

LOCAL REDEVELOPMENT AUTHORITY

MINUTES

November 7, 2013

The Local Redevelopment Authority of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 7, 2013 at 7:32 a.m.

MEMBERS PRESENT

Chairperson Scott Smith
Alex Finter
Christopher Glover
David Luna
Dennis Kavanaugh
Scott Somers

MEMBERS ABSENT

Dave Richins

STAFF PRESENT

Christopher Brady
DeeAnn Mickelsen
Debbie Spinner

(Mayor Smith excused Councilmember Richins from the entire meeting.)

1. Items from citizens present.

There were no items from citizens present.

2. Hear a presentation, discuss and provide direction concerning the proposed conveyance of the former Air Force Research Lab property from the United States Air Force to the City of Mesa.

Economic Development Director Bill Jabjiniak introduced Economic Development Project Manager Shea Joachim, and Dane Mullenix, representing Alion Science and Technology, who were prepared to assist with the presentation.

Mr. Jabjiniak stated that the negotiations on the conveyance of the AZLabs, formerly known as the Air Force Research laboratory (AFRL), have been ongoing for the past year and a deed is expected by the end of this year. He noted that this item will be brought to the full Council on November 18, 2013.

Mr. Joachim displayed a Power Point presentation (**See Attachment 1**) outlining the conveyance of the former AFRL property from the Air Force to the City of Mesa. He highlighted the project milestones (See Page 2 of Attachment 1) and reported that the Local Redevelopment Authority (LRA) has successfully accomplished all of the property conveyance requirements of the Base Realignment and Closure Commission (BRAC). He indicated that the

property is comprised of approximately six and a half acres, and 10 buildings totaling just under 100,000 gross square feet. He reported that the Air Force has agreed to a negotiated sale price of \$454,000, and to finance the transaction for a two year period at an annual interest rate of 0.9 percent. He explained that the City will own the property upon close of escrow with minimal restrictions, which include an Excess Profits Clause stating that "should the City decide to sell the property within three years of purchasing the property from the Air Force, the City would remit 100 percent of the proceeds in excess of the negotiated sale price back to the Air Force." He noted that the recommended funding source will be from contract savings on an existing Alion contract to be spread over the next two fiscal years.

Mr. Joachim advised that staff is recommending pursuing the Negotiated Sale for the following reasons:

- It provides increased flexibility to the LRA/City of Mesa to implement the Reuse Plan and react to market conditions.
- It minimizes Air Force engagement and associated oversight costs.
- It provides a fair and reasonable price for property in close proximity to other economic development assets in the Mesa Gateway area.

Boardmember Finter pointed out the benefits to the City in making this purchase and commended staff for their hard work and efforts.

It was moved by Boardmember Kavanaugh, seconded Boardmember Somers, to recommend approval of the Negotiated Sale for the conveyance of the former Air Force Research Lab property from the United States Air Force to the City of Mesa for the purchase price of \$454,000 plus 0.9% interest, to be financed through the Air Force over a two-year period.

Mayor Smith declared the motion carried unanimously by those present.

3. Adjournment.

Without objection, the Local Redevelopment Authority meeting adjourned at 7:38 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Local Redevelopment Authority meeting of the City of Mesa, Arizona, held on the 7th day of November 2013. I further certify that the meeting was duly called and held and that a quorum was present.

DEEANN MICKELSEN, CITY CLERK

Ljm
(Attachment – 1)

AZLabs Conveyance Update & Recommendation

Local Redevelopment Authority

11/7/2013





Project Milestones

2005: Air Force Research Laboratory (AFRL) designated for closure under Base Realignment and Closure (BRAC). The Department of Veteran Affairs (VA) requested the property.

January 2010: VA withdrew its request for the property

May 2010: Department of Defense (DOD) recognized the City of Mesa as the Local Redevelopment Authority (LRA)

February 2011: Reuse Plan for AFRL approved by LRA

June 2011: Air Force executes an Interim Lease with City of Mesa

April 2012: Economic Development Conveyance (EDC) application for AFRL property submitted to Air Force



Negotiated Sale

- Typical purchase transaction
- Air Force agreed to a sales price of \$454,000.
- Air Force agreed to payment terms:
 - 2-year term... payments due no later than 9/1/2014 and 9/1/2015
 - Annual Interest Rate of 0.9%
 - Principal and Interest = \$460,000
- Upon closing, City would own the property with minimal restrictions.
 - Excess Profits Clause
- Funding Source: Savings from existing Alion contract.



Recommendation

Staff recommends pursuing the Negotiated Sale option under the terms previously described.

The Negotiated Sale option:

- Provides increased flexibility to the LRA / City of Mesa to implement the Reuse Plan and react to market conditions.
- Minimizes Air Force engagement and associated oversight costs.
- Provides a fair and reasonable price for property in close proximity to other economic development assets in the Mesa Gateway area.

Questions/Comments

