

CARSON NUGGET DEVELOPMENT ADVISORY COMMITTEE

Minutes of the April 26, 2010 Meeting

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A regular meeting of the Carson Nugget Development Advisory Committee was scheduled for 6:30 p.m. on Monday, April 26, 2010 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Scott Dockery
Vice Chairperson Rob Hooper
Member Shelly Aldean
Member Brad Bonkowski
Member Court Cardinal
Member Jim Lawrence
Member Dwight Millard
Member Phyllis Patton
Member Guy Rocha

STAFF: Larry Werner, City Manager
Sara Jones, Library Director
Lee Plemel, Planning Division Director
Kristin Luis, Senior Deputy District Attorney
Kathleen King, Recording Secretary

NOTE: A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the recording secretary during the meeting are part of the public record. These materials are available for review during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (6:33:23) - Chairperson Dockery called the meeting to order at 6:33 p.m. Roll was called; a quorum was present. Members Chappell, Kittess, Lewis, Stokes, and Williamson were absent. Member Aldean advised that Member Williamson was absent due to a recent surgery.

3. ACTION ON APPROVAL OF MINUTES - March 8, 2010 (6:34:05) - A motion to approve the minutes was seconded and carried 8-0-1, Member Aldean abstaining.

4. ADOPTION OF AGENDA (6:34:56) - Chairperson Dockery entertained requests to modify the agenda and, when none were forthcoming, deemed it adopted.

5. PUBLIC COMMENTS AND DISCUSSION (6:35:05) - None.

6. PRESENTATION AND REPORT BY MAYOR ROBERT CROWELL ON HIS RECENT PARTICIPATION IN THE MAYOR'S INSTITUTE ON CITY DESIGN WHERE HE PRESENTED THE NUGGET ECONOMIC DEVELOPMENT PROJECT (6:35:13) - Chairperson Dockery introduced this item, and invited Mayor Robert Crowell to the podium. Mayor Crowell thanked the committee for the opportunity to provide the presentation and for their service to the community. He provided an overview of his presentation, emphasizing his purpose was "not ... to present a position one way or the other on the Nugget project itself." Mayor Crowell reviewed written comments, together with a PowerPoint presentation, from the Mayor's Institute on City Design ("MICD"). The committee members, City staff, and the citizens present applauded the presentation. In response to a comment, Mayor Crowell

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assured the committee members that, although copies of his presentation, including the PowerPoint, were supposed to have been provided prior to the meeting, he would ensure distribution following the meeting.

Member Aldean referred to the conceptual design for Carson Street, and discussion took place regarding a MICD transportation planning expert's recommendation to narrow Stewart Street to two lanes. In response to a question, Mayor Crowell advised that there were few comments from the MICD experts or participants regarding the possibility of imposing the 1/8 cent sales tax, other than acknowledgment of a financing tool. In response to a further question, he advised that the experts at the MICD overwhelmingly supported the Nugget concept as "something other than an amorphous vision." Chairperson Dockery entertained additional questions or comments and, when none were forthcoming, thanked Mayor Crowell for his presentation.

7. STATUS REPORT ON THE NUGGET ECONOMIC DEVELOPMENT PROJECT (7:06:01)

- Chairperson Dockery introduced this item. Attorney Mark Lewis thanked Mayor Crowell and commended his presentation. Mr. Lewis provided background information on the RFI process to identify a developer, and circulated the RFI among the committee members and City staff. He advised of having received letters of interest from qualified developers, which he reviewed. He further advised that the developer selection committee included Nugget President Steve Neighbors, Attorney Andy MacKenzie, Nugget General Manager Starr Anderson, City Manager Larry Werner, Public Works Department Director Andy Burnham, District Attorney's Special Counsel David Morandi, Library Director Sara Jones, and Mr. Lewis. He reviewed the selection committee's process, including review of the extensive materials and interviews, and advised that P3 Development was ultimately unanimously selected. Mr. Lewis advised that P3 is concluding a private / public partnership project "which includes a public library for the City of Sacramento and the County of Sacramento and the Sacramento School District."

Mr. Werner described the developer selection process as very thorough. "By the time we got through talking about all the different aspects of all the different developers, it was pretty clear that ... P3 was the one." Mr. Werner noted that P3 Development generally participates in \$500 million projects. Library Director Sara Jones noted that P3 Development has participated in "a number of libraries ... in a variety of situations, both small ... and quite large ..." She further noted that P3 Development "understood local government and money. That was a huge component ... for ... those of us on the City side. They had some good descriptions of some projects where they found out how much money was available and they delivered a fine project to that community. And, of course, that's exactly what we need to do here because, as we all know, unlimited money is not an option."

In response to a question, Mr. Lewis advised that P3 Development is a relatively new company, formed fairly recently as a Nevada corporation. They are part of Regent Development Company which has been around for quite a long time. Mr. Lewis reiterated that P3 Development recently finished a library project in Sacramento, as well as another large library facility for the University of California at Fresno. Member Aldean inquired as to whether any discussion took place with the public partners as to how "these transactions unfolded and whether or not there was any buyer's remorse ..." Mr. Lewis advised that a District Attorney's representative traveled to Sacramento to visit P3 Development and City of Sacramento representatives. Mr. Werner provided background information on an issue involving Regent Development Company, and advised that the issue was reviewed to the satisfaction of the developer selection committee. Member Aldean inquired as to the possibility of a post-mortem on P3's most recent project "so we know what pitfalls to avoid." Mr. Werner suggested "rely[ing] on our own experience of having large projects."

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He acknowledged the significance of the subject project, but noted that the City has previously had equally significant projects. Member Aldean noted the private partner's interest in a reasonable return on the investment; that typically government is interested in completing a project within budget. In reference to the City of Sacramento's library project, Mr. Lewis advised that it was completed ahead of schedule and under budget.

Vice Chairperson Hooper inquired as to P3 Development's "comfort... with the project ... since they're the ones that are going to be taking the risk." Mr. Werner advised that both development companies confirmed the concept "on the surface." Each company had their finance professionals, architects, engineers, and construction managers present during the interview process with the idea of assuring the developer selection committee "that they had people that knew what they were talking about." Mr. Werner assured the committee he "didn't get the sense they were pitching the project." He advised that each development company representative indicated "they would be very happy to do the project, but they weren't necessarily ready to sign on the dotted line until we worked through some of these same issues that this committee and the community has had. We still have that phase to go through." In response to a question, Mr. Werner described the hurdles as the "size of the project and the funding." Each company representative was interested in conducting a feasibility study.

In response to a question, Mr. Lewis advised that he is working with City Manager's staff to determine the next steps, which will include "finalization of a development plan which includes a careful finance plan that everybody's comfortable with." Mr. Werner advised of having been previously unaware that Mr. Neighbors had selected a developer until Mr. Lewis' announcement at this meeting. Mr. Werner anticipates finalization of the development plan in a number of weeks.

Member Rocha expressed appreciation for P3 Development's experience working in a capital city. In reference to Member Aldean's comments, he expressed an interest P3 Development's "track record." In reference to the finance plan, Member Lawrence inquired as to the type of consideration to be given to the market for lease space for the State offices. He noted, "These are pretty dynamic times and even since this last meeting, ... the State of Nevada has been very busy renegotiating its existing leases, consolidating space, saving money in existing leases and contracts where it can." He expressed uncertainty over the demand for State offices in the short term. Mr. Lewis acknowledged that P3 Development will be working with State agency representatives to determine the need for office space. "If there is not that market or that demand," Member Lawrence inquired as to "how much ... the use of State office buildings in this complex hinge on the success of the project." Mr. Lewis suggested that once the developer is hired and has the opportunity to assess the situation and meet with State agency representatives, a determination can be made. Mr. Werner suggested that the project would need to be reconsidered if the State office lease phase "drops out." Such a consideration will be included in the feasibility study.

Member Rocha noted that, of the three State agencies identified, "two have fee-based income ... but one is general fund." Mr. Lewis acknowledged that the general fund-based agency would be "more dynamic." He advised of having met with pertinent State agency representatives and of additional meetings scheduled within the new few weeks. He anticipates having more current information within the next month. In response to a question, Mr. Lewis explained that the State Gaming Control Board would not be leasing space from a licensee, but from the project developer. "... there wouldn't be any conflict ..." Member Cardinal pointed out that the developer would be constructing on land owned by the Nugget Foundation which holds the gaming license. Mr. Lewis advised that the "final chain of title on that land is yet to be

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determined. All of those factors, including whatever gaming issues there are, will be taken into consideration. ... If that is actually an impediment, the land would probably be passed to another party.”

Chairperson Dockery entertained additional questions or comments and, when none were forthcoming, thanked Mr. Lewis. Mr. Lewis requested the committee members to contact him with further questions.

(7:28:20) In response to a question regarding financial projections, Mr. Werner advised of having considered additional property tax within the redevelopment area and sales tax revenue projections. “... we can’t guarantee ... the dollar amount today ... but we can guarantee whatever the stream is and you have to make your own justification as the developer as to what you think the reality of that might be. ... You try to build in enough safeguards ... that it doesn’t put the City at risk.” Mr. Werner acknowledged that since only the revenue stream is obligated, the City is not taking the risk. He noted the concern over starting a project and having it fail in the downtown. “... that doesn’t help anybody so we have to make sure that what the developer is projecting also makes sense from a sustainability standpoint.” Mr. Werner advised, “We’re getting a little closer on seeing where our projections are going. We’re getting closer and closer to being able to project, at least for a year or two, what we’re seeing.” Things are stabilizing and “we’re not seeing the downward trend ...”

Mr. Lewis advised that the U.S. has had 17 recessions since the Great Depression. The shortest was nine months; the longest was 17 months. Mr. Lewis advised that the current recession has lasted 26 months, according to *The Wall Street Journal*. He anticipates that, “it certainly appears to be, if history is any lesson, ... coming to a close.” He expressed the belief, “there is light at the end of the tunnel.”

8. NON-ACTION ITEMS:

INTERNAL COMMUNICATIONS AND ADMINISTRATIVE MATTERS (7:27:40) - In response to a question, Mr. Werner reviewed the next steps which will culminate in the next committee meeting. (7:32:50) Chairperson Dockery noted that the next meeting will be held in abeyance until such time as there is more information.

CORRESPONDENCE TO THE COMMITTEE - None.

STATUS REPORTS AND COMMENTS FROM THE COMMITTEE MEMBERS - None.

STAFF COMMENTS AND STATUS REPORTS - None.

9. ACTION TO ADJOURN (7:32:59) - A motion was made, seconded, and carried unanimously to adjourn the meeting at 7:32 p.m.

The Minutes of the April 26, 2010 Carson Nugget Development Advisory Committee meeting are so approved this 27th day of September, 2010.

ROBERT HOOPER, Vice Chair