

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

**MEETING MINUTES**

**Date:** July 24, 2012 1:00 P.M.

MEMBERS PRESENT

Brian Campbell, Chair  
Tony Ham, Vice-Chair  
William Jabjiniak  
General Regni  
Virgil Renzulli

STAFF PRESENT

Sue Cason  
Margaret Robertson  
Thomas Webb

GUESTS

Dr. Chuck Louisell  
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 June 26, 2012 Meeting**

Chair Campbell called for a motion to approve the minutes from the meeting held on June 26, 2012.

**MOTION:** Tony Ham moved that the minutes from June 26, 2012 be approved as written.

**SECOND:** General Regni

**DECISION:** Pass unanimously

**3. Items from Citizens Present**

There were no comments from citizen 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 RFP was expected last Friday; however, this timeframe is now extended through the end of July since it has not yet been produced. After the RFP is received, the city will have 60 or 90 days to respond, depending on the guidelines provided. He believes if 90 days is the criteria, this would make the final decision close to the end of the calendar year. General Regni further indicated that the entire State will put together a compilation complex of multiple ranges and within those ranges will be multiple sites. A flexible plan was built in order to leverage the diversity of the State in terms of geography, weather and location and will satisfy

Unmanned Aircraft Systems (UAS) testing from class 5 (five) all the way down to class 1 (one). A Research Consortium has been formed and a press release is waiting in the governor's office for a formal announcement. Mr. Dane Mullenix, as a member of the Research Consortium will be able to insure the capabilities resident within the Arizona Laboratories for Security and Defense Research (AZLabs), and its adjacent community will be able to have access and leverage which is vital to pulling this testing piece together.

Chair Campbell expressed gratitude to General Regni for his efforts in this matter since Mesa was not initially a contender. Chair Campbell further inquired of General Regni if any assistance was needed by the Board at this point. General Regni indicated that he is grateful to the City of Mesa and AZLabs for their support since individual components of the state have come together to make this idea into a reality. A letter signed by all 8 (eight) Arizona Congressman has been obtained to support these efforts as well. Additionally, industry and aviation will be contacted to join the effort of support. Mr. Bill Jabjiniak indicated that Tier 1 (one) companies in Mesa will join to write letters of support as well as others across the valley.

**MOTION:** Virgil Renzulli moved that the board write a letter of support and request that the City Council of Mesa do the same.

**SECOND:** Tony Ham

**DECISION:** Pass unanimously

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

Chair Campbell invoked executive privilege to discuss this matter during Executive Session.

**6. Discuss and possibly take action on efforts to expand and/or improve facilities at AZLabs**

Mr. Mullenix of Alion stated that an important milestone had been reached; namely, the first year of AZLabs ended June 30, 2012, slightly under budget. Work has already begun on fiscal year 2013: a report will be submitted next month to the city. Two areas of focus in the past 30 days have been the year-end closeout of facility maintenance including the re-roofing of 2 buildings. Secondly, SRP has been laying out new utilities throughout the facility essentially replacing the electric power grid and making it redundant. In addition we are talking to Cox Communications to provide new infrastructure in order to create a fully redundant communications system. Mr. Jabjiniak inquired about the extent of the work completed by SRP. Mr. Mullenix replied that the Air Force Research Labs had been "BRAC-ed" twice; once in 1993 and then again in September 2011. So there was a long period of time that the Air Force did not invest much in the facility. Specifically, there were significant issues with roof and plumbing leaks that had to be addressed. An assessment by SRP concluded that no redundant power path was present into the Lab which could affect research work and security. Transformers and switches were virtually obsolete in the current infrastructure; therefore, SRP replaced and upgraded the power grid structure with planned completion by mid-August. This will be serviced by 2 (two) completely different substations. The substations end user in the lab will be all new equipment which was extensive at a cost of approximately \$400,000 for the electrical component. Chair

Campbell asked about any obligation on the labs to have an independent power source. Mr. Mullenix replied that diesel powered generators cannot support the entire building. Discussion ensued regarding the possibility of solar or another power source. Mr. Jabjiniak inquired whether any records remained from the Air Force regarding a paper trail for code compliance. Mr. Mullenix opined that code compliance did not appear to be a priority from the paperwork he has reviewed; however, they are diligently working toward code compliance. Furthermore, Mr. Mullenix stated that the two smaller buildings had to have major roof repairs and that OSHA compliance has been attained. Cameras, recording systems, gate keys and security measures were going to be obsolete in August so funds remained to update the security systems which the lab has completed making them DSS complaint. The lab has started a new phase HVAC assessment of the physical condition of the water chillers which can be potential big ticket items if they need to be replaced, but also supports 2 (two) buildings on the ASU Polytechnic campus that will need to be coordinated with the facilities manager at ASU Polytechnic. Further assessment is needed to determine whether like materials or perhaps a solar augmented system will be used and will be presented in the next month or two.

General Regni inquired regarding rate fee structure change and clarified that he was referring to lease rate, not the power rate. Mr. Mullenix replied that no rate change will be recognized because of the SRP upgrades, as the investment was not made from the City or Alion's budget but from SRP's budget. Mr. Jabjiniak clarified that some costs of SRP are part of the negotiations with the Air Force at this time.

**7. Discuss and possibly take action on report of Alion Science and Technology regarding its business operations and marketing efforts at AZLabs**

Mr. Mullenix shared 2 (two) major points in the marketing efforts. First, businesses will be attracted now that stabilization is completed at the site. Currently two leases are pending that are the largest to date with high name recognition. He is confident that both will close in the near future. The most important one partnered with a private firm has spent 2 (two) complete days on site with a follow up meeting requested. Secondly, a high profile marketing trade show Association of Unmanned Vehicle Systems International (ASUVI) at Mandalay Bay Resort in Las Vegas will be attended in approximately 2 (two) weeks. The exhibit design is in production and will discuss the lab and unmanned aerial systems in Arizona. Additionally, proposed continuation of company investments, partnership with ASU and other affiliates and government-related entities will be recognized. The Arizona Commerce Authority also is attending with a display so the Board discussed the possibility of collaboration between AZLabs and the State. General Regni offered to assist with the two groups meeting, if needed.

The Board discussed concern regarding sequestration which is holding 3 (three) potential government contracts from making a decision regarding the site. Companies in defense business are watching how this will affect their businesses.

Finally, with respect to interest in the labs, Mr. Mullenix was a speaker at a small business government opportunity with the purpose of arranging collaboration between large and small companies in the defense industry in matching them with venues in research capabilities and with end users, and briefed them on the labs. He was asked about the labs potential as a Hub Zone which garnered a great response when he mentioned this as a consideration. Consequently, meetings have been requested to share additional information regarding this possibility.

Mr. Jabjiniak responded that a Hub Zone status, when a facility is “BRAC-ed”, can be designated as a Hub Zone for 5 (five) years. Follow up documentation proving the last day of operation needs to be provided; consequently, they are working with a consulting group in Washington in this regard. A Hub Zone designation appears to be able to be resolved by year’s end with attempts currently being made to obtain proper documentation.

Chair Campbell inquired about new regulations for security presenting in August and the impact of these regulations from a marketing standpoint. Mr. Mullenix stated that security is their business model and security for the labs is a priority. Maintaining this priority is vital and they continue to learn that discussions are ensuing at the national level. Technical regulations are at an even higher level. Physical security and accreditation are of a great value and cannot be obtained independently effectively. When searching for a location for classified work, there is a monetary difference to have a facility that is compliant.

Chair Campbell further inquired regarding marketing the prospective tenant once they are obtained. Mr. Mullenix stated limited marketing information is available since the work is classified; however, the prospect is highly visible and will be announced publicly. Chair Campbell further recommends that this tenant be championed as a success for the City of Mesa as a benefit to the public and City Council.

Chair Campbell further inquired regarding coordinating sequestration efforts with the City. Mr. Mullenix discussed this effort with city staff including the Mayor in the past couple of weeks stating that all are encouraged and keeping the local as well as the national front informed of developments. Chair Campbell further shared that Mayor Stanton of Phoenix has made multiple trips to Washington DC on this issue and believes this would be a great vehicle, with full staff support. General Regni stated that sequestration is more than defense and that Mayor Stanton of Phoenix, in the George Mason University Report, inferred 50,000 high-tech jobs could be lost. However, in actuality, only about 7% (seven) are high-tech engineering jobs with others lost in construction and related fields. Sequestration effects across the job fields.

Chair Campbell invoked an Executive Session due to the sensitive nature of the topic outlined in number 5 (five) of the agenda.

**MOTION:** Virgil Renzulli  
**SECOND:** General Regni  
**DECISION:** Passed unanimously

Chair Campbell adjourned from Executive Session and returned to public session.

## **8. Other Business**

Next Meeting: Tuesday, August 28, 2012, 1:00 P.M. at 57 E. 1<sup>st</sup> Street, Lower Level Council Chamber, Mesa, AZ 85201

## **9. Adjournment**

Chair Campbell adjourned the meeting at 2:05 P.M.

Submitted By:

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