

INTERGOVERNMENTAL AGREEMENT
(Peoria Innovation Core)

THIS INTERGOVERNMENTAL AGREEMENT (the “**Agreement**”) is made as of this ____ day of _____, 2025 by and between the **STATE OF ARIZONA**, by and through the Arizona State Land Department (“**ASLD**”), and the **CITY OF PEORIA**, a political subdivision of the State of Arizona, and/or assignee (“**City**”). ASLD and the City may herein be referred to collectively as the “**Parties**” or individually as a “**Party.**”

R E C I T A L S :

A. ASLD is mandated by A.R.S. §37-132 and §37-231 to manage State Trust Lands with the primary objective of maximizing revenues for the trust's beneficiaries.

B. The City is committed to fostering sustainable economic growth, enhancing public infrastructure, and improving the quality of life for its residents through strategic development and urban planning initiatives, as empowered by A.R.S. §§9-461, *et seq.*

C. ASLD and the City have identified approximately 6,700 acres of State Trust land within the City, as more particularly described and depicted on Exhibit A-1 hereto (the “**Master Property**”) that, through strategic development, presents a significant opportunity to achieve mutual goals. The Master Property includes approximately 825 acres of land as more particularly described and depicted on Exhibit A-2 hereto (the “**Core 2 Property**”).

D. Subject to the City being the successful bidder at the ASLD public auction (the “**Core 2 Auction**”) for the Core 2 Property (unless this condition is waived by the City) and the terms and conditions of this Agreement, the Parties desire to enter into this Agreement pursuant to which (i) the City will commit to rezone and entitle the Master Property in accordance with the agreed upon Phasing Plan (as defined below) over an approximate period of _____ (__) years, (ii) the City will commit to install or cause to be installed Backbone Infrastructure for the Master Property in Phases (as defined below) in accordance with the agreed upon Phasing Plan, at a cost of approximately \$ _____ (the “**Funding Commitment**”), including, without limitation, design, permitting, engineering, installation, and construction, including, without limitation, the Backbone Infrastructure for the Core 2 Property, (iii) ASLD will proceed to auction portions of the Master Property (each, an “**Auction**”) in accordance with the agreed upon Phasing Plan and A.R.S. §§37-232, *et seq.* (each, an “**Auction Parcel**”), and (iv) the City will be entitled to certain reimbursement from ASLD’s purchasers of the Master Property.

E. Both ASLD and the City acknowledge that the strategic development of ASLD’s land within the City presents a unique opportunity to catalyze economic development, generate employment, enhance public infrastructure, and increase the marketability and market value of ASLD’s land holdings.

F. This Agreement is entered into pursuant to the A.R.S. §11-952, which authorizes public agencies (including all departments, agencies, boards and commissions of the State of Arizona, and cities, towns, and any other political subdivisions of the State of Arizona) to cooperate and contract with each other for their mutual benefit and the public good. ASLD is

authorized by A.R.S. §§37-132 and §37-231 to enter into this Agreement and the City is authorized by the Peoria City Charter, Art. 1, Sec. 3(15) to enter into this Agreement.

G. The purpose of this Agreement is to establish the parameters and requirements for the auctioning of the Master Property, including the Core 2 Property, and each Party's responsibilities related to the rezoning and entitlement of the Master Property, and the funding, designing, permitting, engineering, installation and construction of the essential Backbone Infrastructure for the Master Property, including the Core 2 Property, based upon the agreed upon Phasing Plan.

A G R E E M E N T:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties incorporate and agree to the foregoing Recitals, and further covenant and agree as follows:

1. Definitions.

(a) **“Applicable Laws”** means all applicable federal, state, and local laws, statutes, ordinances, requirements, orders, directions, permits, licenses, rules, regulations, determinations, and court decisions, including, but not limited to zoning ordinances, and building codes, access, health, safety, environmental, and natural resource protection laws and regulations, and all other applicable laws, and design criteria.

(b) **“Auction Notice”** means the notice of sale of any portion of the Master Property, as required pursuant to A.R.S. §37-237.

(c) **“Backbone Infrastructure”** means the backbone infrastructure required to support the land uses and densities and intensities of use for the Master Property or applicable Auction Parcel thereof (whether such infrastructure is physically located within the Master Property or external to the Master Property), including by way of example only, wastewater storage/treatment facilities and transmission lines, water distribution and infrastructure, direct potable reuse facilities, reclaimed water delivery, arterial roads, telecommunication, fiber optics (broadband), cable, video, gas, electric, and wireless facilities, major collector roads, intelligent transportation systems, and traffic control infrastructure.

(d) **“Backbone Infrastructure Item”** means the individual infrastructure comprising the Backbone Infrastructure.

(e) **“Business Days”** means any day that is not a Saturday, Sunday, or legal holiday under Federal law or Arizona State law.

(f) **“Commissioner”** means the Commissioner of the Arizona State Land Department or his/her designated Deputy Commissioner.

(g) **“Dispute”** means any question, dispute, or controversy between City and ASLD relating to the interpretation or enforcement of this Agreement or any of the terms and

conditions contained in this Agreement, which will be resolved in accordance with the Dispute Resolution Procedures.

(h) **“Dispute Resolution Procedures”** means the procedures for resolving a Dispute set forth on Exhibit D.

(i) **“Hard Costs”** mean all so-called “hard costs” to construct and install the Backbone Infrastructure allocable to an Auction Parcel, including, without limitation, (i) costs of surveying, labor, materials, clearing, demolition, grading, trenching, compaction, staking, paving, conduits, and installation of the Backbone Infrastructure Items; (ii) costs of field modifications required by any approving authority; and (iii) any other such hard costs incurred by a Third Party and paid or reimbursed to such Third Party by the City. The term “Hard Costs” specifically excludes all Soft Costs.

(j) **“Infrastructure Costs”** mean, collectively, the Hard Costs and Soft Costs.

(k) **“Phase”** means each phase of the Master Property pursuant to the Phasing Plan.

(l) **“Phasing Plan”** means the agreed upon phased plan or phased plans for zoning, entitling, and subdividing the Master Property; designing, planning, engineering, documenting, and constructing the Backbone Infrastructure; and auctioning the Master Property, as amended from time to time in accordance with Section 2 of this Agreement (the Phasing Plan may also reference land owned by ASLD that is not part of the Master Property but may be material to the development or timing of development of the Master Property).

(m) **“Soft Costs”** mean all so-called “soft costs” to rezone, entitle, and subdivide the Master Property, and design, permit, engineer, and finance the Backbone Infrastructure allocable to the Auction Parcel, including, without limitation, (i) costs of land planners, surveyors, engineers, attorneys, and other consultants, and any application and review fees, to prepare and submit master plans, land use plans, maps, surveys, reports, studies, and assessments for the Master Property, to zone all or any portion of the Master Property as one or more planned area development districts or planned community districts (or equivalent), to obtain any general or specific plan amendments necessary to effectuate the zoning, entitlements, and subdivision of the Master Property; (ii) costs to engineer, design, and obtain approval of the plat maps, maps of dedication, and infrastructure improvement plans for the Backbone Infrastructure; (iii) contractors’, subcontractors’, suppliers’, and consultations’ fees (only the consulting and planning portion, not construction labor); (iv) all application, plan review, permit and inspection fees; (v) costs of all tests, assessments, reports and studies performed or prepared in connection with the construction of the Backbone Infrastructure Items (*e.g.*, soils tests, hydrology studies, environmental assessments, etc.); (vi) costs of any completion bonds or other assurance and any warranty bonds or other assurance required by any approving authority (if paid for and posted by the City), and any insurance relating to the construction of the Backbone Infrastructure; (vii) any privilege, sales or other taxes or assessments which are applicable to the construction of the Backbone Infrastructure Items; (viii) all costs incurred in complying with all applicable federal, state and local laws, statutes, ordinances, regulations, standards and requirements (including, but not limited to, all dust control regulations and storm water pollution

prevention plan regulations) that are applicable to the construction of the Backbone Infrastructure Items; (ix) all financing costs, including, without limitation, interest expense and costs of issuance; and (x) any other such soft-costs incurred by the City or incurred by a Third Party and paid or reimbursed to such Third Party by the City. The term “Soft Costs” specifically excludes all Hard Costs.

(n) “**Third Party**” or “**Third Parties**” means any individual, partnership, corporation, trust, limited liability company, or other entity other than ASLD and the City.

2. Phasing Plan.

(a) Phasing Plan Assessments. Promptly following the Effective Date and from time-to-time upon the request of City or ASLD, but in no event less frequently than annually, City and ASLD shall meet to evaluate the short-term, intermediate-term, and long-term market conditions and demand for development by potential end users within the Master Property (the “**Assessments**”), based upon the most current empirical evidence available to ASLD and City, including, without limitation, Arizona Department of Economic Security statistics, the zoning classifications, uses and intensities of use within the Master Property, and current economic trends. The Assessments will also consider the City’s then-current utilization of the Funding Commitment, the City’s then-current allocation of resources to the Master Property, including the City’s current and future capital improvement plans, the current entitlements of the Master Property and each Phase, the construction schedule for Backbone Infrastructure for any ongoing Phases within the Master Property, the status of development of the portions of the Master Property previously auctioned and the development impact fees and other reimbursements collected by the City from the portions of the Master Property previously auctioned, the required lead time for an end-user to commence operations on a future Phase (including lead time to construct the required Backbone Infrastructure and Auction such Phase or the Auction Parcels within such Phase), and any other matters related to the Phasing Plan. The City’s Funding Commitment is based, in part, on collection of development impact fees, hook-up fees, and other reimbursements from landowners related to Backbone Infrastructure constructed and installed by the City, to be reinvested by the City in Backbone Infrastructure subsequently constructed and installed. Based upon such Assessments, ASLD and the City will use commercially reasonable good faith efforts to jointly agree from time to time upon the Phasing Plan for all or any portion of the Master Property. The Phasing Plan will include (i) specifications for each Backbone Infrastructure Item required for each Phase subject to the current Phasing Plan and the cost allocation to each Phase of the Master Property, (ii) targets for the City to commence and complete such Backbone Infrastructure (the “**Construction Targets**”), (iii) the anticipated portion of the Funding Commitment by the City allocable to each Phase of the Master Property, (iv) the anticipated date of the Auction for each Phase or the Auction Parcels within such Phase subject to the current Phasing Plan based on the Construction Targets, and (v) such other information as the City and ASLD agree to include in the Phasing Plan. The Phasing Plan may be modified from time to time based on changes to the factors previously considered for the Assessments at the request of either Party and subject to the good faith negotiations of the City and ASLD. Although the Phasing Plan may be amended from time to time by the Parties, once the City commences the construction, and installation of the Backbone Infrastructure for an applicable Phase based upon an agreed upon Phasing Plan, the Phasing Plan may not be amended with respect to such Phase unless mutually agreed upon by the

Parties in their sole discretion. The City and ASLD will cooperate with each other to provide such data and information as either Party reasonably requests in order to evaluate the Phasing Plan. The preliminary Backbone Infrastructure for the Master Property, subject to adjustment based on the Assessments and Phasing Plan in effect from time to time, is attached hereto as Exhibit C.

(b) Anticipated Phasing Plan. The Parties anticipate that the Master Property will be phased and auctioned in Auction Parcels in the following order: (1) the Core 2 Property, (2) the approximately 150 acres of the Property, located within Section 22, Township 5 North, Range 1 East bounded on the south by Dixileta Road, on the east by Lake Pleasant Parkway, on the north by State Route 303, and on the west by the section line, together with a triangle of land in the southeast corner of Section 21, Township 5 North, Range 1 East, bounded by Dixileta Road on the south, the section line on the east, the top of a physical bluff to the northwest, as generally depicted on Exhibit B (the “**Second Auction Parcel**”), and (3) the remaining areas of the Master Property from south to north. The exact size of the Phases will be determined based on the topography of the land and the infrastructure, but generally are anticipated to be between 200 and 400 acres each, except for the Core 2 Property. While the foregoing outlines the Parties’ anticipated Phasing Plan, the Phasing Plan will be agreed upon from time to time pursuant to and in accordance with Section 2(a) above.

(c) Limitations on Phasing Plan. The Phasing Plan approved by the City and ASLD may provide that the Auction for any such Phase or Auction Parcel within such Phase may occur prior to or after the completion of the Backbone Infrastructure for such Phase or Auction Parcel within such Phase; provided, however, that if the Auction for an Auction Parcel occurs prior to the completion of the Backbone Infrastructure for such Auction Parcel based upon a Phasing Plan approved by the City and ASLD, the City will complete the remaining Backbone Infrastructure for such Auction Parcel following the Auction (or enter into an agreement with the successful bidder to reimburse the successful bidder for the costs of the Backbone Infrastructure for such Auction Parcel). If ASLD elects to auction any portion of the Master Property out-of-sequence or outside of the Phasing Plan approved by the City and ASLD, the City will have no obligation to construct the Backbone Infrastructure for such Phase, but may, in its sole discretion, enter into a reimbursement agreement with the successful bidder for construction costs of all or a portion of the Backbone Infrastructure incurred by the successful bidder. Notwithstanding anything to the contrary contained herein, the Parties currently anticipate that the Core 2 Property will be auctioned prior to construction of the Backbone Infrastructure for the Core 2 Property.

3. Entitlement and Construction of Backbone Infrastructure.

(a) Entitlement of Master Property. Prior to, and/or after, the Core 2 Property Auction, City shall apply for and seek approval to zone the Master Property as one or more planned area development districts or planned community districts (or equivalent) pursuant to a planned area development zoning and development plan structured as a zoning bank that will serve as the development regulations for the Master Property. City shall advance the expenses of, and be solely responsible for applying for, pursuing with due diligence (which may include a phased approach in City's prudent business judgment), and using commercially reasonable

efforts to obtain the zoning and all additional entitlements in accordance with the Phasing Plans approved by the City and ASLD.

(b) Backbone Infrastructure Requirements. The City, at its sole cost and expense, shall design, permit, engineer, construct, and install the Backbone Infrastructure (or cause the same to be completed) substantially in accordance with the Phasing Plan and as further refined by the infrastructure improvement plans for the Backbone Infrastructure pursuant to the then-current City standards, specifications, and requirements. The City shall provide ASLD with copies of all engineering plans and specifications pertaining to the design of each Backbone Infrastructure Item, and shall take into consideration any comments and suggestions made by ASLD. Construction of each Backbone Infrastructure Item shall be deemed to have been completed when the Backbone Infrastructure Item is substantially complete in accordance with the plans therefor and, if applicable, has been accepted by the City or the utility provider that will own and maintain the same (subject to the completion of any warranty items).

(c) Right of Entry. Prior to any Auction, City may file with ASLD an application for a right of entry and temporary construction easement (a “**Right of Entry**”) associated with a mid-term access/utilities right of way (a “**Right of Way**”) for portions of the Master Property to construct and install Backbone Infrastructure Items pursuant to the approved Phasing Plan and improvement plans and specifications approved by the City in its municipal capacity. As a condition to ASLD’s grant of a Right of Entry, City will deposit with ASLD cash in the amount of the appraised value (for its intended use) of the Master Property that is the subject of the Right of Entry, as determined by ASLD (the “**Deposit**”). The Deposit will be held by ASLD in a segregated account (which can be accomplished by book entry) and will not be part of ASLD’s general fund or paid to the Arizona State Treasurer. When all or any portion of the Right of Way is sold at an Auction pursuant to A.R.S §37-335(N), ASLD will refund to City the portion of the Deposit attributable to the Right of Way sold at Auction, without interest. Any interest earned on the Deposit will inure to the benefit of ASLD. If the City elects to terminate the Right of Entry before any Backbone Infrastructure Item is constructed or installed pursuant to such Right of Entry, ASLD will refund the Deposit to City without interest.

(d) Indemnity. City will indemnify, hold, and save harmless ASLD, the State of Arizona, any of its departments, divisions, agencies, officers, or employees (“**Indemnitees**”), from all sums which Indemnitees may be obligated to pay by reason of any loss, damage, liability, expense, cost, or charges incident to or resulting in any way from injuries or damages to any person or any property caused by or resulting from any willful act or omission, error, or negligence in the performance of, or activities conducted under, this Agreement by City, any person employed or directed by City, or others for whose acts City is legally liable. In the event of any claim or legal action, the above sum will include court costs, expenses of litigation, reasonable attorneys’ fees, and payment of or indemnification for any judgment rendered or settlement made. ASLD and the State of Arizona are not responsible for any payment owed by City or its affiliates to any employee, contractor, or agent or any other third party.

(e) Insurance. City, at its expense, shall at all times during the term of this Agreement maintain in full force a policy or policies of commercial general liability insurance, including bodily injury, property damage, personal injury and broad form contractual liability coverage, written by the Arizona Municipal Risk Retention Pool (“**AMRRP**”) or one or more

duly licensed (or approved non-admitted) insurers in the State of Arizona with an “A.M. Best” rating of not less than A-VII, and each policy shall be written on an occurrence basis, which insure City, the State of Arizona, and the ASLD against liability for injury to persons and property and death of any person or persons arising out of City’s construction activities on the Master Property. The policies shall provide that their coverage is primary over any other insurance coverage available to the ASLD, its servants, agents and employees. Certificates of insurance shall be deposited with ASLD evidencing the coverage required herein. The policies will include an endorsement that the company writing the policy shall give the Department ten (10) days’ notice in writing in advance of cancellation of the policy for nonpayment of premium and thirty (30) days’ notice in writing in advance of cancellation of the policy for any other reason. The insurance described in this paragraph shall afford protection not less than:

General Aggregate:	\$2,000,000.00
Personal Injury:	\$1,000,000.00
Each Occurrence:	\$1,000,000.00
Blanket Contractual Liability - Written and Oral:	\$1,000,000.00
Fire Damage (Any one fire):	\$500,000.00

in combined single limits and each liability policy or policies shall be written on an occurrence basis; provided, however, that the minimum amount of coverage for the above shall be adjusted upward on the ASLD’s reasonable request so that such respective minimum amounts of coverage shall not be less than the amounts then required by statute. Notwithstanding anything to the contrary contained herein, if any policy of insurance is issued by AMRRP, such policy of insurance will be written on AMRRP’s standard forms and contain AMRRP’s standard exceptions, exclusions, and qualifications. So long as the City’s unlimited tax general obligation bonds are rated “A” or better (or the equivalent) by a nationally recognized rating agency, the City may self-insure all or a portion of the risks that would otherwise be covered by AMRRP, subject to the same exceptions, exclusions, and qualifications, provided that the City’s self-insurance program does not modify or abrogate the City’s indemnity obligations under this Agreement.

4. Auction. ASLD shall Auction the Master Property in accordance with the Phasing Plan and A.R.S. §§37-232, *et seq*; provided, however, notwithstanding the Phasing Plan, ASLD will not be required to proceed with an Auction unless ASLD has received sufficient interest from prospective bidders for ASLD to believe it will have a successful Auction, in its reasonable discretion. The applicant for each Auction Parcel of the Master Property (“**Applicant**”) may be a Third Party or the City. Further, the City may bid on any Auction Parcel.

(a) Auction Notice Requirements. Each Auction Notice will require the successful bidder to, among other things, reimburse the City for the Infrastructure Costs incurred by the City in designing, permitting, engineering, installing, and constructing the Backbone Infrastructure attributable to such Auction Parcel as follows: (i) all Soft Costs will be paid on the date of the Auction (the “**Auction Date**”); (ii)(1) if the successful bidder elects the “patent option” (*i.e.*, a lump sum payment of the sale price typically paid within thirty (30) days after the

Auction Date), fifty percent (50%) of the Hard Costs will be paid at the time that the successful bidder pays the balance of the sale price for such Auction Parcel (with interest), and (2) if the successful bidder elects the “certificate of purchase option”, if available (*i.e.*, a down payment of 10%-25% (as determined by ASLD and published in the Auction Notice) of the sale price and deferred payment of the balance of the sale price (with interest) typically paid in annual installments), fifty percent (50%) of the Hard Costs divided by the maximum number of partial patents and the final patent permitted under the Auction Notice (excluding partial patents for roads, utilities, and other public interests), will be paid at the time that the successful bidder pays each partial patent price (plus accrued and unpaid interest), except that the entire remaining balance of the fifty percent (50%) of the Hard Costs (plus accrued and unpaid interest) will be payable at the time that the successful bidder pays the final patent price; and (iii) the remainder of the Hard Costs (plus accrued and unpaid interest) will be paid at the earlier of plat or site plan approval by the City or issuance of building permits by the City for the Auction Parcel in accordance with the City’s ordinance. If the Auction Notice does not include a maximum number of partial patents, then the City and ASLD will agree upon a payment schedule for repayment of the Hard Costs (plus accrued and unpaid interest) to be included in the Auction Notice for the Auction Parcel. Interest will accrue on each Backbone Infrastructure Item from the date of substantial completion of such Backbone Infrastructure Item (the “**Interest Accrual Date**”) until the Infrastructure Cost of such Backbone Infrastructure Item (including interest) is paid in full. Interest shall accrue at the yield-to-maturity on the City’s medium term municipal general obligation bonds on or about the Interest Accrual Date. If the City has not issued any medium-term general obligation bonds within one year prior to the Interest Accrual Date, then the interest rate will be calculated based on a mutually acceptable municipal bond index and the interest rate spread applicable to medium-term general obligation bonds with the same bond rating as the City’s outstanding medium-term general obligation bonds (or if the City does not have any outstanding medium-term general obligation bonds, then an interest rate spread reasonably approved by ASLD and City). Notwithstanding the foregoing, no interest shall accrue after the date that is ten (10) years after the Interest Accrual Date.

(b) Core 2 Property. In addition to the requirements of each Auction Notice set forth Section 4(a) above, the Auction Notice for the Core 2 Property will require the successful bidder of the Core 2 Property to enter into a participation and infrastructure contract in substantially the form attached hereto as Exhibit E (the “**Participation Contract**”), which, among other things, requires the successful bidder to (i) construct and install the “Backbone Infrastructure” (as defined in the Participation Contract), and (ii) pay to ASLD 50% of the “Net Project Revenues” (as defined in the Participation Contract). The “Backbone Infrastructure” (as defined in the Participation Contract) will be a part of the Backbone Infrastructure under this Agreement.

5. Default; Remedies.

(a) Default. If either Party fails to meet, perform, or satisfy any obligation pursuant to this Agreement and such failure continues for sixty (60) days following written notice from the other Party, subject to Force Majeure Events (defined below), such failure will be an event of default hereunder (“**Event of Default**”); provided, however, that if such failure is not susceptible of cure within sixty (60) days, it shall not be an Event of Default if the breaching Party (i) promptly notifies the non-breaching Party of the need for greater than sixty (60) days to

cure and (ii) commences to cure such failure and thereafter prosecutes diligently such cure to completion, subject to Force Majeure Events.

(b) Remedies. If any Party to this Agreement is in default under any provision of this Agreement after any applicable notice and cure periods, the non-defaulting Party's sole and exclusive remedy will be to terminate this Agreement and any future commitments of the Parties, except that this Agreement and the rights, duties, and obligations of the Parties will survive the termination of this Agreement with respect to the following (the "**Surviving Rights and Obligations**"): (i) any Phases for which the City has commenced construction or completed construction of the Backbone Infrastructure allocable to such Phase, provided that City will only be required to complete construction of the Backbone Infrastructure for which City has commenced construction; (ii) any Auction Parcel for which ASLD has successfully auctioned the Auction Parcel subject to the City's obligation to construct and install the Backbone Infrastructure required under the Auction Notice; and (iii) any indemnity obligations under this Agreement or other obligations that specifically survive termination of this Agreement. The Parties shall be entitled, without prejudice, to exercise any and all rights or remedies available to it under law or in equity with respect to the Surviving Rights and Obligations under this Agreement, including, without limitation, (1) bring an action for actual damages, or (ii) seek specific performance or injunctive relief by the defaulting Party. In addition, each Party hereby waives the defense that the other Party has an adequate remedy at law. In no event shall any Party be liable for consequential, punitive, special, or indirect damages, or for damages solely attributable to diminution of value or lost profits. For purposes of this Agreement, "commence construction" or variations thereof means the initiation of physical construction activities on the Property, including, but not limited to, site preparation, surveying, clearing, demolishing, grading, trenching, compacting, paving, conduits, or installing any Backbone Infrastructure Items for a Phase, or any other tangible steps towards the construction of the Backbone Infrastructure for a Phase. The term "commence construction" does not include preliminary activities such as obtaining permits or design work.

(c) Force Majeure Event. For the purposes of any of the provisions of this Agreement, neither ASLD nor the City, as the case may be, nor any successor in interest, shall be considered in breach of, or default in, its obligations under this Agreement as a result of the enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, (a) acts of God (such as unusually severe weather), acts of the public enemy (including, without limitation, terrorist acts), fires, floods, epidemics, pandemics, or quarantine or "shelter in place" orders or restrictions imposed by an applicable governmental authority due to such pandemic or epidemic, strikes, riots, lockouts, freight embargoes, failure or disruption of utilities or critical electronic systems, unforeseen environmental or archaeological conditions requiring investigation/mitigation by Applicable Laws, or failure by the other Party to perform its obligations within the time periods provided herein (each, a "**Force Majeure Event**"). In the event of the occurrence of a delay due to any Force Majeure Event, the time or times for performance of the obligation of ASLD or the City (including, without limitation, the Construction Targets), as the case may be, shall be extended for the period of the delay caused by such Force Majeure Event, but only if performance is delayed as the result of such Force Majeure Event. The Party requesting an extension for a Force Majeure Event shall provide written notice thereof within thirty (30) days following the date such Party knows (or in the exercise of reasonable diligence should have

known) of the Force Majeure Event (the “**Delay Notice Deadline**”). If a Party fails to give notice of a Force Majeure Event by the Delay Notice Deadline, the period by which the applicable time or times for performance is extended shall be reduced on a day for day basis by the number of days following the Delay Notice Deadline that such notice is provided. By way of example, if the City becomes aware of a Force Majeure Event on June 1 but does not provide notice of the same to ASLD until July 15, the extension for such Force Majeure Event shall be reduced by 15 days. A Party shall only receive an extension for the actual period of a Force Majeure Delay (less any reduction provided for in the preceding sentence).

6. Notices. Any communication, notice, or demand of any kind whatsoever which either Party may be required or may desire to give to or serve upon the other shall be in writing and delivered by a nationally recognized overnight courier service with proof of delivery, by hand delivery, by registered or certified mail, postage prepaid, return receipt requested, or by electronic mail (except for default notices), addressed to the Parties at the addresses listed below. Notices of default may not be delivered by electronic mail. Any Party may change its address for notice by written notice given to the other in the manner provided in this Section 6. Any communication, notice, or demand shall be deemed to have been duly given or served on the date delivered by overnight courier; on the date personally served, if by personal service; three (3) days after being placed in the U.S. Mail, if mailed; or on the date received if sent by electronic mail. Any notices received on a day that is not a Business Day or after 5:00 p.m., Arizona time, on a Business Day shall be deemed received on the next Business Day. Counsel for a Party may give notice or demand on behalf of such Party, and such notice or demand shall be treated as being sent by such Party.

If to City: City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345
Attn: Deputy City Manager
Email: Mike.Faust@peoriaaz.gov

With a copy to: City of Peoria
8401 West Monroe Street
Peoria, Arizona 85345
Attn: City Attorney
Email: Emily.Jurmu@peoriaaz.gov

and

Fennemore Craig, P.C.
2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016
Attention: Jay Kramer and Sabrina Bigelow
E-mail: jkramer@fennemorelaw.com
sbigelow@fennemorelaw.com

If to ASLD: Arizona State Land Department
1110 West Washington Street

Phoenix, Arizona 85007
Attention: State Land Commissioner
E-mail: [_____]@azland.gov

With a copy to: Arizona Attorney General's Office
2005 North Central Avenue
Phoenix, Arizona 85004
Attention: Natural Resources Section
E-mail: _____

Burch & Cracchiolo, P.A.
1850 North Central Avenue, Suite 1700
Phoenix, Arizona 85004
Attention: Andrew Abraham
E-mail: aabraham@bcattorneys.com

7. Term. This Agreement shall continue in effect until the occurrence of each of the following: (a) the Auction of all of the Master Property, (b) the completion by the City of the Backbone Infrastructure for the Master Property, and (c) the issuance of the final patent by ASLD for the Master Property (the “**Term**”). Notwithstanding anything to the contrary contained herein, in the event the City is not the successful bidder at the Auction for the Core 2 Property, within thirty (30) days after the Core 2 Property Auction Date the City will elect by written notice to ASLD either to (1) terminate this Agreement, in which case the Parties shall have no further rights or obligations under this Agreement, except for the Surviving Rights and Obligations, or (2) waive its right to terminate this Agreement and continue the Agreement in full force and effect. If the City fails to timely elect to waive its rights to terminate this Agreement pursuant to clause (2) above, City will be deemed to have elected to terminate this Agreement pursuant to clause (1) above. If the City is not the successful bidder at the Core 2 Auction, the City elects or is deemed to have elected to terminate this Agreement, and the City has incurred any Soft Costs or Hard Costs or commenced construction of any Backbone Infrastructure for the Core 2 Property prior to termination of this Agreement (the “**Pre-Auction Improvements**”), the Parties’ rights and obligations under this Agreement relating to the Core 2 Property Soft Costs and Hard Costs and the Pre-Auction Improvements shall be Surviving Rights and Obligations.

8. General.

(a) Subject to Law. This Agreement is subject to such conditions as may be found in the Enabling Act and the Constitution of the State of Arizona, the Arizona Revised Statutes, other Acts of the Legislature of the State of Arizona, and the rules, regulations, and policies of the State of Arizona, and further shall be subject to such amendments to the foregoing as may be enacted or promulgated hereafter. Any reference in this Agreement to a specific Arizona Revised Statute shall mean and refer to the statute as it may be amended from time to time and any successor statute.

(b) Binding Effect. The burdens and benefits of this Agreement will be binding upon and inure to the benefit of the Parties to this Agreement and their respective successors and assigns. When reference is made in this Agreement to either “ASLD” or the “City” the reference shall be deemed to include, wherever applicable, the successors and permitted assigns of those Parties.

(c) Assignment and Transfer. Neither the City nor ASLD may transfer responsibility for any obligations pursuant to this Agreement without the prior written consent of the other Party.

(d) Relationship of Parties. ASLD and the City are in the relationship of independent contractors with respect to this Agreement. No relationship of partnership, joint venture, agency, master-servant, or employer-employee shall be created or exist between the City and ASLD as a result of the execution of this Agreement.

(e) Severability. Each covenant, condition, and provision of this Agreement shall be interpreted in such manner as to be effective and valid under the laws of the State of Arizona, but if any covenant, condition, or provision of this Agreement shall be held to be void or invalid, the same shall not affect the remainder hereof which shall be effective as though the void or invalid covenant, condition, or provision had not been contained herein.

(f) Entire Agreement. This Agreement and its attachments represent the entire and integrated agreement between the Parties and supersede all prior negotiations, representations, and agreements, whether written or oral, including, without limitation, the unsigned Infrastructure Development Agreement Term Sheet.

(g) Amendment. This Agreement (including its Exhibits) may be amended only as permitted by the laws of the State of Arizona, in writing, and upon agreement by both ASLD and the City.

(h) Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Arizona. Any legal proceeding arising with respect to this Agreement shall be brought in the Superior Court of Arizona, Maricopa County.

(i) No Third-Party Beneficiary. Except for their permitted successors-in-interest or assigns, only ASLD and the City are intended to be parties to this Agreement and there are no third-party beneficiaries to this Agreement.

(j) Counterparts. This Agreement may be executed in counterparts (either in original signature, PDF, or other electronic means), each of which shall be an original, but all of which shall constitute one and the same instrument.

(k) Records and Audits. Pursuant to A.R.S. §§35-214, 35-215, and 41-2548, all books, accounts, reports, files, and other records relating to this Agreement shall be subject, at all reasonable times, to inspection and audit by the State of Arizona during the term of this Agreement and for five (5) years after any expiration, termination, or cancellation of this Agreement.

(l) Captions. Captions at the beginning of each Section of this Agreement are for reference only and will in no way define or interpret any provision hereof.

(m) No Waiver. No delay or omission by either Party in exercising any right or power accruing upon non-compliance or failure to perform by the other Party under any of the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either Party of any of the covenants or conditions to be performed by the other Party shall be in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought, and any such waiver shall not be construed as a waiver of any succeeding breach or non-performance of the same or other covenants and conditions hereof.

(n) Cancellation for Non-Appropriation. The Parties recognize that this Agreement depends upon the availability of appropriated funds and nothing in this Agreement shall bind the City to expenditures in excess of funds appropriated and allotted for the purposes outlined in this Agreement. If the City Council fails to appropriate the necessary funds, or if the appropriation for this Agreement is reduced, either Party may reduce the scope of this Agreement if appropriate or cancel this Agreement without further duty or obligation.

(o) Non-liability of Officials and Employees. No elected or appointed official, officer, or employee of the City or ASLD will be personally liable to the other Party, or a successor in interest, in the event of a default or breach by either Party of its obligation under the terms of this Agreement.

(p) Further Acts. In addition to the acts and deeds recited in this Agreement and contemplated to be performed, executed, and/or delivered by the Parties, ASLD and the City agree to perform, execute, and/or deliver or cause to be performed, executed, and/or delivered at such time or times as may be reasonably necessary or appropriate under this Agreement any and all further lawful acts, deeds, and assurances as are reasonably necessary or appropriate to consummate and implement the transactions and agreements reasonably contemplated hereby.

(q) Correction of Technical Errors. If, by reason of inadvertence, and contrary to the intention of the Parties, errors are made in this Agreement in the legal descriptions or the references thereto or within any exhibit with respect to the legal descriptions, in the boundaries of any Parcel in any map or drawing which is an exhibit, or in the typing of this Agreement or any of its exhibits or any other similar matters, the Parties by mutual agreement may correct such error by memorandum executed by them without the necessity of amendment of this Agreement.

(r) Cancellation. This Agreement is subject to cancellation pursuant to the provisions of A.R.S. §38-511.¹

(s) Arbitration. Any Dispute between the Parties to this Agreement shall be resolved in accordance with and shall be subject to the Dispute Resolution Procedures; provided, however, in no event shall the Dispute Resolution Procedures be employed to resolve a Dispute that is otherwise subject to administrative review by ASLD. With respect to any Dispute which the Parties have submitted for resolution by the Dispute Resolution Procedures, the time for

¹ Discuss if applicable to Intergovernmental Agreement.

which the matter is pending in arbitration shall be excluded in determining compliance or performance of an act subject to the Dispute Resolution Procedures.

(t) No Lien on State Land. The City acknowledges that this Agreement shall not be deemed a lien on the Master Property and that none of the obligations of any Party to this Agreement shall result in the establishment of a lien on the Master Property or any other State Trust land during any period that the State is an owner of any interest in any portion of the State Trust land.

(u) Non-Discrimination. The Parties agree to be bound by applicable State and federal law governing Equal Employment Opportunity, Non-Discrimination, and Disabilities, including Arizona Executive Order No. 2009-09.

(v) Time of Essence. Time is of the essence for the performance of all conditions and obligations under this Agreement.

(w) Memorandum. Promptly following the execution of this Agreement, the City and ASLD will execute and record a memorandum in the form attached hereto as Exhibit F (the “**Memorandum**”) in the records of the County providing evidence of this Agreement.²

(x) 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.

² Discuss if the Agreement should run with the Master Property and, if so, timing for release.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

ASLD:

STATE OF ARIZONA, acting by and through the
Arizona State Land Department

By: _____
_____,
Its Commissioner

I have reviewed the above referenced Intergovernmental Agreement between the State of Arizona, acting by and through the Arizona State Land Department, and the City of Peoria, an agreement between public agencies, which has been reviewed pursuant to A.R.S. §§11-951 through 11-954 and A.R.S. §48-572, and declare this Agreement to be in proper form and within the powers and authority granted to the Arizona State Land Department under the laws of the State of Arizona.

No opinion is expressed as to the authority of the remaining Parties, other than the State of Arizona, acting by and through the Arizona State Land Department, to enter into said Agreement.

APPROVED AS TO FORM:

By: _____
_____, _____

Date: _____

CITY:

CITY OF PEORIA, a political subdivision of the State of Arizona

By: _____
Name: Henry Darwin
Title: City Manager

ATTEST:

By: _____
Agnes Goodwine, City Clerk

I have reviewed the above referenced Intergovernmental Agreement between the State of Arizona, acting by and through the Arizona State Land Department, and the City of Peoria, an agreement between public agencies, which has been reviewed pursuant to A.R.S. §§11-951 through 11-954 and A.R.S. §48-572, and declare this Agreement to be in proper form and within the powers and authority granted to the City of Peoria under the laws of the State of Arizona.

No opinion is expressed as to the authority of the remaining Parties, other than the City of Peoria or its agencies, to enter into said Agreement.

APPROVED AS TO FORM:

By: _____
Emily Jurmu, City Attorney

Date: _____

LIST OF EXHIBITS

- Exhibit A-1 Master Property
- Exhibit A-2 Core 2 Property
- Exhibit B Second Auction Parcel
- Exhibit C Preliminary Backbone Infrastructure
- Exhibit D Participation Contract
- Exhibit E Dispute Resolution Procedures
- Exhibit F Memorandum

Exhibit A-1
Master Property

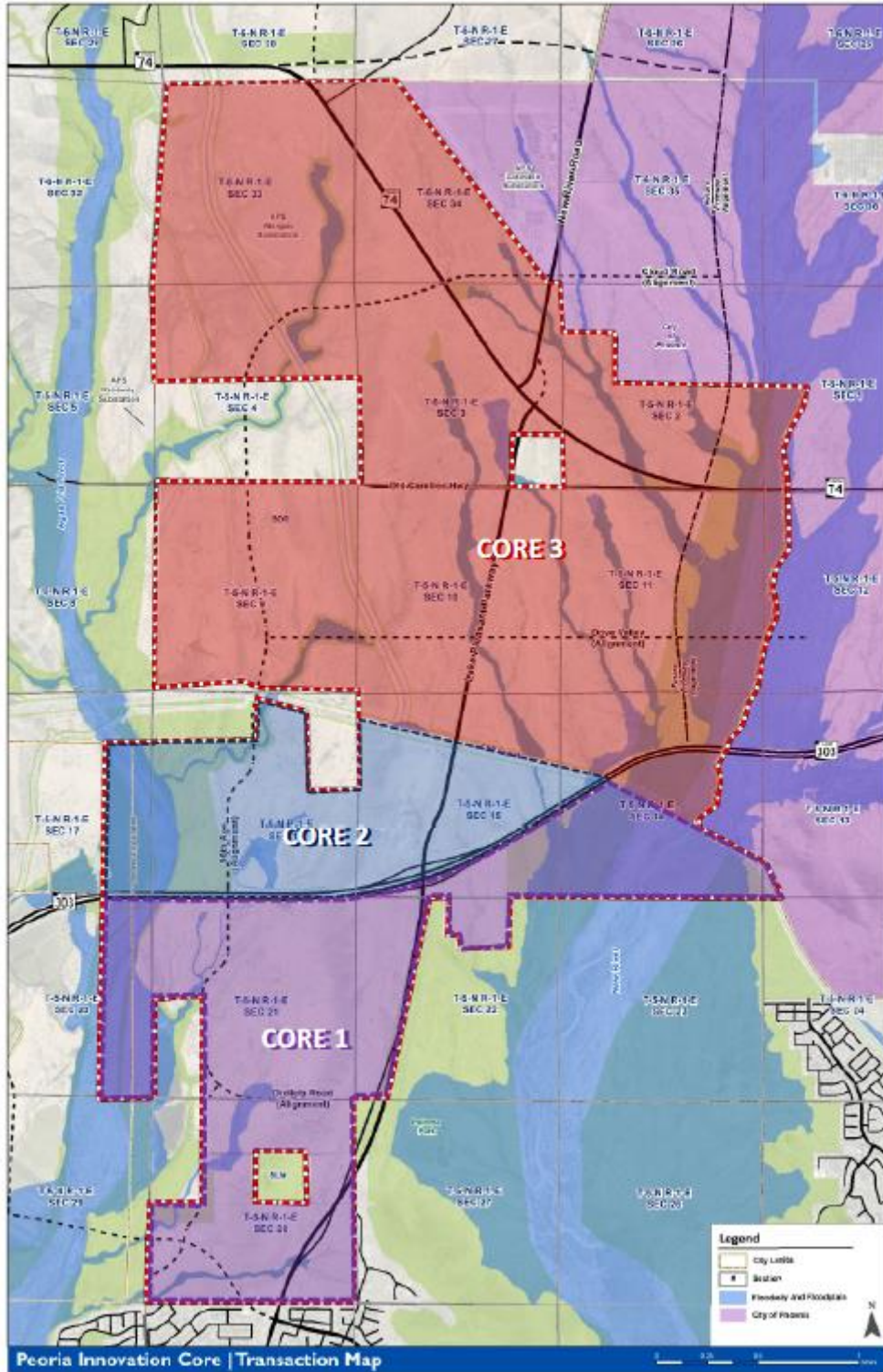


Exhibit A-2
Core 2 Property

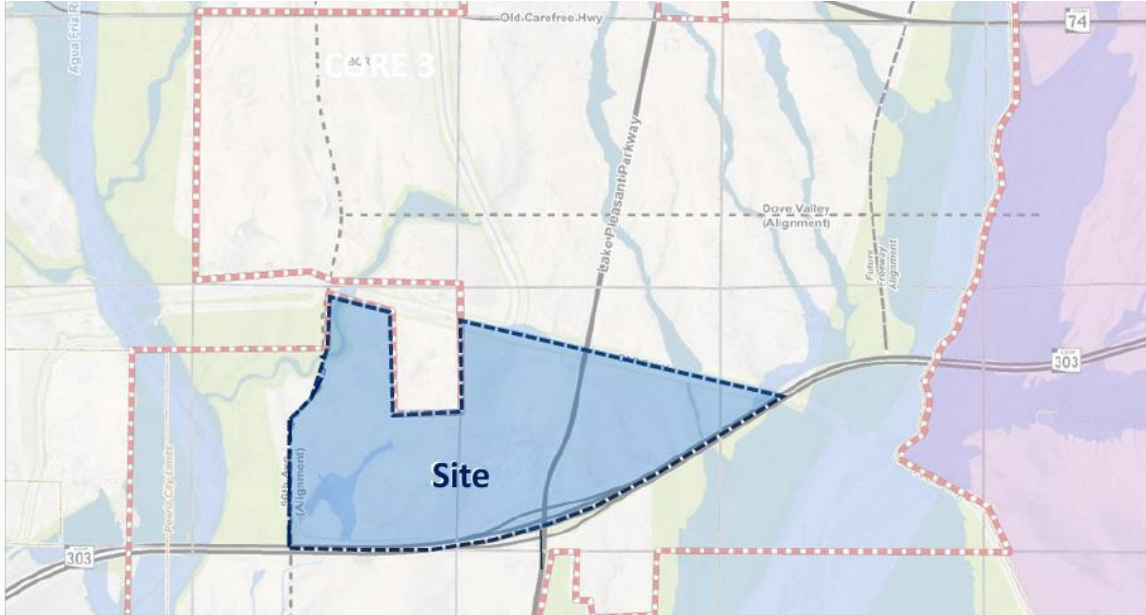


Exhibit B

Second Auction Parcel



Exhibit C

Preliminary Backbone Infrastructure

Category	Description	From	To	Utilities							Core 2 Required	Infrastructure Phase	Offsite
				W	R	WW	G	D	C	E			
Wastewater	Beardsely Expansion (current)	--	--									1	Y
Water	Zone 5E and 6E booster	--	--									1	
Water	CAP/LPP well field	--	--									1	
Streets & Utility	Arterial Roadway Study (full PIC)	--	--								Y	1	
Entitlement	Land Planning and entitlement	--	--								Y	1	
Reclaimed Water	Reclaimed Water Study	--	--								Y	1	Y
Traffic Signal	LLP South of L303	--	--								Y	1	Y
Wastewater	Sewer line and lift station(s) to service Ashler Hills west of bluff under L303 to lift station at Lone Mountain.	--	--								Y	1	Y
Streets & Utility	Lake Pleasant Parkway including Bridge (includes Reclaimed from Dixileta)	L303	CAP Crossing	x	x	x	x	X	x	x	Y	1	
Streets & Utility	Ashler Hills	Western Cliff	Eastern Boundary	x	x	x	X	x	x	x	Y	1	
Streets & Utility	Ashler Hills	Western Cliff	96th Ave	x	x	x	X	x	x	x	Y	1	
Traffic Signal	LPP - Ashler Hills	--	--	x	x	x	X	x	x	x	Y	1	
Water	Aqua Fria Booster	--	--								Y	1	Y
Streets & Utility	Lone Mtn (0-4) - Developer	Lake Pleasant Parkway	96th Ave	x	x	x	X	x	x	x		TBD	
Streets & Utility	96th Ave (0-2) - Developer	Lone Mountain	Dixileta	x	x	x	X	x	x	x		TBD	
Streets & Utility	Dixileta (0-2) - Developer	Lake Pleasant Parkway	96th Ave	x	x	x	X	x	x	x		TBD	
Streets & Utility	Lake Pleasant Parkway	North of Bridge	North of Dove Valley	x	x	x	X	x	x	x		TBD	
Streets & Utility	96th Ave	L303	CAP Crossing	x	x	x	X	x	x	x	Y	TBD	
Traffic Signal	Dove Valley Signal	--	--	x	x	x						TBD	
Streets & Utility	Dove Valley	Lake Pleasant Parkway	Eastern Boundary	x	x	x	X	x	x	x		TBD	
Streets & Utility	Lake Pleasant Parkway	Dover Valley	SR 74	x	x	x	X	x	x	x		TBD	
Streets & Utility	Old Carefree Highway	Lake Pleasant Parkway	Eastern Boundary	x	x	x	X	x	x	x		TBD	
Streets & Utility	LPP-SR74 Realignment	--	--	x	x	x	X	x	x	x		TBD	
Streets & Utility	Old Carefree Highway	Lake Pleasant Parkway	Waddell Canal	x	x	x	X	x	x	x		TBD	
Streets & Utility	96th Ave (0-2)	Dixileta	L303	x	x	x	X	x	x	x		TBD	
Streets & Utility	Old Carefree Highway	Waddell Canal	96th Ave	x	x	x	X	x	x	x		TBD	
Water resources	Bartlett Dam Expansion	--	--									TBD	Y
Fire	Fire Station #10 and equip	--	--									TBD	
Wastewater	Advanced Water Purification	--	--									TBD	Y
Reclaimed Water	Beardsely Expansion (future)	--	--									TBD	Y
Wastewater	Beardsely Expansion (future)	--	--									TBD	Y
Streets & Utility	Dove Valley	Lake Pleasant Parkway	Canal Crossing	x	x	x				x		TBD	
Streets & Utility	Dove Valley	Canal Crossing	96th Ave	x	x	x				x		TBD	
Streets & Utility	96th Ave	CAP Crossing	Cloud	x	x	x				x		TBD	
Streets & Utility	Cloud - New River to 96th	New River	96th Ave	x	x	x				x		TBD	
Reclaimed water	Booster pump north of CAP to service Core 3	CAP	SR74									TBD	

Exhibit D
Participation Contract

Exhibit E³

Dispute Resolution Procedures

³ To be as agreed upon in the Participation Contract.

Exhibit F
Memorandum