

Office of Economic Development
Mesa Redevelopment Authority Executive Board
57 E. 1st Street
Lower Level Council Chambers
Mesa, AZ 85201

MEETING MINUTES

Date: January 29, 2013 1:00 P.M.

MEMBERS PRESENT

Brian Campbell, Chair
Tony Ham, Vice-Chair (excused)
William Jabjiniak
John Regni
Virgil Renzulli

STAFF PRESENT

Sue Cason
Margaret Robertson
Thomas Webb

GUESTS

Jane Morris
Dane Mullenix

1. Chair's Call To Order

Chair Brian Campbell called the meeting of the Mesa Redevelopment Authority Executive Board (MRA) to order at 1:03 P.M.

2. Approval of Minutes from the November 27, 2012 Meeting

Chair Campbell called for a motion to approve the minutes from the meeting held on November 27, 2012.

MOTION: Mr. Virgil Renzulli moved that the minutes from November 27, 2012 be approved as written.

SECOND: General John Regni

DECISION: Passed unanimously

3. Items from Citizens Present

No citizens were present.

4. Discuss and possibly take action on Arizona's effort to be designated a National Test Range to Integrate Unmanned Aircraft Systems into the National Airspace System

General Regni stated that the FAA will soon be positioned to make a formal request for review. Additionally, work is being done with the Arizona Commerce Authority (ACA) to assure the state is prepared should that occur in the month of February. The period of time to respond is unknown; however, more than 30 days would be optimal. The Research Consortium and the AZLabs' cooperation are critical to the success of this

submission. At that point, local industry, government and other entities support will be sought for the proposal for one of the six designations being sought.

Chair Campbell reiterated that public assets are available to support these efforts. When the Screening Information Request (SIR) is announced, Chair Campbell asked if there is a communication plan coming from the ACA office that will be in place regarding coordination of a positive response the first week the SIR is delivered including press coverage that would be heard even in Washington.

General Regni replied that the ACA office has been ready and waiting for this announcement. A communication plan is ready for implementation with media as well as federal and congressional exposure.

Chair Campbell stated he will put those with the ACA office in contact with in particular East Valley entities that are ready to support these efforts.

Mr. Renzulli interjected that since communications is his field, he would be willing to assist in any way needed with the local and state media.

General Regni relayed that interviews with the Arizona Republic and their website as well as the Tucson area are waiting for the details as soon as they become available.

Chair Campbell encouraged Alion to be coordinated with the ACA to bolster and amplify local impacts in the nation's capital.

5. Discuss and possibly take action on status of the Economic Development Conveyance (EDC) agreement for the Arizona Laboratories for Security and Defense Research (AZLabs)

Mr. Jabjiniak reported the draft was submitted after a long discussion with the Air Force. Currently there has been no response from the Air Force. A conference call is scheduled this week with the Air Force regarding their position in this matter. Concerns persist regarding renewal of the lease. The interim lease was effective June 27, 2012, so June 26, 2013 is the deadline.

General Regni inquired as to what level for approval is being sought at this time with the Air Force.

Ms. Robertson replied that Mr. Jabjiniak has direct contact with Stephen TerMaath as well as their counsel, Michael Kelly. Mr. Jabjiniak stated that he believes they are dealing with someone below the commander level; however, he further understands he is dealing with the senior person in negotiations. Ms. Robertson believes Mr. TerMaath has one level above him to obtain ultimate approval.

Chair Campbell voiced concerns regarding the timing of these stalled negotiations in that a contingency plan needs to be put in place and recommendations need to be made to the City, because by the next Board meeting the 90 day window will be imminent.

Mr. Jabjiniak states this is a political process which is heightened. There is quite a bit of frustration due with the lack of movement with the Air Force at this point.

6. Discuss and possibly take action on report of Alion Science and Technology regarding marketing efforts at Arizona Laboratories for Security and Defense Research (AZ Labs)

Mr. Dane Mullenix announced that a five-hour meeting just concluded at the AZlabs involving senior Alion management from the East Coast. They are tracking the activities around budget discussions that are impacting the Department of Defense significantly. Recommendations from this group are pending.

Mr. Mullenix stated that the lab is getting virtually daily exposure. The overall marketing strategy at this point is centered on the Open House Forum scheduled for March.

Current actions reveal activity with site visits almost daily including inquiries from defense and non-related defense companies with interest in a Hub Zone and security. In reference to activities at the lab, repairs are being made on an as-needed basis. For example, the fire alarms were in need of repair recently. Regarding the SRP presence on the site, as addressed last month it involved a considerable upgrade to the power infrastructure in the summer and early fall of last year. The final item to be resolved is the SES system assessment. The assessment has been returned, but no resolution or recommendation has been implemented at this time; however a plan for that process is imminent.

In preparation for a new tenant, the lab moved and configured a leasing space and a physical vault. Annual inspection of the fire extinguishers and panels was accomplished by AZLabs without assistance from the Air Force for the first time. This week a company called Sacred Power who specializes in energy efficiency at no cost to the owners will do an assessment for the labs. They will be looking at items such as lighting changes and solar augmentations that can be recommended back to the City. They have assisted in dramatically cutting energy costs for other facilities by pursuing grants and making smart modifications.

Academic and corporate leasing interests are indicated by numbers provided in a report to the Board. They are listed by interest and the type of space desired. The spaces are depicted on a graphic as well. Mr. Mullenix expects a major announcement from a tenant previously discussed that will be a good opportunity.

Mr. Jabjiniak inquired about the announcement pending, whether it is to be a controlled announcement or via media. He voiced concerns regarding councilmembers not being informed of these announcements before the public.

Mr. Mullenix opined that this would be a public announcement, but will not be tied to occupancy in the lab. In other words, there would be discussion of a contract award without revealing the site of physical occupancy. The two companies affected will desire their own press release process so coordination with the prospective tenant is deemed the best solution.

Recent marketing events include the largest trade show of the year in Orlando, Florida last month. The team from Alion was split in two, sending part to Florida and the other to the TAAC conference in Albuquerque, New Mexico. Mr. Mullenix believes both were well worth the effort. The TAAC Conference was a cooperative effort between the AZLabs and the ACA. With concerns regarding government travel restrictions, the conferences were well attended by government entities including the FAA. Earlier this month, Mr. Mullenix stated that he made a trip to Wright-Patterson Air Force Base in Ohio. The two objectives were to visit a facility relating to another state's Unmanned Aviation System (UAS) proposal as well as visit with program managers that Alion has business with that might eventually translate to opportunities for the lab. Those program managers believe the simulation community anticipates budget increases as a direct result of some other cuts.

In February a multi-conference features a Modeling and Simulation (M&S) congressional caucus as well as a program review by a current Alion customer. The application of simulations will be observed by other states looking at M&S for UAS testing. The laboratory in Mesa is a heavy modeling simulation related legacy, leading into the Arizona State Polytechnic Campus and other work that persists within the East Valley. Arizona has been working on generating the Southwest M&S Consortium with potential interest by a land tenant as a not-for-profit.

On February 13 and 14, Mr. Mullenix will attend the UAS program review. In Scottsdale, local organizations are supporting the next generation of a Southwest M&S Conference which will be a low-cost opportunity to exhibit.

Ms. Robertson inquired about the possible two leases alluded to by Mr. Mullenix earlier in the discussion.

Mr. Mullenix responded that two announcements are possible in the near future. He spent a significant amount of time on the telephone with the Chief Operations Officer with a leasing company last evening who assures that within five days they will be ready to launch. The start date of that lease is subject to change.

General Regni inquired regarding whether everything with the exception of Corporate Six and Corporate Four on the chart could be spoken for at this point.

Mr. Mullenix affirmed that this is correct; however, dates and plans change continually. The two next organizations in line for lease are not dependent on the United States government budgets, which is critical. To date every delay taken has been directly related to continuation resolution or sequestration. With the successful announcement referred to as Corporate Three on the chart, there is a possible second phase.

Ms. Robertson asked the difference between the terms pending and prospective.

Mr. Mullenix responded that pending means a negotiated lease that both parties have approved with funding discussions. Prospective refers to a quote given and negotiations are underway.

Chair Campbell requested that Mr. Mullenix get the details of the lease for Corporate Three to the City immediately. He further requested anything in yellow on the charts provided be re-sent as well with legal council's approval.

Mr. Mullenix replied that Corporate Three was built in detail several months ago. The customer has come back asking for additional items: the square footage and price are not going to change but it is believed they are going to ask for more than what was originally quoted.

Chair Campbell interjected regarding government contracting requirements and everything must be in place at the City's level to make sure there is as much lead time as possible. Given the unique nature of this facility, there are a variety of terms the City must insist on, so documents need to be moved immediately so they are signed before any public announcement.

Mr. Mullenix opened the discussion for the March 26, 2013 Mayor's Event with a suggestion of renaming the Open House to a Defense Forum. The event has grown exponentially. He recommends utilizing National Defense Industrial Association (NDIA) who would manage the event. The schedule currently includes a baseball event in the evening of March 26th and a golf tournament on March 27th. The event is currently targeting government and academic entities. Currently there has been no feedback on the Senator McCain's attendance which would affect the event significantly.

Bus transportation will be utilized due to the distance between hotels and the lab. The City is working with the lab to get this accomplished. Security screening would be done on the buses to expedite the process. Unclassified, on-site parking will be accommodated. Currently attendance is anticipated from 75 to 200 attendees.

Mr. Mullenix further anticipates beginning activities at 11:30 AM to give those from Arizona adequate time to attend the event without needing overnight accommodations. Confirmation of Federal keynotes and the Senator are pending.

Regarding the meeting, Mr. Mullenix was informed this morning that within the past 48 hours, non-essential travel has been restricted for military personnel. Continental U.S. travel is virtually suspended between now and the first of April. At this point, Mr. Mullenix does not believe anything short of the Senator's date change could cause the event to be rescheduled.

The Board discussed that the Save the Date announcement for this event is scheduled for today. A video presentation of the labs for those who are unable to attend was suggested.

General Regni responded that all military services are in a money-saving mode at this time. He further reiterated that the Board might consider holding the announcement and regrouping. He further believes that sequestration is inevitable with 30 to 60 days before implementation. He opined that Congress may not make a decision until May.

Mr. Jabjiniak reminded the Board of the original vision of this event and how it has grown. Since this is a marketing event by the Mayor, he suggested the possibility of two

events; one at the original date and another when military interests might be able to attend at a later time.

Chair Campbell inquired after the opinion of NDIA which Mr. Mullenix believes they concluded that the event should be postponed to perhaps the first of April. The Mayor's concept was basic and has evolved with deliberate enthusiasm.

The Board discussed the feasibility of two events. Further discussion ensued regarding out-of-state versus in-state attendees. Mr. Renzulli suggested a video in a book similar to something presented by ASU. This would be delivered to prospects personally. General Regni suggested an alternative be pursued if Continuing Resolution Authority (CRA) and sequestration are implemented. General Regni believes that the event should continue with local guests and expose the lab to the state. Chair Campbell suggested removing NDIA and implementing an internal Arizona event on a scaled-down basis. The Board continued to discuss the local component as an opportunity for exposure. The Board ultimately agreed to continue with the event as originally planned.

7. Other Business

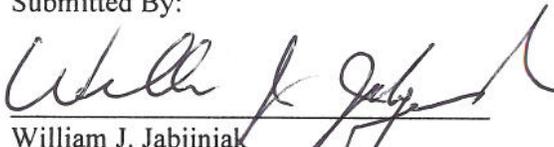
Chair Campbell admonished Mr. Mullenix to be prepared to discuss a contingency plan regarding the Open House event at the next meeting.

Next Meeting: Tuesday, February 26, 2013, 1:00 P.M. at 57 E. 1st Street, Lower Level Council Chamber, Mesa, AZ 85201.

8. Adjournment

Chair Campbell adjourned the meeting at 2:07 P.M.

Submitted By:



William J. Jabjiniak
Economic Development Department Director
(Prepared by Jeanne LaRue)