

July 17, 2024

MEMORANDUM TO: Honorable Mayor and City Council
THRU: Charles P. Potucek, City Manager
FROM: David J Felix, CPA, Chief Financial Officer
SUBJECT: Request for Agenda Item Placement
Resolution 2024-052, Approval of Release of Payment
Plan with Castle & Cooke Arizona

Recommendation:

The City Manager recommends approval.

Background

In 1999, the City entered into an annexation and development agreement with Castle and Cooke Arizona. Part of this agreement included constructing the Avenida del Sol sewer interceptor by the City, with Castle & Cooke guaranteeing the repayment of the line by July 20, 2020. The sewer connection fees to cover this repayment have been insufficient to repay the principal and interest of the note. In December 2020, the City council agreed to finance the interest balance of \$955,083.75 over 10 years at an interest rate based on its LGIP investment earnings rate.

Castle and Cooke Arizona is divesting of their assets in Sierra Vista. One of the pieces of their business closure includes the proposed transfer of the Pueblo del Sol Country Club and Golf Course to the City. Negotiations between Castle and Cooke and the City include the forgiveness of the balance of the note at the time of the successful closure and transfer of the Course to the City. The balance at the current estimated closure date is \$609,711.31.

This resolution forgives the note balance at the time of the successful closure and transfer of the Club, Course and all real and personal property thereon, to the City. As the note is due the Sewer Fund, and the country club and golf course would be governmental fund assets, the General fund will repay the Sewer Fund as funds are available.

RESOLUTION 2024-052

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, COCHISE COUNTY, ARIZONA; FORGIVING A PAYMENT PLAN BY CASTLE AND COOKE, ARIZONA, CONTINGENT UPON A SUCCESSFUL CLOSURE AND TRANSFER OF THE PUEBLO DEL SOL COUNTRY CLUB AND GOLF COURSE TO THE CITY OF SIERRA VISTA BASED ON THE OUTSTANDING BALANCE ON THE DAY OF THE CLOSURE AND DIRECTING THE CITY MANAGER, CITY CLERK, CITY ATTORNEY, OR THEIR DULY AUTHORIZED OFFICERS AND AGENTS, TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION.

WHEREAS, in 2020, the City entered into a payment plan with Castle and Cooke Arizona to finance the interest portion of a 1999 sewer interceptor development agreement;

WHEREAS, in 2024 Castle and Cooke Arizona would like to transfer the Pueblo del Sol Country Club and Golf Course, including all real and personal property thereon, to the City, with part of the condition of the transfer being the forgiveness of the remaining balance of the note due the City; and

WHEREAS, it is in the best interest of the City to have a golf course open to the public;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, ARIZONA, AS FOLLOWS:

Section 1

The policy of the City of Sierra Vista relating to development agreements, most recently affirmed by the City Council on June 22, 2006, be, and hereby is, reaffirmed.

Section 2

The City agrees to forgive the outstanding balance of the 2020 financing agreement between Castle and Cooke, Arizona and the City of Sierra Vista contingent on the successful sale closing and transfer of the Pueblo del Sol Country Club and Golf Course, including all real and personal property therein and thereon to the City of Sierra Vista, Arizona. The amount forgiven shall be the outstanding balance of the note at the date of the successful closing.

Section 3

That the City Manager, City Clerk, City Attorney, or their duly authorized officers and agents are hereby authorized and directed to take all steps necessary to carry out the purposes and intent of this resolution.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SIERRA VISTA, ARIZONA, THIS 25TH DAY OF JULY 2024.

CLEA McCAA, II
Mayor

ATTEST:

APPROVED AS TO FORM:

JILL ADAMS
City Clerk

NATHAN J. WILLIAMS
City Attorney

PREPARED BY:
DAVID J. FELIX, CPA
Chief Financial Officer