

CARSON NUGGET DEVELOPMENT ADVISORY COMMITTEE

Minutes of the August 8, 2011 Meeting

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A regular meeting of the Carson Nugget Development Advisory Committee was scheduled for 6:30 p.m. on Monday, August 8, 2011 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Vice Chairperson Rob Hooper
Member Shelly Aldean
Member Brad Bonkowski
Member Bruce Kittess
Member Jim Lawrence
Member Marilyn Lewis
Member Phyllis Patton
Member Guy Rocha
Member Richard Stokes
Member Robin Williamson

STAFF: Larry Werner, City Manager
Andrew Burnham, Public Works Department Director
Nick Providenti, Finance Department Director
Lee Plemel, Planning Division Director
Sara Jones, Library Director
Randal Munn, Chief Deputy District Attorney
Kathleen King, Deputy Clerk / 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, in the Clerk's Office, during regular business hours.

1 - 2. CALL TO ORDER AND ROLL CALL (6:36:08) - Vice Chairperson Hooper called the meeting to order at 6:36 p.m. Roll was called; a quorum was present. Chairperson Dockery and Members Capurro, Cardinal, Chappell, and Millard were absent.

3. PUBLIC COMMENTS AND DISCUSSION (6:37:04) - Vice Chairperson Hooper discussed the methods by which public comment would be received, provided direction with regard to the same, and entertained public comment. (6:38:38) Sam Ward, a resident of Carson City and a commercial real estate appraiser, discussed his commercial real estate experience and the importance of considering highest and best use, "what is physically possible, legally permissible, financial feasible, and maximally most productive." He expressed the opinion that he "could never envision putting a library anywhere closer. I would think of a parking garage and a motel and tie it together to create more energy downtown, visitors; put a Hyatt ... or something good ..." He noted that "a lot of taxes" are generated "from a nice motel. It would help the casino itself. It would help the other downtown merchants."

(6:39:56) Irene Huntington, a resident of and teacher in the community, expressed support for the knowledge and discovery center. She discussed "three reasons that you should support it too. First, Carson City deserves a center of learning for all individuals. Learning is life long. Research has shown that the more active your brain is, the less likely you are to suffer from dementia, Alzheimer's, and other mind and brain imparities [sic]. With our ever-changing economy, we need a place that's going to help us continue

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our education and be ready for any career changes that are likely to happen to us, five to seven times in our career [sic]. This center of learning will allow our community to keep learning throughout our lives.” Ms. Huntington suggested that “important questions to ask right now are: where does this happen now in Carson City and is it enough with what is happening in our community right now. Currently, there are not enough support systems in place to keep people in our community from leaving for greener pastures, better health care, more financial security, and stronger community ties. Second, we need to think about our future. Many of the people in our community are older. If we had a center that brought interesting cultural events, speakers from our local universities, ... to share their research and knowledge, we would be supporting not only their knowledge base, but their physical and mental well-being. Having a high quality of life after we retire is very important. ... Finally, we need to realize what Carson City has to offer. It is an affordable place to live. It is close to many of the nation’s most beautiful and sought after vacation places. We are a small enough community that we don’t have major traffic problems, major crime, or bad weather. What we are lacking is an anchor in our city. We need a place that offers something for all members of the community ...” Ms. Huntington expressed a personal commitment to making the community “a better place for all members ...”

(6:43:35) Stanley S. Brokl distributed prepared remarks to the committee members and the recording secretary, and read the same into the record. He expressed the opinion that the City should “fix what needs to be fixed first and then have these grandiose plans.”

(6:48:29) Sandy Foley advised that she is “a long-time Carson City resident and the newly-elected president of the Library Board of Trustees.” She commended “all of the people who have worked so hard and for so long on this project. We really didn’t wake up one day and say, ‘Let’s build a library.’” She named Phyllis Patton, Library Director Sara Jones, City Manager Larry Werner, Tammy Westergard, Steve Neighbors, and the committee members. She discussed her vision for Carson City in reference to the renderings displayed in the Community Center lobby and “the article in today’s *Reno-Gazette Journal* ...” She expressed the opinion that the knowledge and discovery center “is good for the City ... at a time that we need something good to hang our hat on. It’s good for the City with a limited commitment ... It’s good for students ... to have a place to have additional learning opportunities. It’s good for ... local job creation ... The eighth of a cent turns out to be about \$26 a year.” Ms. Foley expressed a willingness to “write that check right now ...” She reiterated strong support for the project, and requested the committee members to do the same.

(6:51:49) In reference to previous comments by Ms. Jones, Lon Finnegan expressed concern over the parking garage and “the proposed ice cream parlor.” He discussed concerns relative to employment and timing. “The State and the City is short of money. ... This should be put up to a vote of the people on the ballot. There’s no two ways about it.”

(6:53:54) Gene Paslov, “the former state superintendent of public instruction in Nevada and Michigan,” reviewed his employment experience, and advised that he is a “long-time resident of Carson City and remains vitally interested in seeing that our City becomes an economic powerhouse, an innovative leader to take Nevada off the bottom rung of the economic ladder and put it on the top rung for all successful economic and educational indicators. This will be hard, but it’s not impossible.” He discussed the difficult economic times and the associated effect. “Let us be a positive voice to do what we can do to make improvements.” He expressed the belief “there are three essential elements to keep in mind as you make your decision. ... First, ... we should take a page from the most successful businesses and government

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agencies. When they are confronted with serious problems, they turn to innovation, investment, and building a new knowledge base. They know that economic survival is imbedded in these three pillars and they're not afraid to take chances. They know there will always be opposition from those who do not want things to change, but success demands taking risk, being innovative, and leading the way to the future. Second, public / private partnerships hold the promise for the future. ... business and government work best when they work together. These relationships are not easy but they are doable. ... we have a wonderful opportunity to develop that relationship with the city center project. Finally, it's imperative that in the midst of decline, we take dramatic, innovative, thoughtful action to stimulate growth and to capture the imagination and creative inclinations of businesses, big and small, new and old, to see Carson City as a place to be and to grow." Dr. Paslov discussed his experience working "almost every day for the past year ... on an individual project at the BRIC. ... It's a magnet for businesses large and small. ... A new Carson City knowledge plus discovery center and all that is attendant to it will be one of the most valuable contributions to economic development in Carson City's history." Dr. Paslov encouraged the committee members to not "allow this opportunity to slip away."

(6:57:36) Carol Howell commended "the beautiful project; much nicer than it was the first go-round ... If it were a different time, a different economical base, [she] would be for this project." In reference to the August 4, 2011 Board of Supervisors meeting, she advised that the City's Finance Director "let us know what dire straits we are in as far as our financial situation. So the economics of this problem has not changed." In reference to the Mae B. Adams Trust, she inquired as to "a cutoff time that this has to be done. Do we have a year, two years, ten years that this project would have to be built or the legacy goes away because this is not the time to be doing this. ... We've had enough raises on the cost of living and our seniors that haven't had a pay raise in three years, 12 percent of our population are unemployed. If this is a redevelopment project, then you keep it in the scope of the redevelopment project, that tax dollars, not \$500,000 from our utility funds ..." She reiterated her commendation of the "beautiful project," and her opposition to the timing. She described the existing Nugget as "a dumpy building," and inquired as to "any plans to do something with any of the surrounding properties that this is supposed to enhance."

(7:00:43) Danny Costella advised that he represents local iron workers in northern Nevada, and expressed support for the project. He reviewed unemployment statistics relative to the local iron workers, and estimated that 25 to 30 percent of them are working out of town. "We just want an opportunity to bring our guys back so they can spend money here and not over the hill in California where they're working."

(7:01:29) Ursula Carlson, a "recently retired professor from Western Nevada College," expressed full awareness of "what it's like to be a senior on a limited income." She expressed support for the project, and the opinion that "we need to take a longer view as opposed to the short view that many people have expressed thus far this evening." She noted the significance of Carson City being Nevada's capital, and expressed the opinion that "this center is essential ...; the rest of Nevada should look to us, to the State government, to the intellectual resources that are possible here in the capital."

(7:02:38) Pat Sanderson advised of having attended every committee meeting, and complimented the Nugget representatives and "the Mae Adams Foundation." He explained that "the reason this woman put this money into the trust is because they made all their money from the people in Carson City and all of the people that came through Carson City. And, in appreciation, she's put up, according to the newspaper, over \$18 million to go to help people help themselves. This is something that was brought out from the very start ... \$18 million or more, through this trust fund, to come back to the citizens of Carson City which the

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Adams family loved and appreciated.” Mr. Sanderson discussed the desperate need to create jobs in the community. In reference to the freeway project, he expressed concern that “if we don’t have someplace here in Carson City for the people to come to, they’re just going to circle us. They’re not going to come back to Carson City. They’re not going to spend their money here and you can see that the businesses are closing. But everyone can tell you that right now is the best time to build as far as construction costs go. You’re going to get this building built at a third of the cost of what ... it was going to be built originally if we build now because there isn’t any work ...” Mr. Sanderson requested the committee to disregard “some of the things that have been said because anyone that has gone through here and listened to every one of these presentations, if they would go back and research, they’d see what we’re going to get out of this. It’s going to help the seniors. It’s going to help the children.” He expressed the hope that the “digital movie theater” may still “be a part of this. ... This is a chance for Carson City to move forward.” He reiterated support for the project, and expressed the hope that the committee will consider the long-term opportunity.

(7:06:20) Frank Paige expressed a preference for the project to be “put to a vote,” and concern over “taxation without representation.” He advised of having lived in the community for 61 years. He discussed his NDOT experience, and expressed an interest in a cost / benefit analysis for the various project phases.

(7:07:33) Tom Keeton expressed no opposition to the project, but also refused to support it. He expressed the opinion “it’s way too much money at this point in time. You’re going to have to finance it somehow,” which he discussed. He expressed the opinion that the construction costs will be “a lot more than that,” and reviewed corresponding figures. He expressed the opinion that the learning center is not needed, and that “we have several learning and discovery centers around town. They work for all ages all the time. We call it the school system. ... There is no human being in this town of any age who wants to learn that can’t find out, in the school system, the college, extension from Reno, and on the internet.” Mr. Keeton expressed opposition to “stock[ing] it with computers so they can access the internet ... because you always have to upgrade computers and software constantly.” He expressed support for the “idea ... as a nice start,” and for “wait[ing] a little bit.” He expressed support for a good library, but questioned “whether we need a brand new one at this expense.”

(7:11:06) Victor Honeign, a downtown business owner, expressed the opinion that “something should have been done a long time ago ... because downtown, especially in the evening ... is like a ghost town.” In consideration of the City’s economic condition, he advised that “great companies, during dire economic conditions, spend on innovation, on research to bring a new product and prosper.” He expressed the belief that the knowledge and discovery center “will be the basis for ... an attraction point, a center of downtown that will bring a lot of other businesses and other companies ... to build around it and spread prosperity and good economic well being.” In reference to previous comments, he advised of never having met Mr. Neighbors or Mae Adams, but suggested “they’re putting more money into this project ... than getting out of it.”

(7:13:07) John Alide advised that one of the main reasons for moving to “this community was libraries.” He expressed the opinion that “the library system here is good, but I’ve seen deterioration. I’ve seen a cutback in the hours at the State Archives ...” He expressed support for the project and a willingness to pay the taxes.

(7:13:52) Ben Contine advised that he moved his young family to the community approximately four years ago, and that they “love, love, love living here. And really the reason that we love living here is what

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you're seeing here. It's the people that we've met. It's the community that we've shared ..." He anticipates the community will look very different over the next five to fifteen years. He expressed concern over the loss of employment, and suggested that "the jobs of tomorrow are ones that we are going to need to compete for." He expressed the opinion that "now is the time ... this community needs to do what ... it can do. It's what we've come to believe this community can do and that is to be bold, to be confident in itself, to be confident in its people to invest in itself that we can come out of this stronger by believing in our creativity, in our innovation ..." As a teacher, he expressed support for the knowledge and discovery center in that his students "need a place like this where they can go and be with other students, they can get into technology, they can be part of the skill sets that will be the jobs of tomorrow." He expressed wholehearted support for the project, in consideration of the "risk involved ... the trepidation," and requested the committee's support.

(7:16:57) Seven-year-old Will Contine expressed the hope that "we could do this here because ... it would be really awesome to have it here because you could go someplace like the exploratorium in San Francisco, but it's in Carson City." He expressed strong support for the project, and the committee members, City staff, and the citizens present applauded. Vice Chairperson Hooper thanked Mr. Contine for his comments and advised him, "You're why we do what we do ..."

(7:17:49) Wendy Thornley introduced her son, Maxwell, and discussed her experience raising four stepsons, three of whom have now left the community. "And so we lost an attorney, a software engineer, and someone who will be a college professor quite soon. They are married. They are starting families. They have no intention of coming back because there are no jobs. There's nothing for them to do after work. There's nothing for them to feel excited about for their children." Ms. Thornley expressed the assumption that eight-year-old Max will "follow in his brothers' footsteps and, once all of our children are gone, we are looking at our retirement and what things are there to do here for us when we want to go do something on the weekends or in the evenings. So the time to build it is now. The time to invest is now. We're experiencing a brain drain. We're experiencing a loss of potential income, potential tax advantages. ... We have some very nice hotels here in town but there's enough of those. ... When companies ... want to build businesses here, they need to be able to convince their employees this is a great place to come and bring your families and live here and work for us. ... We need to be drawing whole families and they will bring the business with them. This is the time and this is the thing we need to do now." Ms. Thornley concurred with earlier comments relative to the least amount of construction costs. "If we are going to be building something that's expensive and important, this is the time to do it."

(7:19:44) Eight-year-old Maxwell Edward Thornley expressed the opinion, "We need to do this. If we are going to do this at all, now is the time. It's either now or never." The committee members, City staff, and citizens present applauded, and Vice Chairperson Hooper thanked Mr. Thornley for his comments.

(7:20:11) Stephanie Gardner, "a mother of three young children in the Carson City School District, a PTA member," advised that she has "worked for four years with a non-profit in town that works with at-risk kids in this community." She emphasized the importance of "a library like this in our community. We have hundreds of kids coming in and out of foster care yearly in this community. We have parents that need resources from a library like this. The amount of time teenagers could spend in this library as opposed to on the street or the Carson City Inn or walking around town looking for trouble would pay for itself. ... this community needs something more than what we have now. And to get people to come here and to stay here, we need more than a main street lined with motels. We need something that makes this town look

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pretty and that makes this town look like people want to come here and visit on their way through Reno up to Tahoe. We need people to come and stay here. We need people to spend time here and we need our children to have a place to learn and be productive citizens.” She expressed a preference for her children to grow up, to be educated, and to raise their families in this community. “But unless we do a project like this, there’s no reason for me to take them to the library here the way it is. I don’t want to drive to San Francisco to show my kids culture and entertainment. I want to stay in my own community.” She expressed a willingness to pay her “\$5 a year in taxes.”

(7:22:06) Jean MacNichol, “a member of the Washoe Tribe,” expressed support “for all of your planning except there’s one thing missing.” She advised of having presented cultural programs “in all the public schools in western Nevada, and our children do not have a cultural education.” She described an exhibit at the library “of the pioneer people, what they left behind. They have rusty cans, pots and pans and things like that but, ... our people, the Washoe Tribe, has been in this country for more than 10,000 years and all of you folks don’t know that.” She advised of having been “trying to present to the youngsters in schools and the information that [she] provide[s] for them gives them a cultural education of our people and of all the new people that are coming in, a lot of them, your youngsters ... don’t have a culture that they can claim. ... for my people, I’m trying to instill a culture that has grown over all these years.” Ms. MacNichol suggested that the plan lacks sufficient cultural education, and expressed a preference for this addition to the project.

(7:24:55) Lisa Partee, “a homeowner and lifelong Nevadan,” expressed a differing opinion with “people [who] say that there’s nothing for people to do here when you get off work.” She listed “bike pathways, parkways, ... the whole Mexican Ditch trail, outdoor activities galore, restaurants, movies, ... parks, and if people think the kids need a place to go, that’s great. This is not the time. We’re financially strapped. We have no more money.” She requested the committee to “give it some time, give it some attention.” She expressed concern that “this is happening here. We have enough to worry about. We’ve got a State Library and Archives that is so underutilized. If you ever go in there, which hardly anybody does when I’ve been in there; aisles and aisles and rows of rows of books that don’t exist. They’ve got computers there. They have computers at the schools. They have computers at the Boys and Girls Clubs. We have culture in our museum here in town. That is underutilized. That needs some attention. That needs some visitation. ... This is an amazing town. We do not need this in order to survive.” She suggested “either put it to a vote or think about it for a time.” In reference to a previous question, she suggested “it feels like we’re being pushed into something that many of us are not for. ... Let’s take care of what we need to take care of first. Take care of getting the people that are out of work. They can’t afford any more taxes on their houses. They’re losing their houses.”

(7:28:03) Jim Smolenski commended “everybody that has come before this committee tonight and voiced their opinions.” He advised of having “come from the beginning of this whole project,” and noted that “over the past two years, this whole project has drastically, drastically changed. Initially, it was almost \$90 million. ... it’s now down to under 50 and the financing ... has been finally laid out.” He expressed disbelief that an eighth of a cent increase in tax is such a concern. He acknowledged consideration given to “every opportunity to enhance our community,” and advised of having “talked to several people over the last weeks and months. And they are in agreement that we need to look at this and we need to make Carson City a center and develop it. And what better way to do it?” Mr. Smolenski commended the new design as “fantastic.” He suggested keeping in mind that the “one-eighth sales tax increase is based over thirty years ... But also, it’s not just us, the community, that are paying this eighth cent tax but everybody

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that comes through here that may buy something in town that has a tax to it.” He suggested the debt may, therefore, be retired in less than thirty years. He further suggested, “according to the media, that none of the money in the financial plan is coming from general fund.” In reference to previous comments, he suggested that the money to be allocated from the “utility fund ... has probably already been targeted for infrastructure rebuild or construction.”

(7:33:21) Mike Pollard expressed concern that “this whole thing is going to be put into a non-profit. It’s very nice that everybody’s been able to speak here. When it gets into a non-profit, without a quorum of our elected officials, we won’t be able to attend any of these meetings. They’ll be all private meetings after that.” In consideration of the one-eighth cent sales tax, “in addition to that, ... the City ... is going to be having to pay a lease payment on these buildings. We haven’t been told what that amount is but, in the previous proposal, it was over \$1 million. Right now, the general fund has no money.” He expressed concern over “a maintenance contract for the project area association to cover the maintenance.” He discussed additional concerns relative to financing.

(7:36:06) William Burke, a 21-year resident of Carson City, expressed the opinion “nobody reads books anymore. It’s going away. It’s going to be a thing of the past. We can get it on the internet. We can get it in our tablets. We can get it on our Kindles. To put money into something that ... in ten ... to fifteen years will not exist except in digital media is not a smart idea.” He expressed the further belief “that this should be by a vote of the people. It’s a very, very controversial subject.” He suggested that the project proponents pay the one-eighth cent sales tax “and leave the rest of us alone.” He discussed concerns relative to the freeway project, and reiterated the preference to develop a ballot question.

(7:38:40) Dave Ungst, a Carson City resident, expressed agreement with many of the previous comments. He expressed the opinion that the current iteration of the project is “a big improvement over the last one.” He advised that he and his wife use the library often, commended the proposed project, but expressed the opinion “the timing is wrong. It’s a financial thing. We’ve just had recent increases in the fees ... to cover the expenses that we’re going to have to pick up from the state.” He expressed no support for “another tax increase in view of the ones we’ve had,” and the opinion that “we have a library now. As far as I know, each one of the schools have a library. We have a state library.” He expressed the further opinion that “the future of libraries could be limited, and the bottom line is, it’s a good project. It’s just not good timing.”

(7:40:31) Dixie Jennings-Teats, a Protestant minister, expressed the opinion that “libraries are close to Godliness.” She provided historic information on her son being the “first card-holder ... of the volunteer library we started in the church social hall. That library went on to win a national prize as the best volunteer library in the country and then it transitioned into the Mendocino County Library System.” She expressed excitement over the first proposal “because it’s those kinds of jobs that are going to be available.” She expressed support for the current proposal “because it’s not just a library. ... Those of us who have access to our own computers, that’s not everybody in town. Those people who can get trained in working in those fields, well that’s not everybody in town.” She described the proposed project “as a great resource for the community and, when companies look at places to come, ... one of the things they look at is quality of life.” In reference to statistical information, she noted that “Nevada is highest in the things you don’t want to be high in and lowest in the things that you don’t want to be low in. It’s going to take some vision to turn that around.” She expressed the opinion that the proposed project “has some vision to it that could be a great benefit for the capital, for Carson City, and for our state.”

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(7:42:50) Bill Johnston advised of having moved to Carson City, with his wife, approximately eleven years ago “after a long career in telecommunications management.” He commended the proposed project, Mr. Werner, and the City’s “planning people for coming up with this new plan.” He described the “new plan ... as head and shoulders above what we saw coming from [P3].” Based on his multi-million dollar project management experience, he expressed the opinion “that this is the right thing. It’s got enough detail in it and it’s something that ... you could successfully carry through with city management.” Mr. Johnston discussed concerns over the bookstore and café aspect of the design. He expressed skepticism over the “\$3 million grant from the federal government. Is that the best Harry Reid can do for us?” He suggested visiting Las Vegas to see “what kind of money gets poured into that area ... in terms of infrastructure ...” He expressed the opinion that “\$26 a year is nothing. That’s not the problem. The problem is everything else ... all the other taxes and fees that are all sliding downhill from the federal government ... to the state governments ... down to city governments ... down to taxpayers.” Mr. Johnston expressed the opinion that the proposed plan “is primarily a conceptual document for construction costs. And the last time we had a meeting there was considerable conversation about operational costs.” He expressed an interest in “the operational costs of this new plan. We need to know how much it’s going to cost the City, how much it’s going to cost out of the general fund or wherever. ... There needs to be a detailed accounting of what the operational costs are going to be.” Mr. Johnston advised of having recently visited the UNR knowledge and resource center. “It’s not that far up there ... 25 miles.” He expressed the opinion that the project should be “put to a vote. ... it needs to come up in front of the citizens. ... If it gets voted in, that’s great. If it gets voted down, it’s the will of the people.”

(7:47:44) Stacie Wilke advised of having been born and raised in Carson City, “went away to college and then came back to raise my kids here.” She advised of having heard “for 46 years that it’s not a good time, it’s not a good time. ... There’s never a good time for any of this.” She expressed a preference for something to happen “one way or the other.” She expressed weariness over “waiting 40 years for a freeway that [her] dad came here in 1960 to work on and develop,” and reiterated the preference for “something to happen ... one way or the other.”

(7:49:04) Linda Marrone, “a long-time Carson City resident and manager of the Third and Curry Streets Farmers Market,” provided background information on the financial condition of the Farmers Market. “The City had momentum,” and she listed the various activities including a focus on the downtown, the flower basket program, the Fridays@Third events, and the Farmers Market. “That momentum, in four years, has just picked up and picked up and picked up.” Ms. Marrone expressed support for keeping the momentum going. “We started four years ago in worse financial times in the history and so let’s do it. Let’s do this now. Let’s get it going. Let’s keep it going.”

Vice Chairperson Hooper entertained additional public comment and, when none was forthcoming, thanked the citizens for their attendance and participation.

4. POSSIBLE ACTION ON APPROVAL OF MINUTES - November 22, 2010 (7:50:19) - Member Kittess reviewed corrections to page 9 of the minutes. Member Williamson moved approval of the minutes of November 22, 2010, as amended. The motion was seconded and carried 10 - 0.

5. POSSIBLE ACTION ON ADOPTION OF AGENDA (7:51:39) - Vice Chairperson Hooper entertained modifications to the agenda and, when none were forthcoming, a motion. A motion was made, seconded, and carried unanimously to adopt the agenda.

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6. CITY MANAGER

6(A) POSSIBLE ACTION TO RECOMMEND TO THE BOARD OF SUPERVISORS THE RESTRUCTURED AND SIMPLIFIED PROGRAM PLAN TO INCLUDE THE H&K SCHEMATIC DESIGN WITH THE PUBLIC PIECES DEFINED AS: KNOWLEDGE AND DISCOVERY CENTER, PLAZA AND PARKING GARAGE USING THE MECHANISM OF A NOT-FOR-PROFIT ENTITY THAT MAY BE COMPRISED OF A NON-QUORUM MEMBERSHIP FROM THE BOARD OF SUPERVISORS AND THE LIBRARY BOARD OF TRUSTEES, WITH REPRESENTATIVES OF THE MAE B. ADAMS TRUST, ON A MANAGING BOARD YET TO BE CREATED; THIS ENTITY WILL HOLD AND CONTRIBUTE APPROXIMATELY THREE ACRES TO THE PROJECT; THE PUBLIC COMMITMENT INCLUDES A 1/8 CENT SALES TAX INCREASE (\$12,000,000), REDEVELOPMENT FUNDS (\$11,300,000), AND A ONE-TIME \$500,000 CONTRIBUTION FROM THE CITY UTILITY FUND; THE REMAINDER OF THE PROJECT IS TO BE FUNDED WITH THE DONATION OF THE LAND, FEDERAL, AND PRIVATE SOURCES (\$25,792,300) (7:51:55) - Vice Chairperson Hooper introduced this item. Mr. Werner thanked the citizens and the committee members for their attendance and participation, and introduced City staff. He provided background information on the previous and current iterations of the project, as outlined in the agenda materials, and provided an overview of the presentation format. (7:54:45) Ms. Jones provided an overview of her presentation, introduced a video on the proposed knowledge and discovery center, and narrated a corresponding PowerPoint / SlideShow presentation.

(8:18:40) H&K Architects Principal Jeff Klippenstein introduced his colleague, Jeff Currant, and reviewed a history of H&K Architects and their involvement in the proposed project. He presented the conceptual design of the project, copies of which were provided for the record, in conjunction with displayed slides. In response to a question, Mr. Klippenstein explained that a preliminary geotechnical investigation was provided to H&K by the City. He acknowledged the foundation will be “beefed up,” and that this was included in the cost estimate. At the request of several committee members, Vice Chairperson Hooper recessed the meeting at 8:49 p.m.

Vice Chairperson Hooper reconvened the meeting at 9:01 p.m. Mr. Werner discussed funding sources and financing mechanisms, as outlined in the agenda materials pertinent to this item. Vice Chairperson Hooper read into the record the title of the agenda item, and entertained public comment.

(9:07:53) Donna Inversin, a Carson City citizen and a Muscle Powered board member, commended the project as “beautiful” and “wonderful.” She expressed support for the current timing of the project. “The longer we wait, the more behind we’ll become.” She expressed disappointment over elimination of the transportation hub. “Since this is a library that’s focused on youth and seniors, that transportation hub is very important.” She expressed concern over the lack of bicycle racks in the conceptual design drawings.

(9:08:34) Ron Swirczek, “a 41-year resident of Carson City” and a School Board member, advised that his comments were as a private citizen. In reference to Ms. Jones’ portion of the presentation, he described the knowledge and discovery center as “truly a world-class learning center ... for young and old.” He stated, “education shapes the demand for a region or for a community. There is no question today that’s happening.” He advised of having recently visited the Tiger Woods Learning Center, “an after-school program focused on STEM learning: science, technology, engineering and math. It encompasses kids in grades k-12.” Mr. Swirczek provided additional detailed information regarding the Tiger Woods Learning Center program and its benefits. He described the proposed knowledge and discovery center as “the

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opportunity for one of the finest after-school learning centers in the country.” He cautioned the committee members against “ignor[ing] this opportunity,” and discussed the importance of considering the method by which to “create a demand for Carson City.”

(9:12:11) Maurice White expressed understanding for the stresses being experienced at the current library. “However, this is not the project we need. One of the problems with this project is the primary thing that government should not do is interfere with private industry.” In reference to the proposed 180-seat auditorium, he inquired “how many of those does this community need? This City already operates two.” He discussed the mission of the Business Achievement Center, “a private company that does business incubation and helps people get their businesses going.” He inquired as to the reason the City “want[s] to compete against private industry,” and stated, “That’s not what you should be doing.” He noted the retail component of the proposed parking structure and inquired, “Have you looked around this City lately? How many more empty retail store fronts do we need?” He questioned the five percent contingency as part of the project cost estimate. “We cannot have an operating body that tends to spend public money that does not operate in Nevada ... Open Meeting Laws and this non-quorum managing board apparently does just that. That is absolutely improper. If a body is intending to spend public money, it must operate publicly.”

(9:15:27) Dave Ungst commended the presentation, and suggested that the proposed locations of the children’s and adult sections of the library should be switched. He expressed the hope that operating costs will be considered.

(9:16:23) In reference to Ms. Jones’ portion of the presentation, Lori Bagwell inquired as to the library visitor statistics. Ms. Jones acknowledged that the figures presented reflected all the visitors to the library. Ms. Bagwell inquired as to the possibility of adjacent counties helping to fund the proposed project. Ms. Jones expressed support for the sales tax approach “because we are a regional hub. People shop here. They buy things here and ... that’s why, all along, we thought a sales tax was a more fair distributed way to pay for a regional center than a property tax would have been.” Vice Chairperson Hooper called for additional public comment; however, none was forthcoming.

In response to a question, Mae B. Adams Trustee Steve Neighbors explained that “the million and a half is [his] best estimate based on visiting with an appraiser in Reno. But whether it’s \$100,000 an acre or \$5 million an acre, we’re donating the land into the LLC. And so the Nugget will transfer that land into the LLC. So we don’t care what the value of the land is.” In response to a further question, Mr. Neighbors stated, “We bought out everybody that we thought would be holding up the project. The insurance building said that they wanted to be part of the downtown project so I just left them included and they’re not in this first phase. So they would be in the private portion phase.” In response to a comment, Mr. Neighbors stated, “We didn’t tell the knowledge center where to go. They can use any part of our property they want to go on.” In response to a further question, Mr. Neighbors advised that “the parking garage, the plaza, and the knowledge center ... whatever it surveys out, that’s what we’re donating. If it’s three acres, if it’s three and a half acres; whatever the land needed for the public portion ...” Mr. Neighbors acknowledged that the three buildings will be situated on the donated land. He reiterated, “that land will be donated to the LLC that will be controlled by the City, the Library, and the Mae B. Adams Foundation.” In response to a further question, he explained, “we’ve kind of reversed the public / private process. Normally, the public steps in and helps the private. So we’ve just reversed it and ... the private’s going to step in and help the public part.” Mr. Neighbors further acknowledged there will be no reciprocal easements required; the City will have access to the land their buildings are on. In response to a further question, Mr. Neighbors

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explained that the parking structure will be multi-use. "So ... my understanding is there is no assigned parking. It's just a multi-use building. It's open to everybody."

Mr. Werner acknowledged that the sunset clause relative to redevelopment area number one was accounted for in the \$11,300,000 estimate. In response to a further question, he reviewed the anticipated time line relative to securing the project funding. In response to a further question, he advised that an annual lease payment figure cannot yet be determined "because we don't have it built yet. We think that the construction costs are going to go down, but based on the construction costs, ... buy[ing] it today and build[ing] it today, that same money turns into a lease payment over the thirty years. So it's the same money no matter how you shake it out." Mr. Neighbors advised that the City will be "responsible for just \$24 million. The Library Foundation, the Mae B. Adams Trust, the Nugget, the Hop and Mae Adams Foundation is responsible for the rest. So, what the City will be funding will be with the eighth cent tax and the redevelopment money, it would be a fixed amount of \$24 million. And whatever the eighth cent is is how it pays off. So if it's more money, it pays off sooner. If it's lower money, it pays off later. ... why it's urgent to do it soon is the interest rates are really low." In response to a comment, Mr. Neighbors advised that everything has been "present-valued. So, we're just looking at a \$24 million commitment on that eighth cent and so whenever it pays off the interest and the principal is when the City owns the building and the land."

In reference to the August 4, 2011 Board of Supervisors meeting, Mr. Kittess expressed concern over the "sister tax to this eighth, the V&T tax, we ... read that ... we're short \$250,000." Mr. Werner explained "those were bonds. We are not selling bonds. Those are committed to a bond. There's a minimum payment that has to be made ... We're making a lease payment. So we can use the redevelopment fund. We can use a combination of redevelopment funds. We can use a combination of the one-eighth cent sales tax to make the annual lease payment." In response to a question, Mr. Werner advised that "the Foundation will fill that gap with what we can't make." Mr. Werner acknowledged that the general fund is "short." He explained that the open space program "is not funding buying more open space. It's satisfying its debt. The one-eighth cent for the V&T is not. It was sold in 2005 with a lot of expectation on what was going to happen in sales tax." He reiterated, "That was a bond. We're not proposing a bond."

Mr. Werner acknowledged that prevailing wages will be paid for construction of the building. In response to a question, Mr. Neighbors advised that "the three and a half or three acres or whatever it surveys out that the public portion is, that, along with the private portion, including the Nugget building, would be put into its own taxing entity which will assess a tax against the Nugget and the private parties that develop on the Nugget property to maintain and take care of the public areas, the garage, the plaza ..." Mr. Werner clarified that the assessment will be dues, "like a homeowners association. ... It's the same numbers we gave you back in February. Those numbers have not changed. Now, we have a bigger entity helping pay that cost." Mr. Neighbors further clarified "there will be a business association that the Nugget embraces on its own property that'll pay to help take care of the maintenance of the public side." In response to a further question regarding operating costs, Ms. Jones reiterated that the "typical amount that the City has been able to fund the library, which is about two or three percent of the general fund budget, is the go-forward for operating for the new building. And as we went through exhaustively at the last meeting, I completely believe that's doable. I have to change some things ... It means shifting from less full-time human resource, more part-time human resource, more professional services and then, quite frankly, we truly believe and see a number of models that, even though this building is substantially larger, it will be energy efficient ... over the last four years, we've been able to advance technology that cuts back on

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human resources. ... from 25 years' experience, running several buildings, including one that's 133,000 square feet, I believe the operating costs will cover the new building."

Mr. Kittess recalled that "the P3 plan was going to have a disposition development agreement." He inquired as to what will "culminate this process." Mr. Werner advised that it will be termed a "lease." In response to a further question, he anticipates that the "entity will be managed by the City Manager ... and the Library ... and whoever the trustee is for the Foundation." Mr. Neighbors clarified that "instead of having P3 be the developer, we have a non-profit LLC or corporation made up of the City, the Trust, and the Library as the developer. And so however open meeting laws apply to a private developer working on its lands ... We're just changing P3 for our non-profit, cooperative agreement."

Mr. Kittess expressed no enthusiasm over "three-party deals." He expressed no understanding for "why the Library trustees are a party. It's the good faith and credit of the City. It's the City taxpayers. If there's a construction defect, if there's a litigation, it's the City taxpayers." In response to a question, Mr. Kittess reiterated confusion over the reason the Library Board of Trustees is "a party to this. They're not guaranteeing anything. It's a City library. Why isn't it just the City and the Trust?" Mr. Neighbors stated, "... it's about the Library as far as we're concerned. We want the knowledge center. We want the economic and educational tool box for Carson City and ... who better to put in charge of that but the Library? So we want them at the table." Ms. Jones advised that NRS 379 provides the Library Board of Trustees "a great deal of power. They have the power to manage their money. They have the power to hold and possess real property. And then you might notice that ... the Library Foundation, which is a subcomponent of the Library, is bringing a serious capital campaign to this. ... at the end of the day, it's to preserve the fact that we want an information center for the next thirty years and if you make it only a party to the City, then there's no say from a duly appointed board." In response to a question regarding the non-profit entity, Mr. Munn advised that the District Attorney's Office would "need to know exactly what it is we're forming, what we're doing and put it through the proper analysis." Mr. Werner suggested that one of the tenets of the non-profit corporation could be that the meetings would be publicly noticed. Mr. Neighbors assured the committee of no reluctance relative to publicly-noticed meetings. "We've been very open in this whole process." He acknowledged no intent to circumvent the Open Meeting Law.

In response to a question, Mr. Neighbors advised of having "agreed with the Library that we will partner with them. We have all the confidence in the world that the Library will step up to the plate, especially when it becomes known ... what the Library really is doing. It really resonates in the business community. It resonates with what people want to see happen in America." Mr. Neighbors expressed the belief that "this is going to be a real draw to donations but, at the same time, the Nugget, the Mae B. Adams Trust, and the Hop and Mae Adams Foundation are committed ... We're here to help the Library and, between us, we will cover the gap." Mr. Werner noted that the project will eventually get to the design process at which point it can be reduced, if necessary. "We don't necessarily want to because we think that the way it sits down is the way it ought to operate. But at that point, there are multiple decisions that could be made." Mr. Neighbors advised of having taken the "let's build it right" approach. "Let's have the state-of-the-art capital center and let's get that thing built and then let's look at the gap and is it within reach. And the Library Foundation, the Nugget, the Mae B. Adams Trust, and the Hop and Mae Adams Foundation says, 'This is within reach.'"

In reference to difficulties associated with fund raising "in today's environment," Member Bonkowski inquired as to a "number ... that you would be willing to go to make up the gap and would you go on record

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saying that.” Mr. Neighbors advised that he would “go on record to say that the Library, the Nugget, the Mae B. Adams Trust, and the Hop and Mae Adams Foundation will cover the gap. And we will use, if the ... Library can’t raise very much money, then we will start looking at the size and scope of the project ... to what we can then cover and we can do.” Mr. Neighbors acknowledged that the same would apply for the federal grant. In reference to a previous statement, he expressed the opinion that “what the whole battle in the country has been over is just government spending ... So we’re ... trying to figure out how to not rely on the federal government to come in and give us 40 of this \$50 million to get it done. Let’s figure out how to do this ourselves. So this is really a reverse of what’s happened in the past. This is the private side, stepping up, saying ‘We’re going to help the public,’ instead of the public saying, ‘We’ll pay all of the public plus half the private.’ So, we’ve actually reversed this. This is the private driving this.” Mr. Neighbors advised of having met with “the economic development people,” to discuss federal labs. “They spend \$100 billion on research. ... They’ve been trying for years and years to get that technology out to private parties. This is going to be part of the tool chest of how to start tapping into those patents and those licenses at federal labs all coming into this knowledge center. And that’s very attractive to the party that has said, ‘If the City’s in, we’re committed too.’ And, whether they can get the funding or not for this \$3 million, we don’t know, but whatever they don’t come up with, we’ll cover the gap. We’ll get it figured out.”

Ms. Jones advised that the Library Foundation has engaged a professional fund raiser, Michelle Basta. Ms. Jones discussed the approach to fund raising for the project, and advised of having raised \$2 million over the last four years for operating purposes. “So, we do this with some confidence and no one’s going to be more responsible for not making it than myself and the Library and the Foundation and Mr. Neighbors.” She acknowledged, “We are asking for some faith, but we do that with confidence. We do that with experience and we think it’s very doable.” Mr. Neighbors explained the importance of the City’s commitment relative to the fund raising effort and the federal grant. “So we have all expressed as much commitment as we know to express. The Mae B. Adams Trust has gone out and bought the other half of the land from the other 50 percent owners, ... spent a lot of money to get control of the Nugget for the City because the City expressed an interest in doing this. The Mae B. Adams Trust has gone out and bought up all the little units of property that could hold this project up. We’ve spent a lot of money, far above anybody’s appraisal, ... to make sure that if the City wants to go forward, we have contiguous land all set and ready to go. We spent quite a bit of money in feasibility studies, we spent money with P3, we spent money with H&K, we’ve spent money to help get the Library going early on the technology ... We’ve been spending a lot of money to make this go forward so we’re committed. The Library is committed. And it’s really time for the City to say [they’re] either committed or not.”

In response to a question, Mr. Neighbors advised that no decision has yet been made relative to the financing method. There are a couple options. “... one, with us going and putting the land at risk. So the Mae B. Adams Trust is willing to say, ‘Here’s the land. We’re putting it into this LLC. It’s at risk.’ That’s going to help with the interest rate. We’re also, and we’ve always been pitching clear back in the beginning that, whatever the eighth cent is, it goes first to pay that interest rate and the rest goes against principal. And then whatever that eighth cent is is how fast or how long it takes to pay off the building. And so, once the interest is paid, ... that’s very important for how fast the City owns the building and owns the property and quits making the payments.” Mr. Werner clarified that if the funding is used to pay off the Library, we can’t do anything else with it unless it goes through a whole process. Mr. Neighbors advised that a “no pre-payment penalty” will be negotiated with the financing partner. He expressed the belief that “there’s a whole lot of sales tax that will be generated based on what we’re able to attract and draw here with the

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downtown. So, we think it'll be paid off earlier." In response to a further question, Mr. Neighbors advised that "the Mae B. Adams Trust and the Hop and Mae Adams Foundation has already gone on record in the last meeting in November and, prior to that, we put it in print, that we will ... use our rents in the private sectors, ... we'll make sure the City doesn't get in trouble. And that'll be one of the things we negotiate also with a financing partner. ... That'll be how we negotiate the debt and it all depends on the financing partner and what the price ... and the interest is for all these little caveats in the plan."

In response to a question regarding the retail spaces in the parking garage, Mr. Neighbors advised of the intent that "the Hop and Mae Adams Foundation will receive the rents from that. And their intent is to create careers in Carson City so it'll be part of the incubation system that Hop and Mae Adams want to see happen. And they, too, will pay the business association fees." In response to a further question, Mr. Neighbors described the layout of the retail portion of the parking structure. In response to a question, Mr. Burnham described the proposed ice rink as a little larger than the existing rink. Mr. Werner was unaware of any standard ice rink size. "It's not a hockey level ... It's just bigger than what we have today. It's a recreational rink." In response to a further question, Mr. Werner advised that, after the capital costs, the ice rink costs approximately \$30,000 a year. In response to a further question, he advised that the existing ice rink equipment would be used.

In response to a question, Mr. Providenti advised that the basic redevelopment budget is approximately \$1.4 million. In response to a further question, he advised that no study has been conducted relative to property values continuing to decrease. He advised that \$100,000 in debt "is going to drop off ... in 2013 or '14 so that'll free up a little bit ... and, hopefully, this project will add money because it'll be in the redevelopment district and that will add assessed value." In response to a question, Mr. Burnham advised that "the parking, from the beginning, will be just a public parking structure operated by the non-profit entity. So it'll be open for parking for anyone which also won't have segregated parking. We did discuss the idea of ... fee parking and, in Nevada, fee parking just simply isn't feasible because of the nature of the businesses in Nevada that won't pay for parking. So we don't anticipate any fee parking ever." Mr. Neighbors advised that it will be addressed by the business association allocations. In reference to the fully-detailed parking study, Mr. Werner advised that the number of parking levels were increased "to make sure that there's adequate parking for both interests, the Nugget, the Library, any kind of event that may go on down there because ... we are taking up, on this project, the Nugget's parking." In reference to the conceptual design, Ms. Jones noted the "parking around the Library. There's a lot immediately behind it and then, remember, we're right next to State parking too. ... So we really think, from a multi-use perspective, this has plenty of parking and we're not anticipating that there's going to be some point in time where people are wanting to be in that far parking garage for the Library and the Nugget patrons are taking them. We really are some very different uses at some very different times in the whole mixture of downtown." In response to a question, Ms. Jones pointed out the proposed location for the transit station "at the federal building. So it's still very close."

In response to a question, Mr. Neighbors advised of a "very interested hotel investor but he's in the same boat as the federal government, all the donations: 'Where's the City?' ... So, we've been telling hotel owners ... they will have access to a public parking garage. They will have to pay their homeowners association dues to help maintain and take care of the parking garage and the plaza and ... the public portion of it because they will also benefit being next to it. ... We've had some feasibility studies. One of them was presented here from PK ... This becomes very feasible especially if we do the ... events center. And there I've been dialoguing with taking the upper floor of the Nugget and making that part of that and

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breaking that out too. There's been talk of actually sizing down the casino floor a little bit, adding the wall along the Laxalt Building to the retail plaza area. So there's all kinds of thoughts that are being tossed around but, at this point in time, the Nugget's committed to whatever it takes to help make sure there's a convention / hotel area there too." With regard to the BRIC, Mr. Werner advised of no consideration given to entering into any kind of lease agreement, at this stage ... If it goes anywhere at all, in the near future, it'll be into the Library itself. We see that as a pretty decent fit, but we don't see moving out of where we are now into another building." Mr. Neighbors explained that "when and how the private area gets developed, that's future. This enhanced downtown makes it very attractive to a number of developers for the private side. And then the intent will be that the land will be put in as a land partner with a land payment from the private side going to the Hop and Mae Foundation. So it'll be my job to get that property developed for the benefit of the City and for the benefit of the Foundation."

In response to a question, Mr. Neighbors advised that the business association dues will be allocated "so they're fair and reasonable." In response to a further question, he expressed reluctance to commit to an exterior remodel of the Nugget. "What I can commit to is that there's been dialogue about the south part of it that goes along Laxalt. We've talked about that being part of the plaza front so it may have its own retail wrap. We've talked about committing the upper floors to the hotel owner so he's got his event / convention center with some breakout rooms. It saves him cost in his development. That will be part of the private development that has to then be cost justified ... and the rents for that building then will go to the Hop and Mae Foundation."

Vice Chairperson Hooper commended H&K Architects "for doing such a fantastic job, but also, Steve, to the Foundation and the way this was put together to use a local architect." He inquired as to the method by which the developer will work with contractors. Mr. Neighbors advised that "part of the heartburn of the Mae B. Adams Trust and the Hop and Mae Adams Foundation was that, in the whole screening of developers, the rule was local professionals and local contractors will be used to the greatest extent possible. And what we found was that developers have ... professionals that they're acclimated to working with, they're comfortable working with them and so ... I believed that it was going to go to a general contractor that was not Nevada ... an architectural firm that was not Nevada. So I was breaking one of the rules that was laid out in the very beginning by the Mae B. Adams Trust and the Hop and Mae Adams Foundation. And so we had heartburn with that. Plus, ... we just didn't feel like we got as far along as we should have in a year. And so we went to a local firm that we believed was a Nevada firm, Nevada architects. We gave them a really tight time frame. We gave them half the money. ... they're delivering and that's what we want to do. Yes, it'll be local contractors and it'll be local professionals from our perspective."

In consideration of the time line, Vice Chairperson Hooper inquired as to when occupancy would be expected to take place. Mr. Neighbors expressed the understanding that the committee would "make a vote, it'll go before the Board of Supervisors. There's some steps and processes they have to go through. Once the City says they're committed, then we'll go ahead and start spending the funds to get those going and we'll fast-track that because I ... know what the Nugget can do. I know what the Mae B. Adams Trust can do. I know what the Foundation can do and I believe I know what the Library Foundation can do. And so we'll go forward."

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In response to a question, Mr. Neighbors advised that Attorney Andrew MacKenzie would serve as Trustee in the event of his inability to continue serving. Mr. Neighbors explained he is “the sole trustee of the Mae B. Adams Trust, [which] focus really is the Nugget and holding the gaming license. So I hold the gaming license for the Nugget. ... Andy, myself, and Ed Aarons out of Boise, who was Mae’s attorney, are the trustees for the Hop and Mae Adams Foundation.”

Member Aldean noted that the viability of the project is “really based in large measure on the assets of the trust.” She inquired as to the trust’s solvency and issues relative to assets that had yet to be secured. Mr. Neighbors expressed a willingness to disclose to the Board of Supervisors “all the details. For here ..., the big battle for the assets that Mae wanted to bring back to Carson City was accomplished in a settlement a day and half before her death. So there was a settlement that ... dealt with Betsy’s will, her daughter. And her daughter assumed that Mae would pass before her so that created a lot of complications. ... So there was a settlement that was entered into in October of 2009 ... that created substantial assets that would come to the Hop and Mae Adams Foundation. They include 50 farms ... in Idaho. They include some substantial monies. They’re held right now for an IRS audit and that audit we thought would be done within a year and a half, two years of Betsy’s death which was in July of 2008. ... We feel very comfortable that we’ve had some of the best attorneys. Ed Aarons, his firm is one of the best attorneys in the country. We feel very confident of our position of how we’ll come out in that IRS audit. So, even putting that aside, and those are very substantial sums, the Nugget is owned free and clear. All the land is owned free and clear. What we’re trying to do is put the land into an ... LLC where we put the land at risk to help create better financing for the public side. We’re not doing that on the private side so we will still have substantial land here in the Carson area. We have the remaining five acres that are private. We have some other property, the watershed property that the City would like to get eventually; a number of lots here as well. So, when I look big picture at where the Hop and Mae Adams Foundation is, what Mae B. Adams Trust has, what the Nugget has, ... and with my knowledge from 30 years as a public works contractor, I’m very comfortable that if the City wants to go forward with this, we can make it happen. I don’t think we can make it happen, though, if the City’s not committed to it. So I think we’ve finally reached a point we can go no further unless the City says, ‘We’re in.’ And if they’re in for the eighth cent and they’re in for their fixed amount, the Library Foundation, the Mae B. Adams Trust, the Nugget, the Hop and Mae Adams Foundation will make it happen.”

In response to a further question, Mr. Neighbors advised of “a number of ways we could borrow the money. We believe we could go traditional. We know the City has relationships that we could go to and say, ‘Here’s the money at risk. Here’s our down payment from the Mae B. Adams Trust, the Nugget, the Foundation, and the Library Foundation. Here’s our cash down, which is substantial, 50 percent. Here’s our land down. Here’s your first deed of trust and here’s the lease from the City. And once the City pays off the lease, you go away and they own it.’ That’s the most simple way to finance it, probably the cheapest. If we make it non-profit, I don’t know ... if the interest would be tax exempt. Probably not in that case. The Hop and Mae Adams Foundation has been working with the NNDA to set up an EB5 center so we can get foreign investment money also. Along with that money, which will be a cheaper interest rate, all of a sudden a two to three percent interest rate on this project makes this very, very feasible. Why that interest is lower is because they get U.S. citizenship with it, under the EB5 program. So we’ve spent a lot of money to help get that set up, not just for this project because I don’t know if the project really qualifies. We’re still in the process of doing that, but just to help other businesses here in Carson City ... Our intent is to try to create inexpensive ... investment money from foreign sources because we believe we’re competing with the U.S. government for capital. And so we want to be able to have capital for new

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ventures, new technology, new patents, new licenses, all that we want to try to bring here through the knowledge center. And then we want to help them have the funds to go forward, equity-type funds. And the EB5 ... can be more of an equity-type fund than just traditional loans.”

In response to a comment, Mr. Neighbors advised that Mae Adams had no interest in any of the facilities being named after her. “She’s just doing this to do this.” Member Bonkowski inquired as to the worst case scenario for the City. Mr. Werner suggested that the worst case would be “there’s absolutely no money anywhere. And we have a non-appropriations clause by statute. So if we don’t appropriate, we’ll move out. But we’re not obligated financially to keep paying.” Mr. Neighbors clarified that, in such a case, the building and the land would be lost. Mr. Werner reiterated “the City is not on the hook. It’s not a debt.” He advised that the City would do “everything [possible] to keep the Library viable. But the worst case would be simply that the City did not have the money and had to make a decision between something versus something else.” Member Aldean advised of having previously discussed with Mr. Werner the consequences associated with defaulting on a lease. Mr. Werner reiterated that the City has a non-appropriations clause by statute. Mr. Neighbors clarified that the bank or the financing partner will be required to accept this as a condition. “But what they see is ... all the money down that the Foundation, Trust, the Nugget, and the Library Foundation puts in. They see the land and so they’re getting all of that for whatever remains on the lease.” Mr. Werner advised that all leases with the City have the non-appropriations clause. Mr. Neighbors reminded the committee of the commitments made by the Hop and Mae Adams Foundation in the past, and advised that “the City can look to the rents on the private portion of the Foundation.”

In response to a question, Mr. Neighbors advised that “the Nugget is doing good.” He expressed the belief that “Carson is saturated with casinos; [that] it was a mistake for me, as the trustee, knowing Mae to have sold that property to a casino to develop a big, glorious casino, big hotel. I thought that ... just would not have been in the best interests of the City. ... The second point is ... the gaming industry itself has got some troubles ahead ... our society is changing. ... the knowledge center is trying to address that. Those kids are not happy to go sit in front of a slot machine anymore. They’re looking for interactive, group, social things; that there are other areas competing for their entertainment and their money and the gaming industry has to change and address that. If you walk into the casinos, you will note that the age of the ... patrons are older and the younger ones are not coming in. ... Kids ... are looking for something that we, the casinos, presently don’t offer and we, the casino industry, have to address that or we’re a dinosaur.” Mr. Neighbors reiterated the opinion that “the casino industry has some challenges.” He expressed the further opinion that “we’ve lost our monopoly in Nevada. And so we know there’s Indian gaming. In Nevada, we have to compete against casinos that do not pay all the taxes that we pay here. And we have got ourselves in a very competitive stronghold where we’re killing each other off with all these freebies and that’s not happening in other casinos in other states. There’s other states that actually have raised their taxes, but they don’t have the saturation, the competition, and they don’t have the payback. And we’re reaching a threshold where there’s only so much you can hold from somebody and they’re not going to continue playing. And so, meanwhile, payroll has raised from \$1.25 to \$8.00. Utilities have raised. So the hold and the win that the casinos have, they’re struggling ... to make it.” Mr. Neighbors expressed the opinion that Nevada has to “reinvent ourselves as a state. ... We went through this before in our history. We were mining, we were lumber. All of our tax revenues were based on that in the past. We’ve switched. We’ve put all of our tax

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base on gaming and counted on that and ... we can't do that anymore. We have to look for something different." In response to a further question, Mr. Neighbors expressed no commitment "to keeping the Nugget a casino. I am committed to the jobs of the Nugget." He expressed the belief that, if other jobs can be created in the community, he's done his job as the Mae B. Adams Trustee.

Vice Chairperson Hooper entertained additional questions or comments of the committee members and, when none were forthcoming, a motion. **Member Williamson moved to recommend to the Board of Supervisors the restructured and simplified program plan to include the H&K schematic design, with the public pieces defined as the knowledge and discovery center, plaza and parking garage, using the mechanism of a not-for-profit entity that may be comprised of a non-quorum membership from the Board of Supervisors and the Library Board of Trustees, with representatives from the Mae B. Adams Trust, on a managing board yet to be created; this entity will hold and contribute approximately three acres to the project; the public commitment includes a one-eighth cent sales tax increase, \$12 million; redevelopment funds, \$11,300,000; and a one-time \$500,000 contribution from the City utilities fund; the remainder of the project is to be funded with the donation of the land, federal and private sources, \$25,792,300. Member Patton seconded the motion.**

Vice Chairperson Hooper entertained committee member comments. Member Rocha read into the record a written statement, a copy of which he had provided to the recording secretary prior to the start of the meeting. Vice Chairperson Hooper entertained additional committee member comments. In reference to his residential construction experience, Member Kittess stated, "A building is only as good as the foundation." He expressed the opinion that "by ignoring the public vote, ... this project is not going to be on a good foundation." He commended the architectural design as "probably the best conceptual design [he's] seen." He commended Mr. Neighbors' participation, and expressed understanding for the position of the Library representatives. "In the absence of the public support," Member Kittess expressed the opinion "it's going to cause lots of problems."

Member Bonkowski commended the project and the conceptual design, and expressed support for downtown redevelopment. He expressed "serious reservations about the finances," and the opinion that his questions were not adequately answered. He clarified that he appreciated the answers he received, but expressed the opinion "there's still a lot of detail that's missing." He advised that he would support the motion "reluctantly and with serious reservations," and reiterated the opinion that "the details do need to be filled in ... and quickly."

Member Patton commended the conceptual design as "wonderful," and complimented H&K Architects on "doing such a good job in such a short time." She expressed support for this project, and advised that the "Library has been talking about a new building ... since 1996 when it was defeated by five votes to have the City build the whole thing." Member Patton discussed the "excellent opportunity ... We have land given to us. We have a private developer who is giving more than fifty percent of the cost of the project to it. To go before the voters would mean that we can't do it until 2012. That's a year and a half from now. There goes all of your opportunities to get low interest money and low construction costs to build it. That's another year and a half before you can put anybody back to work in this town." Member Patton expressed the opinion "the Board of Supervisors have been given the authority by the State to do this sales tax increment," and "we need to give them the opportunity." With regard to additional financing details, she stated, "They're stuck. They can't go any further until it's actually a City project. So we have to move forward to get to the next step to figure out all the details." She expressed support for the motion.

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Member Lawrence expressed support for the project. “Redeveloping the downtown area is basically what the future generations need here. We need a reason for our kids to stay and live and learn in our community.” He expressed support for the motion, with “a little ... reluctance,” and the opinion that “these types of projects should go to the voters. This is a change in the community direction and if you want to get the community to support it, the best way ... is to get them to buy in through their votes.” He noted the importance of timing in consideration of the opportunity and reiterated his support for the motion. He expressed disappointment “that it’s not going to the voters.”

Member Stokes suggested an amendment, as follows: “Said not-for-profit entity would operate in accordance with the Open Meeting Law of the State.” He discussed the importance of sending the message to the Board of Supervisors, “especially given the fact that this is not going to be going ... to the public for a vote.” **Member Williamson agreed to amend her motion accordingly. Member Patton continued her second.** Member Aldean advised she would abstain from voting. Vice Chairperson Hooper advised that a number of the committee members and City staff had recently worked with the Northern Nevada Development Authority to attract “a very large company to the area.” He commended Mayor Crowell on the “splendid job of presenting the City” to the company’s CEO, CFO, and several representatives last week. He advised of having focused on the CEO’s facial expressions during Mayor Crowell’s presentation and that “when he started talking about this project, the CEO’s face ... just lit up.” “It really shows how much this City cares about itself that this project is happening, and it weighed heavily to the place where he said, ‘Even if we don’t end up coming here, I want to come here and buy a house. This is a place I want to be where people feel like this.’” Vice Chairperson Hooper expressed support for the project. “... it’s an essential thing that we have in this City. ... it changes downtown which we need to see a change because of the freeway, because of all the other things that people have said.” Vice Chairperson Hooper expressed the opinion that 7-year-old Will Contine correctly assessed the project with his comments, “It’s awesome. Let’s do it.” Vice Chairperson Hooper emphasized the importance of considering the future of the community’s children.

Member Rocha called the question. Vice Chairperson Hooper called for a vote on the pending motion. **Motion carried 8-1-1, Member Aldean abstaining.**

6(B) DISCUSSION AND POSSIBLE ACTION ON THE FUTURE ROLE OF THE CARSON CITY NUGGET PROJECT CITIZENS COMMITTEE (10:37:03) - Vice Chairperson Hooper introduced this item. Member Aldean expressed the opinion that “there’s value in maintaining this committee as a resource.” She commended the “wonderful diversity of experience and opinion on this advisory committee,” and recommended retaining the committee. Mr. Werner advised that the resolution which formed the committee would need to be revisited relative to the committee’s purpose. Discussion followed, and Member Aldean recommended that the Board of Supervisors consider amending the resolution to eliminate any reference to the disposition development agreement and to retain the committee as a valuable resource.

Vice Chairperson Hooper entertained discussion. Member Bonkowski expressed a preference to retain the committee through April 1, 2012 at which time a financing commitment should be known. Member Rocha agreed. At Vice Chairperson Hooper’s request, Member Aldean recommended that the committee be retained for the purpose of advising the Board of Supervisors on any relevant issue relative to the project. In consideration of the costs associated with retaining the committee, Member Williamson suggested deferring action in favor of the Board of Supervisors’ discussion. She acknowledged the value of public

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participation, but noted the right of the public to provide testimony directly to the Board of Supervisors. Discussion followed.

Vice Chairperson Hooper entertained a motion. **Member Williamson moved to defer action on the future role of the Carson Nugget Project Citizens Committee depending upon the decision of the Board of Supervisors. The motion was seconded.** Member Bonkowski expressed a preference to “take an action than not ... just so we have some direction.” Discussion followed, and Vice Chairperson Hooper called for a vote on the pending motion. Motion failed 1-9.

Vice Chairperson Hooper entertained individual committee member comments. Member Rocha expressed an interest in “a long-term commitment.” Member Aldean advised that the resolution which formed the committee called for three-year membership terms. Discussion followed, and Vice Chairperson Hooper entertained a motion to recommend to the Board of Supervisors that the committee be retained at their discretion. **Member Williamson so moved. The motion was seconded and carried 10-0.**

7. NON-ACTION ITEMS:

INTERNAL COMMUNICATIONS AND ADMINISTRATIVE MATTERS (10:51:49) - None.

CORRESPONDENCE TO THE COMMITTEE (10:51:54) - None.

STATUS REPORTS AND COMMENTS FROM COMMITTEE MEMBERS (10:51:59) - None.

STAFF COMMENTS AND STATUS REPORT (10:52:11) - None.

8. PUBLIC COMMENT (10:52:15) - Vice Chairperson Hooper entertained public comment; however, none was forthcoming.

9. ACTION TO ADJOURN (10:52:30) - A motion was made, seconded, and carried to adjourn the meeting at 10:52 p.m. Vice Chairperson Hooper thanked everyone for their attendance and participation.

The Minutes of the August 8, 2011 Carson Nugget Development Advisory Committee meeting are respectfully submitted this 11th day of January, 2012.

ALAN GLOVER, Clerk - Recorder

By:

KATHLEEN M. KING, Deputy Clerk /
Recording Secretary to the Carson Nugget
Development Advisory Committee