical leadership transitions. The framework is limited, documented, and reviewable. Ultimately, this program allows the Town to address critical transitions consistently and transparently.

Financial Impact:

Staff does not anticipate a significant financial impact due to the new Leadership Continuity Program.

Staff Recommendation:

Staff recommends approval and adoption of the new Leadership Continuity Program.

Suggested Motion:

I move to adopt Resolution No. 2026-081, approving and adopting the Town of Marana Leadership Continuity Program.

Attachments

Resolution No. 2026-081

Exhibit A to Resolution - Town of Marana Leadership Continuity Program

Marana Leadership Continuity Program Presentation

MARANA RESOLUTION NO. 2026-081

RELATING TO PERSONNEL; APPROVING AND ADOPTING THE TOWN OF MARANA LEADERSHIP CONTINUITY PROGRAM

WHEREAS Chapter 3-3 of the Marana Town Code provides that the Town Council may adopt personnel policies, rules, and regulations that follow the generally accepted principles of good personnel administration and which may be modified or changed from time to time; and

WHEREAS the purpose of the proposed Leadership Continuity Program is to preserve institutional knowledge, maintain operational stability, and support uninterrupted delivery of municipal services during executive retirements, leadership transitions, and critical vacancies; and

WHEREAS the Program is designed to provide the Town with a structured mechanism to retain retirement-eligible personnel in executive leadership and other critical senior management positions that will be difficult to replace immediately; and

WHEREAS the Town Council finds that adopting the Town of Marana Leadership Continuity Program as set forth in this resolution is in the best interests of the Town and its citizens.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Marana as follows:

SECTION 1**.** The Town of Marana Leadership Continuity Program attached to this resolution and incorporated by this reference as Exhibit A is hereby approved and the Town Manager and staff are hereby directed and authorized to undertake all other and further tasks required or beneficial to carry out the Program.

SECTION 2. The Marana Town Council hereby authorizes the Town Manager to administratively update and revise the Town of Marana Leadership Continuity Program from time to time as needed, as long as the administrative changes do not alter the general purpose or intent of the Program.

PASSED AND ADOPTED by the Mayor and Council of the Town of Marana, Arizona, this 20th day of October, 2026.

Mayor Jon Post

ATTEST:

Jill McCleary, Town Clerk

APPROVED AS TO FORM:

Jane Fairall, Town Attorney

Title:	Town of Marana Leadership Continuity Program
Effective Date:	October 20, 2026
Type of Action:	Approved by Council Resolution No. 2026-081

1. Purpose

The Town of Marana Leadership Continuity Program ("Program") is a strategic workforce initiative designed to preserve institutional knowledge, maintain operational stability, and support uninterrupted delivery of municipal services during executive retirements, leadership transitions, and critical vacancies. The Program is intended to provide the Town with a structured, limited-duration mechanism to retain access to experienced executive leadership, department directors, and other critical senior management positions approved by the Town Manager.

Executive and senior management positions possess significant operational, regulatory, strategic, and organizational responsibilities that are often difficult to immediately replace. Vacancies within these positions may create operational disruptions, delays in strategic initiatives, loss of institutional knowledge, and increased workload demands on remaining leadership staff. The Program allows experienced retired leaders to provide operational continuity support, mentorship, strategic guidance, and leadership stability in critical executive and senior management positions.

The Program is modeled to emphasize preservation of institutional knowledge, operational stability, continuity of strategic and regulatory responsibilities, mentorship, and fiscal stewardship.

2. Fiscal and Operational Benefits

The Program is intended to provide measurable operational and fiscal benefits by retaining experienced leadership during critical transitions while avoiding unnecessary long-term employment commitments. The source program identifies reduced benefit-related costs, reduced recruitment and onboarding costs, and reduced productivity loss as potential benefits of a continuity model.

a) Reduced disruption during executive and senior-management vacancies.
b) Retention of organizational, regulatory, financial, and operational knowledge.
c) Reduced recruitment, onboarding, and transition risk.
d) Focused use of experienced leadership for time-limited needs.

e) Potential savings compared with the total cost of maintaining a traditional full-time position during a transition.
f) Improved mentoring and development of internal successors.

3. Program Objectives

a) Preserve institutional knowledge and operational expertise during leadership transitions.
b) Maintain operational stability during executive retirements and critical leadership vacancies.
c) Support continuity of strategic initiatives, regulatory oversight, capital programs, financial operations, and departmental responsibilities.
d) Provide short-term leadership continuity, mentoring, and transition support in positions that are difficult to replace immediately.
e) Reduce operational disruption, recruitment risk, and loss of organizational knowledge associated with executive vacancies.
f) Promote responsible stewardship of public resources through a limited-duration, needs-based workforce strategy.
g) Provide eligible employees with a structured opportunity to retire while continuing to contribute specialized knowledge for a defined transition period.

4. Guiding Principles

a) Business Need: Participation must be based on a documented organizational need, not solely on an employee's desire to retire and continue working.
b) Limited Participation: The Program is intended for a small number of critical executive and senior management positions and is not a general retiree-reemployment benefit.
c) Voluntary Participation: Neither the Town nor an eligible employee is obligated to participate.
d) No Entitlement: Eligibility does not create a right to approval, contract renewal, or future Town employment.
e) Continuity First: Assignments should focus on knowledge transfer, mentoring, strategic continuity, and defined operational needs.
f) Fiscal Responsibility: Total costs should be evaluated against the cost and risk of a vacancy, recruitment, onboarding, and loss of institutional knowledge.
g) Third-party agency: The preferred structure is for retirees to be engaged through approved third-party agency arrangements.
h) Legal Compliance: Every arrangement must comply with applicable Arizona law, ASRS requirements, Town policies, procurement requirements, and the terms of the applicable contract or third-party agreement.

5. Covered Positions and Eligibility

The Program may be used only for positions designated by the Town Manager as critical to executive leadership, departmental continuity, or specialized senior management. Only retirees of the Arizona State Retirement System (ASRS) may participate in the Program. The following categories are eligible for consideration:

a) Town Manager and other executive leadership positions designated by the Town Manager or, where applicable, designated by the Town Council.
b) Deputy Town or Assistant Town Manager positions.
c) Department Directors and equivalent executive-level department heads.
d) Select senior management positions with substantial operational, regulatory, financial, technical, or strategic responsibilities.
e) Other positions specifically designated by the Town Manager when the position's institutional knowledge or specialized expertise is critical to continuity of Town operations.

The Program is not intended to apply automatically to every supervisory, professional, or management position.

6. Employee Eligibility

An employee may be considered for participation only when all applicable conditions are satisfied:

a) The employee is eligible to retire under the Arizona State Retirement System (ASRS) and satisfies all applicable ASRS requirements necessary to commence retirement benefits and terminates Town employment as required by law. Participation may not be structured in a manner that causes the participant's retirement benefit to be suspended or otherwise violates applicable ASRS return-to-work requirements.
b) The employee occupies a position covered by Section 5 or has been specifically designated by the Town Manager as critical for continuity.
c) The employee has satisfactory performance and is in good standing at the time participation is approved.
d) The employee agrees to a defined scope of services, duration, compensation, and transition/knowledge-transfer expectations.
e) The employee has not been guaranteed or contractually promised a post-retirement continuity engagement as a condition or component of retirement. Any discussion of potential participation before retirement is preliminary and contingent upon the employee's retirement, a continuing Town business need, all required approvals under this Program, and confirmation of compliance with applicable ASRS requirements.
f) The arrangement has been reviewed for compliance with ASRS return-to-work requirements and applicable Town legal, procurement, ethics, and personnel requirements.

7. Approval Process

a) The department head, Town Manager, or designee identifies a continuity need and prepares a written business justification.
b) Human Resources and Finance review the proposed arrangement for personnel, compensation, budget, and retirement-system implications.
c) The Town Attorney or designated legal counsel reviews the proposed structure and contract for legal compliance when appropriate.
d) The employee confirms retirement eligibility and provides information necessary for ASRS return-to-work compliance.

e) The Town Manager approves or denies participation in writing.
f) If the proposed participant is the Town Manager, approval shall be provided by the Town Council or other authority designated by Town policy.
g) Before services begin, the Town and the retiree or approved third-party provider shall execute a written agreement defining the services, term, compensation, confidentiality, insurance, authority, and termination provisions.

8. Continuity Engagement Structure

Following a bona fide retirement and termination of employment, an approved participant may be engaged for a limited continuity assignment. The preferred structure is an arrangement through an approved third-party staffing, professional services, or other contractual provider when that structure is appropriate and legally permissible. Use of a third-party staffing or professional-services provider does not, by itself, eliminate the Town's obligation to pay the ASRS Alternative Contribution Rate ("ACR"). Finance and Human Resources shall determine and administer any applicable ACR obligation for each engagement.

a) An initial continuity engagement may not exceed twelve (12) months. Any extension requires a new written business justification and approval under Section 7 and must remain consistent with applicable ASRS requirements.
b) The engagement should have a defined beginning and end date and should not create an expectation of permanent employment.
c) The assignment should emphasize transition support, institutional knowledge transfer, mentoring, strategic guidance, and other specifically identified continuity needs.
d) The participant shall not possess authority beyond that expressly granted in the contract or assignment.
e) The Town may terminate the continuity engagement at any time in accordance with the applicable agreement.

9. Compensation

Compensation shall be established based on the scope of services, operational necessity, market conditions, experience, and overall fiscal impact to the Town. By utilizing retirees through third-party agency arrangements, the Town avoids many long-term employment costs typically associated with traditional employment models, including medical benefit expenditures, portions of retirement system contributions, paid leave accruals, and other benefit-related liabilities. The program also minimizes operational disruptions associated with executive vacancies while supporting fiscal stewardship and organizational stability. The following should be considered when establishing compensation:

a) The Town shall consider all direct and indirect costs, including third-party administrative fees, applicable required contributions like the ASRS Alternate Contribution Rate, and other contractual costs.
b) The Town Manager may approve a different rate when justified by market conditions, specialized expertise, operational necessity, or the scope and duration of the assignment.

10. Knowledge Transfer and Transition Requirements

Each continuity assignment should include a written transition plan appropriate to the position. The plan may include:

a) Documentation of key processes, deadlines, contacts, regulatory requirements, and institutional history.
b) Mentoring of the successor or designated management staff.
c) Transition of major projects, contracts, capital initiatives, and strategic priorities.
d) Briefing on significant pending decisions, risks, and operational issues.
e) Identification and organization of critical records and institutional knowledge.
f) Availability for defined consultation during the transition period.

11. Future Town Employment

Participation in the Program does not guarantee future employment with the Town. After the continuity engagement ends, the former employee may be considered for future employment only through the Town's normal hiring or appointment process, subject to applicable law, Town policy, budget authority, and ASRS requirements.

Where the Town intends to consider the individual for a regular Town position after the continuity engagement period, the position must be evaluated as a separate employment action. The Town should not use the Program as a mechanism to create an automatic or predetermined promise of future employment.

Any future direct employment arrangement must be separately reviewed for ASRS compliance. ASRS return-to-work requirements vary depending upon, among other things, whether the individual has reached normal retirement eligibility, the length of time since termination, and whether the position satisfies ASRS membership criteria. Accordingly, no participant should be offered or promised subsequent direct Town employment without a separate ASRS compliance review.

12. Program Limitations and Safeguards

a) The Program is discretionary and may be suspended, modified, or discontinued by the Town at any time.
b) Participation is limited and shall not be used as a routine alternative to filling authorized permanent positions.
c) No participant may use the Program to circumvent competitive recruitment, procurement requirements, compensation policies, conflict-of-interest requirements, or other Town rules.
d) Assignments must be tied to legitimate Town business needs and must not be structured solely to provide employment or compensation benefits to a particular retiree.
e) The Town Manager may require additional safeguards, including confidentiality, conflict disclosures, insurance, indemnification, records retention, or limitations on purchasing and personnel authority.
f) All contracts are subject to applicable Town procurement and contracting requirements unless a lawful exception applies.

13. Annual Review

Human Resources, Finance, and the Town Manager's Office should review the Program annually. The review should evaluate participation, cost, operational outcomes, knowledge-transfer results, ASRS compliance issues, and whether the Program remains consistent with the Town's workforce and succession-planning needs.

14. Recommended Administrative Forms

a) Leadership Continuity Program Business Justification Form.
b) Town Manager Approval Form.
c) Retirement and ASRS Compliance Acknowledgment.
d) Continuity Services Scope of Work.
e) Knowledge Transfer / Transition Plan.
f) Post-Engagement Evaluation.

15. Effective Date and Authority

This Program shall become effective upon approval by the Town Manager and any other approving authority required by Town policy or law. The Program shall be administered consistent with the Town Code, personnel policies, procurement requirements, applicable Arizona law, and ASRS requirements. If any provision of this Program conflicts with applicable law or ASRS requirements, the applicable law or requirement shall supersede.

Appendix A – Suggested One-Page Approval Criteria

Before approving a Leadership Continuity assignment, the Town Manager should confirm:

Criterion	**Approval Question**
Critical Position	Is the position executive-level or otherwise critical to continuity?
Business Need	Is there a documented operational reason to retain the individual?
Retirement	Has the employee established a bona fide retirement/termination?
ASRS Review	Has the proposed structure been reviewed for ASRS compliance?
Scope	Are the post-retirement duties clearly defined and time-limited?
Duration	Is the engagement no longer than necessary, with a maximum of 12 months unless separately approved?
Compensation	Is compensation reasonable, market-supported, and fiscally justified?
Transition	Is there a meaningful knowledge-transfer plan?
Authority	Are the retiree's decision-making and purchasing authorities clearly defined?
Future Employment	Is there no promise or automatic entitlement to future Town employment?
No Pre-Retirement Commitment	Has the Town confirmed that the employee was not guaranteed or contractually promised a post-retirement continuity engagement?

MARANA AZ

Leadership Continuity Program

Human Resources

Purpose

Provide the Town with a structured mechanism to retain experienced executive leadership, and other critical senior management positions who are eligible to retire under ASRS.

Leadership Continuity Program

Why a Continuity Mechanism is Needed

Operational Continuity

Reduced disruptions during executive and senior management vacancies, strategic and departmental operations.

Institutional Knowledge

Executive and senior managers hold organizational, regulatory, financial, technical, and operational knowledge that can be difficult to replace immediately.

Transition Risk

Recruitment, onboarding, loss of productivity, and increased workload on remaining leaders can compound the impact of a vacancy.

The program creates a structured bridge not a permanent staffing model

Use experienced retirees for defined transition support, mentoring, strategic guidance, and knowledge transfer when there is a documented Town business need

Program at a Glance

12 months
Maximum initial engagement

Critical
Executive/Senior roles only

Defined
Scope + start & end date

Reviewed
ASRS + Legal + HR + Finance

Core objectives

Preserve knowledge • Maintain operational stability • Support strategic continuity

Guiding principles

Business need • Limited participation • Voluntary • No entitlement • Continuity first • Fiscal responsibility

Preferred structure: Approved third-party staffing, professional-services, or other contractual arrangement when appropriate

Leadership Continuity Program

Who Can Participate and When

Covered Positions

- Town Manager and other designated executive leadership
- Deputy / Assistant Town Manager
- Department Head
- Select Senior Management Roles with substantial operational, regulatory, financial, technical, or strategic responsibilities

Employee Eligibility

- Eligible to retire under ASRS and satisfies applicable retirement requirements
- Covered critical position or specifically designated continuity role
- Satisfactory performance and good standing
- Defined scope, duration, compensation, and knowledge-transfer expectations

Participation is voluntary and eligibility does not create an entitlement to approval, renewal, or future Town employment

1. Critical need identified
2. Retirement / ASRS eligibility confirmed
3. Reviews completed
4. Written approval + agreement

Approval and Accountability

01	**Business justification**	Department head, Town Manager, or designee documents the continuity need
02	**HR + Finance review**	Personnel, compensation, budget, and retirement-system implications are reviewed
03	**Legal review**	Town Attorney / designated counsel reviews legal compliance when appropriate
04	**ASRS confirmation**	Retirement eligibility and return-to-work compliance information are confirmed
05	**Written approval**	Town Manager approves or denies; Town Council or other designated authority acts when required
06	**Written agreement**	Scope, term, compensation, confidentiality, insurance, authority, and termination provisions are documented

Leadership Continuity Program

Guardrails

- Business need must be documented.
- Participation is limited and discretionary.
- No promise or automatic entitlement to future Town employment.
- No use to circumvent competitive recruitment, procurement, compensation, ethics, or other Town rules.
- Assignments must not be structured solely to provide compensation or employment to a particular retiree.

Compliance + Oversight

- ASRS return-to-work requirements apply.
- Town legal, personnel, procurement, and contracting requirements apply.
- Confidentiality, conflicts, insurance, indemnification, records retention, and authority limits may be required.
- Contracts may be terminated in accordance with the applicable agreement.
- HR, Finance, and the Town Manager's Office review the program annually.

Leadership Continuity Program

A clear framework allows the Town to address critical transitions consistently and transparently

1 Purpose

Preserve institutional knowledge and maintain operational continuity during critical leadership transitions.

2 Controls

Use only for documented business needs, with defined scope, limited duration, review, and compliance safeguards.

3 Administration

Implement through written agreements and annual program review consistent with Town policy, procurement rules, and ASRS requirements.

Implementation tools identified in the program

Business Justification • Town Manager Approval • Retirement / ASRS Acknowledgment • Scope of Work • Knowledge Transfer Plan

Program effectiveness and compliance would be reviewed annually

Questions?