

MAY 26 2016 #29



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**MEMORANDUM**

**Downtown Redevelopment – Council Memo DT16-021**

DATE: May 26, 2016

TO: Mayor and City Council

THRU: Marsha Reed, City Manager *MR*  
Kay Bigelow, City Attorney

FROM: Kim Moyers, Downtown Redevelopment Manager *KM*  
Glenn A. Brockman, Assistant City Attorney *GAB*

SUBJECT: Ordinance No. 4705 – Authorizing and approving GPLET Lease for the Alta Steelyard Multi-family Residential Development

**RECOMMENDATION:** Staff recommends introduction and tentative approval of Ordinance No. 4705, which enables the City to execute a GPLET Lease with the developer of the Alta Steelyard multi-family development, as previously agreed upon in the development agreement entered into by and between the City of Chandler and PR III/Wood Chandler Apartments, LLC.

**BACKGROUND/DISCUSSION:** On July 10, 2014, the Chandler City Council, by Resolution No. 4785, approved a development agreement with PR III/Wood Chandler Apartments, LLC to further a multi-family residential development within the City's Central Business District on property generally located at the southeast corner of Frye Road and Washington Street, the site of a former steel yard. The development agreement was recorded as Instrument No. 2014-0559337. It included an agreement for a sale and leaseback arrangement in order to allow the developer to receive certain GPLET benefits allowed under state statute, and it included exhibits showing the form of the special warranty deed to the City from the developer, and the form of the GPLET lease back to the developer, which were to be completed once a certificate of occupancy had issued.

The improvements are near completion and a certificate of occupancy is ready to be issued. While the resolution did approve the GPLET leaseback arrangement, the Chandler City Charter requires that the approval of or authorization to lease city property for three or more years must be done by ordinance. Thus, approval of Ordinance No. 4705 is necessary for the City to fulfill one of the commitments stated in the development agreement.

Approval of this ordinance is a routine matter, but the GPLET statutes do require that ordinance approval be done "without the use of a consent calendar." Therefore, this item is presented to you as an action item.

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**FINANCIAL IMPLICATIONS:** There is no additional financial impact to the City beyond the impacts associated with the prior resolution approving the development agreement.

**PROPOSED MOTION:** Move to introduce and tentatively approve Ordinance No. 4705, authorizing and approving a GPLET lease for the Alta Steelyard Multi-family Development.

Attachments: Ordinance No. 4705

**ORDINANCE NO. 4705**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING AND APPROVING A GPLET LEASE BETWEEN THE CITY OF CHANDLER AND PR III/WOOD CHANDLER APARTMENTS, LLC, FOR IMPROVED REAL PROPERTY LOCATED WITHIN THE CHANDLER CENTRAL BUSINESS DISTRICT FOR THE USE AND OPERATION OF A MULTI-FAMILY RESIDENTIAL DEVELOPMENT.**

WHEREAS, on October 25, 2012, the City of Chandler passed and adopted Resolution No. 4646, declaring and designating a portion of the Chandler downtown area, as identified in the vicinity map attached as Exhibit A to said resolution, as the City's Central Business District; and

WHEREAS, more than one (1) calendar year after such designation, and after having provided at least 60 calendar days prior notice to Maricopa County and the Chandler Unified School District, the City passed and adopted Resolution No. 4785, approving a development agreement with PR III/Wood Chandler Apartments, LLC, a Delaware limited liability company (the "Developer"), relating to the improvement of certain real property, generally located at the southeast corner of Frye Road and Washington Street (the "subject property"), for a multi-family residential development within the Chandler Central Business District, and which development agreement was thereafter executed by the parties and recorded with the office of the Maricopa County Recorder as Instrument No. 2014-0559337; and

WHEREAS, in accordance with the provisions of the development agreement, the City and the Developer, intend to complete a conveyance of the subject property from the Developer to the City and a corresponding leaseback of the subject property from the City to the Developer when a certificate of occupancy is issued for the improvements nearing completion of construction on the property, for the purpose of allowing the Developer to realize those benefits available under the provisions of the Government Property Lease Excise Tax (GPLET) statutes, A.R.S., Title 36, Chapter 12, Article 3; and

WHEREAS, the documents to be executed to affect the conveyance to the City and leaseback to the Developer are in substantially the same form as shown in applicable exhibits of the development agreement; and

WHEREAS, under Section 2.13 of the Chandler City Charter, any City Council action to lease or authorize the lease of City land or property for three (3) or more years must be done by ordinance;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Chandler, Arizona, as follows:

**Section 1.** The City Council of the City of Chandler, Arizona does hereby authorize and approve the Land and Improvements Lease ("GPLET Lease") for the subject property to be

executed in accordance with Section 4.4. of the development agreement and in substantially the form shown in Exhibit F of the development agreement.

**Section 2.** The Mayor of the City of Chandler, Arizona is hereby authorized to execute the GPLET Lease on behalf of the City upon approval of its final form by the Chandler City Attorney. A memorandum of lease and any other documents related to the GPLET Lease may be executed by the City Manager or a designee, subject to approval as to form by the Chandler City Attorney.

**Section 3.** In accordance with the GPLET statutes, within thirty (30) days after entering into the GPLET Lease, the Chandler City Clerk shall cause the memorandum of lease to be recorded with the office of the Maricopa County Recorder, and shall cause copies of the GPLET Lease to be deposited with the Maricopa County Treasurer and the Arizona Department of Revenue.

INTRODUCED AND TENTATIVELY APPROVED by the City of Chandler, Arizona, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

PASSED AND ADOPTED by the Mayor and City Council of the City of Chandler, Arizona, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4705 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on \_\_\_\_\_ day of \_\_\_\_\_, 2016, without the use of a consent calendar, and that a quorum was present thereat.

\_\_\_\_\_  
CITY CLERK

PUBLISHED:

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY *GAB*