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## **CALL TO ORDER**

[Time: 00:00:00]

Mayor Ortega: I call the September 17, 2024 City Council Regular Meeting to order. City Clerk Ben Lane, please conduct the roll call.

## **ROLL CALL**

[Time: 00:00:11]

City Clerk Ben Lane: Thank you, Mayor. Mayor David Ortega.

Mayor Ortega: Present.

Ben Lane: Vice Mayor Barry Graham.

Vice Mayor Graham: Here.

Ben Lane: Councilmembers Tammy Caputi.

Councilwoman Caputi: Here.

Ben Lane: Tom Durham.

Councilmember Durham: Here.

Ben Lane: Betty Janik.

Councilwoman Janik: Here.

Ben Lane: Kathy Littlefield.

Councilwoman Littlefield: Here.

Ben Lane: And Solange Whitehead.

Councilwoman Whitehead: Here.

Ben Lane: Acting City Manager Bill Murphy.

Acting City Manager Bill Murphy: Here.

Clerk Ben Lane: And Acting City Attorney.

Acting City Attorney Luis Santaella: Present.

Ben Lane: City Treasurer Sonia Andrews.

Sonia Andrews: Here.

Ben Lane: Acting City Auditor Lai Cluff.

Lai Cluff: Here.

Ben Lane: And the Clerk is present. Thank you, Mayor.

Mayor Ortega: Excellent. We have Scottsdale Police Sergeant Sean Ryan and Detective Dustin Patrick as well as Firefighter Jake Jones should anyone need assistance.

**PLEDGE OF ALLEGIANCE**

[Time: 00:00:53]

Let's begin with the Pledge of Allegiance. I will call on Councilwoman Betty Janik.

Councilwoman Janik: I pledge allegiance to the flag of the United States of America, and to the

Republic for which it stands: One nation under God, indivisible, with liberty and justice for all.

**MAYOR'S REPORT**

[Time: 00:01:15]

Mayor Ortega: Well, at this time, we draw attention to the ongoing wars in foreign countries, as they fight to protect their democracy and freedom. Also, we keep in mind our own military service members at home and deployed. Let's keep them in our thoughts and we reflect and join me in a reflection of silence.

Thank you. Well, today is actually U.S. Constitution Day. That's the foundation of our government, federal, state and certainly local government.

We also celebrate Hispanic Heritage Month, and we have many members of the Scottsdale employee group that serve our city. So, I would like to call you forward right after I read this proclamation in honor of Hispanic Heritage Month.

Whereas, the united Mexican states celebrate Independence Day on September 16<sup>th</sup>, and September 15<sup>th</sup> is the official Independence Day in Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua which also gained independence from Spain in 1821; and whereas, each year, Scottsdale observes national Hispanic Heritage Month, understanding that this region was originally colonial Spain and part of Mexico until 1821 to 1848.

And whereas our nation and the state of Arizona are enriched by Hispanic American attributes such as resilient Indigenous traditions, deep faith, family values, patriotism, strong work ethic and love of the arts and sports and whereas the city of Scottsdale celebrates the culture and history of Hispanic Americans and Latino culture which contributes significantly to the allure of Scottsdale.

The city of Scottsdale and our partners are presenting Dia de Muertos events including the procession and other celebrations. Therefore, I, David D. Ortega, 12<sup>th</sup> Mayor of Scottsdale, do declare in Scottsdale this month as Hispanic Heritage Month in Scottsdale and I encourage everyone to celebrate the history, culture and individuals of Hispanic descent. So please come forward.

**EXECUTIVE SESSION**

[Time: 00:05:30]

So other announcements during tonight's meeting, the Council may make a motion to recess into Executive Session to obtain legal advice on any applicable item that is on the agenda. If authorized by the Council, the Executive Session would be closed and afterwards, it would be

open to the public.

Also, per our rules of procedures, citizens attending City Council meetings shall observe the same rules of order and decorum applicable to members of the City Council. It helps us our meeting run a lot smoother. Additionally, the Council has rules against using electronic devices to community ex parte outside of this assembly, and we have placed those devices aside during the meeting.

**PUBLIC COMMENT**

[Time: 00:06:22]

Our next part of our program is a call to the public. Call to the public is by law an opportunity in open meeting for citizens to come forward with a topic that is not on the agenda, and we would hear them. And I'm told there are no requests from the public to speak for public comment. Accordingly, I will close public comment.

**MINUTES**

[Time: 00:06:46]

Next, we will move on to the subject of our Minutes. I would request a motion to approve the following Special Meeting Minutes of August 13, 2024, Special Meeting Minutes, Special Meeting Number One of August 20, 2024, Special Meeting Minutes of Special Meeting Number Two of August 20, 2024, and we had Executive Session Meeting August 20 of 2024. We also had a Regular Meeting Minutes of August 20, 2024. Do I have a motion?

Councilwoman Janik: So moved.

Councilwoman Whitehead: Second.

Mayor Ortega: A motion and a second. Any discussion? Seeing none. Please record your vote and I will call on Vice Mayor.

Vice Mayor Graham: I vote yes.

Mayor Ortega: Durham. Thank you. We are unanimous.

**CONSENT AGENDA**

[Time: 00:07:48]

Next, we will move on to Consent Agenda Items. Consent Agenda Items have complete file

information, and they are thoroughly vetted, and we have Items one through five these are on the agenda and posted. At this point, I would also open public comment for any agenda Consent Agenda Items one through five. Seeing there are no requests to speak from the public on items Consent Agenda Items one through five and therefore, I will close the public comment for Consent Agenda Items one through five. Do I have a motion regarding Consent Agenda Items?

Councilwoman Janik: I move to approve Consent Agenda Items number one through five.

Councilwoman Whitehead: Second.

Mayor Ortega: Thank you. We have a motion and a second. Any further discussion? Seeing none, please record your vote.

Vice Mayor Graham: Aye.

Mayor Ortega: So, we are unanimous. And that was the voice of Vice Mayor Graham.

#### **REGULAR AGENDA – ITEM 6**

Next, we will move on to Consent, sorry, Regular Agenda Item number six. Item number six is an Advanced Semiconductor Materials company known as ASM. We have a development agreement for consideration. Our presenters are Teri Kilgore of the Economic Development Office and Scott Cooper. He's the Business Attraction Manager. At this point, I will turn it over to Teri Kilgore. Hello.

[Time: 00:09:32]

Economic Development Director Teri Kilgore: Good evening, Mayor and Council, Teri Kilgore, Economic Development Director. I'm excited to be here this evening to talk to you about a company that is going to be a great addition to our corporate citizenry.

ASM America Incorporated is bringing their regional, excuse me, their national headquarters in the United States to Scottsdale, and along with it a net new 1,200 jobs to our area. 700 of those are currently in Phoenix, but they are committing as part of this infrastructure agreement to bring 500 new jobs, and we'll talk more about the quality of those jobs in a minute.

So, to orient everyone, we are looking at the 101, just as it bends towards the west. The site in white represents a schematic of the potential ASM campus layout. It's 21 acres purchased from De Rito Partners who is the master developer in this area, and they have great plans to build a new facility.

As background, ASM is an international company, founded in the Netherlands in 1968. They've been here in Phoenix since 1976. Scottsdale will be their North American headquarters and even

more importantly, a major research and development facility for the company. Obviously, with Intel and TSMC growing as chip manufacturers, there's an important support industry that comes along with supporting those chip manufacturers.

So, while ASM doesn't manufacture chips, they manufacture the equipment that allows companies to print on each layer of these wafers. And so, they're printing with materials like metals and different composites that help each layer of a chip communicate different information and run different processes. So, if you can think about it, these are infantile small wafers and so what they do is their machines deposit the recipe, if you will, on to each layer of the chip and then the Intels and the TSMC assemble the chips. And so, we know the 32-inch excuse me, the 32-layer wafers are what make our phones run, make our computers run and our lives run. And so, it's an important support. They are not manufacturing the machines at this facility. They are doing research and development. They are working with the end users to refine the machines so that when they go and install these on the line, they are ready to go, their operators are trained, and the machines are behaving in the manner in which they need them to be. Then they are also looking at next generation technology. How do you these things better, faster, more reliably.

So, they'll come in on the 21 acres immediately south of Loop 202. Ultimately, they will build a 400,000 square foot facility, and when you combine all the new employees with existing employees on this campus, they will become one of our top ten private employers.

[Time: 00:12:34]

So, a major addition to our employment base here in Scottsdale. This is an over \$400 million dollar capital expenditure for them, between the land, the building and the equipment. That translates into property tax dollars for our community. As you can see the last bullet, the estimated economic impact of \$8 million dollars over ten years is only direct amounts paid to the city of Scottsdale. When you add up all the ancillary benefits of people going out and eating, people moving into the community, all the things that come with large corporate locates, that number climbs to over \$4 billion dollars for the same period. So, it's a significant economic driver for us. I will switch to this.

So, one thing to note about this deal that is different than other agreements that have been before the Council recently is that ASM can go on this property with no rezoning. Their operations fits the I-1 zoning. And so, they are still responsible to go through DRB and our design processes but there is no rezoning action requested of the Council.

As part of this transaction, ASM has committed to bringing 600-acre feet of renewable water to the city and in fact that's somewhat front loaded. They bring it in earlier than they will actually use it. It brings capacity to our water services team to deploy water as they see necessary. And for those who don't speak acre feet, I still struggle with, it's over 195 million gallons which is just an amazing amount.

And then as we have as a city been innovative in our water reuse and recycling. We have added in a provision that at the council's request that suggests that we set a minimum of how much water they need to return into the sewer. In the old days we didn't pay as much attention to that but now water is valuable and so how we can recycle for landscaping and other uses is important. And so, there are penalties in the contract should they not return the intended amount of water on the schedule agreed to.

So, the public infrastructure that we are gaining, is they are building out sections of roadways. They are also primarily in this agreement, accelerating the construction of infrastructure for which we as a city are ultimately responsible to provide. What they are not doing is this contract is not doing, I should say, it is not paying project expenses that are solely ASM's responsibility. So, development pays for development. This is to build the public infrastructure that supports this area and will support other neighboring properties and community members as well.

[Time: 00:15:21]

The way the deal is structured, there's a milestone date of actually, this is incorrect. I apologize. The milestone is at six years. Meaning they have to do the next couple of bullets we'll talk about within six years. The term of the contract is seven years. They have an extra year to work their way through, although their reimbursement declines if they don't hit their milestones on year six.

So, as part of the deal, ASM must construct their 400,000 square feet of commercial space. The new jobs they are bringing in, is coming in at an average wage of \$110,000. For context, many of the leads we are seeing coming through our pipeline right now are averaging \$60,000 to \$70,000 on an average wage and that's because of the highly technical, highly educated workforce that ASM relies upon so a lot of these jobs will be Ph.D.'s. They will be folks who are very knowledgeable about the next waves of technology.

So overall, we measure that by them achieving a payroll of \$55 million by that milestone date. And so, if all performance requirements are met and the infrastructure is built as intended, the maximum reimbursement amount is just over \$6.3 million and 84 cents to be specific. So, if they don't meet those requirements and again, this is by year six, the amount will be reduced by 5% every month. As you do the math, you see that by year seven, there's no money left in the deal regardless.

So, this is like most of our development agreements, a not to exceed structure meaning the reimbursement is capped. They have to prove that they expended the funds in accordance with the agreement, that they provided the infrastructure out a public purpose and that they achieved their milestones. So due to evolving conditions, we proposed two categories in this agreement. One is an eligible column that calls out those items which are clear at this moment in time as eligible for reimbursement.

We have another column called under consideration and some of that is being driven and by how much activity is being undertaken in this corridor by many different parties and this Council has seen some of those agreements. And so, we want to make sure that we are only reimbursing those infrastructure costs that are appropriate, and we, that we don't have any accidental overlap or double counting. So, this is an abundance of caution on staff's side.

And so, the way that would work is as we get more details in on plans and construction costs that is not fully available at the moment. As we have enough information, staff will make a recommendation to the City Manager and then with the concurrence of City Attorney, it could then be considered an eligible expense.

[Time: 00:18:14]

So, \$6.3 million is 6.3 million and whatever those numbers are, that's the absolute maximum that the city is being asked to reimburse. In all likelihood, we may see a number less than that. But in no instance will we exceed that maximum number. So, here's the breakdown, you can see the eligible costs are \$3.45 million, those still under consideration are \$2.9 million for a grand total of just over 6.35.

So, the benefit to the community in addition to epic bragging rights, which I think some of our speakers will talk about this new headquarters really does serve as a magnet for top talent. It diversifies our industry base which is a huge focus of the economic development strategic plan to make sure that we are active in emergency emerging tech and emerging technologies. It expedites those infrastructure pieces like Mayo Boulevard and Miller Road, which will be of service to all of us as we travel in that section of town, and then it brings in high quality jobs in a new high-tech facility.

So, with that, our request is to adopt Resolution Number 13158. I would like to take a moment to thank the team who has worked on this. This has been true multi-department effort. We have our department heads who have been involved from from Water Resources, Transportation, City Attorney's Office, and Community Development here to answer questions along with us.

And I also want to take one moment to say how much we have enjoyed working with Yumi Taylor and Odette Baker from ASM team. They have set the standard for companies coming in and being forth right and cooperative with staff in the development process. They have set the standard for companies coming in and being forthright and cooperative with staff in the development process. So, with that Mayor, I would ask if we could bring Steve Reiter to the dais to provide some slides for ASM.

Mayor Ortega: Excellent. Come forward.

[Time: 00:20:10]

Applicant Representative ASM Corporate Vice President and Business Unit Head Steve Reiter: Okay. Good evening, Mayor Ortega, Vice Mayor Graham and members of City Council. I'm very excited to be here tonight and to be given a chance to talk a bit about ASM and our exciting expansion project here in Scottsdale. My name is Steve Reiter and I'm Corporate Vice President at ASM, leading one of our business units here based in Phoenix and I have witnessed tremendous growth. I'm just going to talk about slides. If that's okay.

Department System Support Analyst Sam Beckley: I'm sorry but there's no more slides that were present at the end.

Steve Reiter: I'm just going to talk about slides. If that's okay.

Sam Beckley: Look, if you give me a second, I can see if it was submitted to the Council, and I can pull that up. It just wasn't submitted to me. I'm sorry.

Steve Reiter: In the interest of time, I will just keep going. As I was saying, we witnessed a tremendous growth curve at our company in my roughly nine years so far being here in Arizona and being with ASM and look, we have such a bright future as we develop innovative solutions for our customers and drive technology advancements in areas like artificial intelligence and 5G.

So, you may be asking what does ASM really do? So simply put, we supply deposition equipment to leading semiconductor manufacturers like Intel and TSMC's of the world. We are not though a chip maker. So, for chip makers, they typically process tens of thousands of silicon wafers every month. Huge manufacturing runs that they complete. But we do, we design and develop equipment in a true R & D setting. So, we develop tools, we make sure they meet customer specifications and customer requirements and then we ship those tools to customer sites and work with them to qualify it into their production flows. That's typically how we work and get qualified and get business.

So, another thing to note about ASM is that we have been around a long time. So over 55 years for our company, including 48 years in Phoenix, Arizona. So that means that ASM was one of the first semiconductor companies in Arizona. When we first established our North American headquarters back in 1976.

[Time: 00:22:47]

Finally, ASM has an established track record of sustainability, water and environmental stewardship. We are targeting net zero by 2035 and globally, all of our electricity at all of our sites currently right now is renewable. So that's pretty cool.

Okay so what's next for ASM? We are very excited that our North American headquarters and

also going to be our largest innovation center will be based here in Scottsdale. With this we'll continue to be an important part of the semiconductor ecosystem in Arizona and we're close to our customers and our suppliers.

I also want to highlight that there is an extremely talented workforce in Arizona, and we are very excited that we can continue hiring and help them grow and help have them help us grow into our future.

Okay, so, what does ASM bring to Scottsdale with this new project. First off, as mentioned by Teri, we are committed to creating 500 new high-value jobs. These are going to be corporate functions, research and development, engineering jobs. Secondly, this is a \$300 million investment from our company with a strong growth trajectory feeding into the city's economy. We commissioned a GPAC to help us create an economic impact assessment over a ten-year period, direct and indirect personal economic income estimated at \$714 million. So that's cool.

But I want to talk next about something that's personally important to me and that is promotion of STEM in our schools. Getting kids excited about science, technology, engineering and math and for them to understand their possible futures in high-tech fields like semiconductors. With that in mind, ASM is collaborating with the Scottsdale Unified School District on two really cool initiatives. One is a middle school program called Design My Future Classes. This will raise visibility for students and their parents towards classes and programs that are important for their future educational growth towards high-wage, high-tech fields.

Another initiative is targeted for high schoolers. It's called Sisters in STEM. And it will raise awareness of opportunities and build excitement for science-based careers for young women. So, I'm personally excited about these initiatives and want to personally be involved with these going forward with Scottsdale Unified School District.

Finally, we're committed to being strong stewards of the environment and water resources and with that in mind, specifically for water usage and conservation we've designed our building with our water reclamation system that's capable of recycling up to 80% of our lab water. So significant amount of recycling of the water before it's then fed back into the storm drains.

[Time: 00:25:20]

Additionally, we're bringing 20 years' worth of water to Scottsdale as mentioned by Teri. Beyond our commitment to water conservation, we are pursuing LEED Green Building Certification and utilizing the Greater Phoenix Green Building Infrastructure Handbook for our landscape designs.

That's it. Again, I just want to thank you for the chance for in a short five minutes to share my thoughts and speak with you today, share some of the excitement that we have for this project and thank you very much.

Mayor Ortega: Well, thank you. We have staff standing by to answer questions, but at this point, we will open public comment on this item. So please take a seat. Members of the public who have requested to speak, include Daniel Ishac, Allen Lewis D'Ambra, and Brad Smidt. If you will come forward, you will have three minutes, sir and go ahead.

[Time: 00:26:19]

Dan Ishac: Mayor, Council, Dan Ishac, thank you for the opportunity to speak. Almost everything that I was going to say has already been said so I'll be quick. I'm very excited about this project for our city, not only is ASM a world-class organization that we should be proud to have in Scottsdale, but they are a leader in the technology sector which is very important as already mentioned for the diversification of our industry here in Scottsdale.

They will bring hundreds of jobs to our city and obviously will have an economic impact, and they will re-enforce the belief that Scottsdale is a good place to do business and a good place for high tech. But not only that, ASM has already proven that they will be a good community partner. We've heard about their initiatives with regard to water and we have heard about what they are going to do to help improve the infrastructure near their headquarters. They are also as mentioned working with our school to provide educational internship opportunities for our children. This is a great project.

I want to thank the city staff for moving this along and all the work to get it this far. Thank the Council and the boards and commissions that will provide future approvals to make sure this continues moving forward. Thank you.

Mayor Ortega: Thank you. Allen Lewis D'Ambra and then Brad Schmidt and David Hovey.

[Time: 00:27:33]

Allen D'Ambra: Mayor Ortega and Vice Mayor Graham and members of the City Council. First, I would like to thank you for the opportunity to speak with you this evening. My name is Allen D'Ambra. I'm a resident here in Scottsdale. I live at 8103 East Redfield.

And about four and a half years ago, I had an opportunity to make a simultaneous decision to move to Scottsdale and join ASM. I spent over 54 years in the bay area and worked 26 years in Silicon Valley. I couldn't be more excited than this opportunity that I've been given. The other unique thing is my son and I, just to show the deep roots that we're in, where we grew up, we're born in this you know, we shared the same birth hospital. So, everybody said how could you leave? How could you go? And I think the decision was easy.

To join ASM it's a world-class company. It's leading the technology, driving the future and the advance chip industry and also for Scottsdale, I found this to be also an easy move. The welcoming environment has proven to make this transition very easy.

And, again, as I mentioned, the city does offer a variety of diverse areas for entertainment, but I also love the old school. You know, you have the motto of the old west meets the new west and I think that is very unique.

My current home, excuse me, across the street, I can go say hi to the neighbor's horse. And then I can get on my bike and ride to Old Town and all the different bike paths which is also really exciting, and then eat at one of the maybe over 800 restaurants that are in Scottsdale. So, this is also a very great area to keep the wife happy too. The location to be so close in the Scottsdale area is also going to prove to be very nice.

I would also like to add that, you know, I have always been very proud to be in the semiconductor industry. We have a great opportunity where we benefit every aspect of our lives, whether it's health, safety, or the quality of life, and this is reality emblematic of Scottsdale also. It's a great place to share your quality of life. And I couldn't be happier for the two decisions I made four and a half years ago, and I look forward to the future of being able to say I live and work in the same city. So, I appreciate your time and thank you for the opportunity.

Mayor Ortega: Thank you, sir. Next coming forward, Brad Smidt and David Hovey. Please state your address as well and continue.

[Time: 00:30:39]

Brad Smidt: All right, good evening, Mayor, members of the City Council, my name is Brad Smidt. I'm the Senior Vice President of the Greater Phoenix Economic Council, while I'm not a Scottsdale resident, did I grow up here and I have fond memories of coming to the library in this building a long time ago. So, our address is 2 North Central Phoenix, 85004.

I'm here tonight to on behalf of the Greater Phoenix Economic Council on behalf of our President and C.E.O. Chris Camacho in support of your Development Agreement here with ASM this evening. As you heard ASM has been a long-time employer and a partner in the greater Phoenix area and Arizona and the semiconductor ecosystem, and we really hope to continue that partnership and that innovation here in the market. As you also heard, they are planning on employing over 500 new jobs in the market along with the additional jobs they'll move from the city of Phoenix. Those jobs have an estimated payroll of over \$55 million dollars and average wage over \$110,000 which is fantastic, great for the residents of both the region and the city of Scottsdale.

These high wage jobs will support over 640 indirect jobs with an additional \$300 million in personal income for the area along with the \$410 million in personal income for the direct jobs, you have over \$700 million dollars in personal income, new personal income created by ASM for the residents of the city of Scottsdale and the surrounding region. As you heard the estimated tenure, direct economic impact just to the city of Scottsdale was over \$8 million and the total direct and indirect well over the \$10 million mark for the market in a ten-year period.

The city of Scottsdale, the greater Phoenix area as a whole are areas of innovation and forward-looking leaders. This facility, this headquarters facility and their research and development that happens in this area are a vital will be a vital cog to ensure that this region can maintain its place as a hub for semiconductor innovation and production. This facility's infrastructure and equipment, as you heard, will prioritize renewable energy, water recycling and other sustainability features which we continue to promote in this marketplace.

As the region continues to improve their outstanding and reputation as a destination for top national and international companies, especially in the semiconductor ecosystem, ASM is certainly a key contributor for future growth potential in the city of Scottsdale in the area as well. Thank you for your support of this vital project to the Phoenix region and semiconductor ecosystem in Arizona. Thank you.

Mayor Ortega: Thank you. Next, we have David Hovey.

[Time: 00:33:44]

David Hovey, Jr.: Good evening, Mayor, City Council. It's great to be back here. David Hovey, Jr., 7157 East Rancho Vista Drive. I'm president of Optima. We own the 21 acres directly west of the ASM site. As you know, I forwarded an update to you earlier today on the status of some design issues that we are currently discussing with ASM. I wanted to bring this to your attention because although the DRB hearing is not until October 3<sup>rd</sup>, the items that we are discussing is critical to the success and the ability to finance the second condominium building which we have planned for the site.

The particular issue that we're dealing with is that the garage is located adjacent and parallel to this particular building. And in order to ensure that the design issues are addressed it would be highly beneficial during the next stage of negotiations to see details and updated renderings of ASM's proposal which we are currently in discussions with ASM on.

We think the ASM project is well designed and will be a great addition to Scottsdale and we are hopeful that these design issues can be resolved prior to the DRB hearing on 10/3 and we are looking forward to being great neighbors and have a great neighbor relationship with ASM and happy to answer any questions anybody might have too.

Mayor Ortega: Thank you. At this point, are there any other requests to speak? Thank you, sir.

David Hovey, Jr.: Thank you.

Mayor Ortega: At this point, I will close public comment. At this point, we have an opportunity to consult with one another and actually ask any questions of staff if there's any remaining questions. At this point you will call on Councilmember Durham and then Councilwoman Janik.

[Time: 00:35:41]

Councilmember Durham: Thank you, Mayor. I think it's important as Ms. Kilgore said in her presentation that this is not a rezoning request. This is slated for an industrial use, and so something of an industrial use is going to come into this spot sooner or later. They are entitled to this use, and I think this is an excellent use for this area because it gives us a piece of the technology business which is booming around the valley between Intel, TSMC, et cetera. And so, I think it's very important that we play a role in this. And as it's been mentioned, it diversifies our economic base.

This is a low, very low impact R & D business. It's not manufacturing. It's high-paying jobs and they are bringing 20 years of water to us. Which we will be able to bank in the first years because they're not going to be using the water for several years. That's a great benefit to us.

I had the opportunity to visit Netherlands earlier this year and it's a very environmentally conscious country that really knows the importance of water. Because they've got to protect themselves against water and they use their water very carefully. So, I'm confident they will do a great job with that, and they've been very cooperative in bringing that extra water to us. Which we can bank in the early years.

The money that we are being asked to reimburse tonight is money that the city would eventually be spending any event to complete Mayo Boulevard and complete Miller Boulevard and so on. So, we are just sort of assisting them in doing the infrastructure so they can get their project going and we're only reimbursing them for money that would be our own responsibility for infrastructure and development and roads and so forth and so on.

So, I think this is an excellent project for that spot. I hope they can work out any differences with Mr. Hovey. That's really not before us tonight. It will be before Development Review Board in a few weeks. And I know that ASM has been very cooperative with us in going forward on this project. I hope they will work with Mr. Hovey on that. So, I'm very much in favor of this and I would move to Adopt Resolution number 13158.

Councilwoman Whitehead: Second.

Mayor Ortega: Thank you. We have a motion and a second. Next requesting to speak is Councilwoman Janik and Councilwoman Whitehead.

[Time: 00:38:53]

Councilwoman Janik: Thank you, Mayor. First of all, I want to thank Teri Kilgore for a very informative presentation. And I also would like everyone to know that she's our new Economic Development Director and what a wonderful project to start your career off here. That's really great. And then Steve Reiter thanks for your presentation and as a former chemist and a former

chemistry teacher, I am so appreciative that you will be working with USD to support our STEM projects. I think we all know when you major in science, you put in a whole lot of time in that lab. But to know that these opportunities exist at the end of that curriculum is really, really tremendous for our school system, for our students, for keeping our families here because they know they have a future with really good jobs. So, I just wanted to recognize that. And it's with great respect. I welcome ASM R&D North American headquarters to Scottsdale. That is quite a feather in our cap for both of us so thank you.

I do have a couple of questions. They're fairly straightforward. I'm not sure if Ms. Kilgore would like to respond. But one of them is attachment two, Development Agreement page 6, the item 11, the fee of \$144,000 plus, could you just explain this fee and I believe that Brian Biesemeyer can explain. My question is this basically a service that will be borne by ASM?

Water Resources Executive Director Brian Biesemeyer: Mayor and Council, Councilwoman Janik, it's actually, the cost of getting that water from SRP to actually providing us that wet water. So, it's the transportation cost of the actual wet water to us. And so ASM will pay that. So, the rest of our ratepayers don't pay that amount. So that's the that allows us to access that 600-acre feet without any charge to our rate base.

[Time: 00:41:09]

Councilwoman Janik: Okay. So, I think it's important just to emphasize what you said that will not affect the rate base of our citizens with their water bill.

Brian Biesemeyer: That's correct.

Councilwoman Janik: Okay, thank you. I have a second question. This is Exhibit C, page 1 of 1 and its page 25 of the PDF, item number 7 and it's, you talk about the conditions that the city will reimburse ASM for the sewer lines and I just wanted a brief explanation of under what conditions will that be done because the term is may. I think we would all like a little more information on it. And I just wanted to verify that any of these costs are included in the numbers that you have already quoted. So, if you could address that, I would appreciate it.

Teri Kilgore: Hopefully the Elmo works like I think it does. Great! So, I mentioned in my earlier presentation the complexity of all that's happening in this corridor right now. So, for instance, on sewer, the city has entered into an agreement with Optima to build the sewer line that runs along Mayo, heads south on Princess and then ultimately connects into other city facilities down near TPC. So, it's a big line. It's a deep line. And so, there's questions about as they are not questions. There's not yet full information about the total costs, how those costs are going to be allocated based on flows versus construction costs. And so that's an example of where we've put a pin in it to say we'll come back when we have more complete information.

[Time: 00:42:57]

And so, if it is after we get all the information eligible, we would then consult with the City Manager and the City Attorney for concurrence to make sure it really meets all the Litmus tests that we look for. But in no case does our 2city costs go above the \$6.35 million. That really is the maximum cap. If it's deemed not eligible ultimately, that becomes an ASM direct cost that they would bear.

Councilwoman Janik: Okay. So, there's a possibility that the \$6,352,659 may actually go down depending upon when the information becomes available?

Teri Kilgore: Yes. That's correct. For sewer. For water and for stormwater as well.

Councilwoman Janik: Okay. That's wonderful thank you. And then the other comment I forgot to make is just thank you for setting the model for sustainability. You can have a good business. You can have a profitable business. You can have a business that makes a huge difference in our country in the world with the products you make, and you can still be sustainable. That is the goal that all of us should seek. So, thank you, thank you very much.

Teri Kilgore: Thank you.

Mayor Ortega: Councilwoman Whitehead.

[Time: 00:44:07]

Councilwoman Whitehead: Thank you, Mayor. I also have a lot of thanks to give. It has been such a pleasure working with ASM for the time that we've been together. Really a model company both in your willingness to listen to city, neighbors and also the definitely the sustainability leadership that you bring. In fact, this is the sustainability block because next door we have another sustainability champion in David Hovey and his Optima project. So, it's pretty exciting and like my colleague, Councilwoman Janik, I get a little excited about a science engineering company too because of my background. And like one of the speakers, the employee, I'm also a California transplant engineer that decided not to go back. So, you picked the right spot. I mean, this is such a good place to do business. Such a good place to live.

So, I also want to thank the company because this is an infrastructure hearing. You have been very proactive working with your neighbor and with me and with others on Council to address some design, I guess, issues to make sure the two projects match. Some pretty significant ones. I will mention the elevation changes that you have agreed to, you know, bicycle paths and even tree sizes and another few issues that will be in the DRB. And that is the kind of cooperation that really helps make these projects move smoothly, not just from the Council but beyond until the projects are completed and built and running. So, I want to thank you for that.

I also, I want to call out our staff too because, and Mr. Hovey for his remarks today. Our staff has to look not at your site plan. They have to look at the whole area, our planning staff, and it is a puzzle. And I'm always impressed how the planners consider every, the impact of each neighboring property as well as the issues that the applicant is facing. So, I think this was a great team effort all around. I'm looking forward to moving forward. I'm looking forward to both you and your neighbor being completed. So, I second it, I obviously support it. I'm ready to go. So, thank you.

Mayor Ortega: Okay, next to speak. Anyone else to speak?

[Time: 00:46:50]

Councilwoman Caputi: Sure, I will say two words.

Mayor Ortega: Yes.

Councilwoman Caputi: sure, nothing really incredibly, you know, everyone has already said everything. But I want to remind everyone as has been said before. This is not a rezoning. It's a Development Agreement for public infrastructure. And so, the reason that it sounds like such a love fest up here tonight is because our Council has already been looking at this for months and months and we've gotten it to this wonderful place where we took a great agreement, and we made it even better. And so, it's easy for us to move it forward.

Again, we are making this look way to easy up here tonight because, but that's because there's been months, and I think almost a year of work making sure the project got the agree development agreement got better and better. So, I think we are all pretty comfortable with it now and I just want to thank my Council, not just the staff for moving it forward to this point where we can all say great things about it. So, thank you everybody.

[Time: 00:47:51]

Mayor Ortega: Okay. Well, I will continue here. This project is an outstanding project. It's an owner user project which is important. It's not a speculative project they are bringing amazing technology, which is part of our world economy, it's part of our regional economy and even part of our national security, and it's interesting that as you look at the aerial picture you'll notice that this land originally was state land that meant that the land was deeded when we became a state and the proceeds were to go for education. And the property was sold, and those proceeds went directly into our schools, K-12 and really planted the seed for continuing the education possibilities in Arizona. We continued, it got resold and yet the purpose remains really the same kind of advancing our statehood right, advancing opportunities for education, and even then, basing your North American headquarters with us.

Once you've located the research and development, R & D area, then we have the opportunity,

you have the opportunity to produce intellectual property. And when you produce I.P. in the United States of America, it's very solid. That's another reason why you gain security by being here in Scottsdale. We would be proud to see some of these patents and so forth saying originated in Scottsdale, right? That's a tremendous ability that you're bringing and expertise to our city.

With that, we have a motion and a second. Please record your vote. Calling on...

Vice Mayor Graham: Yes.

Mayor Ortega: Okay. Thank you. Therefore, we are unanimous. Congratulations. We look forward to just amazing community partners. Thank you so much. We'll celebrate at AZ-88 or a place of your choice. Next, we will move on to public comment.

#### **PUBLIC COMMENT**

[Time: 00:50:29]

An opportunity for the public to come forward. Seeing none, I will close the public comment. Next, we will have citizen petitions.

#### **CITIZEN PETITIONS**

Seeing none, I will close that. And finally, at this point, I would request a motion to adjourn.

Councilwoman Whitehead: So moved.

Councilwoman Janik: Second.

Mayor Ortega: Please record your vote. We are adjourned. Thank you.

#### **ADJOURNMENT**

[Time: 00:50:54]