



## **BOARD OF SUPERVISORS AGENDA ITEM REPORT** **CONTRACTS / AWARDS / GRANTS**

☐ Award ☒ Contract ☐ Grant

**Requested Board Meeting Date:** August 19, 2019

**\* = Mandatory, information must be provided**

**or Procurement Director Award** ☐

**\*Contractor/Vendor Name/Grantor (DBA):**

The Arizona Board of Regents, for and on behalf of the University of Arizona ("University")

**\*Project Title/Description:**

Lease agreement amendment for certain terms associated with Tenant Improvements for the 20,789 sq.ft. of exhibit and storage space at the historic courthouse, located at 115 N. Church Avenue, for the lease entered into on April 6, 2018 between Pima County ("County") and the University.

**\*Purpose:**

This amendment increases the amount that County will spend and the University will reimburse for Tenant Improvements from \$4,000,000.00 plus interest to \$7,500,000.00 plus interest. The amortization period will be increased from 36 months to 60 months. Since the Lease Agreement was executed, the Parties have learned that the estimated cost for the Tenant Improvements was, due to unanticipated market factors, insufficient to complete the Tenant Improvements as originally agreed upon. Finance and Risk Management would be authorized to make the necessary operating transfers from the General Fund to implement the provisions of the lease.

**\*Procurement Method:**

Exempt pursuant to Pima County Code section 11.04.020 D; lease pursuant to ARS §11-256.01

**\*Program Goals/Predicted Outcomes:**

Tenant's gem and mineral museum will be located in a historically prominent building in downtown Tucson that is currently occupied by the Metropolitan Tucson Convention & Visitors Bureau and will in the future be occupied by Pima County's Visitor Center.

**\*Public Benefit:**

The County will receive revenue during the lease term, while the University operates the museum in downtown Tucson that will continue to provide recreational, educational and community events to County visitors and residents.

**\*Metrics Available to Measure Performance:**

Pima County will benefit from the University's gem and mineral museum being conveniently located near the County's Visitor Center and the Metropolitan Tucson Convention & Visitors Bureau in the historic courthouse.

**\*Retroactive:**

No

**Contract / Award Information**

Document Type: \_\_\_\_\_ Department Code: \_\_\_\_\_ Contract Number (i.e., 15-123): \_\_\_\_\_

Effective Date: \_\_\_\_\_ Termination Date: \_\_\_\_\_ Prior Contract Number (Synergen/CMS): \_\_\_\_\_

☐ Expense Amount: \$\* \_\_\_\_\_ ☐ Revenue Amount: \$ \_\_\_\_\_**\*Funding Source(s) required:**Funding from General Fund? ☐ Yes ☒ No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_Contract is fully or partially funded with Federal Funds? ☐ Yes ☐ No**If Yes, is the Contract to a vendor or subrecipient?** \_\_\_\_\_Were insurance or indemnity clauses modified? ☐ Yes ☐ No*If Yes, attach Risk's approval.*Vendor is using a Social Security Number? ☐ Yes ☐ No*If Yes, attach the required form per Administrative Procedure 22-73.***Amendment / Revised Award Information**Document Type: CTN Department Code: FM Contract Number (i.e., 15-123): 18-124Amendment No.: 1 AMS Version No.: 2Effective Date: 9/1/2019 New Termination Date: \_\_\_\_\_

Prior Contract No. (Synergen/CMS): \_\_\_\_\_

☐ Expense or ☒ Revenue ☒ Increase ☐ Decrease Amount This Amendment: \$ 3,652,752Is there revenue included? ☒ Yes ☐ No If Yes \$ 3,652,752**\*Funding Source(s) required:** not applicableFunding from General Fund? ☐ Yes ☒ No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_**Grant/Amendment Information** (for grants acceptance and awards) ☐ Award ☐ Amendment

Document Type: \_\_\_\_\_ Department Code: \_\_\_\_\_ Grant Number (i.e., 15-123): \_\_\_\_\_

Effective Date: \_\_\_\_\_ Termination Date: \_\_\_\_\_ Amendment Number: \_\_\_\_\_

☐ Match Amount: \$ \_\_\_\_\_ ☐ Revenue Amount: \$ \_\_\_\_\_**\*All Funding Source(s) required:****\*Match funding from General Fund?** ☐ Yes ☐ No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_**\*Match funding from other sources?** ☐ Yes ☐ No If Yes \$ \_\_\_\_\_ % \_\_\_\_\_**\*Funding Source:** \_\_\_\_\_**\*If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?** \_\_\_\_\_Contact: Tina TellezDepartment: Facilities Management Telephone: 724-3393Department Director Signature/Date: [Signature] 8/5/19Deputy County Administrator Signature/Date: [Signature] 8-5-19County Administrator Signature/Date: [Signature] 8/5/19  
(Required for Board Agenda/Addendum Items)

**Pima County Department of Facilities Management**

**Project:** UA Mineral Museum – Historic Courthouse Lease

**Lessee:** ARIZONA BOARD OF REGENTS  
On behalf of the University of Arizona  
Director, UA Real Estate Administration  
220 W. 6<sup>th</sup> Street  
Tucson, AZ 85721

**Lease Agreement No.:** CTN-FM-18-124

**Lease Amendment No.:** One (1)

**AMENDMENT TO LEASE AGREEMENT**

**1. BACKGROUND AND PURPOSE.**

**1.1. Background.**

- 1.1.1. On April 6, 2018, Pima County (“County”) and the Arizona Board of Regents for and on behalf of the University of Arizona (“University”), entered into the above-referenced Lease Agreement for the operation of a gem and mineral museum (the “Museum”) and for ancillary uses related to the Museum, including community events and/or classes, in the Historic Courthouse, located at 115 N. Church Avenue, Tucson, AZ, owned by Pima County.
- 1.1.2. Under the Lease Agreement, County agreed to make certain Tenant Improvements, and University agreed to reimburse County for the costs of those improvements over a 3-year period, with interest accruing from the Rent Commencement Date, at the effective rate of interest actually paid by the County on the certificates of participation sold to fund the construction.
- 1.1.3. Since the Lease Agreement was executed, the Parties have learned that the estimated cost for the Tenant Improvements was, due to unanticipated market factors, insufficient to complete the Tenant Improvements as originally agreed upon.
- 1.1.4. Costs for labor and materials have increased at approximately 6% per year, much higher than historic cost escalation figures, and are exacerbated by an industry-wide labor shortage and nation-wide increase in the costs of materials.

- 1.2. Purpose. To insure that the Project stays on schedule and move toward the Grand Opening goals planned by the Parties, County and University agree that County will increase its expenditure of funds for Tenant Improvements, and University will repay all Tenant Improvement expenditures over a five-year period, on the terms set forth in this Amendment.

**2. TENANT IMPROVEMENTS, Section 5) is amended as follows:**

- 2.1. Payment; Reimbursement, paragraph c) is deleted in its entirety and replaced with the following:

County will spend up to \$7,500,000.00 for the Tenant Improvements (including design services, construction, and any included furniture, fixtures and equipment), but University will reimburse County for the cost of the Tenant Improvements, plus interest, over a 5-year period. Interest will be at the net effective interest rate actually paid by the County on the certificates of participation issued by the County as authorized by the Board of Supervisors on December 19, 2017, in Resolution 2017-100. Interest will begin accruing on the Rent Commencement Date. University will pay the amount due in 60 equal monthly installments (but with first and

last months prorated if necessary), at the same time that it pays Rent, commencing on the Rent Commencement Date.

2.2. Excess Costs, paragraph d) is deleted in its entirety and replaced with the following:

If the Tenant Improvements cost more than \$7,500,000.00 maximum amount, then, after County's payments have reached that maximum amount, County will periodically, no more often than monthly, as additional costs are incurred by County, invoice University for those excess costs. County will provide back-up documentation to substantiate those costs. University will pay the County within 30 days after receipt of the invoice. University may inspect the Premises to verify that the work for which it is being charged has been completed.

---

The effective date of this Amendment is September 1, 2019.

All other provisions of this Lease Agreement, including the provisions set forth in the Exhibits and attachments, not specifically changed by this Amendment, shall remain in effect and be binding upon the parties.

---

IN WITNESS THEREOF, the parties have affixed their signatures to this Amendment to the Lease Agreement on the dates written below.

**THIS AMENDMENT MAY BE SIGNED IN COUNTERPARTS**

ARIZONA BOARD OF REGENTS FOR  
THE UNIVERSITY OF ARIZONA

PIMA COUNTY, a political subdivision of the State  
of Arizona

By: \_\_\_\_\_  
Lisa Rulney, SVP for Business Affairs & CFO

By: \_\_\_\_\_  
Richard Elias  
Chairman, Board of Supervisors

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Julie Castaneda  
Clerk of the Board of Supervisors

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Director, Facilities Management Department

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Karen S. Friar, Deputy County Attorney Date