

COUNCIL MINUTES

January 7, 2016

The City Council of the City of Mesa met in a Special Council Meeting in the Council Chambers, 57 East 1st Street, on January 7, 2016 at 7:35 a.m.

COUNCIL PRESENT

John Giles
Alex Finter
Dennis Kavanaugh
David Luna
Dave Richins
Kevin Thompson

COUNCIL ABSENT

Christopher Glover

OFFICERS PRESENT

Christopher Brady
Jim Smith
Dee Ann Mickelsen

Mayor Giles excused Councilmember Glover from the entire meeting.

1. Take action on the following resolution:

- 1-a. Approving the amendment of a Sublease Agreement between the City and Able Engineering and Component Services, Inc.; approving the amendment of a Property and Special Facility Lease Agreement between the City and the Phoenix-Mesa Gateway Airport Authority; authorizing the City Manager or designee to enter into such amendments and related documents; consenting to an ownership transfer; and ratifying all actions taken in connection with the contract amendments. **(District 6)** – Resolution No. 10725.

Mayor Giles invited Lee Benson, CEO of Able Engineering, to come forward and provide the Council a brief overview of this item.

Mr. Benson reported that in December 2015, Able Engineering entered into a Stock Purchase Agreement with Textron Aviation. He explained that the benefit of such an agreement will enable Able Engineering to “grow” the work it is doing today by five-plus fold on a global basis. He also stated that in the next three to five years, he would anticipate that the number of employees at the company would double.

Mr. Benson, in addition, remarked that the agreement was structured in such a manner that every one of the owners who are currently a part of the Able shareholders group, as well as every one of the senior leaders who are not shareholders, must stay at the company for a minimum of three years, including himself. He added that from a personal perspective, he was very excited for the potential future growth of the company with the assistance of Textron.

Mayor Giles commented that Mr. Benson, who was the founder of Able Engineering, has nurtured the company into a tremendous success. He also stated that Mr. Benson was an inspiration in the community and congratulated him regarding this matter.

Economic Development Project Manager Shea Joachim addressed the Council and explained that Textron, Inc. is a well-known company in the aviation and aerospace industry. He reported that Textron Aviation, which is the acquiring entity, is known around the world for its powerful brands such as Cessna, Hawker and Beechcraft. He pointed out that in 2014, Textron Aviation generated \$4.5 billion in revenue.

Mr. Joachim commented that as part of the City's due diligence, staff assessed whether the acquiring entity could match or exceed the financial strength of Able Engineering. He noted that based on the above-referenced revenue, in staff's analysis, the financial strength of Textron Aviation does exceed that of Able Engineering.

Responding to a question from Councilmember Richins, City Manager Christopher Brady confirmed that the lease terms have not changed with respect to the payments for the facility that was completed at Phoenix-Mesa Gateway Airport.

In response to a question from Councilmember Richins, Chief Financial Officer Mike Kennington clarified that the City lists the above-referenced liability on its Comprehensive Annual Financial Report (CAFR).

It was moved by Councilmember Richins, seconded by Councilmember Thompson, that Resolution No. 10725 be adopted.

Mayor Giles declared the motion carried unanimously by those present and Resolution No. 10725 adopted.

2. Items from citizens present.

There were no items from citizens present.

3. Adjournment.

Without objection, the Special Council Meeting adjourned at 7:40 a.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Council Meeting of the City Council of Mesa, Arizona held on the 7th day of January, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

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