



Arizona House of Representatives
Phoenix, Arizona 85007

June 13, 2025

Via Email and U.S. Mail

Hon. Kris Mayes
Arizona Attorney General
2005 North Central Ave
Phoenix, AZ 85004

Re: Request for S.B. 1487 Investigation - § 9-402.B - Sale and disposition of property; advertising for bids; publication; donation; easements - Vistancia Development Agreement (VDA)

Dear Attorney General Mayes,

Pursuant to A.R.S. § 9-402.B, and as a current member of the Arizona House of Representatives, I respectfully request an investigation into conscious malfeasance by City of Peoria Mayor Jason Beck, City Manager Henry Darwin, Deputy City Manager Mike Faust, and former Economic Development Director Jennifer Stein, collectively the Staff, for which the Staff acted as agents to the City of Peoria (City).

The complaint specifically addresses the conscious decisions Staff to not comply with Arizona Revised Statute 9-402.B, related to the sole-source disposition of publicly- owned property, and more specifically publicly owned real estate to a private entity for no direct value to the Taxpayers.

In this complaint both Staff and City are used where Staff is specific behavior of individuals and City is used in regards contracted obligations of the City of Peoria.

Acquisition of the Property

On May 1, 2012, the City of Peoria (City) amended the Vistancia Development Agreement (VDA) with Vistancia Land Holdings, LLC. (VLH). In sections 18.0 thru 18.2 of the VDA, both parties bargained for the following:

1. The city was to provide \$6,700,000 of taxpayer funded infrastructure for backbone infrastructure to serve the Vistancia Core Commercial mixed-use area commonly known as 5 North and described in Exhibit A of this complaint.
2. In exchange VLH was required to:

- a. complete onsite infrastructure
 - b. Provide a 50 acre "Shovel Ready" site, to be donated for an Economic Development project, meeting the city requirements
 - c. Additionally, the city could take possession of the "Shovel Ready" site.
3. The City secured its interest in the property with a Deed of Trust

In essence, the City acquired, using taxpayer dollars, the rights to a 50-acre piece of property, secured this right with a legal instrument, with a basis of \$6,700,000. The purpose was to create a higher market value "Shovel Ready" opportunity the city could then direct to be donated by VLH, to a qualified economic development project or to the city itself.

Disposition of the Property

Prior to the ADA:

1. Staff courted and negotiated with Amkor
 - a. Staff created all proposals and Letters of Intent offering real estate as an incentive
 - b. Staff negotiated all terms of the ADA directly with Amkor

On February 20, 2024, the Staff directed the City approval of the Amkor Development Agreement (ADA). The ADA did several things:

2. Directed VLH to donate the property to Amkor, this was done through Exhibit D of the ADA, see Exhibit B of this complaint.
3. The City bargained its interest in the property (release of the Deed of Trust) in exchange for the following:
 1. Jobs (not specific for Peoria residents)
 2. Private investment in the 50-acre parcel.

Note: neither of these can be construed as direct benefits or compensation to Peoria residents (Shires v. Carlat)

The agreement specifically outlines the terms for nonperformance from Amkor for not meeting timing metrics and job creation/investment metrics:

- a. More specifically, if Amkor fails to start construction by September 30, 2025, then, under default either party may terminate this Agreement and the donated land goes to the City (not VLH, the donor). Amkor then must return an additional 6 acres that were purchased from VLH back to VLH.
- b. If Amkor failed to meet its investment and job creation metrics, Amkor then faces cash penalties, provided to the City, and not VLH, which were not to exceed \$15,000,000 (Ironically, not the market value of the property, but the limit by which disposed municipal real estate requires a public vote in accordance with **ARS-9-403.E**).

In essence, the City offered, negotiated and at its sole discretion disposed of its real estate property investment to Amkor, not only in violation of the Arizona Gift Clause (Shires v. Carlat), but in violation of the competitive bid process required under **ARS- 9-402. B**. The City attempted to use a "Straw Man" and has stated that it only facilitated a "donation", a donation the taxpayers paid for by contract and secured with a legal instrument.

If the City only directed a private donation as they are claiming, then there would be no reason for the City and Amkor to bargain the real estate holding (release of its Deed of Trust) for any economic development value, with the ADA contract secured by the real estate itself. Why would Amkor agree to penalties with the city?

The Staff and City promoted, offered a 50-acre land interest, as an incentive, it controlled, negotiated, bargained, and disposed of. The 50-acre land interest they purchased for \$6.7 million. This was acknowledged as such by: 1. The City solely negotiating and directing the disposal 2. Retaining ownership of the land under the default by Amkor. 3. Limiting the total value of non-performance to the legal cash limit (\$15,000,000) of a sale of property prior to the public vote (Note: This is less than market value, in violation of **ARS 9-403. F.**)

Complaint

The complaint alleges that the Staff misled the public and entered contracts to directly dispose of public property, in this case real estate, without:

1. Obtaining a market rate appraisal per ARS 9-403.F (based upon established value in the ADA for the purchase of 6 acres from VLH by Amkor, the 50-acre property is estimated to be valued at \$33,000,000, based on the 6 acres Amkor purchased)
2. Any competitive bid process (Basis was \$6,700,000), per **ARS 9-402.B**
3. Receiving any direct compensation or direct economic benefit to Peoria taxpayers, per Gift Clause

The sole sourcing of this project, in violation of **ARS 9-402.B** deprived the Taxpayers:

1. Any direct benefits from the sale of the property
2. Limited indirect benefits of the project
3. Lost income from the competitive bid process of the "Shovel Ready" site
4. Opportunity for a more qualified economic development project through a competitive process
 - a. The Amkor project doesn't even seem to meet the requirements of a qualified economic development project as a 10 story, 2,700,000 industrial project, in a mostly automated facility, that at best will have one employee every 1,350 square feet, to which half the employees will work night shifts, contributing very little to the local economy, and will minimally contribute to the tax base per square foot due to property tax incentives.
 - b. The Sole sourced Amkor project, as proposed, is not in compliance with the General Plan (Loop 303 Specific Area Plan), and can't be built without amending the General Plan, and by this nature is not a qualified project. Staff has tried to determine that the

presiding General Plan is a recommendation per Exhibit D (Staff Assessment), though state law and the Peoria zoning ordinance are clear that the zoning and site plan must comply with the General plan.

5. Opportunity lost on property designated for Mixed-Use Commercial and not high intensity heavy industrial (This will be a separate complaint filed against the Zoning Administrator and City Manager if the City proceeds to process the Amkor Site Plan in conscious violation of **ARS 9-462.01. F**, where the city is looking to approve uses and intensities completely out of compliance with the adopted General Plan land use)

Request

The complainants request formal investigation into the conduct of specified city staff, as well as the actions of the City of Peoria regarding the evidence provided regarding their conscious violation of the complaints listed above. It is the belief of the complainants that the Amkor Development Agreement is proof itself that the City did exactly what it is accused of doing, and therefore should be voided as an illegal contract.

Conclusion

While the City has the right to enter into development agreements for economic development, it still must abide by Arizona law. The taxpayers believe that the Staff negotiated with a single entity, consciously understanding that they intended to circumvent state law, and presented a contract where the City illegally disposed property to a sole-sourced private entity in defiance of **ARS 9-402.B** and furthermore the Arizona Gift Clause by receiving no direct benefit. This behavior was not in line with stated City policy goals, not in line with the General Plan and the Taxpayers were robbed of the competitive opportunity for the highest and best use and return on investment. The City knowingly tried to go around the statute by using a Straw Man to broker the transaction, however in the ADA admits to in Exhibit B Item. C. 1. wishing to convey the certain property to Amkor (see Exhibit B of this complaint). The conscious nature of the act, the understanding that it may have exceeded the \$15,000,000 threshold, goes beyond just civil recourse. This act was intentionally and knowingly done to circumvent state law, law meant to protect the public from malfeasance of Staff, and such circumvention.

Respectfully,



Representative Joseph Chaplik
Legislative District 3