



MEMORANDUM

Date: December 11, 2018

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Rio Nuevo Multipurpose Facilities District Lease Purchase County-owned Property at 75 East Broadway Boulevard**

On Friday, December 7, 2018, Rio Nuevo Multipurpose Facilities District (RNMFD) gave notice of their intent to exercise the option to lease and purchase County-owned property at 75 East Broadway Boulevard. I will finalize through the County Attorney appropriate lease and purchase agreements with Rio Nuevo for the property. This property was recently appraised with an appraisal effective date of December 5, 2018 at a land value of \$2.7 million, which is \$93.32 per square foot and an annual market ground lease rate of \$216,000 per annum. I will prepare appropriate lease and purchase documents for the Board of Supervisors consideration at the first meeting in January 2019.

The RNMFD has a sublease with JE Dunn to build the facility, which will consist of a mixed use facility with at least eight floors and up to 21 floors, containing 150,000 and up to 250,000 square feet of office space and up to 40,000 of square feet of retail space, as well as a minimum of 350 parking spaces. During project construction, RNMFD will pay the County in annual ground lease of \$216,000 per year. On completion of the building and after issuance of Certificate of Occupancy RNMFD will purchase the land from the County for an amount of \$2.7 million.

The County purchased 75 East Broadway Boulevard along with 97 East Congress Street several years ago. The cost allocated to 75 East Broadway at the time of purchase was approximately \$500,000, hence, the current lease and sale to RNMFD is beneficial to the County from a fiscal perspective and more beneficial to the overall region for downtown redevelopment and economic expansion.

c: Fletcher McCusker, Board Chair, Rio Nuevo District
Mark Collins, Attorney, Gust Rosenfeld PLC
Tom Burke, Deputy County Administrator for Administration
Regina Nassen, Deputy County Attorney
Dr. John Moffatt, Director, Economic Development Office