



MEMORANDUM

To: The City Council
From: Christopher J. Brady

Background

The City entered into a Pre-annexation and Development Agreement with Empire Southwest ("Empire") in July 2008, which provided, among other things, economic incentives for transaction privilege tax reimbursement. The effective date of the economic incentive period was October 8, 2008 (the date of annexation) and the period was for 15.5 years, expiring on April 8, 2024. There are 7.5 years remaining in the term of the Pre-annexation and Development Agreement.

For Consideration

An Amendment to the Pre-annexation and Development Agreement with the following provisions:

- 1) An extension of 10 years to the original 15.5-year period with an expiration date of April 8, 2034.
- 2) The Taxable Revenue Minimum for the fiscal year ending June 30, 2017 will be \$85,000,000 increasing that amount by \$500,000 per year after this fiscal year.
- 3) Empire will keep its principal corporate and sales office in Mesa during the term of the agreement and requires that Empire employ at least 800 full-time employees in this office.
- 4) If the First Amendment or the Pre-annexation and Development Agreement are found by the Arizona Attorney General or a court of law to be contrary to state law, then the City may terminate the agreement without penalty.