



MEMORANDUM

Date: December 10, 2025

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Consideration of Binding Memorandum of Agreement with Humphrey's Peak Properties, LLC, Outlining Community Benefit Commitments by Beale Infrastructure in Connection with Project Blue**

On June 16, 2025, the Board of Supervisors approved a Specific Plan and a land acquisition agreement for a data center project known as Project Blue, which at the time contemplated annexation into the City of Tucson and reliance on reclaimed water for cooling the facility. Subsequently, on August 6, 2025, the City of Tucson voted to not annex the property. On September 17, 2025, Beale Infrastructure notified the County that they had selected an air-cooled closed loop system for cooling and indicated a willingness to identify opportunities for community investment as the project moved forward.

Community Investment

Since mid-September, the County has been in discussions with representatives of Beale Infrastructure about various forms of community investment ranging from renewable energy, workforce development, broadband infrastructure and other options. On [November 6, 2025](#), I provided you with an update on these efforts indicating that progress had been made, related to a voluntary commitment by Beale for 100 percent renewable energy and a \$15 million contribution to workforce training and other community benefit projects; however, an enforceable agreement ensuring future compliance had not been reached.

Binding Agreement

Following the November 6, 2025 update, County Administration and the Pima County Attorney's Office have continued discussions and negotiations with Beale Infrastructure to reach a binding agreement. Based on the continued efforts of the County and Beale Infrastructure, mutual agreement has been reached on a binding Memorandum of Agreement (MOA) that will be presented for Board of Supervisors consideration at the December 16, 2025 Board Meeting outlining community benefit commitments by Beale Infrastructure in connection with Project Blue (Attachment). Key aspects of the MOA include:

- The Project will utilize air cooling technology incorporating a closed loop system.

The Honorable Chair and Members, Pima County Board of Supervisors

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- Water usage for domestic applications like kitchens, bathrooms and fire suppression systems will be obtained from an Arizona Department of Water Resources approved source.
- The Project will meet the County's Preliminary Integrated Water Management Plan (PIWMP) requirements.
- Beale will use commercially available means to match 100 percent of its energy consumption with renewable energy in accordance with Arizona law and the MOA terms, subject to a severability clause if determined contrary to law or policy governing energy supply.
- Annually, Beale will engage an independent and qualified third-party verifier, agreed to by the County to provide a written statement of verification that the Project has achieved the renewable energy commitment.
- Beale commits to providing a total of \$15 million community donation over the life of the Project, with payments occurring with each phase of the project.
- The initial \$5 million donation will be for the purposes of science, technology, engineering, and mathematics (STEM) scholarships and funding for students and trade schools.
- An additional donation of \$10 million be made during subsequent phases of the project to fund community benefit initiatives identified with the County to address local priorities.
- Performance of the MOA is governed in accordance with the laws of the State of Arizona and within the jurisdiction of the United States District Court for the State of Arizona.
- In the event of breach, either party is entitled to exercise any and all rights and remedies available to it.

Closing on Land Sale

As noted in previous memoranda, the County received notice on November 10, 2025, that waived certain conditions of closing and triggered the timeframe for closing on the sale of the property in accordance with the approved land acquisition agreement. Based on this notice, the County is proceeding with actions needed to close on the land sale on or before December 25, 2025, as required.

The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Consideration of Binding Memorandum of Agreement with Humphrey's Peak Properties, LLC, Outlining Community Benefit Commitments by Beale Infrastructure in Connection with Project Blue**

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It is recommended that the Board of Supervisors approve the binding Memorandum of Agreement with Humphrey's Peak Properties, LLC, outlining community benefit commitments by Beale Infrastructure related to Project Blue.

JKL/dym

Attachment

c: The Honorable Laura Conover, Pima County Attorney
 Carmine DeBonis, Jr., Deputy County Administrator
 Steve Holmes, Deputy County Administrator
 Sam Brown, Chief Deputy Civil Attorney, Pima County Attorney's Office
 Jeff Teplitsky, Director, Real Property Services Department
 Heath Vescovi-Chiordi, Director, Economic Development Department

MEMORANDUM OF AGREEMENT HOUGHTON DATA CENTER PROJECT

This Memorandum of Agreement (this “**MOA**”), dated as of this ____ day of December, 2025 (“**Effective Date**”), sets forth certain agreements between **HUMPHREY’S PEAK PROPERTIES LLC**, a Delaware limited liability company, a single purpose entity of Beale Infrastructure (“**Beale**”), having its primary office at 150 North Riverside Plaza, 37th Floor, Chicago, IL 60606, and **PIMA COUNTY**, a political subdivision of the State of Arizona, having its primary office at 115 North Church Avenue, Tucson, AZ 85701 (the “**County**”), in connection with Beale’s contemplated development of a data center project (the “**Project**”) on the Property (defined below), outlining the Project and community benefit commitments by Beale, which are intended to provide future educational and other benefits for residents of the County. Beale and the County may be referred to individually as a “**Party**” and collectively as the “**Parties**.”

WHEREAS, Beale has entered into an Acquisition Agreement (the “**Contract**”) with the County to purchase approximately 290 acres of real property at 11295 South Harrison Road, County Assessor’s Parcel Number 305-01-009B, and within the area known as the Pima County Southeast Employment and Logistics Center (the “**Property**”);

WHEREAS, the County Board of Supervisors (the “**Board**”) approved the Contract with Beale (Case No. CT2500000038) upon a majority vote on June 17, 2025. Also on June 17, 2025, the Board approved the Project’s zoning as the Southeast Employment & Logistics Center Specific Plan, Phase 1 (the “**Specific Plan**”), and adopted Ordinance Number 2025-19 and Resolution 2025-27 on August 5, 2025, to memorialize the Specific Plan approval;

WHEREAS, the Specific Plan contemplates development of the Project, whether in unincorporated County or in the City of Tucson limits, and the Contract allows for the Parties to close the transaction if the Property remains in unincorporated County, as confirmed by the County Administrator’s Memorandum dated September 18, 2025, *see Attachment A*;

WHEREAS, Beale has identified certain voluntary community-focused donations and actions that it desires to undertake to demonstrate Beale’s commitment as a community partner, as described in Beale’s letter to the County Administrator and included in the County Administrator’s Memorandum dated November 6, 2025, *see Attachment B*. Beale and the County desire to continue to work to coordinate and determine how those community benefits are implemented;

WHEREAS, Beale provided a formal notice to the County on November 10, 2025, for the closing under the Contract, in which Beale unilaterally waived, in accordance with the Contract, certain closing conditions related to annexation into the City of Tucson and utilities, and intends to close under the Contract by no later than 45 days after the Notice date of November 10, 2025 (i.e. December 25, 2025);

WHEREAS, Beale intends to construct the Project in multiple phases and has submitted to the County for review certain site and building permits for Phase 1 of the Project. Following closing under the Contract, Beale intends to commence initial construction on Phase 1 of the

Project. The timing of the Project's future phases has yet to be defined. Beale may create and convey title ownership to other single purpose entities within the Property, and this MOA will apply to any additional Beale entity operating within the Property; and

WHEREAS, the Parties acknowledge and agree that the descriptions of the Project and the commitments that Beale is making to the community are entirely voluntary and being made at Beale's election. None of the commitments outlined herein arise from the requirement of any County ordinance or other regulatory process. The terms of this MOA have evolved based on Beale's desire to be a community partner and the Parties' belief that the Project can provide public benefits, as further detailed below.

NOW THEREFORE, the Parties hereby execute this MOA to acknowledge each Party's understanding of the Project as follows:

1. Project Water Use. The Project will utilize air cooling technology incorporating a closed-loop system. This system operates by recirculating minimal quantities of water, thereby preventing water loss and eliminating the need for water consumption for industrial cooling purposes. Water usage at the Project site for domestic applications, including, but not limited to, employee kitchens and restrooms and fire suppression systems, will be obtained from a source approved by the Arizona Department of Water Resources. These uses are essential for maintaining employee health and safety and are consistent with the typical water consumption levels of commercial facilities of similar scale. The Project will meet the County's Preliminary Integrated Water Management Plan (PIWMP) requirements, as shown on the plans submitted for approval by the County.
2. Economic Projections. Beale's construction of the Project is projected to generate the following:
 - (a) Phase 1 Economic Benefits. The Chamber of Southern Arizona, in collaboration with the County, retained Applied Economics, an independent third-party consultant, to perform an Economic Impact Study (EIS), which projected the following potential direct economic benefits for Phase 1 of the Project:
 - (i) \$3.6 billion total capital investment planned over the multi-year construction period;
 - (ii) \$152 million in total tax revenues over 10 years, including \$58.8 million to the County, \$93.5 million to the State of Arizona, and increased tax revenue directly benefiting local schools;
 - (iii) 180 new full-time, permanent jobs created by the third year of operations in 2029. These positions are on-site and include engineers, technicians, operations, and security, with an average salary of \$64,000 per year; and
 - (iv) 3,000-plus direct construction jobs created during the multi-year construction period, anticipated to take place between 2026 – 2028.

(b) Subsequent Phases. Beale anticipates that the Project will include multiple phases based on market conditions and each subsequent phase will bring additional economic benefits to the County, subject to the scope and size of each subsequent phase.

3. Renewable Energy Commitment.

(a) Beale will use commercially reasonable efforts to match one hundred percent (100%) of its energy consumption with renewable energy (the “**Renewable Energy Commitment**”) in accordance with Arizona law and the terms hereunder.

(b) Verification. On an annual basis, commencing upon the commercial operation of the Project and through the term of the ESA (as defined below), Beale will engage an independent and qualified third-party verifier mutually agreeable to the Parties to provide a written statement of verification that the Project has achieved the Renewable Energy Commitment in accordance with recognized industry standards.

(c) The Parties acknowledge that (i) the Arizona Corporation Commission (the “ACC”) has exclusive authority over all matters related to the establishment and provision of service to Beale, the Energy Supply Agreement between Beale and Tucson Electric Power Company (the “TEP”) dated July 21, 2025 (the “ESA”), and the rates and charges imposed upon Beale for electric service; (ii) the ESA was approved by the ACC on December 3, 2025, and under the ESA, TEP will provide electric service to Beale with resources that are existing or under development pursuant to TEP’s 2023 Integrated Resource Plan; and (iii) if required by law, future phases of the Project will require Beale and TEP to execute new energy supply agreements, which will be subject to ACC approval. In recognition of the foregoing, the Parties agree to the following:

(i) The Renewable Energy Commitment shall not affect the ESA, future energy supply agreements between Beale and TEP, or ACC approval of the ESA or future energy supply agreements between Beale and TEP; and

(ii) This Section 3 shall be null and void and severed from this MOA if (1) any court, the ACC, or any governmental or regulatory body finds this Section 3 contrary to law or policy, or (2) the Renewable Energy Commitment jeopardizes ACC approval of the ESA or future energy supply agreements.

4. Community Contribution. Beale commits to provide community contributions to the residents of the County, in general accordance with the framework outlined below:

(a) Contribution Framework. Beale commits to providing a total of \$15 million community donation over the life of the Project, with payments occurring commensurate with each phase of the Project. Beale will make payments for a phase of the Project after it obtains certificates of occupancy for such phase. Payment will not be made for portions of the Property that are not developed. Beale will consult with the County with respect to the contributions contemplated below, but any decisions on distributions shall be at Beale’s sole discretion.

- (b) Phase I Payment. Beale commits to donate five million dollars (\$5,000,000.00) (the “**Initial Donation**”) for an initial community benefit for the purposes of science, technology, engineering, and mathematics (i.e., STEM) scholarships and funding for students and trade schools. Beale will determine a specific mechanism to distribute the Initial Donation, which may include a donation to Pima Community College and other institutions, as well as local trade schools and apprenticeship programs. Upon determining the ultimate recipients of the Initial Donation, Beale will enter into donation agreements or similar contracts to memorialize the specific amounts to each recipient, uses for such donations, and mechanisms for payment and distribution.
 - (c) Subsequent Phase Collaboration. Beale commits to donate an additional ten million dollars (\$10,000,000.00) (the “**Subsequent Donations**”), which shall be allocated during subsequent phases of the Project for the purpose of funding community benefit initiatives to be identified in collaboration with the County and tailored to address local priorities. The Subsequent Donations are intended to deliver long-term benefits for residents of the County and may include, without limitation, programs and projects related to digital equity and fiber infrastructure expansion. Specific programs and opportunities shall be detailed and expanded as necessary in future MOUs, as subsequent phases of the Project proceed and programs and opportunities are further identified. Upon determination of the Subsequent Donations’ timing, amount(s), use(s) and recipient(s), Beale will enter into donation agreements or similar contracts to memorialize the specific amounts, recipient, uses, and mechanisms for payment and distribution. This may also include opening grant opportunities via a Request for Proposal for project concepts that could be funded by the Subsequent Donations. Projects under this structure may or may not be selected for Subsequent Donations in Beale’s sole discretion.
5. Conflict of Interest. This Agreement is subject to cancellation within 3 years after its execution pursuant to A.R.S. § 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of Beale is, at any time while this Agreement or any extension of the Agreement is in effect, an employee or agent of any other party to the Agreement with respect to the subject matter of the Agreement.
6. Miscellaneous.
- (a) This MOA, and the other agreements referenced herein, constitute the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersede any prior agreements and understandings relating to such subject matter. TEP is not a party to the MOA and is not bound by the terms of the MOA.
 - (b) This MOA and performance hereunder shall be governed by and construed in accordance with the laws of the State of Arizona without regard to the principles of choice of law. In the event of any legal or equitable action arising under this MOA, the Parties agree that jurisdiction and venue of such action shall lie within the United States District Court for the State of Arizona. In connection with any litigation, including appellate proceedings, arising under this MOA, the prevailing party in such

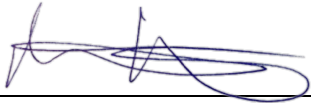
proceedings shall be entitled to recover reasonable attorney's fees and other costs and expenses from the losing party.

- (c) In the event of a breach (or threatened breach) of this MOA by a Party, the non-breaching Party shall be entitled to exercise any and all rights and remedies available to it; provided, however that (i) no Party shall be entitled to seek consequential, incidental, punitive or special damages or to compel specific performance hereunder and (ii) in addition, with respect to a breach (or threatened breach) of Section 3 of this MOA, the Parties agree to a meet-and-confer process, followed—if unresolved—by escalation to senior representatives of each Party; if still unresolved, by the Parties' development and adoption of a written corrective action plan with designated points of contact, milestones, and reasonable timeframes, accompanied by commercially reasonable efforts to implement that plan and reasonable adjustments to deadlines or sequencing under Section 3; and, if disputes remain, by participation in a non-binding mediation. The Parties acknowledge and agree that such mediation shall be non-binding and that no monetary damages, penalties, or specific performance shall be available as a remedy under Section 3.

IN WITNESS WHEREOF, each Party has caused this MOA to be executed by its authorized representatives as of the Effective Date.

BEALE:

Humphrey's Peak Properties, LLC,
a Delaware limited liability company

By: _____

Name: Matthew Weisberg

Title: Vice President and Authorized Signatory

COUNTY:

Pima County, a political subdivision
of the State of Arizona

By: _____

Name: _____

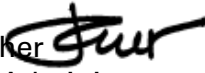
Title: _____



MEMORANDUM

Date: September 18, 2025

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Lesher 
County Administrator

Re: **Additional Information Project Blue Land Agreement**

On June 17, 2025, the Pima County Board of Supervisors approved a land acquisition agreement with Humphrey's Peak Properties, L.L.C. ("Humphrey's Peak") ("the Agreement"). Under the Agreement, the County sells land to Humphrey's Peak for \$20.8 million, including \$500,000 in Earnest Money credited against the purchase price at Closing. The Agreement, which became effective on June 17, 2025, includes a 180-day review period through December 14, 2025, and terminates if Closing has not occurred by June 17, 2026.

The Agreement has two sets of obligations: Deliverables and Closing Conditions. "Deliverables" are due before Closing. Failure of either party to fulfill a delivery by Closing will result in default of the Agreement. On or before the Closing date, certain conditions must also be met. If any condition is not met by Closing, or waived by Closing, Humphrey's can terminate the Agreement by notifying Pima County.

Three key points about the Agreement are:

- The Agreement is between Pima County and Humphrey's Peak (not between Pima County and Beale Infrastructure).
- The Agreement contains conditions which must be met, or waived by Humphrey's Peak, by June 26, 2026. This means that Humphrey's Peak can waive the "annexation condition."
- The contract allows Pima County's sale of the land to proceed even if the City of Tucson does not annex the land.

Please do not hesitate to contact County Attorney Conover or Chief Civil Attorney Sam Brown if you have questions or would like additional information.

JKL/anc

c: The Honorable Laura Conover, Pima County Attorney
Sam Brown, Chief Civil Deputy County Attorney
Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Heath Vescovi-Chiordi, Director, Economic Development



MEMORANDUM

Date: November 6, 2025

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Project Blue Update - November 6, 2025 Letter from Beale Infrastructure Regarding Intent to Proceed**

Over the last ten days, I have provided Project Blue updates to you related to notice of title objections from the buyer ([October 28](#) and [October 31](#)) and a feasibility report for relocating the Pima County Trap and Skeet Range ([November 4](#)). Various aspects of the project were also discussed with the Board of Supervisors during Executive Session on November 4, 2025.

Today, I received the attached letter from Beale Infrastructure (Beale) indicating they are committing to pursue 100 percent renewable energy for its project. They further state that this commitment will be achieved through an energy supply agreement with Tucson Electric Power (TEP) and that Beale will seek to accelerate development of new renewable resources for TEP's grid that produce enough energy to provide 100 percent of the data center's energy consumption at the data center's cost. Beale has further committed to launch an initial \$5 million scholarship fund to support STEM education and trade school training in Pima County, followed by an additional \$10 million allocation in future phases tailored to meet local priorities.

Receipt of this information follows a series of meetings between County Administration and Beale whereby we sought to get additional information on the new scope of the project including more details on the switch from a water-cooled system to an air-cooled system, energy and water consumption, and the type and dollar value of community investment. As mentioned in my September 17, 2025 [memorandum](#), central to the community investment discussion was how the project would provide an equivalent investment to what was purported with the previously proposed construction of the reclaimed water line within the City of Tucson.

To gain greater specificity from Beale on replacement community investments, Pima County suggested options and provided examples of potential benefit projects in September 2025 related to clean energy generation, workforce development, broadband infrastructure, transportation infrastructure and climate mitigation in the form of home weatherization. Through further discussion, Beale indicated a preference for clean energy generation and work development options, which became the key focus of subsequent discussions.

The Honorable Chair and Members, Pima County Board of Supervisors

Re: **Project Blue Update - November 6, 2025, Letter from Beale Infrastructure Regarding Intent to Proceed**

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Despite some progress, at this time a mutual agreement has not been reached on the specific details of the commitments outlined by Beale. Of primary issue is the lack of specificity on exactly how future new clean energy generation would be developed and paid for, the time frame for generation, the dollar amount of investment, and the best method for obtaining third-party validation of the proposed approach. Additionally, while Beale states in their letter that details will be captured in a future agreement instrument, at this time there is no specificity on how the Beale commitments would be incorporated into an appropriate form of enforceable agreement to ensure future compliance.

As stated in their letter, Beale has decided to move forward with the project even though Pima County has unresolved questions at this time and indicated that they intend to proceed with acquisition of the property by December 2025.

Given the recent communication from Beale, along with the above stated unaddressed topics, I am requesting the County Attorneys Office put an Executive Session item on the November 18, 2025 Board of Supervisors Agenda.

JKL/mp

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Heath Vescovi-Chiordi, Director, Economic Development Department
Sam Brown, Chief Civil Deputy County Attorney, Pima County Attorney's Office

November 6, 2025

Dear County Administrator Leshner,

Today, Beale Infrastructure is announcing a major sustainability and community investment initiative for its planned data center project in Pima County's Southeast Employment and Logistics Center (SELC). Beale is committing to match 100% of energy use at its Pima County data center with renewable energy and to invest \$15 million in Pima County to support local education, workforce development, and long-term community growth.

Beale's commitment to pursue 100% renewable energy for its Pima County data center is a significant additional investment and reflects the company's dedication to sustainable infrastructure development. To achieve this, Tucson Electric Power (TEP) will serve the data center through an energy supply agreement and Beale will seek to accelerate the development of new renewable energy resources for TEP's grid that produce enough energy to match 100% of the data center's energy consumption—at the data center's cost. While these new projects are coming online, the commitment to 100% renewable energy will be fulfilled with purchases of renewable energy credits (RECs). Achieving 100% renewable energy not only reduces the project's lifetime carbon emissions but also supports Pima County's Climate Action Plan and broader regional goals to pull forward the delivery of new renewable energy generation.

The community investment initiative will launch with a \$5 million scholarship fund designed to support STEM education and trade school training in Pima County, positioning local students and trade professionals to thrive in high-demand technical careers. The fund aims to empower the next generation of technical talent in southern Arizona and to foster local economic opportunity through educational investments.

An additional \$10 million will be allocated in future phases of the project for community benefit projects identified in collaboration with Pima County leadership. These investments will be tailored to local priorities and will provide long lasting benefits for county residents, such as digital equity investments and fiber infrastructure expansions. The details of these investments will be captured in follow-up instruments designed to support mutual understanding and alignment.

Beale plans to finalize the acquisition of the property at the end of the year and subsequently begin construction, marking a significant milestone for southern Arizona investment and development.

The project's initial phase is expected to bring \$3.6 billion in capital investment during its multi-year construction. It's expected to generate \$152 million in tax revenue over 10 years—\$58.5 million for Pima County and \$93.5 million for the State of Arizona. The construction phase will create 3,000 jobs, prioritizing local union and trade labor, while 180 permanent data center campus jobs will be established by 2029. The data center will use an air-cooled design, which will consume no water for cooling. Water from an Arizona Department of Water Resources (ADWR) approved source will be used to supply domestic needs, including bathrooms, as well as fire suppression systems.

Beale values the input and ongoing engagement with the Board of Supervisors and the Pima County community, and we're excited to take the next steps in this project.

Sincerely,

Beale Infrastructure

