

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE CITY MANAGER TO ENTER INTO A DEVELOPMENT AGREEMENT AND GOVERNMENT PROPERTY IMPROVEMENTS LEASE AGREEMENT TO FACILITATE THE DEVELOPMENT AND CONSTRUCTION OF A RESIDENTIAL PROJECT AND OTHER PUBLIC IMPROVEMENTS ON THE PROPERTY GENERALLY LOCATED NORTH OF THE NORTHEAST CORNER OF WEST MAIN STREET AND NORTH DOBSON ROAD, AND A PERPETUAL EASEMENT AGREEMENT TO ALLOW FOR THE PUBLIC'S USE OF THE THOROUGHFARE IN THE PROJECT.

WHEREAS, Dobson Properties Sub-Fund, LLC ("Developer") has fee ownership of approximately 6.08 acres of certain real property located at 139 North Dobson Road near the intersection of North Dobson Road and West Main Street, within the city limits of the City of Mesa ("City") which is legally described in the attached Exhibit A ("Property").

WHEREAS, Developer intends to facilitate the development of the Property into a four-story, multi-family residential development with market-rate apartments, a thoroughfare area, and other public improvements ("Project").

WHEREAS, the Property is located in both (a) the planning area of the West Main Street Area Plan adopted by City Council in 2007, and (b) the West Redevelopment Area within the City's single Central Business District initially adopted by City Council in 1999, that has a designation of slum and blight that was renewed by City Council Resolution No. 11471 on April 6, 2020.

WHEREAS, the City's Central Business District, including the West Redevelopment Area, has numerous vacant, undeveloped and blighted properties and at least one blight factor exists on the parcel within the Property (as determined by the blight assessment study conducted and presented to the City Council at the time of the renewal of the City's Central Business District): the existence of conditions that endanger life or property.

WHEREAS, the Property was originally developed in 1968 as part of an enclosed shopping mall. Beginning in the late 1970s, the mall underwent a period of decline that continued through the late 1990s that included the closure of the two anchor stores in the mall. Following the closure of its two anchor stores, the mall was demolished in 1999, and a strip mall shopping center was built on the adjacent parcel, but the Property has remained underutilized as a surface parking area and has become an expansive, vacant, and deteriorating lot in Mesa.

WHEREAS, although other Arizona cities are experiencing growth and redevelopment in their central business districts, the City, despite its revitalization efforts to reduce the number of vacant, underutilized parcels in the City's Central Business District, has found it challenging to redevelop property within the City's West Redevelopment Area.

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 Mesa providing for the development of such property and certain development rights thereon.

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 West Redevelopment Area for the Project to be constructed on the Property and for the City to enter into a Development Agreement for the Project ("Development Agreement"), the terms of which would include: (i) the construction of certain public improvements that will be dedicated to the City; (ii) the construction of the thoroughfare area totaling approximately 33,988 square feet on the Property that will be available to the public for its use that will consist of two (2) drive-

aisles through the Property facilitating access to the Valley Metro park and ride facility and additional access points for the fire department, other emergency personnel, and solid waste and recycling services, and landscaping along the drive-aisles, all at no cost to the public or the City ("Thoroughfare"); (iii) the construction of the vehicular ingress and egress area totaling 6,355 square feet on the Property that will consist of a north-south drive aisle connecting to an east-west drive aisle of the Thoroughfare and providing an access route for buses and the public traveling through the Property to access Webster Elementary School supporting Mesa Public Schools, at no cost to Mesa Public Schools, the public, or the City ("Vehicular Ingress and Egress Area"); and (iv) at no cost to Mesa Public Schools, the public, or the City, either the acquisition by Developer of a parcel of land abutting the southern property line of the Webster Elementary School property and deeding such parcel to Mesa Public Schools, or, alternatively, if Developer does not acquire ownership of the southern parcel, the construction of improvements along the southern portion of the Webster Elementary School property.

WHEREAS, upon completion of the Project, it is the desire and intention of Developer and the 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 the City as a Government Property Improvements Lease pursuant to A.R.S. §§ 42-6201 *et seq.* ("Lease") on the terms and conditions as set forth in the Lease.

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

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.

WHEREAS, the City Council further finds that the Property is located in the West Redevelopment Area within the City's single Central Business District, and the improvements that will be constructed on the Property for the Project will result in an increase in property value of at least one hundred percent.

WHEREAS, in compliance with A.R.S. § 42-6209(G), the term of the Lease will not exceed eight years, including any abatement period, regardless of whether the Lease is transferred or conveyed to subsequent lessees during that period, and as soon as reasonably practicable but within twelve months after the expiration of the Lease, the City will reconvey the Property and improvements back to the owner.

WHEREAS, as a condition precedent to the City entering into the Lease and as an element of the consideration for the Development Agreement, the owner of the Property will give to City, at no cost to City, a perpetual easement over the Thoroughfare in the form attached to the Development Agreement ("Perpetual Easement"), that will ensure the public benefits from the use of the space by providing additional access routes to the Valley Metro park and ride facility, the Sycamore/Main Street light rail station, and will facilitate access to businesses and events in Mesa, and an additional bus route for Webster Elementary School at no cost to Grantee or to the public.

WHEREAS, as a condition precedent to the City entering into the Lease and as an element of the consideration for the Development Agreement, the owner of the Property will give to Mesa Public Schools, at no cost to Mesa Public Schools, the City, or the public, a perpetual easement over the Vehicular Ingress and Egress Area in the form to be attached to the Development Agreement, that will ensure the public and Mesa Public Schools benefit from the use of the space by providing vehicular access and temporary parking related to the Webster Elementary School property, including vehicular access and temporary parking for school buses, student drop-off and pick-up, events held at the school, and use of Webster Recreation Center.

WHEREAS, the City Council 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 the planned and orderly development of the Property consistent with the General Plan, West Main Street Area Plan, Smart Growth Community Plan, Zoning, and Central Business District; (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) creating new jobs and otherwise enhancing the economic welfare of the residents of City; (v) providing the new Thoroughfare benefitting the public and the new Vehicular Ingress and Egress Area benefitting the public and Mesa Public Schools; (vi) at no cost to Mesa Public Schools, the public, or the City, either deeding to Mesa Public Schools a parcel of land located along the southern edge of the Webster Elementary School property, or, alternatively, providing new improvements benefitting Mesa Public Schools on the Webster Elementary School property; (vii) the collection of permit fees and transaction privilege tax in the construction of the Project; and (viii) otherwise advancing the goals of the West Main Street Area Plan and the Smart Growth Community Plan by creating a walkable urban environment through the development of a high-quality, sustainable multi-family residential development near public transit and surrounding businesses.

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 (Version 2) entitled “Expenditures for economic development; requirements; definitions”.

WHEREAS, the City Council hereby determines it is appropriate to enter into the Development Agreement, the Lease, the Perpetual Easement, 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 Development Agreement, Lease, and Perpetual Easement for the development and construction of the Project, authorizes the other agreements and amendments as contemplated in the Development Agreement, Lease, and Perpetual Easement, 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, “Project Documents”).

Section 2: The City Manager, or his designee, is authorized to execute the Project Documents and, without further approval of the City Council, may agree to and execute any amendments and modifications to the Project Documents as are necessary to carry out the intent of the Project Documents or facilitate the development of the Project, and that do not materially alter the terms of the Project Documents.

Section 3: 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 15th day of November, 2021.

APPROVED:

Mayor

ATTEST:

City Clerk

EXHIBIT A

PARCEL NO. 1:

That portion of the Northwest quarter of Section 20, Township 1 North, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, shown as Parcel C, of LOT SPLIT OF TRI CITY PAVILIONS, according to Book 884 of Maps, page 48, records of Maricopa County, Arizona.

PARCEL NO. 2:

A non-exclusive easement for ingress and egress for vehicular and pedestrian traffic over the Common Areas described in the Declaration of Covenants, Conditions and Restrictions and Grant of Easements in Recording No. 2002-0031777 and Amended and Restated in Recording No. 2005-1870410 and First Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions and Grant of Easements in Recording No. 20140131865, Second Amendment in Recording No. 20160220101 and Third Amendment in Recording No. 20160883921, records of Maricopa County, Arizona.

APN: 135-48-003H