

Added at Agenda Session 6-10-14

City of Fayetteville Item Review Form

2014-0241

Legistar File Number

06/17/2014

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Jeremy Pate

Submitted By

Development Services

Department

Action Required:

Approval of a contract with Pacific Vet Group - USA, Inc. (PVG) for the sale of approximately 24 acres of land owned by the City of Fayetteville water and sewer utility on Industrial Drive in the Fayetteville Commerce District, for \$360,000.

Does this item have a cost? No

Cost of this request

Category or Project Budget

Program or Project Name

Account Number

Funds Used to Date

Program or Project Category

\$0.00

Project Number

Remaining Balance

Fund Name

Budgeted Item? No

Budget Adjustment Attached? Yes

V20130812

Previous Ordinance or Resolution #

143-13

ENTERED
5/29/14 em

ENTERED
6/3/14
6/17

Original Contract Number:

Comments:

[Signature] June 3, 2014


Paul A. Beal 6-3-2014
Don May 6-3-2014
[Signature]

CITY COUNCIL AGENDA MEMO

MEETING OF JUNE 17, 2014

TO: Mayor and City Council

THRU: Don Marr, Chief of Staff

FROM: Jeremy Pate, Development Services Director 

DATE: May 29, 2014

SUBJECT: Sale of 24 acres of Land in the Commerce District to Pacific Vet Group-USA, Inc.

RECOMMENDATION:

City Staff recommends approval of a contract with Pacific Vet Group-USA (PVG) for the sale of approximately 24 acres of land owned by the City of Fayetteville on Industrial Drive in the Fayetteville Commerce Park, for a purchase price of \$360,000.

BACKGROUND:

In June of 2013, the City Council approved a contract with PVG to sell approximately 14.9 acres of land along City Lake Road in the Commerce Park for the construction of a facility for research, development and manufacturing of animal health products. PVG is a privately held bioscience company specializing in the development and commercialization of science-based probiotic products for the poultry industry. PVG has indicated this \$6.7 million investment to construct and occupy a new facility in Fayetteville would result in at least 47 new jobs within 60 months at an average annual salary of \$66,000.

After geotechnical studies were completed on the City Lake Road property, the soil conditions were found to be less than ideal for this particular development, resulting in significant cost increases in construction. The City decided to conduct geotechnical studies for other city-owned properties within the Commerce District to understand overall suitability for development, and discussed with PVG the potential of another property on which they could construct their facility. PVG has identified Tract #14 on Industrial Drive, a 37.1 acre property, as suitable for their long-term needs. This land is adjacent to the City's Water and Sewer Operations Center. However, PVG does not need the entire 37 acres, approximately 13 of which at the rear of the property is located within floodplain and streamside buffer areas. Rather, they prefer to only purchase the developable area of land outside of the designated floodplain.

DISCUSSION:

The attached land sale agreement is intended to reflect the same basic terms reached between PVG and the City of Fayetteville in our previous contractual arrangement. The proposal is to sell 24 of the 37.1 acres in Tract 14 of the Commerce Park for \$15,000 per acre, resulting in a \$360,000 purchase price. Payment for the cost of the land will be amortized over 20 years with the first 5 years fixed at an interest rate of the Federal Reserve Rate plus one percent (1%). At the end of the 5th year, the interest rate will be modified annually based on the Federal Reserve

Rate plus one percent (1%) on each anniversary date. The AEDC has committed to providing economic development assistance in a manner similar to the previous development site, on this new property. In order for the project to be eligible for AEDC funding support, the City must contribute to the economic development project as well. As with the previous proposal, the City proposes to contribute by offering a discounted purchase price of \$15,000 per acre (compared to a normal \$20,000 asking price for similarly situated land in the Commerce District), as well as assistance with up to \$200,000 of infrastructure investment, which could include water and/or sewer line extensions and other work within public easements or rights-of-way. The City will retain the remaining 13.1 acres, granting PVG a Right of First Refusal to acquire the balance of the land in the future, if the City ever decides to sell. Please see the attached maps for reference.

City Code §34.27 establishes requirements regarding public notice and procedure for the sale of real property owned by the City of Fayetteville. City Staff has performed all necessary public notification procedures in compliance with this city ordinance, including mailing adjacent property owners, posting a sign and publishing the agenda item in the local newspaper. Additionally, the City Council must establish that this land is no longer needed for municipal purposes. As a purpose of the Commerce District is to encourage economic development that generates revenue for the City by providing new and expanded services, and finding that there is no identified use for the subject property for municipal purposes, staff requests that the Council establish that this land is no longer needed for municipal purposes.

BUDGET/STAFF IMPACT:

\$360,000 in sale revenue will be paid to the Water/Sewer fund and General Fund, since both funds have ownership on portions of the subject property. Based upon a \$360,000 purchase price, the General Fund would receive 70.8% of the proceeds for a total of \$254,880. The Water/Sewer Fund would receive 29.2% for a total of \$105,120. Up to \$200,000 in City staff time and materials may be utilized to provide public infrastructure work for economic development assistance, under the same terms of agreement approved with the previous contract for sale.

Attachments:

- Draft resolution
- Proposal Letter and Land Sale Agreement
- Location Map(s)
- Tentative Site Layout
- Previous Council Resolutions of Support




MEMORANDUM

TO: Don Marr, Chief of Staff
City of Fayetteville

FROM: Steve Clark, Chamber President & CEO

SUBJECT: Pacific Vet Group-USA's (PVG) purchase of City's land in the
Fayetteville Commerce District

DATE: May 22nd, 2014



The Chamber has been coordinating the sale of city owned land in the Fayetteville Commerce District between the City and PVG.

The City Council had originally approved to sell 15 acres of city land located at the City Lake Road at the Fayetteville Commerce District for \$15,000 an acre. Geo technical studies conducted at the site (Parcel # 765-16574-000) showed soil conditions that made the site not optimum for PVG's development. The City has been a great partner in carrying out additional geotechnical studies on other city-owned sites in the Commerce District to find a replacement site.

PVG has now identified Tract 14 (Parcel # 765-16578-000) as the site suitable for their development. This is a 37.1 acres tract located at Industrial Drive in the Commerce District.

- 1) PVG proposes to buy 24 of the 37.1 acres from the City at the same price of \$15,000 per acre and same financial terms and conditions as the original parcel.
- 2) PVG looks forward to working on obtaining city's approval as soon as convenient so that they may start their development. This \$6.7 million project is expected to create 47 new jobs within 60 months with an annual salary of \$66,000 each.

Attached are a draft Land Sale Agreement for Tract 14.

RESOLUTION NO. _____

A RESOLUTION TO REPEAL RESOLUTION NO. 143-14 AND TO SELL ABOUT 24 ACRES IN THE FAYETTEVILLE COMMERCE DISTRICT (FORMERLY INDUSTRIAL PARK) TO PACIFIC VET GROUP-USA, INC. FOR \$360,000.00 AND OTHER VALUABLE CONSIDERATION AND TO APPROVE A BUDGET ADJUSTMENT

WHEREAS, the initial site in the Industrial Park which the City through Resolution No. 143-14 agreed to sell Pacific Vet Group-USA, Inc. for \$223,500.00 was later determined to be geologically unusable for its proposed development; and

WHEREAS, another 24 acre site in the Industrial Park has been examined and found acceptable by Pacific Vet Group-USA, Inc. for its new facility.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby agrees to sell about twenty four (24) acres of Tract 14 on Industrial Drive in the Fayetteville Commerce District (formerly the Industrial Park) for \$360,000.00 and other valuable consideration as specified and pursuant to the attached Land Sale Agreement. Mayor Jordan is hereby authorized to sign the Land Sale Agreement and all necessary documents (including deeds) that are necessary to effectuate the Land Sale Agreement.

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby approves the attached Budget Adjustment.

PASSED and APPROVED this 17th day of June 2014.

APPROVED:

ATTEST:

By: _____
LIONELD JORDAN, Mayor

By: _____
SONDRA E. SMITH, City Clerk/Treasurer

LAND SALE AGREEMENT

This Land Sale Agreement is made and entered into by and between the City of Fayetteville, Arkansas, a municipal corporation of the State of Arkansas (hereinafter "**City**" or "**Fayetteville**") and Pacific Vet Group-USA, Inc.

The City owns a parcel of real estate of approximately 37.1 acres, identified as Tract 14, on Industrial Drive in the Fayetteville Commerce District (formerly known as the Industrial Park). Approximately 13.1 acres of Tract 14 are located within the floodplain (hereinafter "**Floodplain Portion**"); the remaining 24 acres of Tract 14 are above the floodplain (hereinafter "**Development Site**").

The City of Fayetteville agrees to sell the Development Site of Tract 14 to Pacific Vet Group-USA, Inc. for THREE HUNDRED SIXTY THOUSAND DOLLARS (\$360,000.00) and Pacific Vet Group-USA, Inc.'s performance of all of the terms, conditions and promises set forth later in this Agreement. The City will also grant Pacific Vet Group USA, Inc. a Right of First Refusal to acquire the Floodplain Portion of Tract 14. Pacific Vet Group-USA, Inc. agrees to pay to the City of Fayetteville THREE HUNDRED SIXTY THOUSAND DOLLARS (\$360,000.00) for the Development Site of Tract 14 and for the Right of First Refusal to acquire the Floodplain Portion, and to perform all of the terms, conditions and promises set forth later in this Agreement

TERMS AND CONDITIONS

1. *Sale*

Subject to existing easements and rights of way and subject to the terms and conditions, mutual promises and covenants of this Agreement, the City of Fayetteville agrees to sell a parcel of about 24 acres (hereinafter "**Development Site**") located at Industrial Drive in the Fayetteville Commerce District by warranty deed to Pacific Vet Group-USA, Inc. for the amount of THREE HUNDRED SIXTY THOUSAND DOLLARS (\$360,000.00). This Development Site shall be as shown on the plat attached at Exhibit A and as more particularly described below. Exhibit A identifies the Development Site as Parcel 'A' and the Floodplain Portion as Parcel 'B.'

Tract14, Fayetteville Industrial Park West, Fayetteville, Arkansas, as per plat on file in the office of the Circuit Clerk and Ex-Officio Recorder of Washington County, Arkansas, containing 24 acres, more or less.

2. *Purchase*

Subject to the terms and conditions, mutual promises and covenants of this Agreement, Pacific Vet Group-USA, Inc. agrees to buy the Development Site for THREE HUNDRED SIXTY THOUSAND DOLLARS (\$360,000.00) to be paid to the City of Fayetteville on or before the Closing Date as follows:

Pacific Vet Group-USA, Inc. shall present its fully executed 20 year Mortgage and Note in the amount of THREE HUNDRED SIXTY THOUSAND DOLLARS (\$360,000.00) in favor of the City of Fayetteville which will provide for a twenty year amortization of this principal debt of \$360,000.00 and an interest rate that shall be fixed for the first five years at the current Federal Reserve Primary Credit Rate, plus one percent (1%). This interest rate shall be annually adjusted after the first five years to apply the Federal Reserve Primary Credit Rate existing at each anniversary date, plus one percent (1%). The City agrees to subordinate its first mortgage on the property to construction and permanent financing of the improvements. Pacific Vet Group-USA, Inc. shall have the right to fully or partially repay the balance due without penalty at any time.

3. *Fulfill terms of Arkansas Economic Development Commission.*

Pacific Vet Group-USA, Inc. agrees to fulfill all terms and conditions of the Arkansas Economic Development Commission with respect to any programs for which it contracts to participate.

4. *Development Environmental Protection Goals.*

Pacific Vet Group-USA, Inc. agrees to comply with all zoning and land use requirements imposed by the City in connection with the development of the property. Zoning is currently I-2, which is permissive of Pacific Vet Group-USA's plans for the property as a site for research, development and manufacturing of animal health products.

5. *Closing Date and Place*

Closing shall occur within 60 days following the date this Agreement has been executed by both parties. The Closing shall occur at 113 West Mountain Street, Fayetteville, Arkansas in a room supplied by the City of Fayetteville.

6. *Date of Possession*

Possession of the Development Site shall be delivered to Pacific Vet Group-USA, Inc. on the Closing date free of any tenancies or other third party possessory rights.

7. *Title Insurance*

The City of Fayetteville shall order a title commitment on the Development Site, as soon practicable following the full execution of this Agreement, through a title insurance company selected by the City and acceptable to Pacific Vet Group-USA, Inc. If the report on title, binder or commitment discloses any defects in title (other than liens or encumbrances of a definite or ascertainable amount which may be paid at closing), the City shall have thirty (30) days from the date of Pacific Vet Group-USA, Inc. notice of such defects to make a good faith effort to cure such defects and to furnish a report showing the defects cured or removed. If such defects are not cured within thirty (30)

days, Pacific Vet Group-USA, Inc. may terminate this agreement or may, at its election, take title subject to any such defects. The cost of the title commitment and the cost of the owner's title policy shall be borne by the City of Fayetteville. The cost of any lender's title policy and extended owner's title insurance coverage shall be borne by Pacific Vet Group-USA, Inc.

8. *Deed and Other Documents*

On the Closing date, the City of Fayetteville shall convey marketable and insurable title to the premises by general warranty deed, free and clear of all liens, restrictions, and encumbrances except as provided in this Agreement, subject only to current real estate taxes, if any (to be apportioned between the parties) and existing easements. Pacific Vet Group-USA, Inc. and the City of Fayetteville shall equally share the cost a reasonable closing fee imposed by the closing agent employed by parties provided however that Pacific Vet Group-USA, Inc. shall be responsible for any revenue stamps resulting from this transaction and all recordings fees for the deed and other documents that need to be filed.

9. *Risk of Loss*

Risk of loss as to the Development Site shall remain with the City of Fayetteville until the Closing date.

10. *Pacific Vet Group-USA, Inc.'s Due Diligence*

Pacific Vet Group-USA, Inc. may enter upon the Development Site to conduct any surveying, testing or inspection it deems necessary to ensure the Development Site will be appropriate for the construction and use for its facility. If Pacific Vet Group-USA, Inc. discovers any problems that would adversely impact its development and use of the Development Site for its facility, Pacific Vet Group-USA, Inc. shall notify the City which is granted sixty (60) days to remediate any problem. The City may also terminate this Agreement without penalty rather than remediating any problem or issue discovered by Pacific Vet Group-USA, Inc.

11. *Large Scale Development Approval*

Pacific Vet Group-USA, Inc. shall, at its sole cost and expense, prepare a Large Scale Development plat of the Development Site and obtain any and all approvals necessary for Pacific Vet Group-USA, Inc.'s intended use of the Development Site for its facility. The City shall reasonably cooperate with Pacific Vet Group-USA, Inc. in Pacific Vet Group-USA, Inc. request for development approval of its facility. Pacific Vet Group-USA, Inc. must present its development proposal through the normal City process and follow the Unified Development Code requirements.

12. *Notices*

Notices required by this Agreement shall be in writing and shall be delivered to:

Pacific Vet Group-USA, Inc.
ATTN: Bill Davies, CEO
Pacific Vet Group
2134 Creek View Drive
Fayetteville, AR 72704

or by FAX: (479) 966-4448

to:

City of Fayetteville
ATTN: Mayor's
Office 113 W.
Mountain Street
Fayetteville, AR 72701 72701-6083

or by FAX (479) 575-8257.

13. *Authority*

Each of the undersigned individuals represent and warrant that they are authorized to enter into this Agreement on behalf of their respective entities and that execution hereof will bind the entities to this Agreement.

14. *Counterparts*

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

15. *Facsimile*

For purposes of executing this Agreement, a facsimile signature shall be as effective as an actual signature.

16. *Applicable Law*

This Agreement shall be construed and enforced in accordance with the laws and public policies of the State of Arkansas.

17. *Survival*

The representations, warranties, and agreements of the parties contained herein shall survive the closing date.

18. *No Waivers*

The waiver by either party hereto of any condition or the breach of any term, covenant or conditions herein contained shall not be deemed to be a waiver of any other condition or of any subsequent breach of the same or of any other term, covenant or condition herein contained.

19. *Time of Essence*

Time is of the essence in this Agreement.

20. *Invalidity*

If for any reason any term or provision of this Agreement shall be declared void and unenforceable by any court of law or equity, it shall only affect such particular term or provision of this Agreement and the balance of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.

21. *Complete Agreement*


All understandings and agreements heretofore existing between the parties are merged into this Agreement that alone fully and completely expresses their agreement. This Agreement may be changed only in writing signed by both of the parties hereto and shall apply to and bind the successors and assigns of each of the parties hereto and shall not merge with the deed delivered to Pacific Vet Group-USA, Inc at closing.

Date: 6/6/14

PACIFIC VET GROUP-USA, INC.

By: 
BILL DAVIES
Title: **CEO**

Witness:

By: 

Date: _____

**CITY OF FAYETTEVILLE,
ARKANSAS**

By: _____
LIONELD JORDAN
Mayor

ATTEST:

By: _____
Sondra E. Smith, City Clerk

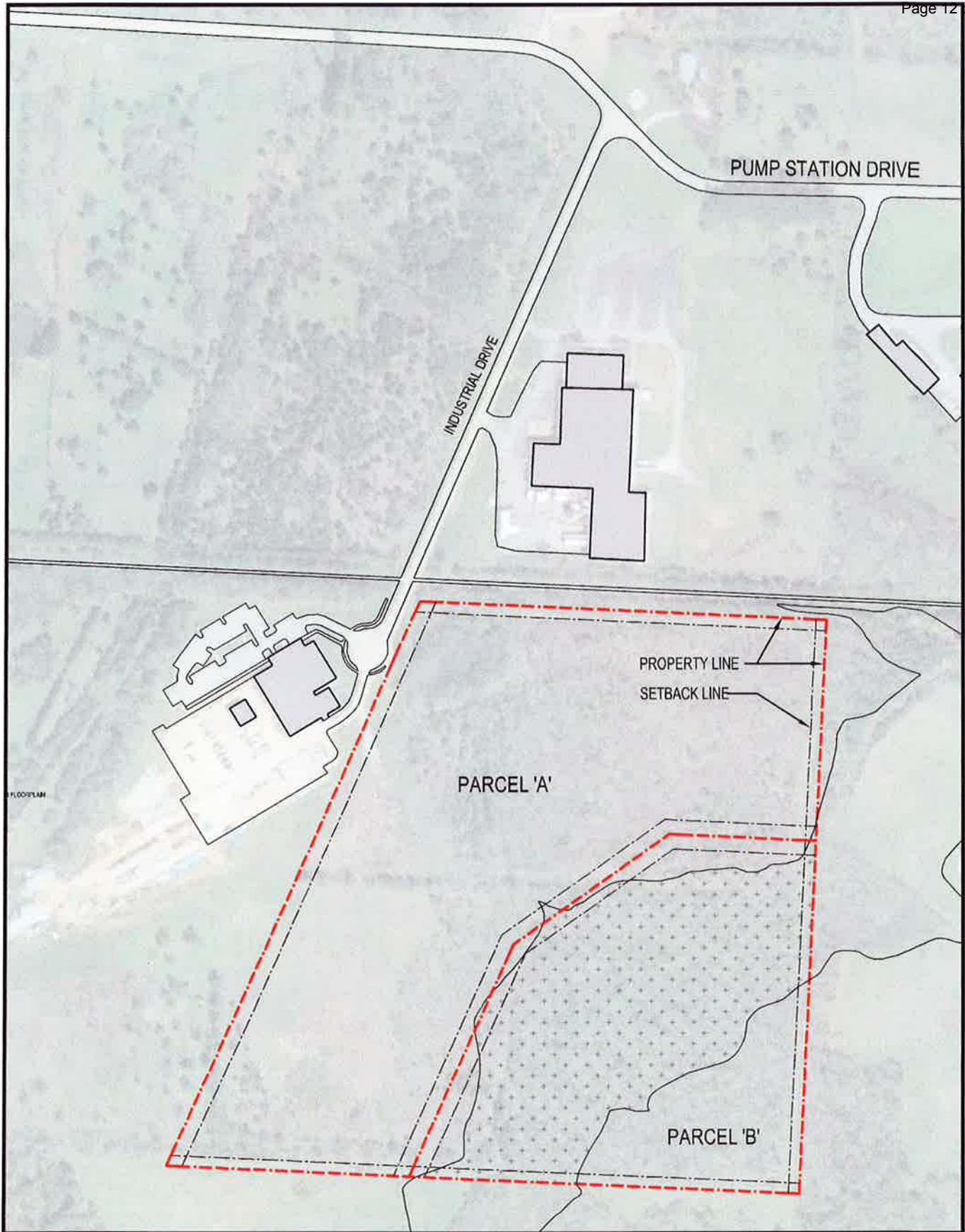
Fed. I.D. No.:

FAX No.: (479) 966-4448

Address: Pacific Vet Group-USA, Inc.

2134 Creek View Drive

Fayetteville, AR 72704

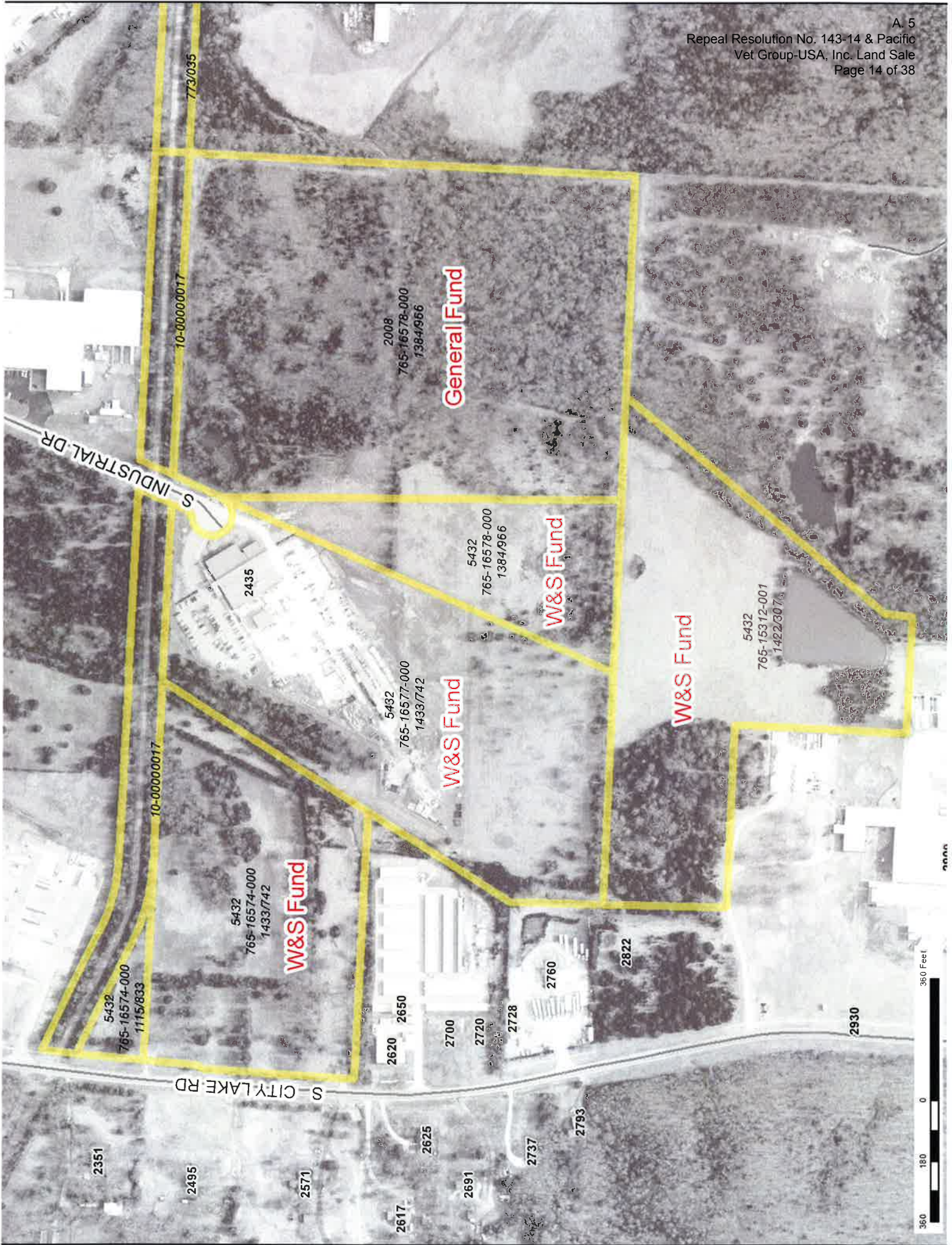


PACIFIC VET GROUP - PARCEL AREAS

SCALE 1" = 300'-0"

MAY 22, 2014
FAYETTEVILLE, AR





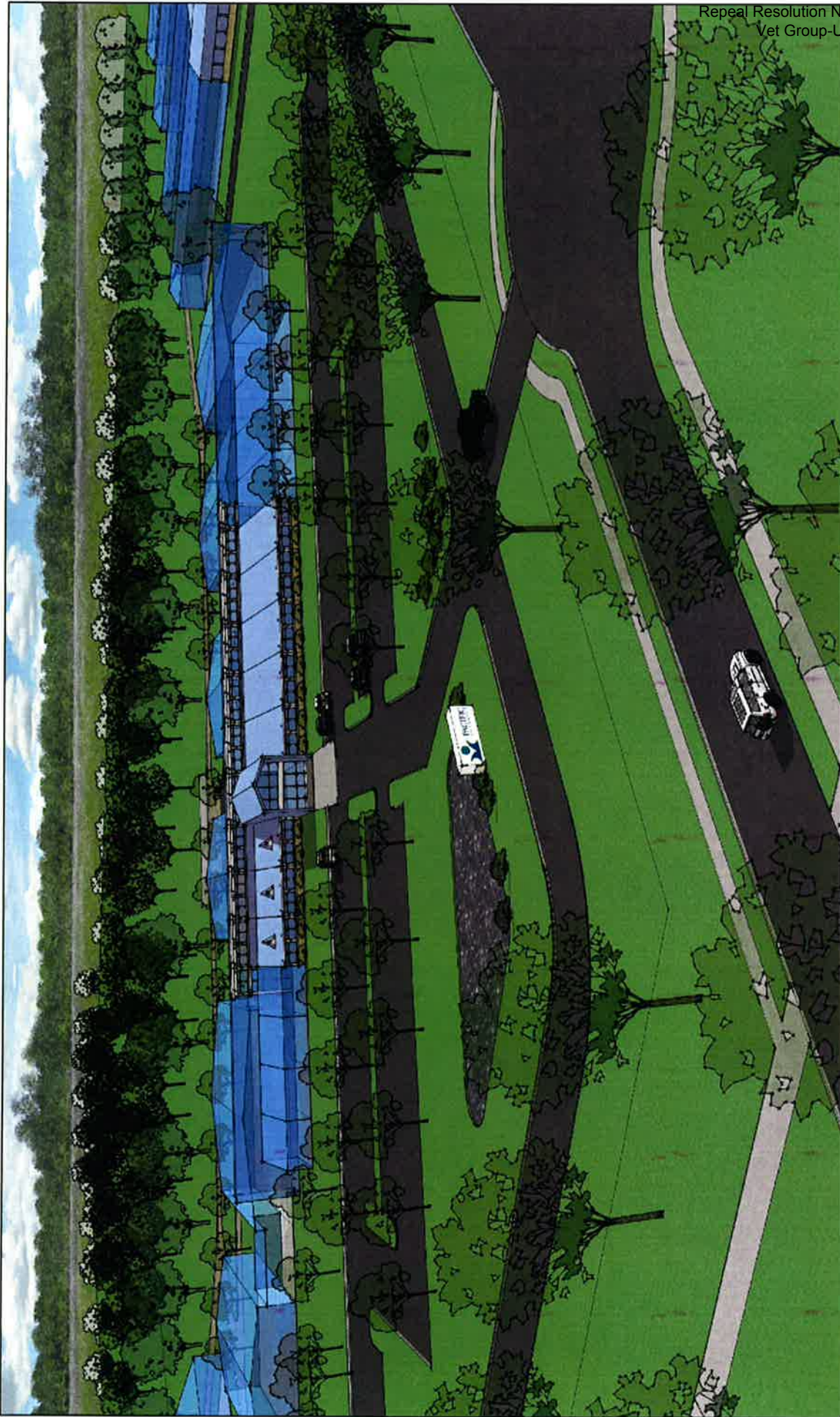


PACIFIC VET GROUP MASTERPLAN
 FAYETTEVILLE, AR 3.20.2014



MASTERPLAN WITH PHASING
 SCALE: 1" = 150'-0"





PVG CAMPUS DEVELOPMENT
FAYETTEVILLE, AR 5 20 14

PACIFIC VET GROUP RENDERING
SCALE: NOT TO SCALE





PVG CAMPUS DEVELOPMENT:
FAYETTEVILLE, AR 5.20.14

PACIFIC VET GROUP RENDERING
SCALE: NOT TO SCALE



RESOLUTION NO. 143-13

A RESOLUTION TO SELL ABOUT 14.9 ACRES OF LAND IN THE INDUSTRIAL PARK TO PACIFIC VET GROUP-USA, INC. FOR \$223,500.00 AND OTHER VALUABLE CONSIDERATION AND TO APPROVE A BUDGET ADJUSTMENT

WHEREAS, Pacific Vet Group-USA, Inc. needs an appropriate site to construct a research and manufacturing site for a development and commercialization of science-based probiotic products for the poultry industry; and

WHEREAS, Governor Beebe and the Arkansas Economic Development Commission has agreed to provide substantial financial assistance if Pacific Vet Group-USA, Inc. builds its facility in Fayetteville and moves or creates at least 60 jobs with an average annual salary of \$65,000.00; and

WHEREAS, the City of Fayetteville needs to also assist Pacific Vet Group-USA, Inc. by selling its 14.9 acre parcel at a discount of \$5,000.00 per acre from its normal selling price and to construct public infrastructure improvements totaling about \$200,000.00 for this project.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby approves the Land Sale Agreement (attached as Exhibit A) which conveys about 14.9 acres to Pacific Vet Group-USA, Inc. for \$223,500.00 plus other consideration pursuant to the terms of the Land Sale Agreement and authorizes Mayor Jordan to sign the Land Sales Agreement and the Warranty Deed for this 14.9 acre parcel.

Section 2: The City Council of the City of Fayetteville, Arkansas hereby approves the attached Budget Adjustment in the amount of \$74,500.00.

PASSED and APPROVED this 18th day of June 2013.

APPROVED:

ATTEST:

By: 
LIONELD JORDAN, Mayor

By: 
SONDRA E. SMITH, City Clerk/Treasurer



LAND SALE AGREEMENT

This Land Sale Agreement is made and entered into by and between the City of Fayetteville, Arkansas, a municipal corporation of the State of Arkansas (hereinafter "City" or "Fayetteville") and Pacific Vet Group-USA, Inc.

The City of Fayetteville agrees to sell a parcel of about 14.9 acres on Morningside Drive in the Fayetteville Industrial Park to Pacific Vet Group-USA, Inc. for TWO HUNDRED TWENTY THREE THOUSAND FIVE HUNDRED DOLLARS (\$223,500.00) and Inc. Pacific Vet Group-USA, Inc.'s performance of all of the terms, conditions and promises set forth later in this Agreement.

Pacific Vet Group-USA, Inc. agrees to pay to the City of Fayetteville TWO HUNDRED TWENTY THREE THOUSAND FIVE HUNDRED DOLLARS (\$223,500.00) for this 14.9 acre parcel and to perform all of the terms, conditions and promises set forth later in this Agreement.

TERMS AND CONDITIONS

1. *Sale*

Subject to existing easements and rights of way and subject to the terms and conditions, mutual promises and covenants of this Agreement, the City of Fayetteville agrees to sell a parcel of about 14.9 acres (hereinafter "Development Site") located at Morningside Drive in the Fayetteville Industrial Park by warranty deed to Pacific Vet Group-USA, Inc. for the amount of TWO HUNDRED TWENTY THREE THOUSAND FIVE HUNDRED DOLLARS (\$223,500.00). This Development Site of about 14.9 acres shall be as shown on the plat attached at Exhibit A and as more particularly described below:

Lot Numbered Ten (10), Fayetteville Industrial Park West, Fayetteville, Arkansas, as per plat on file in the office of the Circuit Clerk and Ex-Officio Recorder of Washington County, Arkansas, containing 14.90 acres, more or less.

2. *Purchase*

Subject to the terms and conditions, mutual promises and covenants of this Agreement, Pacific Vet Group-USA, Inc. agrees to buy the Development Site for TWO HUNDRED TWENTY THREE THOUSAND FIVE HUNDRED DOLLARS (\$223,500.00) to be paid to the City of Fayetteville on or before the Closing Date as follows:

Pacific Vet Group-USA, Inc. shall present its fully executed 20 year Mortgage and Note in the amount of TWO HUNDRED TWENTY THREE THOUSAND FIVE HUNDRED DOLLARS (\$223,500.00) in favor of the City of Fayetteville which will provide for a twenty year amortization of this principal debt of \$223,500.00 and an interest rate that shall be fixed for the first five years at the current Federal Reserve Primary Credit Rate, plus one percent (1%). This interest rate shall be annually adjusted after the first five years to apply the Federal Reserve

Primary Credit Rate existing at each anniversary date, plus one percent (1%). The City agrees to subordinate its first mortgage on the property to construction and permanent financing of the improvements. Pacific Vet Group-USA, Inc. shall have the right to fully or partially repay the balance due without penalty at any time.

3. *Fulfill terms of Arkansas Economic Development Commission*

Pacific Vet Group-USA, Inc. agrees to fulfill all terms and conditions of the Arkansas Economic Development Commission with respect to any programs for which it contracts to participate.

4. *Development Environmental Protection Goals*

Pacific Vet Group-USA, Inc. agrees to comply with all zoning and land use requirements imposed by the City in connection with the development of the property.

5. *Closing Date and Place*

Closing shall occur within 60 days following the date this Agreement has been executed by both parties. The Closing shall occur at 113 West Mountain Street, Fayetteville, Arkansas in a room supplied by the City of Fayetteville.

6. *Date of Possession*

Possession of the Development Site shall be delivered to Pacific Vet Group-USA, Inc. on the Closing date free of any tenancies or other third party possessory rights.

7. *Title Insurance*

The City of Fayetteville shall order a title commitment on the Development Site, as soon as practicable following the full execution of this Agreement, through a title insurance company selected by the City and acceptable to Pacific Vet Group-USA, Inc. If the report on title, binder or commitment discloses any defects in title (other than liens or encumbrances of a definite or ascertainable amount which may be paid at closing), the City shall have thirty (30) days from the date of Pacific Vet Group-USA, Inc. notice of such defects to make a good faith effort to cure such defects and to furnish a report showing the defects cured or removed. If such defects are not cured within thirty (30) days, Pacific Vet Group-USA, Inc. may terminate this agreement or may, at its election, take title subject to any such defects. The cost of the title commitment and the cost of the owner's title policy shall be borne by the City of Fayetteville. The cost of any lender's title policy and extended owner's title insurance coverage shall be borne by Pacific Vet Group-USA, Inc.

8. *Deed and Other Documents*

On the Closing date, the City of Fayetteville shall convey marketable and insurable title to the premises by general warranty deed, free and clear of all liens, restrictions, and encumbrances except as provided in this Agreement, subject only to current real estate

taxes, if any (to be apportioned between the parties) and existing easements. Pacific Vet Group-USA, Inc. and the City of Fayetteville shall equally share the cost a reasonable closing fee imposed by the closing agent employed by parties provided however that Pacific Vet Group-USA, Inc. shall be responsible for any revenue stamps resulting from this transaction and all recordings fees for the deed and other documents that need to be filed.

9. *Risk of Loss*

Risk of loss as to the Development Site shall remain with the City of Fayetteville until the Closing date.

10. *Pacific Vet Group-USA, Inc.'s Due Diligence*

Pacific Vet Group-USA, Inc. may enter upon the Development Site to conduct any surveying, testing or inspection it deems necessary to ensure the Development Site will be appropriate for the construction and use for its facility. If Pacific Vet Group-USA, Inc. discovers any problems that would adversely impact its development and use of the Development Site for its facility, Pacific Vet Group-USA, Inc. shall notify the City which is granted sixty (60) days to remediate any problem. The City may also terminate this Agreement without penalty rather than remediating any problem or issue discovered by Pacific Vet Group-USA, Inc.

11. *Large Scale Development Approval*

Pacific Vet Group-USA, Inc. shall, at its sole cost and expense, prepare a Large Scale Development plat of the Development Site and obtain any and all approvals necessary for Pacific Vet Group-USA, Inc.'s intended use of the Development Site for its facility. The City shall reasonably cooperate with Pacific Vet Group-USA, Inc. in Pacific Vet Group-USA, Inc. request for development approval of its facility. Pacific Vet Group-USA, Inc. must present its development proposal through the normal City process and follow the Unified Development Code requirements.

12. *Notices*

Notices required by this Agreement shall be in writing and shall be delivered to:

Pacific Vet Group-USA, Inc.
ATTN: Bill Davies, CEO
Pacific Vet Group
2134 Creek View Drive
Fayetteville, AR 72704
to:

or by FAX: (479) 966-4448

City of Fayetteville
ATTN: Mayor's Office
113 W. Mountain Street
Fayetteville, AR 72701 72701-6083

or by FAX (479) 575-8257.

13. Authority

Each of the undersigned individuals represent and warrant that they are authorized to enter into this Agreement on behalf of their respective entities and that execution hereof will bind the entities to this Agreement.

14. Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

15. Facsimile

For purposes of executing this Agreement, a facsimile signature shall be as effective as an actual signature.

16. Applicable Law

This Agreement shall be construed and enforced in accordance with the laws and public policies of the State of Arkansas.

17. Survival

The representations, warranties, and agreements of the parties contained herein shall survive the closing date.

18. No Waivers

The waiver by either party hereto of any condition or the breach of any term, covenant or conditions herein contained shall not be deemed to be a waiver of any other condition or of any subsequent breach of the same or of any other term, covenant or condition herein contained.

19. Time of Essence

Time is of the essence in this Agreement.

20. Invalidity

If for any reason any term or provision of this Agreement shall be declared void and unenforceable by any court of law or equity, it shall only affect such particular term or provision of this Agreement and the balance of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.

21. Complete Agreement

All understandings and agreements heretofore existing between the parties are merged into this Agreement that alone fully and completely expresses their agreement. This Agreement may be changed only in writing signed by both of the parties hereto and shall apply to and bind the successors and assigns of each of the parties hereto and shall not merge with the deed delivered to Pacific Vet Group-USA, Inc at closing.

Date: 6/19/13

PACIFIC VET GROUP-USA, INC.
ARKANSAS

By: [Signature]
BILL DAVIES
CEO

Witness:

By: [Signature]

Fed. I.D. No.: 26-2521546
FAX No.: (479) 966-4448
Address: Pacific Vet Group-USA, Inc.
2134 Creek View Drive
Fayetteville, AR 72704

Date: 6/27/13

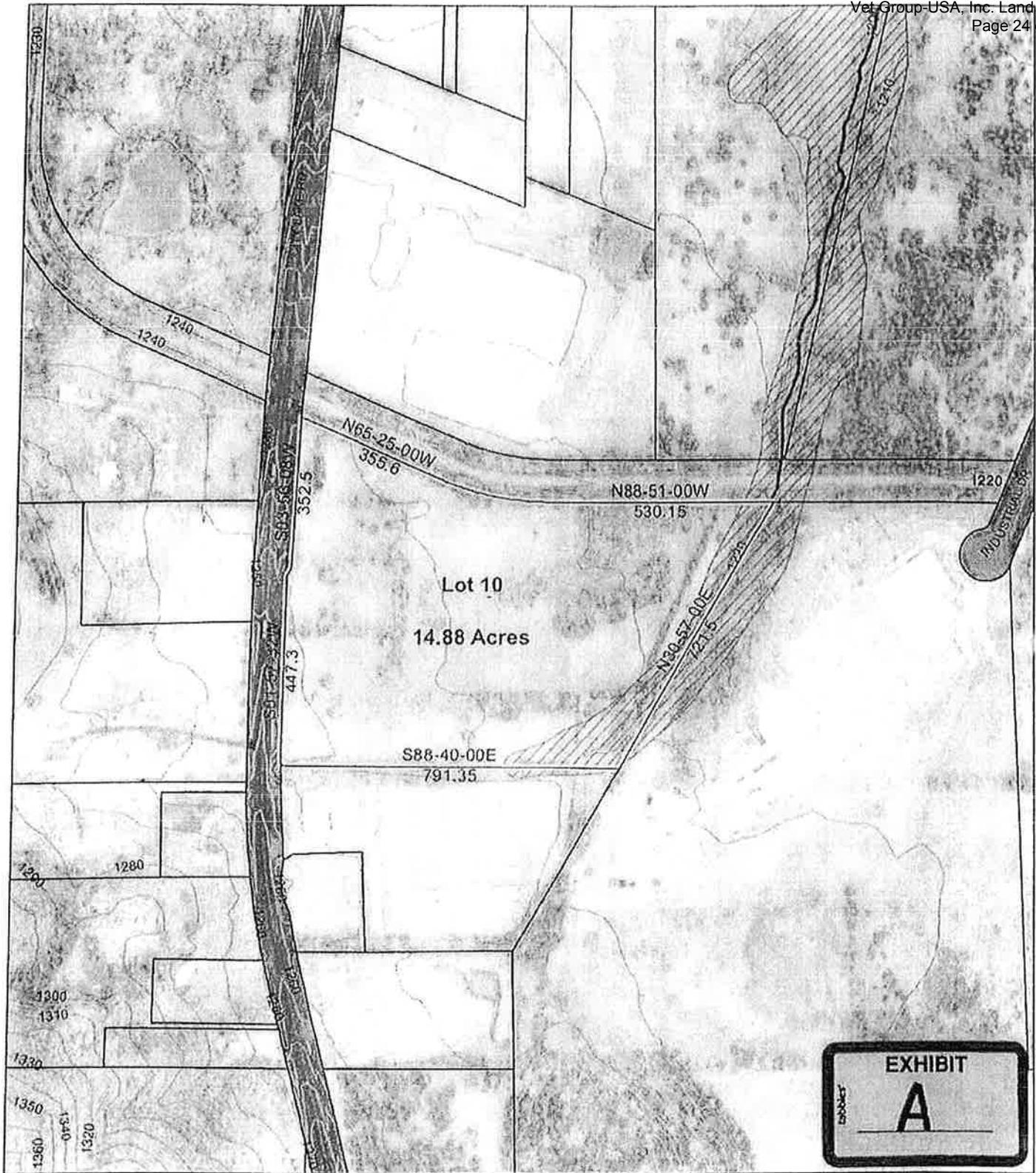
CITY OF FAYETTEVILLE,

By: [Signature]
LIONELD JORDAN
Mayor

Attest:

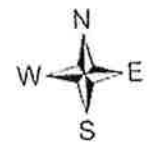
By: [Signature]
Sondra E. Smith, City Clerk





Lot 10
Industrial Park West

- Streams
- Contours 2'
- Contours 10'
- Lot 10
- Parcel Boundary
- Flood Cartographic 100Year
- ROW



1 inch = 300 feet

To: Fayetteville City Council

Thru: Mayor Lioneld Jordan
Don Marr, Chief of Staff

From: David Jurgens, Utilities Director



Date: May 31, 2013

Subject: Sale of 14.9 Acres of Land in the Industrial Park to Pacific Vet Group-USA, Inc.

RECOMMENDATION

City Staff recommends approving a contract with Pacific Vet Group-USA (PVG) for \$223,500.00 for the sale of approximately 14.9 acres of land owned by the City of Fayetteville water and sewer utility on Morningside Drive in the Industrial Park.

BACKGROUND

The City of Fayetteville, the Arkansas Economic Development Commission (AEDC), and the Arkansas Governor have been approached by PVG to find a site suitable for construction of a research and manufacturing facility into which PVG plans to expand. PVG is a privately held bioscience company specializing in the development and commercialization of science-based probiotic products for the poultry industry. Currently headquartered in Fayetteville, PVG's core technology is licensed from the University of Arkansas, where it was developed in the laboratories of Dr. Billy M. Hargis, a leading poultry researcher. PVG has stated its intent to construct and occupy a new facility at the Morningside Drive site that will move or create a total of at least 60 jobs with an average annual salary of \$65,000 within five years to this location. PVG has further stated its intent that construction of the facility will begin within 12 months of acceptance of this offer.

DISCUSSION

The attached land sale agreement has been reached through negotiations between the City, the Chamber of Commerce, the AEDC and PVG. The proposal is to sell the property to PVG at a reduced rate of \$15,000 per acre. In order for this project to be eligible for AEDC funding support, the City must contribute to the economic development in some way. With the current proposal, the City's contribution is in the form of the discounted price per acre (the established asking price has been \$20,000, which is what the Water/Sewer fund paid the general fund when the land was transferred in April, 2003) as well as assistance with on-site development including possible work on storm drainage, pavement, street work, utility work, and sidewalk work, all within the public right of way. The value of this work is estimated at \$200,000. Payment for the cost of the land will be amortized over 20 years with the first 5 years fixed at an interest rate of the Federal Reserve Rate plus one percent (1%). At the end of the 5th year, the interest rate will be modified annually based on the Federal Reserve Rate plus one percent (1%) on each anniversary date.

City Code §34.27 establishes specific requirements regarding public notice of the sale of real property. All Code requirements have been met with the related City Council resolution passed June 4, 2013.

BUDGET IMPACT

\$223,500 in sale revenue will be paid to the Water/Sewer fund. A budget adjustment approved June 4, 2013 approved transferring \$74,500 from the general fund to the Water/Sewer fund to make that fund whole from the land sale.

Attachments: Sale Agreement
Location Map (wide area)
Detail Map
Tentative Site Layout
AEDC Letter to PVG
City Attorney Memo of May 9, 2013

City of Fayetteville, Arkansas
Budget Adjustment Form

Budget Year 2013	Division: Citywide Department: Citywide	Request Date 5/13/2013	Adjustment Number
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BUDGET ADJUSTMENT DESCRIPTION / JUSTIFICATION

\$74,500 in the Transfer to Water & Sewer account to reimburse the Water & Sewer Fund for market value of the sale of 14.9 acres of Industrial Park Property.

<u>Paul a. Behr</u> Division Head	<u>5-22-2013</u> Date
<u>[Signature]</u> Budget Director	<u>5-22-2013</u> Date
<u>Paul a. Behr</u> Department Director	<u>5-23-2013</u> Date
<u>[Signature]</u> Finance Director	<u>5-23-13</u> Date
<u>[Signature]</u> Chief of Staff	<u>[Signature]</u> Date
<u>[Signature]</u> Mayor	<u>5/23/13</u> Date

Prepared By: Kevin Springer
Springer, Kevin

Reference: _____

Budget & Research Use Only

Type: A B C D E P

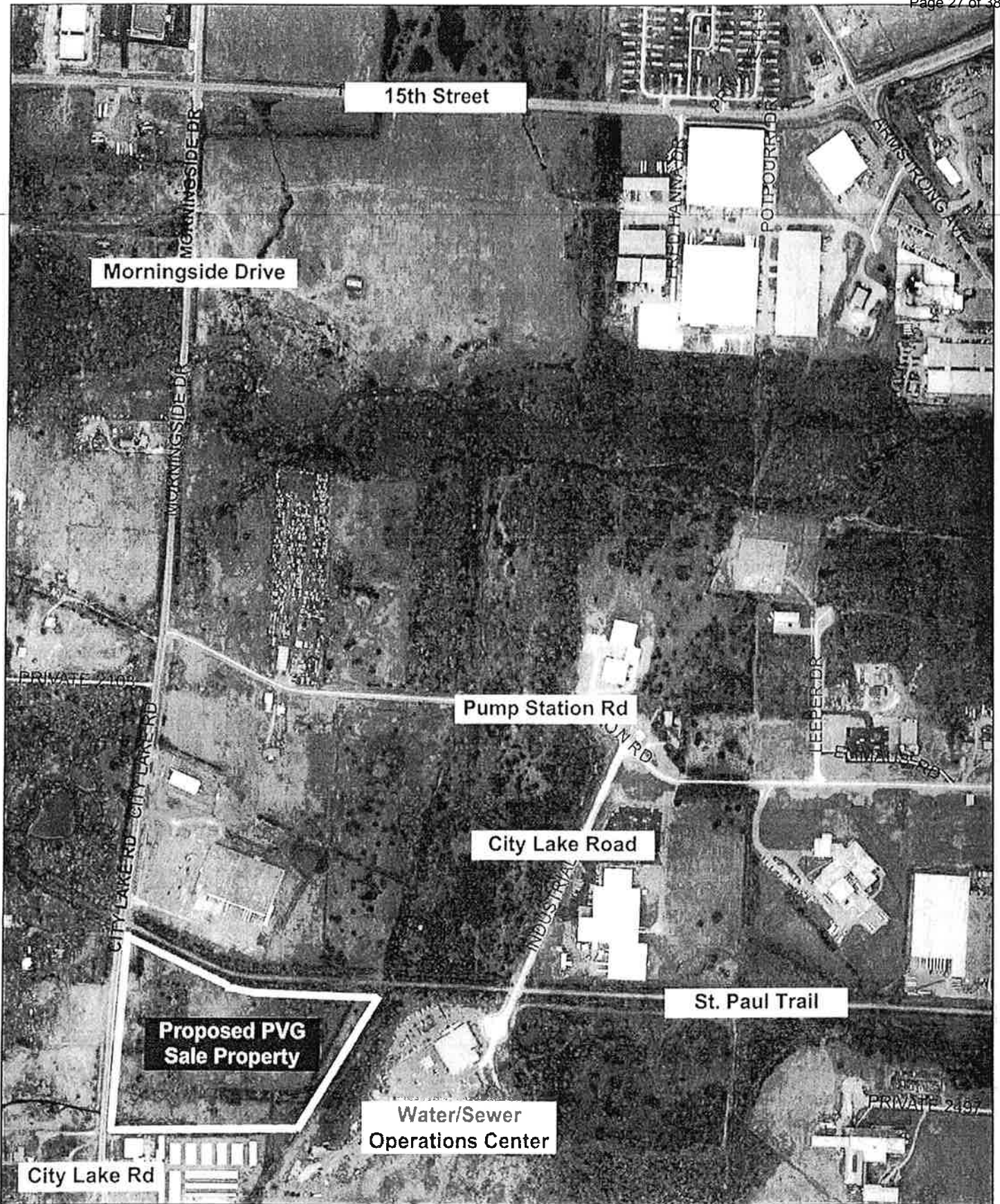
General Ledger Date _____

Posted to General Ledger _____

Checked / Verified _____

TOTAL BUDGET ADJUSTMENT		74,500	74,500	
		Increase / (Decrease)		
Account Name	Account Number	Expense	Revenue	Project.Sub Number
Transfer to Water & Sewer	1010.6600.7602.40	74,500	-	57018 . 5400
Use of fund balance	1010.0001.4999.99		74,500	

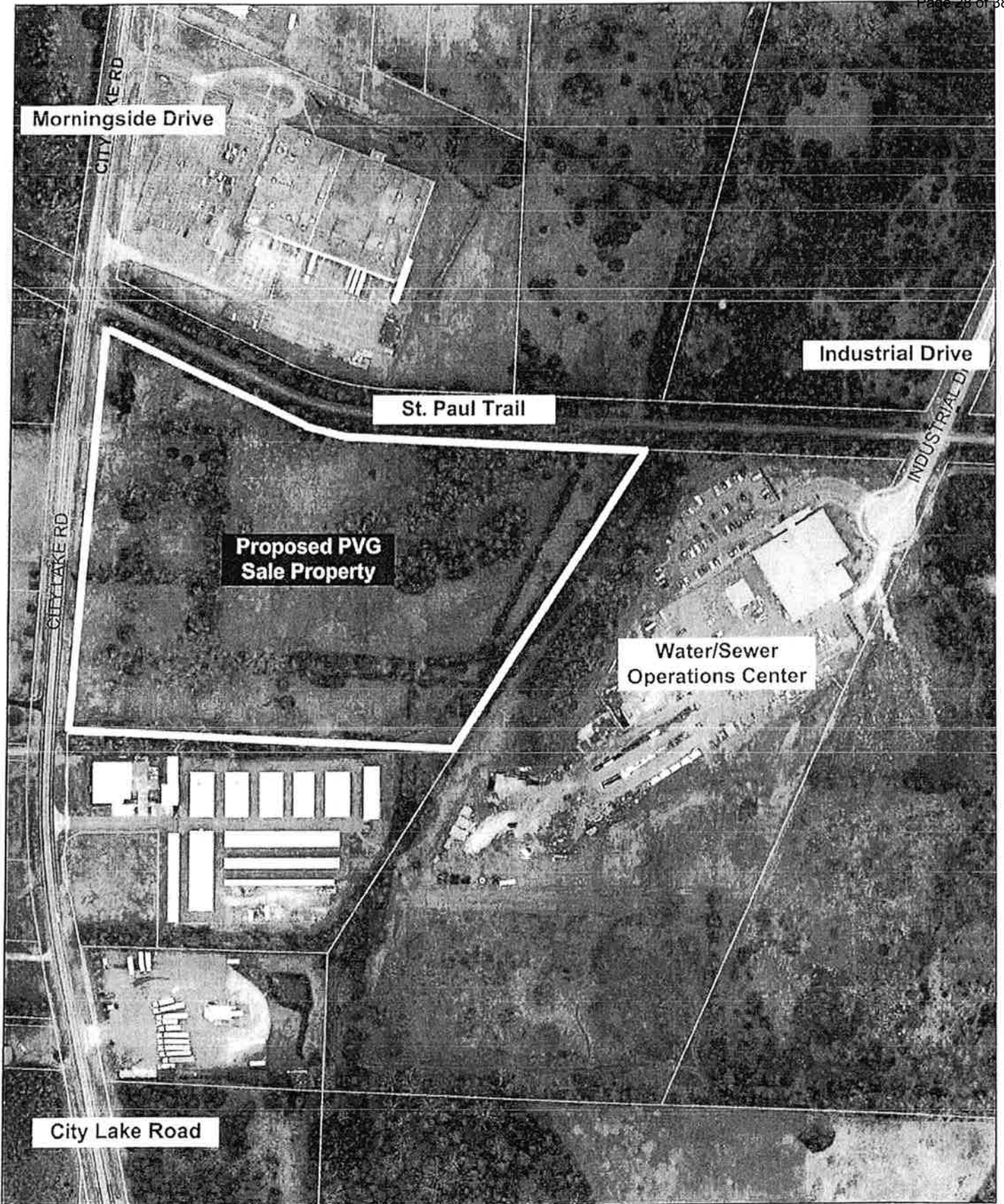
PVG Property Sale in Industrial Park



0 310 620 1,240 1,860 Feet



PVG Property Sale in Industrial Park





Mike Beebe Grant Tennille

February 11, 2013

Bill Davies
CEO
Pacific Vet Group
2134 Creek View Drive
Fayetteville, AR 72704

Dear Mr. Davies:

Recognizing Pacific Vet Group's contribution to our state and community, the Arkansas Economic Development Commission (AEDC) and the City of Fayetteville are pleased to submit the attached incentives proposal for your consideration.

Together, the state and city are committed to mitigating many of your site-related costs with a package valued over \$1M. The AEDC will commit up to \$570,000 in the form of an upfront cash grant to cover erosion control, earthwork, a detention basin with outfall structure, and asphalt pavement at the site. The City, through in-kind services, will assist with constructing culverts and storm drainage, entry drives, curb and gutters, and sidewalks around the site (an estimated value of \$200,000). They have also committed to a reducing the cost of the land by \$5,000 an acre (a \$75,000 savings for 15 acres).

In addition the state can offer our Advantage Arkansas income tax credit (valued at \$163,000) and our Tax Back sales and use tax refund (value will depend on total investment in taxable building materials, but could be as much as \$1.2M for a \$15M project).

We are excited about your company's success in Arkansas and hope to see your footprint grow in Fayetteville. Please feel free to contact me directly at (501) 682-1260 or via email at SClark@Arkansasedc.com if there is any additional information you need.

Sincerely,

Sarah Clark
Project Manager



CONFIDENTIAL

**ARKANSAS ECONOMIC DEVELOPMENT COMMISSION (AEDC)
INCENTIVES PROPOSAL
for
Pacific Vet Group**

February 11, 2012

All incentives offered are contingent upon **Pacific Vet Group** locating its new facility in Fayetteville (Washington County), Arkansas. Incentives are based on the following project assumptions. Any change in the project criteria will require a recalculation of the incentives.

- 47 new full-time employees in Fayetteville
 - Year 1: 18
 - Year 2: 13
 - Year 3: 4
 - Year 4: 10
 - Year 5: 2
- Average annual wage of \$66,000 (\$32/hour)
- Investment (estimate) of \$5M in Phase I; \$12-15M in Phase II

Advantage Arkansas Program

The Advantage Arkansas Program is a job tax credit program for qualifying new and expanding companies. In Washington County, the credits earned will be equal to 1% of the net, new payroll for a period of five years with a minimum annual payroll of \$125,000. In addition, the average hourly wage of the new payroll generated must average \$10.46 per hour or greater. The company may apply the credit to their state income tax liability, not to exceed 50% of the total income tax liability for a reporting period.

Employees must be taxpayers of Arkansas to qualify for the credit. The income tax credit begins in the year in which the new employees are hired. Any unused portion of the credit may be applied against the income tax for the succeeding nine years.

Based on payroll information provided by the company the income tax credits are calculated as follows:

Annual Payroll of New Employees x Appropriate Percentage = Annual Financial Incentive

Year	Jobs	Annual Payroll Increase	Estimated Tax Credit
Year 1	18	\$ 1,198,080*	\$ 11,981
Year 2	31	\$ 2,063,360	\$ 20,634
Year 3	35	\$ 2,329,600	\$ 23,296
Year 4	45	\$ 2,995,200	\$ 29,952
Year 5	47	\$ 3,128,320	\$ 31,283
Total Estimated Benefits			\$ 117,146

*18 new jobs * \$32/hour x 2,080 hours

Tax Back Program

The Tax Back Program grants a refund of state and local sales and use taxes paid on the purchases of the material used in the construction of a building or buildings or any addition, modernization or improvement to a new or expanding eligible business. A sales and use tax refund is also allowed for the purchases of taxable machinery or equipment associated with the building or project.

Eligibility Requirements:

- Minimum investment of one-hundred thousand dollars (\$100,000).
- The business must sign an Advantage Arkansas agreement within twenty-four (24) months of signing the Tax Back agreement.

A refund shall not be authorized for:

- Routine operating expenditures;
- The purchase of replacements of items previously purchased as part of a project unless the items previously purchased will not enable the project to function as originally intended;
- Licensed motor vehicles; or
- Expenditures for routine repair and maintenance that do not result in new construction or expansion.

To qualify for the Tax Back Program, the company must submit a completed application accompanied by a local endorsement resolution from the city, county or both which authorizes the refund of its local taxes to the eligible company. The refund will not include the sales tax dedicated to the Educational Adequacy Fund and the Conservation Tax Fund. These two exceptions reduce the state refund by one percent (1%). Currently state sales tax rate is six percent (6%) therefore the refund of state taxes will be based upon five percent (5%) of the eligible taxable purchases. Currently the sales tax rate in Fayetteville, Arkansas (including Washington County) is 3.25% of the eligible taxable purchases and the refund of local taxes will be based on that rate.

If the company were to invest \$15M in eligible, taxable items, the sales and use tax refund is estimated as follows:

<i>Eligible Expenditures</i>	<i>x</i>	<i>Total Sales Tax (State & Local)</i>	<i>=</i>	<i>Refund Amount</i>
\$15,000,000	x	8.25% (5% + 3.25%)	=	\$1,237,500

Infrastructure

Based on the information provided by Pacific Vet Group, the Arkansas Economic Development Commission is willing to commit **\$570,000 in Governor's Quick Action Closing Funds** to be used towards erosion control, earthwork, a detention basin with outfall structure, and asphalt pavement at the company's potential new site in Fayetteville, AR.

To receive reimbursement for eligible expenditures, the company will be required to submit invoices to the Arkansas Economic Development Commission. This funding is contingent upon the creation of at least 47 full-time jobs within 5 years of the signing the grant agreement. AEDC will require Pacific Vet Group to sign a grant agreement and a grant reimbursement agreement that will have claw-backs in the event the terms of the agreement are not met.



February 7, 2013

Sarah Clark
Project Manager, Business Development
Arkansas Economic Development Commission
900 West Capitol, Suite 400
Little Rock, AR 72201
501-682-1260 (office)
501-580-0274 (cell)

Dear Sarah:

The philosophy of the City of Fayetteville and its citizenry has been one of building a quality of place for our community. As such, Mayor Jordan, the City Council, and the Fayetteville Chamber place the highest priority in investing in the infrastructure within the city. They look at infrastructure such as excellent roads, schools, and amenities. We believe that by investing in infrastructure, Fayetteville will become a desired location for businesses to prosper and for residents to call home. The City of Fayetteville has invested in its infrastructure in the past, current, and in the future.

- 1) Citizens of Fayetteville approved a tax increase in 2011 to raise funds to expand and renovate its Fayetteville High School. This is a \$94 million project divided in 2 phases. Phase 1 is already completed and Phase 2 will be completed by 2014. Phase 1 included an 850-seat performing arts center; a 2,200-seat sports arena with two practice gyms and locker rooms; and classrooms for drama, band, orchestra, and choir. Also included is a student cafeteria that seats 600 students.
- 2) Citizens of Fayetteville, together with the rest of the state, approved a half cent sales tax in November, 2012 (for the next 10 years), to raise funds for infrastructure. Specifically, northwest Arkansas where Fayetteville is located, will see Interstate 540 expand from 4- to 6-lanes from Fayetteville to Bella Vista. This year, five out of 17, I-540 projects will get underway; two in Benton County and three in Washington County. All 17 projects will start in the next 5 years and all are scheduled to be finished in the next 10 years. In addition to these highway projects, the City of Fayetteville will enjoy \$12 million of turn back monies from this tax to improve city streets and roads over the next 10 years.
- 3) Within the Fayetteville Commerce District where the site is located, the City of Fayetteville has made improvements to it since last year. It added 29 public street lights to improve night lighting there. This year, the City will be building and connecting sidewalks in the district and putting up additional way-finding signs to help truckers/visitors find their way to the district. It is also improving the turn points on



Page 2/PVG

Armstrong and Morningside with 15th Street. Road improvements are currently underway on Hwy 265 and Cato Springs Road to help with accessing to interstate highways. Fifteenth Street and Morningside/City Lake Road are in the work plans for improvement as well. This improvement will cost the City more than \$100,000.

- 1) Apart from schools and roads, the City of Fayetteville is known for its trails, parks, arts, entertainment, and cultural offerings, thus making it a desired location for families and workers to live and play. The City is able to recruit and retain local and outside talents. The City builds about 3 miles of trail each year. Beginning this year, it will increase spending on building sidewalks within the city, starting in subdivisions located close by to schools.
- 2) The University of Arkansas is a great asset to companies like PVG for its research and development capabilities and the workforce it produces. The U of A has seen an increase of student enrollment of 1,500 students a year for the past three years. This trend is expected to continue for the next few more years. This growth showed a desire from students to seek training at this facility over others in the nation. The university, since 2001, has invested more than \$1 billion in capital expenditures. Currently, it has \$300 million worth of projects happening on campus with many more in different stages of planning.
- 3) As a result of all these work, the Fayetteville MSA has enjoyed a net positive population growth and an unemployment rate below that of the nation. The Cost of Living Index for 2012 just came out—Fayetteville MSA is ranked #6 as the least expensive MSA amongst all the MSAs under study (307). Fayetteville MSA is the only MSA from Arkansas that made that list and there was no MSA from Missouri that showed up in the top 10 ranking. This is a publication by the Council of Community and Economic Research.

We consider Pacific Vet Group (PVG) a home grown company because of its UA origins and we are excited and proud of its growth and plans for the future. We are confident that Pacific Vet Group will agree that its expansion should be back in Fayetteville where PVG will have access to intrinsic resources that it may not be able to find elsewhere. Fayetteville wishes to be PVG's partner to help it grow. As such, the City will work with PVG to expedite their expansion process and put its project on fast track. The Fayetteville Chamber, being the economic developer for the city, will be the contact for this project.

In addition, the City is pleased to offer a price reduction of \$5,000 off the asking price of \$20,000 per acre for the 14.9 acres of land owned by the City in the Fayetteville Commerce District. This represents a \$74,500 direct benefit to PVG. Since this is a green site, the City will assist with on-site development in terms of public right of way and to facilitate access in the areas of culverts & storm drainage, concrete pavements such as entry drives, asphalt pavement, curbs & gutters, and sidewalk. City assistance will be limited to public areas only as regulations do not permit city to work on private property.

Page 3/PVG

This offer is construed based on PVG's expansion plan presented to us. PVG's plan calls for moving existing and new jobs to a total of at least 60 jobs with an average annual salary of \$65,000 within 5 years and that construction shall begin within 12 month upon acceptance of this offer. Furthermore, PVG will move into the new location once construction is completed.

We look forward to working with you and PVG on this exciting project.

Yours truly,

A handwritten signature in black ink, appearing to read "Steve Clark". The signature is written in a cursive, flowing style.

Steve Clark
President & CEO



Departmental Correspondence



www.accessfayetteville.org

LEGAL
DEPARTMENT

Kit Williams
City Attorney

Jason B. Kelley
Assistant City Attorney

TO: ~~Mayor Jordan~~
Don Marr, Chief of Staff
Paul Becker, Finance Director
David Jurgens, Utilities Director

FROM: Kit Williams, City Attorney

DATE: May 9, 2013

RE: Sale of Water and Sewer land in Industrial Park to new industry

I believe that the City of Fayetteville can sell the necessary acreage to the proposed new industry for \$15,000.00 per acre as the City's required (by the Arkansas Economic Development Commission) support for this economic development project. Although this is \$5,000.00 less than the normal asking price for our other available Industrial Park property, the long term economic benefits to our City, Citizens and existing businesses from this project with its quality, high paying jobs justifies this proposed reduced price offering. I do recommend that the Water and Sewer Fund that currently owns this land be compensated for this offer to sell at what might be below the value of the land (in a trade for other city land) it acquired about a decade ago.

We need to begin **immediately** the Public Notification process required by Section 34.27 of the Fayetteville Code (copy attached) for the sale of City property. We simply need to mail notices to adjoining landowners, post signs on the property and publish a notice in the paper at least 15 days before the City Council meeting in which a Resolution for the sale is considered by the City Council. This is the same process used in the sale of the 2 acres of the old Tyson factory site. Jeremy Pate did that notification and therefore would be very "up to speed" on what is needed.

