

ORDINANCE S-44953

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND ENTER INTO A DEVELOPMENT AGREEMENT AND INTER-GOVERNMENTAL AGREEMENT WITH HPPC, LLC, HOLUALOA 157, LLC, AND THE PROPOSED PARK CENTRAL COMMUNITY FACILITIES DISTRICT FOR PARTICIPATION IN CONSTRUCTION, OPERATION, AND MAINTENANCE OF A PUBLIC PARKING GARAGE AT PARK CENTRAL MALL; FURTHER AUTHORIZING THE CITY TREASURER TO ACCEPT AND THE CITY CONTROLLER TO DISBURSE ALL FUNDS RELATED TO THIS ITEM.

---

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PHOENIX as

follows:

SECTION 1. The City Manager or his designee is authorized to negotiate and enter into a development agreement and inter-governmental agreement, and any other agreements as necessary (Development Agreement), with HPPC, LLC and Holualoa 157, LLC or their City-approved designees (collectively, the Developer), and the proposed Park Central Community Facilities District (District or CFD) for participation in construction, operation and maintenance of a public parking garage (the Garage) at Park Central Mall, in accordance with Developer's petition (Petition) to create the Park Central Communities Facilities District on file with the City Clerk.

SECTION 2. The Development Agreement will contain the following

terms:

(a) Formation of the CFD and Construction of the Garage:

- I. Developer agrees that formation of the CFD is solely for the construction, operation, and maintenance of the Garage, and not for any other infrastructure related to development of the Park Central site.
- II. Developer will obtain, at Developer's sole risk, design and cost estimates for the Garage in compliance with Title 34 of the Arizona Revised Statutes.
- III. Developer will satisfy all conditions specified by the City's Chief Financial Officer in order for the District to issue bonds for the design and construction of the Garage.
- IV. Developer will donate the land needed for the Garage to the District.
- V. The District will issue up to 25-year assessment bonds (Bonds) for the construction of the Garage.
- VI. District will reimburse Developer for applicable design, construction, and other costs previously incurred by Developer associated with the construction of the Garage, provided that Developer complies with Title 34 of the Arizona Revised Statutes in connection with incurring those expenses and provides satisfactory documentation of its compliance to the City and District.
- VII. The proceeds from the Bonds will be used to build a Garage with approximately 1,500 spaces with the possibility of adding approximately 500 additional spaces paid for by the Developer or another entity.

VIII. A portion of the Bonds will be set aside in a capitalized interest account to pay the debt service on the Bonds as described below.

(b) Garage Revenue: All Garage revenue, from the sources identified below, will flow into the CFD's parking garage account (Parking Garage Account) to be held by the Bond trustee for a term of 25 years.

I. All revenue from parking users at the Garage (Parking User Revenues).

II. During year 1, the capitalized interest account portion of the Bond proceeds will be used to pay debt service on the Bonds.

III. If Parking User Revenues do not equal the amounts listed below, Developer will fund the shortfall into the Parking Garage Account (Developer Contribution):

- a. Years 2-5: \$720,000 per year.
- b. Years 6-7: \$792,000 per year.
- c. Years 8-25: \$942,000 per year.

IV. City contribution into the Parking Garage Account will be as follows (City Contribution):

a. Years 1-6: 100 percent of the City of Phoenix portion of eligible transaction privilege tax (TPT) up to 2.3 percent (and up to 5.3 percent on the hotel sales tax) from Park Central Phase II parcels, the Catalina parcel, and any new development on Park Central Phase I parcels.

b. Years 7-25: 50 percent of the City of Phoenix portion of eligible TPT up to 2.3 percent (5.3 percent on the hotel sales tax) from Park Central

Phase II parcels, the Catalina parcel, and any new development on Park Central Phase I parcels.

c. Other: 50 percent of the City of Phoenix portion of eligible TPT up to 2.3 percent (5.3 percent on the hotel sales tax) generated from and received by the City from structures on Park Central Phase 1 that existed as of August 29, 2018, beginning after the final "Reimbursement Payment" is made under City Contract 148204 and continuing for the remaining term of the Bonds.

d. The CFD will be required to apply a special assessment to all properties within the CFD to cover any revenue shortfall necessary to service the Bond debt.

V. At the end of the 25-year term of the Bonds, all money in the Parking Garage Account will be retained by the City.

(c) Use of the Garage

I. Dignity Health is entitled to 250 spaces in the Garage, plus an additional approximately 500 spaces, per an existing, separate agreement. Any modifications to that existing agreement will be subject to review and approval by the City and the CFD.

II. Developer will retain an easement for parking spaces for the benefit of the owners and tenants of Phase 1, Phase II, and the Catalina Parcel, subject to review and approval by the City and CFD.

III. The City will have the right to use the Garage as much as possible for weekend/evening events at City parks, including, without limitation, Hance Park and Steele Indian School Park, for special events and for sporting events at the downtown arenas upon reasonable notice by the City.

(d) The Development Agreement will include other terms and conditions as needed.

SECTION 3. The City Treasurer is authorized to accept and the City Controller is authorized to disburse all funds related to this item.

PASSED by the Council of the City of Phoenix this 29th day of August, 2018.

*Helene Williams*  
MAYOR

ATTEST:

*[Signature]*  
Acting City



APPROVED AS TO FORM:

*[Signature]*  
Acting City Attorney 165

REVIEWED BY:

*[Signature]*  
City Manager  
TGS:rb:LF18-2489:8/29/18:2062625\_1