

ORDINANCE NO. 1626

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AUTHORIZING THE AMENDMENT OF A LEASE OF CERTAIN REAL PROPERTY WITH PARSONS MUNICIPAL SERVICES, INC., AND DECLARING AN EMERGENCY.

WHEREAS, the City Charter for the City of Chandler, Section 2.13 requires all leases for a period of three (3) years or more be entered into by passage of an Ordinance; and

WHEREAS, the City Council entered into a long-term lease of real property within the City of Chandler, County of Maricopa, State of Arizona, with Parsons Municipal Services, Inc., on or about the first day of March, 1984; and

WHEREAS, the City Council of the City of Chandler authorized said lease pursuant to Ordinance No. 1295, adopted by emergency on the 29th day of December, 1983; and

WHEREAS, it is necessary to amend a portion of said lease to assure that said lease does not violate certain provisions of the Internal Revenue Code of the United States of America, it now being the desire of the City Council to assist Parsons Municipal Services, Inc. in amending said lease to permit its compliance with said tax code.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AS FOLLOWS:

SECTION I. Paragraph 1 of said lease is hereby amended by changing the date February 28, 2024 to December 23, 2035.

SECTION II. Paragraph 3 of said lease is hereby amended by providing that the existing Paragraph 3 shall be renumbered as Paragraph 3.A and shall reflect that the rent to be paid is the sum of SEVENTY TWO THOUSAND DOLLARS (\$72,000.00) per year in place of the sum of TWENTY SIX THOUSAND ONE HUNDRED TWENTY-TWO DOLLARS (\$26,122.00) per year. Additionally, the words "during the term hereof, without notice or demand" in Paragraph 3.A shall be deleted. In their place shall be added the words "commencing the date hereof and continuing

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until December 23, 2010. Thereafter the Corporation shall pay rent equal to the amount set forth in 3.B below."

Paragraph 3 shall further be amended by adding thereto the following subparagraphs 3.B and 3.C which shall read as follows:

"3.B. Commencing December 23, 2010 and continuing until December 22, 2026, the Corporation shall pay to the City an amount equal to \$408,000 per year in consideration of the rent of the Land, payable under the same terms and conditions as provided in Section 3.A above. Commencing December 23, 2026 and continuing until December 23, 2034, the Corporation shall pay the City an amount equal to \$1,208,000 per year in consideration for lease of the Land payable under the same terms and conditions as provided in 3.A above. Lease payments for periods commencing after December 22, 2010, will not be a pass-through cost under Section 10.04 of Service Party Agreement."

"3.C. The City and the Corporation hereby agree that the amounts in Sections 3.A and 3.B above reflect the parties best estimate of the fair market rental value of the Land for the rental periods in question. In reaching this conclusion the parties have assumed that the fair market rental value for the Land will appreciate at a rate of 7 1/2% per year. The City and the Corporation have fully bargained for a change in the actual rental payments under the terms reflected in 3.B."

SECTION III. Paragraph 16 shall be amended by eliminating the existing language and replacing it with the following:

"In the event that the City elects not to exercise its option to extend the Service Contract for additional successive annual terms after the end of the 24th annual term, the City shall have the right to purchase the Service Party's remaining leasehold interest in the Land and the Facility at the then Fair Market Value. The Fair Market Value of the Facility shall be calculated in accordance with the

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terms set forth in Section II of the Service Agreement between the City and Corporation."

SECTION IV. The effective date of these amendments to the Ground Lease shall be retroactive to December 27, 1985.

SECTION V. Whereas, the immediate operation of the provisions of this Ordinance are necessary for the preservation of the quality of life and health in the City of Chandler, an emergency is hereby declared to exist, to wit: the adoption of these amendments prior to the close of the tax year on April 15, 1986, and this Ordinance shall be in full force and effect from and after its passage, adoption and approval by the City Council of the City of Chandler, and it is hereby exempt from the referendum provisions of the Constitution and the laws of the State of Arizona.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this 10th day of April, 1986.


MAYOR

ATTEST:

Carolyn Deun
DEPUTY CITY CLERK

C E R T I F I C A T I O N

I HEREBY CERTIFY that the above and foregoing Ordinance No. 1626 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held Thursday, April 10, 1986, and that the vote was 7 Ayes, 0 Nays.

Carolyn Deun
DEPUTY CITY CLERK

PUBLISHED: 4/18 & 25/86

APPROVED AS TO FORM:

Clifford J. Frey
CITY ATTORNEY