

PRESCOTT CITY COUNCIL  
SPECIAL MEETING  
TUESDAY, FEBRUARY 15, 2011  
PRESCOTT, ARIZONA

MINUTES OF THE SPECIAL MEETING OF THE PRESCOTT CITY COUNCIL held on FEBRUARY, 15, 2011 in the COUNCIL CHAMBERS located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the meeting to order at 3:00 p.m.

◆ **INVOCATION**

Councilman Hanna gave the invocation

◆ **PLEDGE OF ALLEGIANCE** Mayor Kuykendall

Mayor Kuykendall led the Council and audience in the Pledge of Allegiance.

◆ **ROLL CALL:**

Present:

Mayor Kuykendall  
Councilman Blair  
Councilman Hanna  
Councilman Lamerson  
Councilwoman Linn  
Councilwoman Lopas  
Councilwoman Suttles

Absent:

None

1. The Shops at Prescott Gateway development:

Acting City Manager Hadley noted that the meeting last week was an overview. The documents that were referred to had been available to the public since February 9, 2011, on the City's website. The documents included the agreements that would be discussed at the Special Meeting.

She said that they had received many comments that fell into three categories: Proposed Financial Investment, The Role of Government and Economic Development Investments, and Support for the Project.

She said that Trader Joe's had looked into other locations, but they did not meet their site criteria.

Mr. Guice noted that there were six items for consideration. Agenda Item A was a resolution entering into a Development Agreement with ERH Acquisitions LLC, for the development of a 7.1 acre retail center located at the southwest corner of Lee Boulevard and Highway 69.

He noted that Item B was an ordinance authorizing the purchase of the 7.1 acre parcel. He said that Item C related to an ordinance authorizing the leasing and potential sale of that property in conjunction with the lease/purchase option. He noted that City Attorney Kidd would offer more information on the agreements.

Mr. Guice said that Agenda Item D was the transfer of appropriations and Mr. Woodfill would present information regarding the appropriation. He said that Agenda Items E and F pertained to the site and sign plan. He noted that the Planning and Zoning Commission considered the site plan at the January 27, 2011 meeting and made a unanimous recommendation to approve the site plan and the sign plan.

He said that the project, as proposed, did meet all aspects of the Prescott Land Development Code. Phase I of the project was comprised of 20,000 square feet.

He noted that the sign plan was considered by the Planning & Zoning Commission at the February 10, 2011 meeting and they unanimously recommended approval with three conditions:

He noted that there were three monument signs to be proposed for the project and two of the signs were on Highway 69. He said that one of the conditions for approval was that the sign at the right turn in off of Highway 69 be reduced from 12 feet to 8 feet in height. There was a similar sign proposed on Lee Blvd. The Commission's second condition was that the sign be moved ten feet off the property line and be reduced from 12 to 8 feet in height. He said that the third condition related to the total number of monument signs would restrict the number of signs to the three monument signs on the frontage of the property. He noted that there would be no additional monument signs for individual pad buildings within the project.

Mr. Woodfill noted that the City's investment was an estimated \$2.2 million. The City would purchase the 7.1 acres for \$2 million, which was slightly below appraised value. He said that it was estimated that an additional \$200,000 would be needed for closing costs and site improvements.

Councilwoman Suttles asked when the appraisal was done. Mr. Woodfill said that it was done in August of 2010 and updated in February of 2011.

Mr. Woodfill noted that the monies would be coming from the Capital Improvement Fund. Councilman Hanna asked if the number for improvements

and closing costs was high. Mr. Woodfill said that they were dealing with the driveway going into the property and that they estimated high.

Mr. Woodfill continued to say that the Capital Improvement Funds were one time type monies that came from budgetary savings, revenues exceeding expectations, and sales of unneeded City land. He said that Council put the money into a fund to be used for improvement of City facilities, Economic Development, purchase of land, and match grants.

He said that this project was not known or anticipated in the 2011 budget, so those monies were not appropriated. They were available and left in reserve, but not appropriated. So the one item was to move appropriation from the Water Funds. He said that the action was to move the appropriation into the General Fund so the Capital Improvement Funds could be used for the project. There was no money moving. There would be no money from Water Fund to buy the land. He said that the money would come from the Capital Improvement Fund.

Councilwoman Suttles asked how he could move money but not spend it. Mr. Woodfill said that they were not moving money, they were moving budget appropriations. He noted that State budget law and the City Charter required that budget be established for particular projects or activities. He said that since the project was not anticipated, it was not designated. He said that Council was allowed to appropriations from one project to another. He said that once a budget was adopted at a number, they could not exceed that in any area.

Councilwoman Suttles said that it was not Council that said that and that it was Mr. Woodfill who was able to go to the funds and say that they could pull from the Water Fund. Mr. Woodfill said that they looked at what was available and then brought it to Council to authorize the movement.

Councilwoman Suttles noted that there was a meeting last week and there was not any discussion of where they were going to pull appropriations for the Capital Improvement Project. She asked if the \$2 million was coming from that fund for the purchase of the land. Mr. Woodfill said that the \$2 million was coming from the Capital Improvement Fund. The appropriation was coming from the Water Fund. He said that it was not discussed last week, but staff looked at where appropriation was not going to be used in the 2011 budget.

Councilwoman Suttles said that she found it interesting that for a project this big; she found out that the appropriation was coming from the Water Fund by reading it in the Courier. Mr. Woodfill said that the Courier got the information from the Council packet which had been available for a week.

Councilman Hanna asked how much money was in the Capital Improvement Fund. Mr. Woodfill said \$2.4 million and the rents received on the property would go back into the Fund.

Mr. Woodfill said that ERH Acquisitions would construct the buildings at their expense. He said that the estimated cost of Phase I, two buildings of 20,000 square feet, was an estimated cost of \$4 million dollars.

He said that the lease on the land would be a percent of the total municipal cost, which would be approximately \$2.2 million. He said 6 percent on years 1–5, 7 percent for years 9-10 and 8 percent at year 11 and incremented by a Consumer Price Investment adjustment, if the City still owned the property.

He noted that if the developer exercised the buy out agreement in years 1-5 the City would get its full municipal cost back. After that year, it increments by 4 percent to \$2,288,000, at year 11 it would start to increase at 4 percent for each year. He said that all of those monies would go back into the Capital Improvement Funds.

Mr. Woodfill said that they did their best to estimate sales tax. He said that at 12,000 square feet, at the published rate Trader Joe's grossed per year, it would be \$17,500. He said that they projected \$2.50 per square foot for the other stores per year. The total would be around \$460,000 in sales tax. He said the estimate was between \$350,000 and \$450,000 per year in sales tax. He noted that the sales tax was in addition to the lease earnings.

He said that if the City was bought out at the end of the 5<sup>th</sup> year, the City would receive \$660,000 in rent plus all of this money back. At the end of 10 years the City would receive \$1.5 million plus initial money, or almost a 70 percent return. He noted that even after the City was bought out the sales tax continued as long as the shops were open. He said that in addition to sales tax, the City would have sales tax on construction, leasing activity, and increased traffic to surrounding businesses as a result of the project. Mr. Woodfill turned the discussion over to the developer.

Brett Heron, Phoenix, Arizona, addressed the Council.

Councilwoman Suttles noted that last week he was there and the question presented was whether Trader Joe's had ever had an investment similar to the one they were doing with the City of Prescott. Mr. Heron said that they did not know of any. They had 350 stores across the country. He generally dealt with the landlord. He said there may have been situations in other parts of the country. Councilwoman Suttles asked if this would be the first one. Mr. Heron said yes, as far as he knew.

Mr. Heron gave an overview of RED development and said that they were formed in 1995 with headquarters in Phoenix and Kansas City. He noted that they had completed 23 projects that totaled about 11million square feet of retail space across 10 states. He showed a few pictures and plans for other projects

they had worked on including Crate & Barrel as an anchor in Kansas City, with an Apple store and a Trader Joe's. He also showed a joint venture at Happy Valley and I-17 with Harkin's, Dick's Sporting Good, Best Buy and PF Chang's.

He spoke about what it took to put a development project together which included tenants, financing and attracting capital. He then introduced their attorney Gary Birnbaum who was the Associate Dean of ASU School of Law.

Mr. Birnbaum noted that there were two additional points he wanted to make. He noted that the Private/Public Partnership was somewhat of a misnomer because there were no partnerships between government and the private sector in Arizona. It was a term used in the development field for a win/win. He said that it was a structured deal that allowed the developer to obtain benefits and the municipality to obtain some benefits.

He noted that those incentivized agreements were very common. He listed some of the projects that had been done with that type of agreement. He noted that Prescott's role was narrower than in any one of the 15 agreements mentioned.

Mr. Birnbaum also wanted to address why the City was involved in the project at all. He said that it was common in Arizona, especially when the economy was not flourishing. He said that the project was small for a development company and moderately speculative since Trader Joe's was the only tenant currently committed to the project. He said that they hoped that they were at the end of a very bad market, but RED would have had to come up with \$2.2 million up front in cash, just to tie up the land.

He said that RED wanted to do the deal because it was a Trader Joe's Center and was a structured deal that allowed RED to undertake the project without financing the \$2.2 million up front for the land. He said that it allowed a reasonable rate of return for the City. He said that it would be difficult to find a project in Arizona today that did not have a Public/Private Partnership arrangement.

He said that sometimes people become fixated on past thoughts and told the following story. He said that back in the 1960's when Everett Dirkson, Senator from Illinois, went to Senate and was asked to vote on a military appropriations bill, he stood up and made his speech against it and voted no on the bill. He said that at lunch President Johnson took him to the woodshed and convinced him that his vote was not well taken. Mr. Birnbaum said that Senator Dirkson came back and the \$60 million had inflated to \$80 million and the Senator voted for it. He noted that a reporter grabbed the Senator and said "how could you vote no on \$60 million and yes on \$80 million" the Senator said "I am a man of rigid principles and first among those are flexibility."

Mayor Kuykendall noted that about two months ago the Arizona Republic, with decent headlines, announced the purchase and leaseback of 15 acres for \$3.1 million by the City of Avondale for a Carlos O'Brien restaurant. He said that apparently the Carlos O'Brien had bought the property. Due to the money availability, they were not able to do the project, so they sold the property to the City of Avondale for \$3.1 million and leased back 10 acres.

He mentioned that Charles Schwab was doing something similar to that in Phoenix as is Crescent Crown in Mesa. He said that it was not uncommon and noted that the lease to the tenant would be a taxable event that the City of Prescott would share in.

Mr. Birnbaum said that all of the examples the Mayor gave were municipal lease back programs and there were two to three dozen that existed for another reason called Government Property Lease Excise Tax (GPLET). He said that in Arizona, government property was not subject to property taxation. There was a transaction structure used often; many of those properties were owned by the government and leased to the developer. In those cases, the reason they did it was because it allowed the developer to avoid property taxes and instead pay an excise tax. In the Prescott case, this was not a GPLET, and better than every one of the other deals.

Mr. Kidd continued the presentation and showed a slide that included:

- ◆ DEVELOPMENT AGREEMENT (Attached herein as Exhibit A)
- ◆ REAL PROPERTY PURCHASE AGREEMENT (Attached herein as Exhibit B)

Mr. Kidd recommended that they include wording that if Trader Joe's did not sign on, the City would not close on the property. He said that the City would have a chance to see the buyer's environmental studies.

- ◆ LEASE AGREEMENT (Attached herein at Exhibit C)

He noted that that if anything went wrong, the City still had fee interest. He said that if the premises were built, the mortgagee could step in and cure the defaults.

He said that if monies were not paid under the lease agreement, the lessee had the right to cure monetary defaults in the lease for not less than 10 days and 30 days for nonmonetary type cures. He noted that if it were nonmonetary, they had a 60 day cure provision. If that was not corrected, the City could reenter the property and recover its damages and obtain title to the premises.

He said that the improvements installed remained their property during the period of lease. The City could not condemn during the lease period, which was fairly standard.

◆ LEASE PURCHASE OPTIONS

If property was assigned after constructed by ERH, the City of Prescott could sell or assign its interest in the lease agreement. It gave the City options if they did not want to be landlord.

Mayor Kuykendall asked if Mr. Kidd had an opportunity to look at that lease. Mr. Kidd said that he reviewed the lease. He had a copy minus the financial terms, which was proprietary. The lease agreement was signed between Trader Joe's and ERH. It had standard contingencies that he would expect. He said that the lease period was 10 years with options.

Councilman Lamerson said that in the past they had used millions of dollars of Capital Improvement Funds, it seemed like those millions could be used for expenditures that did not bring back a return, but brought service, amenities, and residual costs for maintenance and operation. He said that examples would be the Parking Garage or the Community Center. He said that he had heard that government should operate more as a business and asked where the money came from to provide basic services that the community demanded and had a right to expect. He said that they were core services that included police, fire, roads, water, garbage and sewer. He asked if some of the other capital expenditures brought revenue into the community.

Mr. Woodfill said that the Capital Improvement Plan had been used for several large and small capital projects, and would continue to be used for those. He said that some were the Parking Garage, library expansion, Elks renovation and public safety projects. All of those were more of a service level rather than returning money and ended up costing the City money.

He said that the funding for the basic service levels in the General Fund which was public safety, police, fire, dispatch, library, parks and recreation came from sales tax. He said that 42 percent was the local tax and the remainder was from state shared revenues which were constantly under attack.

Councilman Lamerson said that they had been told by the Federal and State governments that there was no money to help the municipalities. He said that it appeared to him that it was an issue where the community had an opportunity to find a way to generate some of the revenue they needed to provide those basic services.

Acting City Manager Hadley said that the basic services were almost 100 percent funded between state and local tax. The other services like water and sewer were from user fees. The enterprise funds had constant supply of income from user fees. She said that the City could not count on those funds. She also noted that the City was facing \$1/2 million less from state, as well as unfunded federal mandates. She said that they must rely on what they could produce locally.

Councilman Lamerson said that he appreciated the attorney's comment that they were not partners with the developers and that it was a business deal.

Councilman Blair asked Mr. Kidd if he was comfortable telling the City that their tax money was protected the best that it could be. Mr. Kidd said yes and that he thought it was a fair agreement.

Councilwoman Lopas thanked Mr. Birnbaum and Mr. Heron for investing in Prescott. She also thanked Ms. Bristol for all of her work. She thanked Mr. Birnbaum for explaining the details and said that she wanted to see government act as a business, as much as possible. She was happy to see that they were doing a lease back arrangement. She said that she would like to see Trader Joe's do zip code research to see the business that they are going to get from some of their other stores as well as shoppers from Northern Arizona.

Jim Lee, Prescott, said that this had been a long journey. He noted that at the time they put together the Gateway Mall, the two most sought after stores were Barnes & Noble and Trader Joe's Market. He was selected to try and bring in Trader Joe's to Prescott. He said that the lady handling the site selection (Nancy) was the sister of the Chief Executive Officer and founder of Trader Joe's. He said that they sold her on Prescott, but had a problem selling it to corporate. They inserted a small ad in the Courier to ask the people who wanted a Trader Joe's in Prescott, to contact the founder, and he gave the address. When Nancy went home for Thanksgiving holiday, her brother asked her where Prescott was because he had received 7,000 requests for a store.

Mr. Lee said that they were unable to sell the location to him for two reasons. To supply a single store in Prescott, they would have to travel 200 miles with their trucks. They also wanted over 200,000 population in the area. He said that for the next 10 years the Trader Joe's was asked to bring a store to Prescott at the International Shopping Convention. They always refused because of these conditions. He noted that in 2010, they were again asked to come to Prescott. They said they would consider it because they had so many stores to open, but because of the economic

conditions, several had dropped off. With the lease in hand they started trying to put the deal together. They could not find conventional financing. He said that they became creative and that was how the deal was formed.

Mr. Lee said that the City of Prescott could have a Trader Joe's in Prescott this year if the Council voted yes. He noted that if they did not vote yes, they would not have a Trader Joe's for many years and maybe never.

Ray Newton, a longtime resident in Prescott, read a statement that he drafted on behalf of himself and his wife Patty. He endorsed the proposal to provide an incentive package to bring Trader Joe's to Prescott.

Robert Graybill, Prescott, said that he used to live in Los Angeles and there were five major shopping centers near his home that were all ghost town malls. He said that the City of Torrance gave them a lot of money. He noted that Prescott gave Horizon Air and Lowe's a lot of money and got nothing for it.

He said that he was not opposed to Prescott development. He was opposed to them giving the developers the citizen's tax dollars. He said that he would file a class action suit if he were Fry's or Wal-mart because the City did not give them any money. He asked that the City spend money on the citizens first.

Mayor Kuykendall said that the City was buying a piece of dirt which was the City's contribution. He said that in return for that, the City would get a six percent return. He noted that Wal-mart got some money and asked Mr. Woodfill to explain.

Mr. Woodfill said that he did not have all of the facts on the top of his head. He noted that there was a Development Agreement dealing with the site work that needed to be done. There was a direct sales tax rebate where they got a percent of sales tax back.

Councilwoman Lopas said that the City of Prescott was entering into an agreement, if it was voted on, with a developer. The developer's tenant had an agreement with Trader Joe's. She said that the City did not give them any perks or benefits.

Mayor Kuykendall noted that the City was buying a piece of land to increase their revenue on capital funds that had to be used for that purpose. He said that the \$2.2 million was bringing in \$26,000 a year. He said that they thought that it was a good decision on the City's side to increase revenue.

Malcolm Barrett, Jr., Prescott, said that he was a 30 year resident, a past Planning & Zoning Commissioner and Chairman and a past City Council member. He said that he and Councilwoman Suttles could remember trials and tribulations with the opening of Frontier Village. He said they had to provide incentives to Costco in the form of sales tax rebates. He noted that the City was not doing that on the Trader Joe's project. He said that it was a good decision.

He noted that with Costco, the City invested \$3 million with a seven year payback of one half of the sales tax. He said that the sales tax came back to the City in three years, which was less than half of the time budgeted. He noted that the Trader Joe's deal was a guaranteed return to the City fund, with the assurance that through current appraisal the City was paying a fair market value. He said that the seller of the property that the City was going to buy paid \$11 a square foot in 2004. The City was now going to pay \$6.50 a square foot for a 41 percent discount. He said that 2004 was before the real estate ran up. He noted that Fry's on Willow Creek went for \$16 a square foot and some properties that do not even have highway frontage sold for \$18 a square foot. He said that the City had absolute certainty that their investment was protected and as soon as the developer put the \$4 million in buildings on the property, the City would be triply protected. He said that he urged the Council to support the purchase.

Ed Burdick, Prescott, said that he was in favor of the project. He also agreed with Councilwoman Linn that the City should not be in the banking business. He said that if the City set up a separate bond issue, there were 100,000 people in the greater Prescott area. If 10 percent, or 10,000 people, each bought a share in a bond of \$220, that would equate to \$2,220,000. He said that anyone with \$220 could get a 6 percent return on their money, which was better than any banking institution. He said the City should put it back in the hands of the people.

Arlin Emerend, Prescott, thanked the Courier for their editorial which clearly laid out the economic benefit. He said that the community should be looking for jobs. He said there was the possibility of some good paying jobs. He noted that Forbes Magazine said that Trader Joe's was known for the team approach. He noted that they had a loyal employee group as well as incredible public support. The Forbes article indicated that Assistant Managers and Managers could expect to make \$100,000 or more. He also noted that a full time employee typically made from \$40,000 to \$60,000 a year. Additionally, they had good employee benefits. He said that full time employees got 15.4 percent of their gross salary as a yearly contribution to the 401, tax deferred, retirement plan.

He said that it was not clear whether as a commercial development this would be subject to local property tax. He realized that if the City bought the property it would not be on the tax roll until purchased. In the meantime, he asked if the \$4 million that Trader Joe's spent on the facilities would be taxable.

Mayor Kuykendall said that once the dirt was purchased, it would be removed from the tax roll. He said that the improvements would be taxed as personal property, which was a higher rate than if it were all land and buildings. He said that they did not have an estimated property tax for improvements.

Dave Maurer, Chief Executive Officer of the Prescott Chamber of Commerce, introduced Lenore Nelson, Chair of the Chamber Board and President of Bennett Oil Company. He said that they took it to their Economic Development Committee and then on to the Board. He said that the agreement was a good deal and they applauded the City. He said that the City was strategic in incentivizing projects like this.

Lenore Nelson said she was a member of the Chamber, President of the Board, President of Bennett Oil Company and third generation Prescottian, said that the Trader Joe's project was a vote for Prescott. She urged the Council to vote in support of it.

Sandy Griffis, from the Yavapai County Contractors Association (YCCA), said that in a perfect world, the City of Prescott would not be involved in the deal. She applauded the City for taking the direction and being so bold and brave to take the step forward. She urged them to be flexible and do a unanimous vote for the project. She represented more than 300 members. She said that they had employees and they had families that equated to over 6,000 associates to the YCCA that also supported the project. She said that there had not been anything that exciting in Prescott for over five years. She said the Public Private Partnership was the way to go and said that it would put Prescott on the map.

Earl Resdin said that he had lived in Prescott for 17 years. He said that Prescott could take a lot of pride because it was a tribute that Trader Joe's had confidence to come to Prescott.

Cathy Collins, Prescott, said that she worked in economic development in a suburb of Chicago, where she tried to get a Trader Joe's. She said that it was an economic developer's dream to have a Trader Joe's interested in Prescott. She said that the Council should consider where Trader Joe's would go if they voted no. She noted that Trader Joe's had an unusual draw. She said it was the right decision and they should vote yes.

Thomas Slaback, Prescott, said that it was not the purpose of local government to subsidize private business, meaning the developer. He said it was a shell game of moving money around. He said that the \$2.2 million would make a lot of improvements to sidewalks downtown.

Councilman Hanna said that he found it interesting that a small number of people could dictate to a large number of people what they should do. He said that the government as a whole was in that position. He noted that the same people wanted to gripe about every issue. He said that they should use common sense and take into consideration what they were dealing with. He said that they should think outside the box in those economic times.

He noted that the sales tax revenue was dwindling. When Prescott Valley opened up its Wal-Mart, he said that the City would probably lose 40 percent of sales tax revenue from the Wal-mart on Highway 69. He said that the City needed to replace that revenue in order to maintain the basic services that they were trying to provide. He said that if they did not maintain the sales tax revenue they would lose firemen, police, and people who work in the Streets Department. He said that the citizens would be the first ones to gripe when those services were gone. He said that it was disheartening to hear the same people whine about everything. He said that this was a project that would generate sales tax revenue for the City of Prescott. He noted that he supported it 100 percent.

Mr. Graybill said that he was not there to whine and that he was insulted. He said that they were not a small majority. Councilman Hanna said that if he was insulted, he apologized.

Noel Breen, Prescott, said that he came there in support of the project, but people should have the right to disagree.

Acting City Manager Hadley wanted to make sure that the questions they began the meeting with had been answered. She said that Mr. Woodfill addressed the issue of it being a prudent investment for the City. The second question was whether this type of transaction was appropriate for the City to make. She said that it was legal and not unprecedented nor unusual. She said it was a question of public policy. She noted that Arizona cities and towns were facing increased costs, decreased revenue and no way to get out of it. She said that, like it or not, sales tax was crucial for Arizona municipalities and if Prescott could not stabilize tax revenue, more cuts would be coming.

She noted that the City was proposing to make an investment in the project as a catalyst to buy property. They were not lending or granting

money. It was for the specific purpose to enhance sales tax generation in order to provide core public services.

She also said that they received about 285 e-mails over the last week. She appreciated people attaching their names to the comments. She said that 261 were in support of the project, 19 were opposed, and 5 liked the project, but thought they should find a different location.

- A. Adoption of Resolution No. 4065-1135 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona authorizing the City of Prescott to enter into a Development Agreement with ERH Acquisitions, LLC., for the development of a commercial retail center located at the southwest corner of Highway 69 and Lee Boulevard; and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

**COUNCILWOMAN LOPAS MOVED TO ADOPT RESOLUTION NO. 4065-1135; SECONDED BY COUNCILMAN HANNA; PASSED 6-1 WITH COUNCILWOMAN LINN CASTING THE DISSENTING VOTE.**

- B. Adoption of Ordinance No. 4779-1130 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the purchase of real property located at the southwest corner of Highway 69 and Lee Boulevard; and authorizing the Mayor and staff to execute any and all documents to effectuate said purchase.

**COUNCILMAN LAMERSON MOVED TO ADOPT ORDINANCE NO. 4779-1130; SECONDED BY COUNCILWOMAN LOPAS; PASSED 6-1 WITH COUNCILWOMAN LINN CASTING THE DISSENTING VOTE.**

- C. Adoption of Ordinance No. 4780-1131 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the leasing of real property located at the southwest corner of Highway 69 and Lee Boulevard and authorizing potential sale of such property in conjunction with a Lease Purchase Option and authorizing the Mayor and staff to execute any and all documents to effectuate said purchase.

**COUNCILMAN HANNA MOVED TO ADOPT ORDINANCE NO. 4779-1130; SECONDED BY COUNCILMAN BLAIR; PASSED 6-1 WITH COUNCILWOMAN LINN CASTING THE DISSENTING VOTE.**

- D. Adoption of Resolution No. 4066-1136 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, approving the transfer of unencumbered appropriations from the Water Fund to the City Manager Department in the General Fund.

**COUNCILWOMAN LOPAS MOVED TO ADOPT RESOLUTION NO. 4066-1136; SECONDED BY COUNCILMAN LAMERSON; RESOLUTION PASSED 5-2 WITH COUNCILWOMAN SUTTLES AND COUNCILWOMAN LINN CASTING THE DISSENTING VOTES.**

- E. Approval of Site Plan SI11-001 for The Shops at Prescott Gateway.

**COUNCILWOMAN LOPAS MOVED TO APPROVE SITE PLAN SI11-001 WITH THE FOLLOWING CONDITIONS: A) DEVELOPMENT SHALL BE IN SUBSTANTIAL CONFORMANCE TO THE SITE PLAN DATED 1-8-11 AND CITED AS EXHIBIT “A”, AND B) DEVELOPMENT SHALL BE IN SUBSTANTIAL CONFORMANCE TO THE LANDSCAPE PLAN DATED 1-14-11 AND CITED AS EXHIBIT “B”; SECONDED BY COUNCILMAN HANNA; PASSED 6-1 WITH COUNCILWOMAN LINN CASTING THE DISSENTING VOTE.**

- F. Approval of Comprehensive Sign Plan CC11-002, for The Shops at Prescott Gateway, dated 2-2-11

**LAMERSON MOVED TO APPROVE COMPREHENSIVE SIGN PLAN CC11-001, DATED 2-2-11, WITH THE THREE CONDITIONS AS RECOMMENDED BY THE PLANNING & ZONING COMMISSION (1-MONUMENT SIGN ON SR69 AT RIGHT-TURN IN LANE BE REDUCED FROM 12’ TO 8’ IN HEIGHT; 2-MONUMENT SIGN ON WEST LEE BLVD. BE REDUCED FROM 12’ TO 8’ IN HEIGHT; 3-NO ADDITIONAL MONUMENT SIGNS ARE PERMITTED WITHIN THE PROPERTY); SECONDED BY COUNCILMAN HANNA; PASSED UNANIMOUSLY.**

2. Adjournment.

There being no further business to be discussed, the Special Meeting of February 15, 2011, adjourned at 4:53 p.m.

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MARLIN D. KUYKENDALL, Mayor

ATTEST:

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ELIZABETH A. BURKE, City Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Voting Meeting of the City Council of the City of Prescott, Arizona held on the 15th day of February, 2011. I further certify the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2011.

AFFIX  
CITY SEAL

\_\_\_\_\_  
ELIZABETH A. BURKE, City Clerk