

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE CITY MANAGER TO ENTER INTO A SALE AND PURCHASE AGREEMENT FOR THE SALE OF CITY OWNED PROPERTY, AND A DEVELOPMENT AGREEMENT AND GOVERNMENT PROPERTY IMPROVEMENTS LEASE AGREEMENT WITH MHA III, LLC TO DEVELOP AND CONSTRUCT A MARKET-RATE RESIDENTIAL APARTMENT PROJECT ON PROPERTY LOCATED IN DOWNTOWN MESA NEAR THE SOUTHEAST CORNER OF SOUTH MACDONALD AND WEST 1<sup>ST</sup> AVENUE.

WHEREAS, City owns approximately 1.48 acres of real property generally located near the southeast corner of S. Macdonald and W. 1<sup>st</sup> Avenue within the City limits of the City of Mesa (“City”), which is depicted on the attached Exhibit A (“Property”); and

WHEREAS, MHA III, LLC, an Arizona limited liability company (“Developer”), desires to purchase the Property in order to construct a market-rate residential apartment project consisting of three three-story buildings with a minimum of seventy-two market-rate residential units (“Project”) as more fully described in the Development Agreement; and

WHEREAS, the Property is located in both (i) the planning area of the City’s Central Main Plan, which was adopted by the Mesa City Council in January 2012, and (ii) the Town Center redevelopment area within the City’s single Central Business District, which was adopted by the Mesa City Council in 1999, and which designation of slum and blight was renewed by resolution adopted April 6, 2020; and

WHEREAS, the City’s Central Business District including the Town Center redevelopment area has numerous vacant, undeveloped and blighted properties and at least two blight factors exist on the Property (as determined by the blight assessment study conducted and presented to the City Council with the renewal of the City’s Central Business District); and

WHEREAS, other Arizona cities are experiencing growth and redevelopment in their downtown areas, the City, despite its revitalization efforts to reduce the number of vacant, underutilized parcels in downtown Mesa, has found it challenging to redevelop property within the City’s Town Center redevelopment area; and

WHEREAS, Arizona Revised Statutes (“A.R.S.”) § 9-500.05 authorizes the City to enter into a development agreement with any person or entity having an interest in real property in the City of Mesa providing for the development of such property and certain development rights thereon; and

WHEREAS, the City Council finds it is in the best interest of the City and the City’s vision for the redevelopment and revitalization of its Town Center redevelopment area to sell the Property to Developer for the City to enter into a Development Agreement with the Developer for Developer

to construct the redevelopment Project and to construct and maintain enhanced streetscape improvements along Macdonald (the “Development Agreement”); and

WHEREAS, City obtained and paid for an appraisal of the Property and the City Council is willing to sell the Property to Developer for the appraised value as more fully described in the Agreement to Purchase Real Property and Escrow Instructions (the “Sale and Purchase Agreement”) and the Development Agreement; and

WHEREAS, the City Council further finds that the Project will enhance the economic welfare of the inhabitants of the City of Mesa by, but not limited to, (i) providing for planned and orderly development of the Property consistent with the City’s Mesa 2040 General Plan, the Zoning Ordinance and the Central Main Plan; (ii) increasing tax revenues to City arising from or relating to the improvements to be constructed on the Property; (iii) increasing utility revenues to City; (iv) enhancing the streetscape improvements along Macdonald; (v) enhancing the economic and social welfare of the residents of City; (vi) providing a new, high-quality multiple residence community in the City’s downtown to benefit City’s residents; (vii); reducing the slum and blight in the City’s Central Business District; and (viii) otherwise advancing the redevelopment goals of City and the City’s Central Main Plan; and

WHEREAS, upon completion of the Project, it is the desire and intention of Developer and City that the owner of the Property transfers the Property and all the improvements constructed thereon to the City, and thereafter to lease the same from City as a Government Property Improvements Lease pursuant to A.R.S. §§ 42-6201 *et seq.* (the “Lease”) on the terms and conditions set forth in the Lease; and

WHEREAS, the governing bodies of Mesa Community College, Mesa Public Schools, and the East Valley Institute of Technology (collectively, the “School Districts”) were notified and received all documentation required by A.R.S. §§ 42-6201 *et seq.*; and

WHEREAS, the City Council hereby determines, as required by A.R.S. § 42-6209(C)(2), that, within the term of the Lease, the economic and fiscal benefit to the State of Arizona, Maricopa County, and the City will exceed the benefits received by the prime lessee as a result of the Lease on the basis of an estimate of those benefits prepared by an independent third party in a manner and method acceptable to the City Council, and that the City has provided that analysis to Maricopa County and the School Districts; and

WHEREAS, the City Council further finds that the Property and improvements thereon are located in the Town Center redevelopment area within the City’s single Central Business District, and the improvements that will be constructed on the Property will result in an increase in property value of at least one hundred percent; therefore, subject to compliance with, and limitations of, A.R.S. §§ 42-6201 *et seq.*, the Development Agreement and Lease, the Property and improvements will be eligible for the tax abatement under A.R.S. § 42-6209; and

WHEREAS, the term of the Lease would begin within ten years after approval of the Development Agreement and will not exceed eight years, and upon the expiration (or earlier

termination) of the Lease, the City will reconvey the Property and improvements back to the owner; and

WHEREAS, the City Council hereby determines and finds that the Project will assist in the creation of jobs and will otherwise improve and enhance the economic welfare of the inhabitants of the City of Mesa in accordance with A.R.S. § 9-500.11; and

WHEREAS, the City Council hereby determines it is appropriate to enter into the Sale and Purchase Agreement, Development Agreement, Lease, and other agreements and amendments as contemplated in those documents.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

Section 1: The City Council approves the sale of the City-owned Property to MHA III, LLC, pursuant to the Sale and Purchase Agreement, and approves the Development Agreement, and Lease, and authorizes the other agreements and amendments as contemplated in the Sale and Purchase Agreement, Development Agreement and Lease and authorizes the future actions and execution of documents and agreements necessary to carry out the provisions of all these agreements (all the foregoing, collectively, the "Project Documents").

Section 2: The City Manager, or his authorized designee, is authorized to execute the Project Documents and the deed conveying the City-owned Property. Provided further, the City Manager may agree to and enter into, and make amendments and modifications to the Project Documents as necessary to carry out the intent of the Project Documents or that are necessary to facilitate the development of the Project and do not materially alter the terms of the Project Documents.

Section 3: That the City Clerk is authorized and directed to attest to the signature of the City Manager, or his designee, on all such documents.

PASSED AND ADOPTED by the Council of the City of Mesa, Maricopa County, Arizona this 8th day of December, 2021.

APPROVED:

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Mayor

ATTEST:

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City Clerk