

***REDEVELOPMENT AUTHORITY “DRAFT”
MINUTES FOR THE FOLLOWING DATES ARE
INCLUDED IN THIS SECTION:***

October 18, 2007 - Regular Session
November 15, 2007 - Regular Session
December 6, 2007 - Regular Session

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

DRAFT

Minutes of the October 18, 2007, Meeting

Page 1

A meeting of the Carson City Redevelopment Authority was held during the regularly scheduled meeting of the Carson City Board of Supervisors on Thursday, October 18, 2007, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, which began at 8:30 a.m.

PRESENT: Chairperson Robin Williamson and Members Marv Teixeira, Shelly Aldean, Pete Livermore, and Richard S. Staub

STAFF PRESENT: City Manager Linda Ritter, Clerk-Recorder Alan Glover, Redevelopment/Economic Development Manager Joe McCarthy, Chief Deputy District Attorney Melanie Bruketta, and Recording Secretary Katherine McLaughlin (BOS 10/18/07 Recording 11:17:43)

NOTE: Unless otherwise indicated, each item was introduced by staff's reading/outlining/clarifying the Agenda Report and/or supporting documentation. Staff members making the introduction and any other individuals who spoke are listed immediately following the item heading. A recording of these proceedings is available for review and inspection during normal business hours.

Mayor Teixeira recessed the Board of Supervisors session and passed the gavel to Redevelopment Authority Chairperson Williamson. Chairperson Williamson convened the meeting by indicating for the record that the entire Authority was present, constituting a quorum. (See Board of Supervisors Minutes for this date for discussion/action on the other Agenda items.)

ACTION ON APPROVAL OF MINUTES - 7/19/06 AND 8/16/07 (11:18:00) - Member Livermore moved to approve the Minutes of the July 19, 2007, and the August 16, 2007, meetings of the Redevelopment Authority as presented. Members Staub and Teixeira seconded the motion. Motion carried 4-0-1 with Member Aldean abstaining.

A. UPDATE ON CARSON CITY'S PROJECT ANALYSIS SESSION AT URBAN LAND INSTITUTE'S ANNUAL MEETING IN LAS VEGAS SCHEDULED FOR THURSDAY, OCTOBER 25, 2007, A TWO-HOUR "OVER THE SHOULDER" LOOK AT PROJECTS RELATING TO DOWNTOWN CARSON CITY (11:18:18) - Economic Development Manager Joe McCarthy, Business Development Deputy Manager Tammy Westergard - Reasons the City had attended the meeting were explained. Its video was shown. Individuals/firms/organizations who will represent the City were listed. An invitation to attend the Arts Alliance Open House was explained. Copies of media coverage of the event were given to the Board. Chairperson Williamson felt that the video presented the community in a good light. The media coverage was briefly limned. Benefits derived from it were noted. Member Aldean explained the Institute's involvement with the Bailey System at Lake Tahoe which created the Individual Parcel Evaluation System. Her comments stressed the value exposure of the downtown plan to the Institute could provide. Member Livermore explained the reasons a coalition had been established. This effort is now leading the City to the Institute. Mr. McCarthy felt that it had been an honor to be invited to the seminar. Examples of opportunities the Institute is seeing in the community were listed.

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the October 18, 2007, Meeting

Page 2

Ms. Westergard cited the benefits provided at Lake Tahoe that were derived from the Institute's program to support the City's participation in the meeting. It was felt that the City will benefit from the program as indicated by Page 41 of a magazine. Additional comments were solicited but none were given. No formal action was required or taken.

D. ACTION TO APPROVE THE OWNER PARTICIPATION AGREEMENT WITH CITY MANAGEMENT SERVICES, OWNER ROBERT ROTHE, DOING BUSINESS AS CARSON SOUTHGATE, LLC, TO PROVIDE FINANCIAL ASSISTANCE ON A REIMBURSEMENT BASIS FOR THE REHABILITATION OF THE VACANT, BLIGHTED FORMER WAL-MART BUILDING IN THE SOUTHGATE SHOPPING CENTER TO ALLOW FOR THE OCCUPANCY OF A 70,000 SQUARE-FOOT BURLINGTON COAT FACTORY (11:40:51) - Economic Development Manager Joe McCarthy, Rob Rothe - Member Aldean disclosed her intent to abstain and view the proceedings from the corridor due to her interest in the Southgate Shopping Center as she may directly or indirectly benefit from this Item. She then left the room-11:42 a.m. (A quorum was still present.)

Potential rehabilitation of the allocated space has peaked a potential sporting goods retailer's interest in using the remaining portion of the building. Mr. Rothe indicated Burlington's soft opening may occur in February with a grand opening in March. The renderings may be completed in three or four days. Member Teixeira encouraged him to provide the renderings to the media. Reasons for providing them to the public were limned. Member Livermore moved to approve the Owner Participation Agreement with City Management Services, owner Robert Rothe, doing business as Carson Southgate, LLC, to provide financial assistance on a reimbursement basis for the rehabilitation of the vacant, blighted former Wal-Mart building in the Southgate Shopping Center to allow for the occupancy of a 70,000 square-foot Burlington Coat Factory. Member Teixeira seconded the motion. Chairperson Williamson noted that the total assistance is \$2 million with reimbursement occurring after the store is opened. Additional comments were solicited but none were given. The motion was voted and carried 4-0-1 with Member Aldean abstaining.

C. ACTION TO DIRECT STAFF TO RETURN NEXT MONTH WITH A NEGOTIATED OWNER PARTICIPATION AGREEMENT WITH CITY MANAGEMENT SERVICES, DOING BUSINESS AS CARSON SOUTHGATE, LLC, DETAILING A MULTI-YEAR REVENUE-SHARING COMMITMENT OF THE SALES TAX CAPTURE PRODUCED BY A NATIONAL SPORTING GOODS RETAILER THAT WOULD LEASE APPROXIMATELY 55,000 SQUARE- FEET IN THE SOUTHGATE SHOPPING CENTER (11:46:03) - Economic Development Manager Joe McCarthy, Rob Rothe - (11:40:51 During the introduction of the previous Item, Member Aldean disclosed her intent to abstain and left the room at 11:42 a.m. A quorum of the Authority was still present.) Computerized slides illustrating the need for assistance were shown. Justification for committing the funding was provided. Due to the current lack of funding, revenue generated by the sales tax will be used for the payments on a reimbursement basis. An explanation of the economic reasons for supporting a national sporting goods retailer over a large bulk retailer and for feeling that only a large bulk retailer would be interested in the location if the proposed concept is not approved was provided. Member Livermore expressed his support for the proposal as the large sporting goods retailer will attract other

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the October 18, 2007, Meeting

Page 3

businesses to the City. Member Teixeira explained his knowledge and discussion with the proposed tenant. He believed that the retailer would be a national draw for the region. Mr. McCarthy detailed the terms of the agreement. Mr. Roth committed to working with Mr. McCarthy on the details of the agreement. Chairperson Williamson expressed the hope that the store could open in 2008. Comments noted benefits it could create for the entire shopping center. Mr. Rothe advised that the structure will be reconstructed due to the proposed tenant's needs for a successful operation. Member Staub explained his restricted negotiation efforts with the car dealers and public's view of the concept. The Burlington Coat Factory proposal had gone beyond what he felt had been offered to the car dealers. He was, however, willing to support the proposal but not on a 50-50% split. The proposal will set a precedence for future negotiations that will not be overcome. Chairperson Williamson explained that the request is to give direction to staff regarding a negotiated participation agreement. Member Staub elaborated on his concerns regarding the concept and belief that the suggested agreement was too much. Mr. McCarthy responded by explaining that the funds generated by the retailer will be "new money" and is more than that which would be generated by a bulk retailer. The discussions with the auto dealers must be based on growth of a base line. The views are different. He acknowledged that there will be difficulties in the negotiations with the auto dealers. Member Teixeira felt that the negotiations should start at 50-50. He hoped that the final figures will be less. The importance of having the proposed tenant was stressed. He also expressed a willingness to support a longer agreement term due to the need for the sales tax that will be generated. Mr. McCarthy indicated that the agreement reached between himself and Mr. Rothe will be brought back to the Board for consideration. If an agreement is not reached, another decision will be made. Mr. Rothe indicated that the agreement will include a reflection of the benefits to the community as well as the revenue and how it will outweigh any other alternative retailer. Member Teixeira asked if the deal had already been cut. Mr. Rothe indicated that he was present to meet with Mr. McCarthy and make a "decision" which "will be right for the City and that the Board can support". Member Livermore pointed out that the concept is for economic development of the City's sales tax. Part of economic development is business retention. Media reports have indicated that both J. C. Penneys and Mervyns have expressed a desire to relocate to Douglas County. Wal-Mart has already moved there. He understood the dynamics of the proposal and complimented Member Staub on his efforts to negotiate with the car dealers. He repeated his comments regarding economic development is business retention. Member Livermore moved to direct staff to return next month with a negotiated Owner Participation Agreement with City Management Services, doing business as Carson Southgate, LLC, detailing a multi-year revenue-sharing commitment of the sales tax capture produced by a national sporting goods retailer that will lease approximately 55,000 square-feet in the Southgate Shopping Center. Member Teixeira seconded the motion. Comments were solicited but none were given. Chairperson Williamson was surprised that no one was present to represent the public-at-large. She acknowledged that the Authority will be receiving comments on the concept. She felt that the community wants the structure filled with vibrant retail. The motion as indicated was voted and carried 4-0-1 with Member Aldean abstaining.

B. ACTION TO DIRECT STAFF TO ENGAGE THE SERVICES OF STAIN BACK PUBLIC-PRIVATE REAL ESTATE (SPPRE) TO ASSIST THE REDEVELOPMENT AUTHORITY WITH ITS ON-GOING EFFORTS TO ENTER INTO PUBLIC-PRIVATE PARTNERSHIPS THAT

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the October 18, 2007, Meeting

Page 4

WILL FOSTER ECONOMIC DEVELOPMENT AND REDEVELOPMENT THROUGHOUT DOWNTOWN CARSON CITY(12:18:05) - John Stainback, Economic Development Manager Joe McCarthy - (Member Aldean returned to the dias-12:19 p.m. Member Teixeira stepped from the room at 12:19 p.m. He returned at 12:24 p.m. A quorum was present.) Mr. Stainback described his background, highlighted his recommendations and allegedly had given the Authority a portfolio containing illustrations of projects he had completed. He felt that the Authority/community had established a vision and then jumped to the project phase without understanding the market and the amount of public support for the project. His recommended phases which should be included in the project were limned. They included "go and no go" points and justified his role in the process. Member Teixeira felt that successful programs were in areas where the governmental entity owned property that is included as part of the "deal". In this case, the City does not own any property in the district. Mr. Stainback agreed but felt that State and Federal lands could be included in the program and make it a viable public/private partnership. Discussion ensued regarding the total costs, the cost for phasing the projects, and phases which could be eliminated from the project. Mr. McCarthy felt that the time is right to commence the program. He also pointed out that there are four other areas of opportunities within the community which are not included in the current Redevelopment programs. The intent is to develop the strong downtown projects incrementally. In view of the opportunities, the need for a strong development management partner should be considered. Justification for bringing Mr. Stainback in was provided. Member Aldean disclosed that she had discussed the concept with Mr. McCarthy and Chairperson Williamson. She pointed out that the City has some fiscal challenges facing it. She appreciated the hard work that had been done. She was not knowledgeable about all of the tax elements proposed in the program. She questioned whether the 36 block corridor could be accomplished fairly to others who have already made investments in the area. She suggested that pilot programs be adopted to determine how the program works. She was willing to discuss the program with those who have already made investments. She repeated her concerns regarding the City's financial picture. She believed that something needs to be done on a smaller scale or on a phased approach. Mr. McCarthy suggested that two of the Authority Members be allowed to work with him to develop a proposal. Discussion ensued regarding the program's timeframe, potential phases which could be done quickly, and costs. Mr. McCarthy indicated that the Authority's direction to him will include finding a funding source. Member Staub suggested that Mr. McCarthy develop a budget that is fiscally restrained and bring the proposal back at the November 15th meeting. He did not believe that it would be necessary for Mr. Stainback to attend that meeting. Chairperson Williamson then explained her understanding of why Mr. Stainback was interested in assisting the City with its program. She thanked him for his interest and support. She supported having a subcommittee figure out the financing and programs which should be considered. Discussion pointed out that a diverse group of individuals is going to be attending the Urban Land Institute's Las Vegas seminar. Member Aldean felt that they should be included in the process as it could reduce the fiscal impact on Carson City. Mr. McCarthy advised that this was his strategy in bringing the proposal to the Board at this time and to educate the representatives on the opportunities available to the community. He wants to have everyone working with the Authority on the projects. Mr. Stainbeck will not leave any potential funding sources out of the mix. Mr. McCarthy planned to bring back to the Board a financing proposal and partnerships. Mr. Stainbeck advised that, in the past, his expenses have been charged to the developers when they submit proposals. This is a fairly significant

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the October 18, 2007, Meeting

Page 5

number. If the Authority writes a check now, it will be able to recoup the majority/some of the funds at that time. Member Teixeira felt that Member Aldean's suggestion to start with the corridor and have its synergy carry the rehabilitation into the surrounding area may work. Mr. McCarthy may be able to see where the funding is. At this time Member Teixeira could not. The City does not have any land in that project area. It is controlled by the State and private property owners. He suggested that Items one through four be done, however, questioned their funding ability. He also pointed out that three Authority members cannot be on the subcommittee. Comments indicated that Mr. Stainback's services had cost less than \$10,000. A meeting with representatives of the Nugget, a law firm, and two other unmentioned firms had indicated an interest in the discussions/proposal. Mr. Stainback indicated that his contract is for an implementation plan and not a proposal. A portion of it deals with the financing. Comments reiterated that it will be public/private participation. Applications for the program will be accepted. An effort will be undertaken to control the costs.

Member Aldean moved to direct staff to develop a modified contract with Stainback Public-Private Real Estate to reflect today's discussion and an associated funding strategy to assist the Redevelopment Authority with its ongoing efforts to enter into public-private partnerships that will foster economic development and redevelopment throughout Downtown Carson City in consultation with Supervisors (Members) Staub and Aldean. Member Teixeira seconded the motion. Discussion supported having Members Staub and Aldean as consultants on the contract. Member Aldean clarified that the final document and funding strategy will be brought to the Authority for formal approval. Mr. McCarthy concurred. Member Teixeira continued his second. Mr. Stainbeck explained that the market study will take three months to complete. It costs \$45,000. He questioned whether he should commence work on it now. Member Teixeira reminded him that they do not have a funding source. Mr. McCarthy indicated that he will agendize the item and utilize funding from Redevelopment for this purpose. Mr. Stainbeck indicated that starting now will save three months time on the contract. There being no other comments, the motion was voted and carried 5-0.

There being no other matters for consideration, Chairperson Williamson adjourned the Redevelopment Authority.

The Minutes of the October 18, 2007, Carson City Redevelopment Authority meeting

ARE SO APPROVED ON _____, 2008.

Robin Williamson, Chairperson

ATTEST:

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY
Minutes of the October 18, 2007, Meeting
Page 6

Alan Glover, Clerk-Recorder

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the November 15, 2007, Meeting

Page 1

DRAFT

A meeting of the Carson City Redevelopment Authority was held during the regularly scheduled meeting of the Carson City Board of Supervisors on Thursday, November 15, 2008, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, which began at 8:30 a.m.

PRESENT: Chairperson Robin Williamson and Members Marv Teixeira, Shelly Aldean, Pete Livermore, and Richard S. Staub

STAFF PRESENT: City Manager Linda Ritter, Clerk-Recorder Alan Glover, City Engineer/Development Services Director Larry Werner, Human Resources Director Ann Silver, Parks and Recreation Director Roger Moellendorf, Public Works Director Andrew Burnham, Redevelopment/Economic Development Manager Joe McCarthy, Chief Deputy District Attorney Melanie Bruketta, Parks Planner Vern Krahn, and Recording Secretary Katherine McLaughlin (BOS. 11/15/07 Tape 10:08:05)

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Mayor Teixeira recessed the Board of Supervisors session and passed the gavel to Redevelopment Authority Chairperson Williamson. Chairperson Williamson convened the meeting by indicating for the record that the entire Authority was present, constituting a quorum. (See Board of Supervisors Minutes for this date for discussion/action on the other Agenda items.)

ACTION ON APPROVAL OF MINUTES (10:08:20) - None.

ACTION TO APPROVE THE OWNER PARTICIPATION AGREEMENT WITH CITY MANAGEMENT SERVICES, OWNER ROBERT ROTHE, DOING BUSINESS AS CARSON SOUTHGATE, LLC, TO PROVIDE FINANCIAL ASSISTANCE, ON A REIMBURSEMENT BASIS ONLY, FOR THE REHABILITATION OF THE VACANT, BLIGHTED FORMER WAL-MART BUILDING IN THE SOUTHGATE SHOPPING CENTER TO ALLOW FOR THE OCCUPANCY OF A 55,000 SQUARE-FOOT, NATIONALLY-RECOGNIZED SPORTING GOODS STORE (10:08:50) - Economic Development Manager Joe McCarthy, Grand Central Pizza Owner Richard Finn, Robert Rothe, Jim Shirk, Bruce Kittess, Gil Yanuck - Member Aldean, "for obvious reasons", excused herself from the meeting. She will return after the decision has been made regarding this item. She then left the room. (A quorum was still present.) Mr. McCarthy's introduction included a summary of previous Authority direction regarding the agreement and a summary of the agreement's terms. He also advised that JC Penney's Representative John Roper had been present earlier. Mr. Roper allegedly had talked with his corporate officers and PR people. They purportedly support the effort. They are knowledgeable about other cities who have offered this type of incentive for rehabilitation of aging buildings. They are very concerned about having a bulk discounter come into the center. Mr. McCarthy also indicated that there are other individuals present who support the proposal. Discussion advised that

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the November 15, 2007, Meeting

Page 2

the agreement requires the tenant to pay a base of \$300,000 per year in sales tax before the \$180,000 will be returned. The tenant hopes to gross between \$25 and \$28 million a year for a year of operation. These figures are felt to be conservative based on the regional and national productivity of the proposed tenant's 130 nationwide stores in comparable communities. It was hoped that the culmination of this effort will provide two good stores doing a booming business by midsummer or next fall. Mr. Rothe's investment in the center will be in \$16.5 million "over the long haul". His rent will be approximately \$1 million per year. Without Redevelopment's assistance, the project would not go forward. This standard is required to be found in order to obtain Redevelopment's assistance. Chairperson Williamson summarized the agreement as being a revenue sharing agreement over a 15-year period of projected sales tax revenue that is based on the actual number of sales generated. Mr. McCarthy reiterated that the tenant must make a minimum tax payment of \$300,000 per year before the \$180,000 reimbursement is triggered. Carson City does not have any cash outlay on its part. The agreement provides Carson City with an opportunity to create new sales tax dollars and for Mr. Rothe to obtain a quality tenant.

Mr. Finn felt that obtaining the two new tenants was important to the shopping center and his business. They will help grow the business at the center. The current tenants have had their fingers crossed hoping this effort would be successful. It can only increase the revenue for the other businesses and the City.

Chairperson Williamson advised that the Authority had received a letter from Brad Bunkowski and Andy Wilson which had been in the newspaper. They are adjacent property owners and support the proposal. Additional comments were solicited. Member Staub solicited comments from Mr. Rothe.

Mr. Rothe explained his and Mr. McCarthy's efforts to attract a top tier, high revenue based tenants who have a choice in where they locate and can rejuvenate the shopping center which created the need for the financial assistance package. It is possible to obtain lessor quality tenants without the tax benefits. The Burlington Coat Factory has committed and there is a strong co-anchor opportunity. He believed that the two tenants will create a lot of synergy that will bring customers from the surrounding area to Carson City for shopping. This should help the City's marketplace. He believed that he will have the signed documents within the next six weeks. Discussion explained the building's rejuvenation/replacement required for the second tenant. Mr. Rothe indicated that this tenant was originally "headed south", however, his/her interest has been peaked but he/she will not move without the incentive. Additional public comments were solicited.

Mr. Shirk advised that he understood the concept in getting businesses to locate here. He could support providing a tax rebate so long as his taxes are not increased to pay their taxes. He believed that a business should be able to survive without tax incentives. The City is not helping him with his taxes. The Authority should consider the citizens and not raise their taxes in the next 15 years. He urged the Authority to maintain his tax base so he could vote for the Members again. Chairperson Williamson explained that the property tax increase is due to an increase in the assessed value. The proposal is an effort to keep the service levels at the same level without an increase in fees and ad valorem rates. Discussion explained the "go dark" clause which requires repayment of the incentives if the store closes. Member Staub felt that Mr. Shirk had made a good point. City government depends on revenue from the

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the November 15, 2007, Meeting

Page 3

property taxes and sales taxes. The Legislature capped the property tax. The City is dependent upon sales tax revenue for community services. The sales tax revenue fluctuates. The proposal is an effort to bring in new business and keep the businesses that are here now. Competition for business from the south is forcing the City to consider incentives to get and keep businesses. The proposed incentive(s) has gotten the interested business to reconsider Carson City and not go south. The business will produce sales tax revenue which the City needs. Mr. Shirk indicated that he understood but was concerned as the State has a \$282 million deficit even though Carson City must have a positive cash flow picture in order return the funds. He repeated his hope that the City can do it without increasing his tax base. Member Livermore pointed out that Mr. Shirk expects to keep the City's current service level. The only way that can be done is have an additional revenue source. The sales taxes allow this to occur. There is no guarantee that the taxes will not increase over time but the concept is to maintain the current service level as needed by the residents including Mr. Shirk. Additional comments were solicited.

Mr. Kittess noted his original opposition to the Burlington Coat Factory contract. The proposed concept, however, is a "no brainer" as it takes money to make money. No retailers want to come to Carson City. The former Wal-Mart building will now be two national businesses. The former K-Mart building also needs to be addressed. The proposal is setting a good precedent for the future. He will support it if it must be done.

Mr. Yanuck urged the Authority to move forward as it is obviously needed. There are obvious benefits which should be recognized, e.g., the filling of empty stores in the shopping center. A nationally known business will attract other businesses to the center and create additional sales tax revenue. It is a win-win for both parties. He also approved the "catch up" provision. He hoped that similar incentives will be offered for the northern part of the City. Additional comments were solicited.

Mr. Kittess pointed out that not just the City but the State and School District will benefit from the increased sales tax revenue. He also preferred to get money and give some back rather than provide a \$2 million incentive up-front as had been provided in the Burlington Coat Factory agreement.

Member Teixeira supported Mr. Kittess' comments. He preferred the second agreement as it is "back end loaded". They produce and can recoup the investment. The need to reconstruct the building was discussed by Mr. Rothe and Member Teixeira. Mr. Rothe will front the money for the structure improvements. If the tenant fails to produce, repayment does not occur. Mr. Rothe was confident both tenants will be successful. Member Teixeira suggested that the Burlington Coat Factory agreement be reconsidered and structured similarly to this agreement. Mr. Rothe felt that a failure to produce may require repayment by the tenant under both agreements. Future expansion of the building can only go toward the east or the back and would be restricted due to the amount of parking needed. If the agreement is not signed by the proposed tenant, Mr. Rothe felt certain that another tenant would not generate the desired cash flow. Potential clients were noted. The incentive is needed to generate the desired synergy and expand the sales tax revenue created by a quality tenant. The status of the building permit was then explained. The opening for the tenant who will be receiving the tax incentive is scheduled for August. Mr. Rothe hoped to have a commitment from this tenant by the end of December, however, the holidays may delay the

CARSON CITY REDEVELOPMENT AUTHORITY

DRAFT

Minutes of the November 15, 2007, Meeting

Page 4

signing. As Redevelopment funds are being used, they will be paying prevailing wage and using local contractors. Discussion also noted that the length of the agreement had made the 80/20 coverage possible and reiterated that the Burlington Coat Factory "deal" had made this project possible.

Mr. McCarthy explained the need to revise the motion as the owner participation agreement is actually an operating covenant and agreement. Member Livermore then moved to approve the operating covenant agreement with City Management Services, owner Robert Rothe, doing business as Carson Southgate, LLC, to provide financial assistance on a reimbursement basis only for the rehabilitation of the vacant, blighted former Wal-Mart building in the Southgate Shopping Center to allow for the occupancy of a 55,000 square foot, nationally recognized sporting goods store. Member Staub seconded the motion. Clarification indicated an amendment should be made to motion. Member Livermore amended his motion to be for an operating covenant and agreement. Member Staub concurred. The motion was voted by roll call with the following result: Member Livermore - Yes, and with a comment that one of the things in the three elections I have had is the source of revenue which is how we provide services to the community and everyone has always continued to insist on Carson City being a low property tax rate community, and that is where we are, in fact, when the cap was placed by the Legislature on Carson City, it was one of the lowest Counties in the State of Nevada, because of that it is our effort now to continue to work toward economical development toward the incentives of allowing sales tax and the expenditure of people's monies throughout not only our community but our neighboring community and the region, and that's the issue we need to look forward as we go forth in providing services and paying respectful wages and employing the right types of people to provide those services and that's the meaning of my vote today; Member Staub - Yes, and I will also state as I have stated earlier that this was a huge stretch for me in—, the reason being that I felt that in my negotiations with some of the auto dealers that we needed fairness and equity in the incentive packages that we provide and this incentive package in its originality was, in my opinion, was not equitable with some of the negotiations I have had with some of our auto dealers but it is now virtually identical to what has been offered to the auto dealers and I commend you, Mr. Rothe, in working with us and negotiating an agreement that the City can live with and go forward with and will not impair or impinge our negotiations with our auto dealers, it is the same package, thank you very much; Chairperson Williamson - Yes; and Member Teixeira - Before I vote, this is, this is a no brainer package, the only thing that kind of upsets me, is that the process we used going down the line, you know, we come in here and we are told to put \$2 million into Burlington, but it was more than putting \$2 million into Burlington, it was reviving a dead, ugly sore, you know, on our, on our landscape and to drive revenue, and that was a hard one for me, cause that was the first time in my going on 12 years of service as Mayor where you gave up that up-front money, but we did do it with the Campagni deal, I just followed the lead of this Board, I have been working for years, and then came the second piece, which means you are going to have to incent again, even though these are two separate entities, but one brings the other in tune, before I came to this meeting this morning, all I had to do was read the *Nevada Appeal* and know that my vote was, you know, nonconsequential, I am going to vote No only to send a signal, not to you Mr. Rothe, but that in the future, I don't like to set here and barter, I want the best deal first time, we make the Planning Commission, we don't take stuff from the Planning Commission on a second piece, we will give them one deal, and we will give the Board another, in the future we will have set a criteria that this is, you will know front end Joe, how far you can stretch, how far you can stretch the Board, you know what I am talking

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the November 15, 2007, Meeting

Page 5

about because you and I disagreed during your last meeting, so just to be consistent with that I will vote - No but the project goes forward. The motion passed 3-1-1 with Member Teixeira voting Naye and Member Aldean Absent. Chairperson Williamson thanked the participants and looked forward to seeing them at the ribbon cutting ceremony next fall.

There being no other matters for consideration by the Redevelopment Authority, Chairperson Williamson adjourned the Redevelopment Authority.

The Minutes of the November 15, 2007, Carson City Redevelopment Authority meeting

ARE SO APPROVED ON _____, 2008.

Robin Williamson, Chairperson

ATTEST:

Alan Glover, Clerk-Recorder

DRAFT

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY
Minutes of the December 6, 2007, Meeting
Page 1

A meeting of the Carson City Redevelopment Authority was held during the regularly scheduled meeting of the Carson City Board of Supervisors on Thursday, December 6, 2007, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, which began at 8:30 a.m.

PRESENT: Chairperson Robin Williamson and Members Marv Teixeira, Shelly Aldean, Pete Livermore, and Richard S. Staub

STAFF PRESENT: City Manager Linda Ritter, Clerk-Recorder Alan Glover, Internal Auditor Sue Johnson, Redevelopment/Economic Development Manager Joe McCarthy, Chief Deputy District Attorney Melanie Bruketta, Business Development Assistant Manager Tammy Westergard, Senior Accounting Manager Nick Providenti, and Recording Secretary Katherine McLaughlin (BOS 12/6/07 Recording 9:53:15)

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ACTION ON APPROVAL OF MINUTES (9:53:25) - None.

1. CHAIRPERSON WILLIAMSON - AS PRESENTED BY CHAIRPERSON ROBIN WILLIAMSON AND TAMMY WESTERGARD OF THE OFFICE OF BUSINESS DEVELOPMENT A SUMMARY OF THE COMPLETED TASKS AND AN INTRODUCTION OF A SET OF STRATEGIES FOR IMMEDIATE IMPLEMENTATION REGARDING THE RECOMMENDATIONS AND FOLLOW UP TASKS PROPOSED AT THE URBAN LAND INSTITUTE'S PROJECT ANALYSIS SESSION ON OCTOBER 26, 2007 (9:53:35) - Business Development Assistant Manager Tammy Westergard briefly described the purpose of the Urban Land Group, the elements of the seminar that she and Chairperson Williamson had attended, the community outreach and participation effort, the national public relations and outreach programs, and the tasks that had been conducted. The seminar provided an opportunity to tell the City's story and have a project analysis session. Thirty-one key community leaders attended this session. Their comments were summarized. State and College representatives who had participated were noted. It was felt that this involvement indicated that the community supports the downtown master plan and approve of its coordinated efforts. The Urban Land Institute's group recommendations were summarized including the steps which it felt were urgent. Small projects should commence immediately so that progress can be seen rather than expend all of the effort on one large project. NDOT's participation is vital to the effort. The street scape needs to be planned. It was suggested that an improvement district be created to support the project.

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the December 6, 2007, Meeting

Page 2

Participation from various community groups was emphasized. A website providing answers regarding downtown Carson City was illustrated and justified. Page 12 of the Northern Nevada Development Authority's Northern Division Study on its regional approach criteria was read. The Board has supported this effort as indicated by several examples that were provided. The establishment of the Downtown Carson City Institutional Alliance and the Carson City Downtown Consortium were noted. It was suggested that the Redevelopment Authority Citizens Committee be blended into the Consortium. This suggestion will be discussed in the future. Board comments complimented the participants on the exciting efforts which have provided multiple opportunities. Progress on the plan is occurring. Additional comments were solicited but none were given. No formal action was required or taken.

2. OFFICE OF BUSINESS DEVELOPMENT - Manager Joe McCarthy

A. ACTION TO APPROVE THE REVISED REDEVELOPMENT PROGRAMS, PROCEDURES AND APPLICATION FORMATS TO ASSIST BUSINESSES AND DEVELOPMENT PROJECTS AIMED AT REVITALIZING BOTH OUR REDEVELOPMENT PROJECT AREAS (10:17:19) - Mr. McCarthy stressed the need for the criteria for assistance to clearly indicate the "but for" needs. The applicant's funding ability must be shown. If it is evident that the project can be done without assistance, funding will not be provided. Projects in the downtown area may continue to be similar to those of the past. Future projects in the other district will be more complex than those considered previously. They should be able to generate property taxes/sales taxes to make them realistic. Future assistance may include rent subsidy or loan grant programs which he had laid out in a memo to the Board. (A copy is included in the backup material.) A third party would evaluate the business plan to determine whether the business will be viable and long-term. Justification for the suggested subsidy/loan grant and criteria for obtaining it were limned. Private-public opportunities at the Carson Mall and the Third Street/St. Charles area were cited as potential first redevelopment projects consistent with the Urban Land Institute's recommendations. Discussions being pursued with the Carson Nugget were cited as another potential project. The creation of a new, larger library in the downtown area was also suggested. The need for involvement of a representative from the financial arena was felt to be warranted to avoid risking more tax funds than necessary. The representative could also assist in determining the feasibility of the business plan and its long term viability. An application was not submitted due to the desire to have an open unrestricted discussion related to the criteria and elements for it.

Member Aldean suggested that the term of the lease be the same as the rent subsidy, e.g., five years with two - one year extensions. Five year leases are fairly common. She also felt that the budget documents as developed on Page 5 needed to include a vacancy factor due to the potential for the building to not be 100% occupied. She suggested requiring a credit rating as part of the criteria.

Member Teixeira felt that Redevelopment had done a good job of working with the private sector on projects. The material did not include the total amount of Redevelopment's commitment to date. He urged Mr. McCarthy to include the former K-mart building as well as the Carson Mall, even though the Mall is not empty. K-mart was listed as his top priority at this time.

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the December 6, 2007, Meeting

Page 3

Chairperson Williamson noted that the City currently has two redevelopment districts, one on the south end of the City and one in the downtown area. K-mart is included in the southern district. Mr. McCarthy suggested using the proposed criteria in the commercial district. He acknowledged that the K-mart building is a challenge. Its success in Carson City was not considered when the building was sold as part of the bankruptcy action. There is a long term lease tied to the structure. Efforts to obtain a Las Vegas developer were unsuccessful. His efforts continue as the building is at the top of his list of structures needing assistance. He then explained that it was not necessary for the Authority to act on the proposed program today. He wanted to have a program in place so that applicants will understand the program before signing the documents.

Member Staub complimented him on his effort to develop a concise program. His concerns, however, relate to the City's ability to perform. He disclosed that he had "lots of changes" which he will give to Mr. McCarthy. For example, there are consistency issues and a need for definitions of small, medium, and large thresholds. A limit on the number/amount of incentives for an applicant or buyer, in case the applicant sells, should be established. The need for a sliding scale for the rent was suggested. He suggested that input be provided and action on the program be requested in two weeks. Mr. McCarthy concurred. Member Staub also pointed out the need to have follow-up monitoring and reconveyance at the end of the period.

Member Livermore complimented him on his vision. He felt, however, that the program spoke mainly to new recruitment and not to business retention. He encouraged Mr. McCarthy to include elements addressing retention within the program. There are good things going on in Carson City which need recognition and encouragement. Mr. McCarthy explained that "in his business" 80% of economic development is retention and 20% is recruitment. The City's current businesses must be taken care of and allowed to grow and prosper.

Public comments were solicited. None were given. Member Staub repeated his recommendation that action be deferred to allow time for the Members to provide additional input. Chairperson Williamson concurred. No formal action was taken.

B. ACTION TO REALLOCATE THE AVAILABLE INCENTIVE FUNDS IN PROJECT AREA NO. 1 TO HELP ATTRACT QUALIFIED REDEVELOPMENT PROJECTS, SPECIFICALLY: THE SAINT CHARLES HOTEL/THIRD STREET MIXED-USE PROJECT, THE REFURBISHMENT OF THE CARSON MALL AND THE PROPOSED ROUNDHOUSE CULTURAL DISTRICT PROJECT (10:38:22) - Discussion highlighted a recent parking study that was conducted. The Contractor felt that there was a perceived parking problem/shortage. His recommended mitigation measures included additional signage and additional complimentary parking arrangements. These recommendations had been included in the urban code amendment adopted by the Board several months ago. The report is on the City's website. Mr. McCarthy acknowledged that either Member Aldean or Member Staub had discussed the possibility of creating a capital mall district at Third Street/the Saint Charles Hotel. He had not discussed the concept with the Lopiccolos. He believed that restoration of the historic structure will require a great deal of money. Parking is another issue which must be addressed.

CARSON CITY REDEVELOPMENT AUTHORITY

DRAFT

Minutes of the December 6, 2007, Meeting

Page 4

Member Aldean felt that a "Roundhouse Commercial Development District" should be considered as there are several properties in the vicinity that need to be included. Member Staub felt that the area from Second Street to Fifth Street should be included as a district as it is across from the Legislature. Incentives will be needed to make the area look nice. Future parking needs should also be addressed. He preferred to keep the funds for that purpose. He was willing to consider projects on a case-by-case basis but was not willing to release the entire total into the incentive program.

Discussion between Member Teixeira and Mr. McCarthy explained that an application had not been submitted by the Old Globe. Member Teixeira concurred with Member Staub on considering the applications on a case-by-case basis. His personal involvement with Redevelopment and the incentive program was limned. He acknowledged that there have been problems with the program, however, it has been a learning experience. He, too, felt that there is a signage problem in the downtown area. Discussion explained that there is only \$1 million in funds available for the incentive program. After July 1, there will be more funds available. Member Teixeira felt that signage and lighting are needed. There have been big projects accomplished but nothing has been done about the infrastructure, which is deteriorating.

Member Livermore felt that when the \$1 million was frozen, the exemplary projects were to have been brought forward. Additional direction to do this is not needed. Third Street/the Saint Charles Hotel is an example of an exemplary project which the Authority should consider.

Chairperson Williamson explained the Committee's concerns regarding the lack of funding for signage and infrastructure improvements. The \$1 million was from a bond issue which had supported incentive programs under the Redevelopment program. There is upkeep on the light panels. Another Telegraph Square project has not come forward. This project had gotten people to walking around in that area. Additional requests for funding may be made in the future.

Member Aldean suggested that the applications be submitted to the Authority on a case-by-case basis as received. Funding should also be allocated for infrastructure improvements. A budget should be developed so that the Members will understand how the funds are to be used.

Member Teixeira believed that the Nugget will do a mall. Although the area looks better than it did in 1989, there have been only incremental improvements. More needs to be done. Regarding the signage and lighting issue, he has been working with the Governor on soft lighting the Museum and the Laxalt Building at night. He hoped that more funding will become available through the mixing of the two districts to allow additional improvements to occur. Mr. McCarthy explained that the districts and their funding must remain segregated. The new Wal-Mart is not located in a redevelopment district. Even if it was within a district, it would not qualify as it does not meet the standards for redevelopment. The K-mart building is part of District 2. Mr. McCarthy agreed to research whether the districts' funding could be blended. Member Teixeira continued to expound on his belief that it should be allowed. Mr. McCarthy explained that the increase in revenue for District 2 will commence July 1. He will provide a budget and projects for consideration. Public comments were solicited but none were given.

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the December 6, 2007, Meeting

Page 5

Member Aldean moved to adopt a policy of releasing redevelopment funds on a case-by-case basis and to direct staff to develop a budget for infrastructure improvements. Member Livermore seconded the motion. Motion carried 5-0.

C. ACTION TO ACCEPT THE REDEVELOPMENT AUTHORITY CITIZEN COMMITTEE'S RECOMMENDATION TO AWARD \$100,000 OF INCENTIVE FUNDING THAT COMPLIES WITH THE PROVISIONS OF THE REDEVELOPMENT INCENTIVE PROGRAM TO LOPICCOLO INVESTMENTS TO HELP UNDERWRITE THE \$1,200,000 FIRST PHASE, IN PROGRESS, OF THE RESTORATION AND RENOVATION OF THE SAINT CHARLES HOTEL, 310 SOUTH CARSON STREET (10:58:19) - Mark and Jenny Lopiccolo, Architect Rob Darney - Justification for asking the Authority to consider the application was provided. The historic value of a rehabilitated building was emphasized as indicated by an example. Mr. McCarthy applauded the Lopiccolos' efforts to rehabilitate the Saint Charles Hotel and advised that they have obtained a great tenant for the first floor. Chairperson Williamson also assured the Authority that the Committee had posed the same questions. The Minutes had not been included in the packet due to the short timeframe between its meeting and the Authority's meeting.

Mrs. Lopiccolo explained that they had acquired the building and deliberately kept it vacant for two years due to the desire to have a Class A tenant. They did not plan to rehabilitate it for an additional period of time, however, a Class A tenant appeared. They had continued to refuse to lease the building but eventually he wore them down when the City's vision for the downtown area was created. They believed that with assistance from Redevelopment, the structure could be revitalized to meet the needs of The Firken and Fox plans. Once rehabilitation commenced, the costs multiplied beyond the original budget. The final result will be the construction of a new building within the shell of the former 150-year-old building. Historical discoveries of wells and a cistern under the floor of the building indicate that it was the shelter from an Indian attack and that the City would have been able to sustain itself. The tenant's business experience was described. She believed that they will be successful here. She wished to do the job right for a Class A tenant who will be the anchor for the area. The Third Street area has vacancies on both sides of the street. The area is blighted. She hoped that the Authority will help them do it.

Discussion between Mrs. Lopiccolo and the Authority explained that only the first floor is being done at this time. They have started the work and intend to complete Phase 1, the first floor. There is lots more work that needs to be done. The restaurant will be on the first floor. There are two more floors. The other properties in the corridor need to be done to obtain additional good tenants. A concept for the corridor has been created which they believed will draw pedestrians, families, and tourists to the area. Mrs. Lopiccolo also explained that when she had revitalized her building on Second Street, they had to complete the work and then submit the application. She had followed that procedure when working on the Saint Charles. She was not aware of a change in that process. Chairperson Williamson explained the reimbursement requirement originally required of the applicants. She also indicated that lots of the early projects were approved in midstream. The Lopiccolos had to wait approximately one year to obtain their reimbursement of the Second Street project as Redevelopment had been short of funds. She also pointed out that the

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the December 6, 2007, Meeting

Page 6

Lopiccolos are not in the business of seeking assistance and then fleeing the area. They are committed to the downtown area.

Member Teixeira explained his personal knowledge of the structure, the work that the former owner had done, and the recent improvements that have been made. He felt that the tenants are serious about wanting to come to Carson City. The building will stand the test of time and is an economical and viable product. Mr. McCarthy explained other improvements which have been or will be made to the building. Member Teixeira and Mr. Lopiccolo detailed several improvements which have been made and described the vision for the outside decor and the plan to have a bar and smoking area.

Member Staub advised that he supported the project. They are doing a good job. It is a good project for the area. Business retention is necessary. He explained his reasons for being cautious in approving the application. The term "but for" may not be the correct terminology. He suggested that the term be "softened" to allow evaluation of the project based upon the totality of its impact and the individuals who are doing it. He agreed to send Mr. McCarthy an email indicating words that may better fit the program. Member Livermore supported his recommendation and explained that Mrs. Lopiccolo is a graduate of Carson High School and has invested in the community. The Saint Charles was blighted. It is like the V&T Railroad. It is important to the community. The request is for a 5% incentive. The incentive for the former Wal-Mart was for \$20 million. He supported the project and would have given them more if it had been available.

Discussion between Mrs. Lopiccolo and Member Aldean advised that the Historic Resource Committee had approved the project. Mr. McCarthy briefly explained a proposed incentive program for the tenants. Member Teixeira felt that an adjacent business owner liked the proposed tenant and the improvements. Mrs. Lopiccolo explained that the lease is for ten years at a flat rate. The tenant was not interested in any other building except the St. Charles even though the Lopiccolos had repeatedly turned him/her down. Due to the tenant's vision for the building, they finally agreed. Discussion indicated a belief that the previous owner would have been happy with the rehabilitation and tenant. Mr. Darney displayed the conceptual architectural renderings and described them. Chairperson Williamson advised that the discussion relates to the first of many phases for the area.

Member Livermore moved to accept the Redevelopment Authority Citizens Committee's recommendation to award the incentive funding that complies with the provisions of the Redevelopment Incentive Program to Lopiccolo Investments to help underwrite the \$1,200,000 first phase, in progress, of the restoration and renovation of the Saint Charles Hotel, 310 South Carson Street, and the funding source is the unspent bond proceeds in the amount of \$100,000. Member Staub seconded the motion. Motion carried 5-0.

Mr. McCarthy complimented Ms. Westergard on her efforts to get the proposed tenants to want to come to Carson City. Member Teixeira complimented the Lopiccolos on their willingness to invest in the historical structure. Discussion also indicated that The Firkin and Fox may open in two or three weeks.

DRAFT

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the December 6, 2007, Meeting

Page 7

There being no other business for the Redevelopment Authority, Chairperson Williamson adjourned the session.

The December 6, 2007, Minutes of the Carson City Redevelopment Authority meeting

ARE SO APPROVED ON _____, 2008.

Robin Williamson, Chairperson

ATTEST:

Alan Glover, Clerk-Recorder