



**“The mission of the City of Safford is to make Safford
a great place to live, work, and visit”**

**CITY OF SAFFORD
COUNCIL MEETING MINUTES
Monday, December 14, 2015 @ 6:00 PM
Safford Library Program Room, 808 S. 7th Avenue, Safford, Arizona**

PRESENT: Wyn “Chris” Gibbs, Mayor; Richard Ortega, Vice Mayor; Councilmembers, Mary Bingham, Gene Seale, Kenneth Malloque, Arnold A. Lopez, and James D. Howes.

STAFF PRESENT: Horatio Skeete, City Manager; William J. Sims, City Attorney; Joe Brugman, Police Chief; Randy Petty, Public Works Director/City Engineer; Alma Flores, Interim Finance Director; Jenny Howard, Utilities Director; Dustin Welker, Community Development Director; Leanne McElroy, Library Director; Cliff Davis, Human Resources Officer; Sam Napier, I.T. Administrator; and Georgia Luster, City Clerk.

OTHERS PRESENT: Jay Cross (Force 360), Roger Simard (Force 360), Dean Krieg, Ernie Mennes (Force 360), Kathy Grimes, John Howard, Jonathon Stailey, Steve McGaughey, David Morse, Ron Green (Force 360), Jeff McCormick, Pima Town Manager, and others who did not sign in. Ken Showers with Eastern Arizona Courier.

1. **WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 5:55:54 p.m.
2. **ROLL CALL:** A quorum of the Council was present (7).
3. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
4. **OPENING PRAYER:** Elder Jonathan Stailey offered the opening prayer.
5. **CITIZEN COMMENTS ON AGENDA ITEMS:** The following individuals provided a comment form: Roger Simard (National Tech Center, Force 360); Ernie Mennes (Managing member – Military Technology Center); Jay Cross (National Tech Center, Force 360); Kathy Grimes (Social Host Ordinance #15-006). They will comment during the time of discussion of their chosen item.
6. **NEW/OLD BUSINESS:**
 1. **Approve November 9, and November 23, 2015 Council Meeting Minutes.** A motion was made by Councilman Malloque, seconded by Councilman Howes to approve the November 9 and November 23, 2015 Council Meeting Minutes as published. Councilman. The motion carried unanimously. **MOTION ADOPTED**

7- Mayor Gibbs; Richard Ortega, Vice Mayor; Councilman Seale, Councilman Malloque, Councilwoman Bingham, and Councilman Howes.

2. **Approve November 23, 2015 executive session minutes.** A motion was made by Vice Mayor Ortega, seconded by Councilwoman Bingham to approve the November 23, 2015 executive session minutes. The motion carried unanimously. **MOTION ADOPTED**

7- Mayor Gibbs; Richard Ortega, Vice Mayor; Councilman Seale, Councilman Malloque, Councilwoman Bingham, Councilman Lopez, and Councilman Howes.

3. **First Quarter Fiscal Year 2016 Financial Update.** Alma Flores, Interim Finance Director presented a Power Point presentation of a summary of the fiscal year 2016 quarter financial status and local economic conditions for the City of Safford. (Copy attached). The report is divided into five sections:

- Summary and analysis of the City's General Fund revenues
- Summary and analysis of the City's General Fund expenditures
- Analysis of the City's HURF and Street Fund revenue and expenses
- Summary and analysis of the City's Enterprise Funds
- Summary of the Grant Fund activity

4. **Accept resignation of Mary Bingham from the City of Safford City Council effective December 31, 2015.** Mayor Gibbs and the Council expressed their appreciation to Councilman Mary Bingham for her willingness to serve the Safford City Council. A motion was made by Councilman Howes, seconded by Councilman Malloque to accept the resignation of Mary Bingham from the City of Safford City Council effective December 31, 2015. The motion was unanimous. **MOTION ADOPTED**

6- Mayor Gibbs; Richard Ortega, Vice Mayor; Councilman Seale, Councilman Malloque, Councilman Lopez, and Councilman Howes.

5. **Discuss and approve the process for filling the Councilmember vacancy created by Mary Bingham.** The City Clerk reviewed a potential schedule of the process for filling the vacancy of the councilmember seat: Vacancy occurs December 31, 2015; application deadline Wednesday, January 6, 2016; Council evaluate candidates January 11, 2016 at the regular council meeting in executive session; Interview candidates January 20th/21st; seat new councilmember Monday, January 25th.

A motion was made by Vice Mayor Ortega, seconded by Councilman Malloque to approve the process for filling the Councilmember vacancy created by Mary Bingham. The motion was unanimous. **MOTION ADOPTED**

7 - Mayor Gibbs; Richard Ortega, Vice Mayor; Councilman Seale, Councilman Malloque, Councilwoman Bingham, Councilman Lopez and Councilman Howes.

7. **RESOLUTIONS:**

1. **Approve Resolution Number 15-033, hereby designating National Bank of Arizona,**

Safford, Arizona as a depository, and designating persons authorized to sign related documents for the AIRPORT RESERVE ACCOUNT. City Manager Skeete explained the resolution designates National Bank of Arizona as a depository for the Airport Reserve Account, and authorize persons to sign related documents.

The City Clerk read the Title and Number of Resolution Number 15-033.

A motion was made by Vice Mayor Ortega, seconded by Councilman Lopez to approve Resolution Number 15-033, hereby designating National Bank of Arizona, Safford, Arizona as a depository, and designating persons authorized to sign related documents for the AIRPORT RESERVE ACCOUNT. The motion was unanimous. **MOTION ADOPTED**

7 - Mayor Gibbs; Richard Ortega, Vice Mayor; Councilman Seale, Councilman Malloque, Councilwoman Bingham, Councilman Lopez, and Councilman Howes.

8. ORDINANCES:

1. **Review the progress of the Water Efficiency Ordinance and Graham County Plant List, and consider providing staff direction to present an Ordinance to the City Council for adoption in January.** Dustin Welker, Community Development Director, presented a report of the progress of the proposed Water Efficiency Ordinance since the joint meeting held a couple months ago. He noted that each Council and Board has reviewed within their own jurisdiction the proposed ordinance and provided comments. The committee has integrated the comments and feedback into the ordinance and has created the Graham County Plant List for the council to review. He stated the original idea presented at the joint meeting was low water use plants. However, as a committee, a comprehensive list of plants and trees suited to Graham County was compiled and categorized as RW (rain water only), low, medium or high water use. The Plant List will be used to determine which plants and trees count towards a property's "Water Intensive Landscaped Area" as described and detailed in the proposed ordinance. Secondly, a major conversation that came out in the joint meeting, was how to treat remodels and additions (highlighted in ordinance). Water efficiency Standards will be applicable for landscaping on remodels and additions in the case that existing landscaping is replaced and/or new landscaping is installed. Water Efficiency Standards for indoor fixtures will be applicable on remodels and additions for existing fixtures that are replaced and for any new fixtures installed. New installation of swimming pools shall be equipped with pool covers. The Water Efficiency Committee is working with each jurisdiction in an effort to move forward together in adopting the ordinance in January.

It was the consensus of the Council to bring back the ordinance in January for adoption.

2. **Second Reading of Ordinance Number 15-006, amending Title 9, Public Peace, Morals and Welfare, adding Chapter 9-14, Providing a Location for an Unlawful Minor Party/Gathering, AKA the Social Host Ordinance, of the Municipal Code of the City of Safford.**

Mayor Gibbs called Kathy Grimes (1615 S. 1st Avenue, Safford) forward to address the Council on this item.

Kathy Grimes, Director of the Graham County Substance Abuse Coalition, introduced Becca Estrada who is also a member of the Coalition. She stated that because federal funds are provided she cannot lobby or ask the Council to vote in a particular way concerning the Social Host Ordinance. However, she is able to provide information about underage drinking in Graham County. She said the Coalitions goal is to raise healthy productive youth in our Community. Studies indicate that the younger the youth become involved with drugs and alcohol the more likely they are to become lifelong users. For Graham County the average age for initiation is 13.4 years old. "Remember this is an average, but, they have data showing that some youths start as young as eight years old." Studies show a teen's brain is not fully developed until the age of 24-25. By these young people using drugs and alcohol, it is likely they will damage their brain cells. Therefore, by damaging their brain cells it may hinder their abilities to develop the skills necessary to become functioning adults. The Arizona Youth Survey that is administered in even numbered years to 8th, 9th, 10th & 12th graders throughout the State of Arizona, revealed in 2014 that 22.2 percent of the youth surveyed had used alcohol in the past thirty days – that's a quarter of our youth. With 12.2 of these youths drinking two to three times a week, not just on the weekend. Surveys revealed that 9.25 percent, of the parents were providing the alcohol to them. 45.4% said someone else bought it for them, and 40.8% attained the alcohol from a party (most likely house parties). For these reasons, the Coalition is looking champions to assist them in their efforts to create a drug and alcohol free community and by passing the Social Host Ordinance, it will be another tool to do so. The Coalition is placing gift tags (stickers) in some of the local stores to encourage adults to not contribute to purchasing alcohol for underage youth. Advertising will also be done in the Courier and on the radio.

Mayor Gibbs stated Kathy Grimes is a front runner in battling drugs and alcohol with the youth and is a State model for other programs. The Coalition is doing great work.

Chief Brugman was available for any questions about the Social Host Ordinance. Chief Brugman stated the ordinance is an important step to protecting our youth. He noted that Sheriff Allred is supporting the ordinance and has asked the City to assist them with the introduction of a Graham County Social Host Ordinance.

The City Clerk read the Title and Number of Ordinance Number 15-006.

A motion was made by Councilman Howes, seconded by Vice Mayor Ortega to approve and adopt Ordinance Number 15-006, amending Title 9, Public Peace, Morals and Welfare, adding Chapter 9-14, providing a Location for an Unlawful Minor Party/Gathering, AKA the Social Host Ordinance, of the Municipal Code of the City of Safford. The motion was unanimous. **MOTION ADOPTED**

7 - Mayor Gibbs; Richard Ortega, Vice Mayor; Councilman Seale, Councilman Malloque, Councilwoman Bingham, Councilman Lopez, and Councilman Howes.

3. **First Reading of Ordinance Number 15-007, a proposed annexation of property to the east of the City of Safford Mesa Yard adjacent to Highway 191. The proposed annexation includes three parcels totaling 1.0 acre currently under the jurisdiction of Graham County.** City Manager Skeete introduced Dustin Welker to present the item.

Dustin Welker stated the process of this annexation began on October 28, 2105 when a blank annexation petition was filed with Graham County; a Public Hearing was held on November 23rd, and signatures were obtained from property owners. He asked the Council to consider the first reading of the ordinance. The City of Safford provides water utility services, sewer is not available, gas and electric are currently being provided by Graham County Electric. The City of Safford has the opportunity to work with Co-op to assume gas and electric services.

The City Clerk read the Title and Number of Ordinance #15-007.

9. **CONTRACTS, AGREEMENTS, BIDS:**

1. **Approve the SPPA WCF2 Project Agreement between the City of Safford, a WCF2 Project Member and the Southwest Public Power Agency, Inc. of which City of Safford is a voting member.** Jenny Howard presented the background of the Working Capital Fund #2 (WCF2) Project Agreement. She noted in July of last year Council approved a Purchase Power Agreement of which the City of Safford is a member (21 SPPA members) through Southwest Public Power Agency, Inc. SPPA is a Joint Action Agency formed by PPA Buyers in order to manage power supply Contracts. SPPA and WCF2 Project members desire to enter into this Agreement as a Project Contract authorized under the terms of the IGA to allow SPPA to perform its Agency functions with respect to the maintenance and investment of the Working Capital Fund (WCF) as to obtain a better return on the project Members' monies held in the fund.

A motion was made by Councilman Malloque and seconded by Councilwoman Bingham, to approve the SPPA WCF2 Project Agreement between the City of Safford, a WCF2 Project Member and the Southwest Public Power Agency, Inc. of which City of Safford is a voting member. **MOTION ADOPTED**

7 - Mayor Gibbs; Richard Ortega, Vice Mayor; Councilman Seale, Councilman Malloque, Councilwoman Bingham, Councilman Lopez, and Councilman Howes.

2. **Pursuant to Arizona Revised Statutes § 38-4341(A) (3) and (A) (4), the Mayor and Council may enter executive session to discuss and consult with the attorney regarding negotiations of an MOU with Force Option 360 Tactical Training LLC and the City of Safford for approximately two hundred acres (200) acres at the Airport for the development of a Tactical Training Center without impacting the operations of the Airport. The Mayor and Council may reconvene to regular session to take possible action.**

City Manager Skeete respectfully requested the Council consider entering executive session to discuss the formulation of an MOU with Force Options 360 Tactical Training, L.L.C.

Items 10, 11, & 12 were discussed prior to the Council adjourning to executive session.

10. MEETINGS/ACTIVITIES HELD OR TO BE HELD BY COUNCIL OR CITY STAFF:

- Tuesday, December 15 – Library Holiday Open House
- January 11, 2016 – Council Meeting
- January 25, 2015 – Council Meeting

11. COUNCIL REQUESTS FOR AGENDA ITEMS:

- **Vice Mayor Ortega** - Review sanitation operating procedures
- **Councilman Lopez** – Maintenance and repairs of structures at the Rifle Range (Skeet Shoot area)

12. FUTURE MEETINGS/ANNOUNCEMENTS: NONE

13. CITIZEN COMMENTS ON NON-AGENDA ITEMS: NONE

At 6:51:55 p.m., Ernie Mennes, Managing Member for Force Options 360, also known as the Safford National Technology Center Project. He introduced Jay Cross, Chief Operating Officer for Force Options 360 and the National Technology Center, addressed the Council.

Ernie Mennes: arguably one of the most important points that they can make “Money marries Management.” In this particular case, they have truly assembled a team of industry leaders that are recognized and well respected as “industry leaders,” not number two or three, but truly the industry leaders. At the top, they brought in the McCombs Group: Mr. McCombs is well known as an automotive dealer creating one of the largest automotive companies in the Country. He is also Co—Founder of Clear Channel, owner of San Antonio Spurs and former owner of the Minnesota Vikings. Mr. McCombs also created the McCombs School of Business which is the business school for the University of Texas. Two of the executive members for Freeport sit on his Board of Directors in Texas and are very familiar with what we are doing here and assisting us, as well as Mr. Dean Krieg. The McCombs group has been very instrumental. He stated that Force Options 360 is about aerospace and technology. “We are a research center. One of the attributes, in addition to having great people behind our company, is that it comes with industry leadership including education. Kay Goss was appointed by President Clinton heads up the United States Disaster Relief and Emergency Response is solely responsible for the degree granting authority and standard setting for education bodies that are actually deploying our first responders. We have been able to meet with Eastern Arizona College, as well as ASU, and have had meetings through former Mayor Ron Green who has also met with University of Arizona. We recognized an opportunity to basically reposition the Safford Regional Airport and put it to its best use, but, at the same time being mindful of what our capital expense abilities are and are not. So, the deal in front of the Council is very well thought out. By the way, again, we are industry leaders and each disciplined. Me having been a managing member for one of America’s most notorious developers

and having ruled out Hard Rock, Hard Rock Café and Hard rock Hotel and Casino and worked with numerous public/private ventures whether it being Colorado, Florida, California, etc.. We believe that we have put together a great proposal wherein we envision the ability for the community of Safford to really address some of its core needs and issues. We like this region for a couple of points: 1) we know this community like the back of our hand and see an opportunity to work with the local community, our national and international leaders to bring new, important profound business to this region. It's pretty cool, because often time's people talk about wanting to create jobs and enhance the economy, and before you is an opportunity to do that. Because of this really unique group of people we have assembled, beginning with Mr. McCombs, Trum Combs, all of the business successes they bring to our company, 360. The fact that they acquired Blackwater Academy, Triple Canopy, Cantellos and about 19 others - this group is clearly at the forefront of security. We have no interest in participating in any of the Cantellos business adventures overseas, which would come under the DOD or the military perspective. Instead, we recognize the opportunity to be basically the University of First Responders, emergency management, things of that nature. At the same time, we see an opportunity where we can create a research center that basically serves our 1,200 aerospace defense companies that are currently taking all of their research and development powers to New Mexico Tech Center (NMTC) and/or Texas. The reason for that is that we have an eighteen (18) month wait to get on to the Barry Goldwater testing range and/or the Yuma facility." The facility at the Airport would provide two-year and four-year degrees in mining industry, heavy equipment industry and manufacturing. He asked Ron Green to address the Council at this time about the types of jobs this project would create to the community.

Ron Green stated Abrams Manufacturing approached Force Options 360 wanting to partner with us and Eastern Arizona College (EAC) to provide some manufacturing and manufacturing techniques at the Safford Airport so they could train their people through EAC and University of Arizona. After they receive their training they would go back to Tucson to work in their facilities. They would help design the facility as well as help design degree programs, and other high tech manufacturing operations in Safford.

Ernie Mennes stated that the training would teach how to run a C and C machine, how to run a Lathe, and working with folks involved in chemical engineering. These are jobs that start at about \$68,000 a year and there are a whole bunch of them. Force 360 is teaming with industry leaders and it just so happens that Abrams Manufacturing has over 300 employees -twenty-five (25) of those employees have been with Abrams Manufacturing for more than 25 years. Abrams Manufacturing has been inducted into the Arizona Business Hall of Fame for a reason. These people are at the cutting edge, at the tip of the spear in Arizona's high tech manufacturing. He referred to Jay Cross, who has done five aerospace research facilities from the ground up. He was President of Goodrich Aerospace, he has done work in Paris, France, etc. and has brought a lot of patents and things to market. Force 360 has been all through the state of Arizona, Ron Green went with him to Washington DC, met with the executive director for the National Association of Sheriffs, and have met with the National Association of Counties. We have met all of the industry leaders in this state in areospace industry and have more than 25 PHD's which are affiliated which basically operate the aerospace industry in the state of Arizona. Essentially, Force 360 is looking

to find a place to promote research and development, have light assembly manufacturing and storage, having land with a landing strip is why I wanted to acquire the Ida Hardy property which already has a dirt landing strip on it. We are not looking for any handouts, we weren't looking for big concessions, and not looking to go out and structure these public/private ventures that Mr. Sims is very familiar with. I do that for Trump. I've done it for NASCAR. I've done it for Hard rock. That's not what we're doing here. This is really important. This is truly national security where we can make a difference. The reason is, part of the people, and the group we work with, we are the first responders for the first responders. We are the folks that want to stage our medicine, our heavy equipment and all of our facilities right here and at the same time have an education component. Initially, about nine months ago, the three of us and we spent millions of dollars we acquired 20,000 acres in Klondyke and we thought that's good to go Next we set our sights on an existing landing strip that needed to be in a certain geographic area. For those reasons we liked this part of Arizona, in proximity of the border, and in proximity of aerospace events, and industries just minutes from the airport. Because of our group we can do this in Texas, we could do it Palmdale, but we want to do it here in Arizona. United States likes it because it's the west coast United States so we really have an opportunity here for zero dollars out of pocket, not one dime out of the city of Safford. Not one dollar that we are looking for. We understand that we are to move forward on this site. Admit they wanted to give it to us for free to order to get what we in the industry call a finished pad. We have to bring in underground off sites and things like that. We are big boys and we understand it has a cost to it, but to get to zero and get to a finished pad, there is a lot of expense to that. The city manager didn't want to accept that so we factored in to the deal so that we could move forward in a way that it has zero capital expense for the city and doesn't eat up resources. We want to fill up the hotels that are here, we want to fill up the restaurants that are here and make a profound impact on the sales that are happening here. We have team of people that are recognized leaders and in an order to move forward with Safford we need to execute and MOU that spells out the basic understanding. I think we've done a good job, but have more to work out, to get this thing executed and move on to Phase I.

Jay Cross: As a big development we typically would put out an RFP to four or five different cities and let them bid and tell us what they would do to bring this project to them. We've made that commitment to do that here and I think that we have had very cooperative discussions and it's in the spirit of cooperation and it's not taking advantage. As Ernie said we've agreed to do off-sites and all the other things in exchange for very reasonable rent rates on the dirt where we are going to put tens of millions of dollars worth of improvements on city property which at the end of the lease the city will own. We are here to cooperate and get this done and make it happen so that everyone could live with that totality of that agreement.

Ernie Mennes: What I really like about Safford, is that everyone has been so gracious, even the folks at Freeport. One of things I really like about Safford is the way the economic development group works here. The group came up with is that all of the actual property that we create out of this technology center and all of the revenue that we all view as business out of this technology center that Safford already instituted with that other company where we are taking 3%, not just us, but everyone coming through here constantly coming back to this community. What's the best way to develop this community, create jobs without having a big impact on services and how

do we do this? We are ready to move ahead. The other aspect, we have a serious investment already – one of the components is an energetics facility. The good news is again we have the SEAGO group of governments in Graham County unanimously supporting, identifying an energetics site so that Arizona's Areospace and Defense can thrive in Arizona as opposed to being subjected to really complicated laws that makes them compartmentalize all the different systems they are working on: ship it, put it back together, have it inspected and tested put back together We've been talking to California about opening up California and Arizona to move stuff back and forth. If we get the MOU agreed to and the city wants to make a deal we are ready to go. We have been approached by others, but have been very honest, and want to be right here in Arizona. Texas has been trying to get us because of the people we have. But we want to keep this business in Arizona. It's really important to give a lot of thought to what we are doing here. One example, in our technology center we will have technology companies. For example, Roger Simard is with us today and these guys are arguably the industry leader when you look at Tesla and what these guys are doing with electric cars. These guys have created a new hydrogen technology and are actually considered the darling of the energy business. This is one of the first companies that have actually signed up to be in the tech center.

Roger Simard: As a business man, you look for opportunities that can elevate your company and help bring your products to market sooner; when we first met, we talked about the opportunities here in Safford and the technology center. Has a lot of value to our market's base because we would be able to be embedded here and surrounded by the Department of Defense contractors and other pretty much readymade customers. We would be able to utilize and joint venture with them and some of their engineering aspects, bringing our hydrogen technology into this space. Our technology is working on a couple of different projects: 1) solid state hydrogen storage that doesn't blow up. It's light activated and you shine a laser on it and the hydrogen comes out of the material and could power most any device. So with half the weight of lithium ion batteries, meaning we could keep a drone in the air twice as long. When they met with the Department of Homeland Security, they were very interested in that and there were interesting things that happened with our patents in that process. A couple of weeks after we met, the Department of Homeland Security magically issued a patent. There are some big things going on in that whole market space. 2) We are in joint ventures with University of Arizona, universities in the UK and looking at a waste energy type of product that would use manure basically to power wastewater that would power and add electricity to power its own station or to grid. It does add value and having the testing grounds here would bring a lot of municipalities from around the globe to the town to see that site and that test and that operation. Lastly adding a filtration system that would turn wastewater into potable water which could be put back into the municipal stream or into storage. Very efficient system, low cost to bring those foot acres into the aquifer here and bringing the ability to take a lot of manure and turn it into power. We are very excited about this opportunity. What that means is, that I may be a future citizen of the community here.

Ernie Mennes: on that note, talking about communities, Brigadier General Mark Beasley, is in our pack and has met manager Skeete. He is looking to make Safford his home. He is currently the Flag Officer Team Captain of the US Air Force, he drafted Northern Command, he was inside Cheyenne Mountain, and comes out of the Pentagon. The reasons we like him, is he was chairman

of Durango Group which is the world's largest defense consulting agency and he headed up the shell. He has clients for the United States and the US Allied and yet have a facility to promote business and research and development. He closed by stating that he hopes to be able to execute the MOU after executive session.

Dean Krieg: Mr. Krieg stated that he is a local businessman in Safford and that everyone is aware that he is from upper Michigan. He supports anything to produce jobs in the community of Safford. He believes this group has studied the area and believes it can be done. He noted that in upper Michigan in Sue St. Marie, they have similar testing sites such as Force 360 - they have testing facilities in the industry and automobile industry where they test. Everything you see in a vehicle today goes through those facilities ensuring they are manufactured, tested and certified properly. We have a company talking to the City that wants to be here and he is hoping as a business person that, that can be achieved.

The Council adjourned to executive session at 7:14:20 p.m. and returned to regular session at 8:13:48 p.m.

Mayor Gibbs stated that the Council supports the concept of the Development presented by Force Option 360 and directed the City Attorney and City Manager to continue negotiating the term (30/30 instead of 50/50) and lease escalator adjustments and to bring back an MOU for the Council to consider. Mayor Gibbs explained that all current Airport leases are subject to an increase in fees every five years.

Ernie Mennes suggested the Council act soon because they have been working on this project for nine months and are needing to get there. Force 360 has acquired properties already properly zoned and with an air strip. He stated they are happy with the terms of the dialogue but pointed out that Force 360 provided the manager a draft lease agreement rather than a MOU. We are experts in the field and felt it was necessary to identify express language to be incorporated in the lease. It's not by accident that we eliminated the CPI, Consumer Price Index adjustments, but for us the City is not contributing nothing. We are familiar with what we have to do and if we are going to have to build tens of millions of dollars on city land that the city owns and financed by the public which is a great incentive for the City of Safford. Nowhere else will you find that any cities anywhere have entered into a private/public adventure have done so where the city wasn't providing either finished pads, offsite improvements, utilities or things of that nature. We are very much aware of the fact that this community is struggling for resources, the need to provide more teachers, and the need to develop the infrastructure. Nowhere in the document are we looking for any improvements from the City, but just know that we are going to request and continue to let these buys know, but if we can't get past the term, we can't proceed if we are to be out of the buildings in 30 years. Will be happy to sit down with Bill Sims and the manager. We are not hard and fast at 3% verses 4 ½ or 5%. The fact that Arizona is indeed an aerospace and have a deep need for the solutions Force 360 is bringing. We truly need to get back to our folks in Washington DC, our folks in Alexandria, Virginia, folks in Texas and folks in North Carolina and let them know what our deal is. Particularly when you work with a city with airport authority, I would have my broker talk to your broker and will know what the terms would be. We are not requesting no money up front which is extraordinary. We are not out of whack and there is no

legal issues in regards to the term. If we are expected to basically improve the city’s property by bringing in the infrastructure in the tune of \$10-\$12 millions, gets the City a finished pad that the City can lease to others.

Mayor Gibbs: Not talking about reappraisal of property based on what Force 360 does. He explained current provisions of current airport leases that are set to an increase every five years. The City wants an agreement that is beneficial to Force 360 and to the City of Safford.

Ernie Mennes: the one and only incentive that the City has to attract businesses like ours is the CPI Index and if you take away our flat fee and put in the CPI Index there is no incentive for any developer in borrowed debt to put into City property. That’s why it’s flat as a pancake. Not only does the city not have a capital expense to contribute, we want to make sure the city is getting fair value for that property without any improvements. We do want to move forward.

City Attorney Sims: City is agreeing with Force 360 that 3% of fair market value is the rent, and some discussion regarding the term and whether or not there are adjustments. The adjustment needs to be an escalator over time.

Mr. Skeete will be on vacation beginning Wednesday and suggested meeting tomorrow. City Manager Skeete, City Manager Sims, and Dustin Welker will meet with Force 360 tomorrow at 2:30 p.m. at Sanders and Parks in Pinetop.

- 14. **ADJOURN:** It was moved by Councilman Howes, seconded by Councilman Ortega, and carried unanimously to adjourn at 8:27:14 p.m. **MOTION ADOPTED**

APPROVED:

Wyn “Chris” Gibbs, Mayor
City of Safford

ATTEST:

Georgia Luster, MMC, City Clerk

STATE OF ARIZONA)
) ss
County of Graham)

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Council Meeting Minutes of the Safford City Council, Graham County, Arizona held Monday, December 14, 2015, and approved at a Regular Council Meeting on Monday, January 11, 2016. I further certify the meeting was duly called, held and that a quorum was present.

January 11, 2016
Date:

Georgia Luster, MMC, City Clerk