

Mesa selling 50 acres in Pinal County to clean-energy company

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Back in 1985, Mesa bought a farm in Pinal County. Not because it wanted to do some farming, but because the city figured it might someday need the farm's water rights.

It was part of an effort that saw Mesa spend \$29 million for about 11,600 acres of Pinal County land at the time.

Over the ensuing two decades, Mesa has assembled a diverse portfolio of water resources that has rendered its Pinal County holdings superfluous. So the city is selling the parcels bit by bit.

The latest deal, approved this week by the City Council, will transfer ownership of 50 acres to Invenergy LLC.

Invenergy, based in Chicago, is a clean-energy company specializing in wind farms and gas-fired electrical generating stations in North America and [Europe](#).

It wants to build a natural-gas generator between Coolidge and Eloy, next to a big power line Salt River Project is constructing along State Route 87. This line will run from the Palo Verde Nuclear Generating Station west of Phoenix into Pinal County, then north to a receiving station at Elliot and Signal Butte roads.

Invenergy's 50 acres are part of a 719-acre property called the Ochoa Farm, for which the city paid \$1.61 million. That worked out to about \$2,239 per acre.

The price has gone up a bit in the meantime. Mesa will get \$50,000 an acre, a total of \$2.5 million, for the land Invenergy is buying.

Despite the apparent windfall, and despite its worsening budget picture, Mesa is in no rush to dump its remaining Pinal holdings in a soft real-estate market with falling land prices.

"We're not going to take fire-sale prices on it," said Deputy City Manager Bryan Raines. "It's a very valuable asset. The market will come back and there's no reason for us to move forward at this point and sell that valuable asset for less than its real value."

Past city councils and the current mayor, Scott Smith, have said money from such sales won't be used to fund day-to-day government operations. Instead, the funds are invested in capital assets.

The sale to Invenenergy isn't final. The company has 180 days after opening of escrow to perform due diligence, and close of escrow is not scheduled for two years. Invenenergy is paying \$75,000 in earnest money that is non-refundable after the due-diligence period.

Deputy City Manager Jack Friedline told the City Council that the due-diligence and escrow periods are longer than normal "so that Invenenergy can secure approvals and contracts for the sale of the electricity."

Nathan and Associates, the broker engaged by Mesa to market its Pinal holdings, will receive a \$75,000 commission. Escrow fees are expected to cost \$3,000.