

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF THE SHOW LOW MUNICIPAL PROPERTY CORPORATION HELD ON TUESDAY, JANUARY 12, 2021 AT 11:00 A.M. IN SHOW LOW CITY HALL, DEUCE OF CLUBS CONFERENCE ROOM, 180 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA

1. Call to Order.

President Butler called the meeting to order at 11:00 a.m.

2. Roll Call.

MUNICIPAL PROPERTY CORPORATION BOARD MEMBERS PRESENT: President Greg Butler, Vice President Dennis Higginbotham, and Secretary Barry Nicks.

MUNICIPAL PROPERTY CORPORATION BOARD MEMBERS ABSENT: None.

STAFF: Ed Muder, City Manager; F. Morgan Brown, City Attorney; Lisa Robertson, Grants Manager; and Nicole Hudson, Legal Assistant.

GUESTS: None.

3. Consideration of Approval of Minutes of the Municipal Property Corporation Meeting Held on August 6, 2020.

Mr. Muder asked to correct his name from Murder to Muder on the second page of minutes.

SECRETARY NICKS MOVED TO APPROVE THE MINUTES OF AUGUST 6, 2020 AS AMENDED; SECONDED BY VICE PRESIDENT HIGGINBOTHAM; PASSED UNANIMOUSLY.

4. Discussion and Consideration of Approval to Apply for a Prospective Purchaser Agreement with Arizona Department of Environmental Quality for A.P. No. 210-16-039.

Mr. Brown passed out a map of the old Woody's bulk storage plant to the members. He said that the city has been working on trying to acquire the property for 15 to 20 years. Part of the problem with property is it had an above-ground fuel storage tank which leaked and caused contamination.

Mr. Brown said that the owners of the property wanted to sell the property to the city but being unsure of the contamination the city did not want to purchase the property. The city has been trying to get grants over the past few years to check out the contamination of the property prior to purchasing it.

Mr. Brown said that in the meantime, the owner decided to donate the property to the city as opposed to selling but, again, the city didn't want to accept the property with known contamination. The city got grants and had testing done on the property and contamination was found. The city asked the testing company to find out if the contamination migrated to adjacent properties. The report was received in October and it shows that the contamination is contained to the property. Mr. Brown reminded the board that the property that is being discussed is the biggest parcel on the map. With that information, the city contacted the owner of the property and she is still willing to donate the property to the city.

Mr. Brown said that the city received estimates to clean up the property and also contacted ADEQ and EPA to find out what kind of grants are available to clean up the property. There are grants available and it is a process to apply for and receive the grants. The city was told that to be eligible for the grants, the city cannot purchase it from the immediate past owner where the contamination occurred. Therefore, there has to be an entity between the city and the current property owner that can take ownership of the property in order for the city to be eligible for the grants to clean up the property. The city asked ADEQ if the Municipal Property Corporation can take title to the property and then pass it to the city to make the city eligible for grants. ADEQ said yes.

Mr. Brown said that the two properties to the south have no contamination and were donated to the city by the Lowes at the end of last year. What the city is proposing is that the Municipal Property Corporation takes title to the bigger parcel as shown on the map and, once approved by ADEQ, the Municipal Property Corporation will transfer the property to the city which will then make the city eligible to apply for grants to clean up the property.

Mr. Brown said that this is the only way this property will get cleaned up because it's too expensive for anybody to purchase the property and clean it up. The estimates for cleanup are about \$500,000 to \$600,000.

Mr. Brown said that ADEQ has a Prospective Purchaser Agreement which can protect the city from having to clean up any additional contamination that may be found further down the road. The city feels it is important to go through the process of applying and paying for the agreement even though the property has been tested already.

Mr. Brown said that the Municipal Property Corporation will apply for the Prospective Purchaser Agreement and submit it to ADEQ. Ms. Robertson has the application ready to be submitted. ADEQ will then give a tentative approval. The Municipal Property Corporation will then take title to the property, probably around the first of February. Since the city has already received the other two parcels, the title reports have been done. ADEQ will review the agreement for

several months and once approved the Municipal Property Corporation will deed the property to the city.

Ms. Robertson said that the city has been in regular contact with ADEQ. ADEQ's big thrust is the public benefit that this property will bring to the neighborhood and the community once owned by the city. The city has received approval from ADEQ for the site plan and there shouldn't be any hang ups in approving the agreement as we move forward. ADEQ has to accept the agreement and move it through their committees for approval, which can take six months, give or take.

Mr. Brown said that another meeting will be scheduled for late January or early February to get title to the property and then another meeting will be scheduled in the summer to pass the property to the city.

Secretary Nicks asked what plan is for the property.

Mr. Muder said that the city is not sure what will be done with the south part but the parcel east of the library will be expanded parking.

Secretary Nicks asked why the city would consider letting the land owner off the hook for the cleanup of the property.

Mr. Brown said that the property has had many property owners and it's not known who contributed to the contamination. The Lowes' are willing to donate the property but not willing to pay \$600,000 to clean it up so if they don't donate it the property will just sit there.

Mr. Muder said that the property has been an eyesore for the community for 20 years and this is an opportunity to get it cleaned up.

Secretary Nicks asked if it will cost the city any money.

Mr. Muder said that it will cost the city some money but we don't know how much. Our goal is that its less than the value of the property. If we don't' do anything it will sit for another 20 years with nothing done.

President Butler asked if the city had plans for the property for the future.

Mr. Muder said that it depends on extent of cleanup. One method of cleanup means it could only be parking lot but if it gets a total cleanup then the city can do whatever they want to it in the future. If it comes down to it that it's just a parking lot for the downtown area and the library the city would be satisfied with that.

Secretary Nicks said that the Municipal Property Corporation is the middle man.

Mr. Brown said yes, to be the middle man to pass it through to help city get grants.

Secretary Nicks asked if the property is currently under contract.

Mr. Brown said that the contract for the big piece that is being discussed is contingent on the property going through the Municipal Property Corporation. Since it's a donation there's not a lot of money exchanging hands. The city agreed to pay the closing costs which will be minimal.

President Butler asked if any members of the board feel the need to get legal advice before a decision is made.

Vice President Higginbotham said that he did not have a problem with it.

Secretary Nicks agreed.

Ms. Robertson said that as part of the application for the agreement President Butler will need to sign the certification on behalf of the Municipal Property Corporation.

Mr. Brown said that the board will want to make a motion to approve the Prospective Purchaser Agreement and allow the president to sign the application to submit to ADEQ.

VICE PRESIDENT HIGGINBOTHAM MOVED TO APPROVE SUBMITTING PROSPECTIVE THE PROSPECTIVE PURCHASER AGREEMENT TO ADEQ AND AUTHORIZE PRESIDENT TO EXECUTE NECESSARY DOCUMENTS; SECONDED BY SECRETARY NICKS; PASSED UNANIMOUSLY.

The Board may adjourn into executive session to seek legal advice.

5. Discussion or consultation for legal advice with the attorney or attorneys of the public body or with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale, or lease of real property. Pursuant to A.R.S. Sections 38-431.03(A)(3) and 38-431.03(A)(7).

(1) Agreement for Acquisition of A.P. No. 210-16-039.

No discussion.

6. Adjournment.

BY UNANIMOUS CONSENT AND WITHOUT OBJECTION, PRESIDENT BUTLER ADJOURNED THE MEETING OF THE MUNICIPAL PROPERTY CORPORATION OF THE CITY OF SHOW LOW AT 11:17 A.M.

Approved:

Barry Nicks, Secretary