

City of Sparks
REDEVELOPMENT AGENCY WORKSHOP
Monday, March 20, 2006
12:00 Noon

The Redevelopment Agency Workshop was called to order by Chairman Mike Carrigan at 1:34 p.m. in the Council Chambers, 745 Fourth Street, Sparks, Nevada.

Agency Chairman Mike Carrigan, Deputy Agency Secretary Lenda Ulrich, Agency Members Phillip Salerno, Judy Moss, Geno Martini, Chief Administrative Officer Shaun Carey, Agency Attorney Chet Adams, Acting Chief Financial Officer Joyce Farley, PRESENT. Agency Members John Mayer, Ron Schmitt, Agency Secretary Debi Dolan, ABSENT.

Staff Present: Tom Burrous, Tracy Domingues, Steve Driscoll, Pete Etchart, Armando Ornelas, Linda Patterson, Margaret Powell, Greg Salter, Greg Von Schottenstein and David Fitzpatrick.

1. Public Comment

None.

2. Nevada Commission on Economic Development Presentation on Global Trade and Investment Opportunities for the City of Sparks

Redevelopment Economic Analyst Tom Burrous introduced Alan Di Stefano, Director of Global Trade and Investment of the Nevada Commission on Economic Development. He said he asked Mr. Di Stefano to give the Agency/Council an overview of how the Nevada Commission on Economic Development and the City of Sparks can work hand in hand to bring future foreign trade interests to the City. Mr. Burrous said that after Mr. Di Stefano's presentation, he would introduce Mr. Russell Romine of the Griffin Transportation Services, who manages and leases property in Northern Nevada in the designated foreign trade zone districts. He said there are 7500 acres of designated foreign trade zone properties in northern Nevada and the better percentage of those are located in the City of Sparks. He said Mr. Romine will explain what that means for our ability to attract foreign companies to our City.

Outline of Mr. Di Stefano's Power Point:

Global Trade and Investment Office

Alan Di Stefano, Director of Global Trade and Investment
Gayle Anderson, Chief of Protocol & Global Trade Representative
NEVADA COMMISSION ON ECONOMIC DEVELOPMENT

WHAT WE DO

- Provide assistance/research to NV companies to grow through exporting or increase exports to new markets
- Conduct Export Readiness and other programs to educate companies on exporting; review sources of financing and grants
- Conduct Foreign Direct Investment (FDI) for foreign companies to locate in NV
- Conduct foreign Trade Shows, Trade Missions and Inbound Buying Missions; provide trade leads to companies
- Educate companies on state incentives and use of local Development Authorities

Redevelopment Agency Workshop Minutes for March 20, 2006

- Expose companies to sources of financing, potential investors and joint-venture opportunities
- Create new jobs; each \$71K increase in exports supports one new job (DOC data): exports support about 53,000 jobs in NV

WHERE ARE WE

- Reorganized in early 2000 to fill Trade Director position and increased emphasis on FDI; currently two full-time employees.
- Increased cooperation with other state & federal agencies and NGO organizations.
- Increased Honorary Consular Corps to 16 countries (more countries in progress).
- Increased USDA grants to \$440K in 2005.
- Export Directory on website; 400+ Co's.
- Marketing programs: 500+ leads/year.

15 HONORARY CONSULS GENERAL IN NEVADA

- Austria, Belize, Chile, Ecuador
- El Salvador (permanent), France
- Germany, Guatemala, Honduras
- Ireland, Italy, Japan
- Mexico (permanent), Romania, Uruguay

The UK is currently in progress. We intend to have 20+

WHERE ARE WE - FDI

- Started major emphasis on FDI in 2000; several major projects and a number of smaller ones are in various stages of progress:
 - Chinese Trade Center in Las Vegas
 - Several smaller Chinese investments including a pharmaceutical company
 - Several Italian and Slovenian companies currently interested
 - A number of smaller companies have located here in the last several years including those from Australia, Japan, Switzerland, etc..

RESULTS

- Nevada in top three states for third consecutive year in percent increase in exports (73% in 2003, 43% in 2004, 35% in 2005). Highlights:
 - Switzerland was our largest market in 2005 (45% of total)
 - Our largest traditional export markets are Canada, China, Mexico and Japan
 - Exports to China increased 254% and Mexico 72% in last two years
 - In 2005 we exported to 165 countries; Exports were approximately \$4 billion
 - NV exporters generate \$319 million in tax revenue to state/local governments

Nevada's Exports by Year (\$ Million)

- 2005 \$3,937
- 2004 \$2,907
- 2003 \$2,032
- 2002 \$1,177
- 2001 \$1,423
- 2000 \$1,482
- 1999 \$1,067
- 1998 \$688

Redevelopment Agency Workshop Minutes for March 20, 2006

- 1997 \$1,075
- 1996 \$1,268

Nevada's Top Export Markets-2005 (\$ Million)

- Switz. \$1,832
- Canada \$561
- China \$186
- Mexico \$179
- Japan \$154
- Israel \$112
- Holland \$104
- Australia \$80
- UK \$78

Nevada's Exports by Commodity - 2005 (\$ Million)

- Prec. Metals \$1,987
- Elec. Eqpt. \$470
- Toys/Games \$358
- Indust. Mac. \$261
- Instruments \$203
- Ores \$152
- Plastic Art. \$58
- Iron/Steel \$41
- Non-met. Min. \$40
- Vehicles/parts \$39

WHERE ARE WE GOING

- Increased federal funding for 2005/06
 - \$440,000 from USDA for food/ag. Exports
 - Applied for Emerging Markets Program grant from USDA for project for NV alfalfa growers in China
- Increased foreign companies moving to Nevada; Currently have about 90 in state
- Honorary consular corps to increase to 20+; we then get federal funds for heads of state to travel to Nevada
- Started International Representative Program in 2002. Currently reps are in: China (3), Italy, Japan, Korea, Southeast Asia (Singapore) and Taiwan; UK is next

What we do to recruit foreign companies to NV

- Work with local DA's (Development Authorities) when they have a foreign client to answer relevant questions
- Work with foreign companies who come direct to us to find the best resources to meet their needs; turn them over to DA's
- Work closely with our 9 foreign rep offices to help them with leads they develop
- Work with foreign Consulates/Embassies for clients they refer to us

State Incentives for Companies (foreign or domestic)

- Sales and Use Tax Deferral Program
- Sales and Use Tax Abatement

- Modified Business Tax Abatement
- Property Tax Abatement
- Train Employees Now (TEN)
- Property Tax Abatement for Recycling
- Renewable Energy Abatements
- Special incentives from local authorities where available
- Use of Foreign Trade Zone (FTZ)

Foreign Companies in Sparks

- Hydro Conduit Corp. (Australia)
- Anachemia Sciences; Racan Industries (Canada)
- Aventis Pharma; Aventis Pasteur (France)
- Sarstedt; Sonopress (Germany)
- Ormat (Israel)
- *Zhermack (Italy)
- Ebara; Molten; Sigma Game (Japan)
- Coats & Clark (Scotland)
- Carlo Gavazzi; Franke Contract Group (Switz.)

How can Sparks partner with NCED in the future

- Appoint specific individual(s) as contact person for NCED
- Assist us in recruiting Sparks companies for our programs (Trade shows/missions, Inbound Buying Missions, Export Readiness Training, etc.)
- Request our assistance when dealing with a foreign company of government at the beginning of the process
- Participate in our events as appropriate

3. Discussion of Redevelopment Area 2 (Marina) - Issues and Opportunities

Redevelopment Manager Armando Ornelas noted that the Agency/Council had received a copy of the DDFA with RED Development, along with a staff report and numerous attachments and also a 14 page executive summary and he offered to address any questions the Council/Agency may have with regard to the agreement.

Mr. Ornelas displayed a map of Redevelopment Area 2 and discussed the area of the proposed RED Development, stating that there is a total of 147 acres; 145 acres excluding the existing gas station and fitness facility properties. Mr. Ornelas clarified that for this project RED Development has formed a Nevada corporation known as Sparks Legends Development, Inc., and this is the Developer of Record for this project. He said that the project, as proposed, would include approximately 1,350,000 square feet of retail space and attachment 2-1 describes what the project would be in broad strokes; however, the DDFA only commits the developer to build 800,000 square feet of retail space and potentially less if the actual amount of retail built would be sufficient to support whatever STAR bonds are ultimately issued for the project. The total cost of the project, as proposed is \$475.6 million dollars and this is addressed in the financing plan (attachment 2-5). Of this total cost, approximately \$252.7 million would be private sector equity and debt capital with the balance, \$220 million coming from several sources of public financing. There are basically four sources of public financing: STAR bonds (\$169.5 million); a special assessment district (\$23.7 million) for construction of public infrastructure; bonds for a baseball stadium only which would be repaid with the car rental fee provided by the Legislature;

Redevelopment Agency Workshop Minutes for March 20, 2006

and finally property tax increment through the Redevelopment Agency. Mr. Ornelas stated the DDFA calls for the City to try to provide up to \$5 million in bond proceeds from a property tax increment financing that probably would not occur until the project is actually constructed and we have a real strong basis for going to the public market and issuing these type of bonds. In the interim the City would make a payment of \$500,000 to the Developer until that bond issue relieved us of that responsibility. He noted that if the projected sales tax revenues are strong enough we could substitute additional STAR bonds for the \$5 million in property tax increment financing. He said this is the four basic forms of financing, but there would also be TIF involved if the baseball stadium is built and in that event the Agency would pay to the developer an amount equal to the property taxes paid on the baseball stadium and in return we would be gaining rental of the stadium for up to 12 days a year as well as a sky box that would be available for the City and other public agencies to use as determined by the Redevelopment Agency.

Agency Member Salerno asked if the proceeds from the sale of Don Mello would be enough to build new ball fields at Golden Eagle Park. Mr. Ornelas noted that under article 5 of the agreement, we agree to sell to the Developer the Don Mello property for \$16,804,000 (a base price for the land of \$14,270,000 based on the appraised value of the property, plus \$2,534,000 for 72.4 acre feet of water rights associated with the property). In addition the developer has agreed to pay up to \$903,151, depending on the bids for the replacement facility, to the extent that the bids for the new facility come in above the base price amount of \$16,804,000. Any costs above that would be the City's responsibility.

The meeting adjourned and reconvened with discussion under Agenda Item 2 heard at this time. After the power point by Mr. Di Stefano, Mr. Ornelas returned to the discussion of the DDFA and discussed a couple final points about the Don Mello aspects of the DDFA and reviewed some additional points with regard to the financing.

He noted that once the Don Mello property is sold to the developer, the City would lease it back (for \$1.00 per year) for a term as specified in table 5.1 of the agreement so that the City can continue to use the facilities while the replacement facilities are constructed. The City would have 10 to 12 months from the close of the sale to build the new facilities with the ability to request a 1 or 2 month extension; however, if the City does not turn over the property by the extended construction deadline, the City would owe the developer \$5,000 per day in liquidated damages. He explained that the intent was that in order to move forward with development of the property and to borrow money to purchase the property, the developer has to have some certainty as to when they can take possession of the property.

The Agency asked what happens if the deed restriction on part of the Don Mello property is not resolved? Mr. Salter said the developer has the option of going ahead and purchasing the 18 acres without the deed restriction, in which case the City would have to do something with the 9 acres that are restricted because it can only be used as a park and right now it is a parking lot.

Mr. Ornelas then explained the STAR bond process, specifically the establishment of a Tourism Improvement District and then the issuance of the STAR bonds, stating all the steps were spelled out in the enabling legislation, which was SB 306 from the 2005 Legislative Session. He noted that the process is under way with the Council passing a resolution in February authorizing staff to provide a 45 day notice to the Washoe County Commission and the Washoe County School District Board of Trustees that the City was intending to have a public hearing on March 31st to

consider the fiscal impacts of the project and the required finding in order to establish the tourism improvement district is that the project will have a positive impact on the provision of local governmental services. He noted that the School District held a public hearing last week and the comments that were forwarded to the City Council were very positive and the comments will be presented at the Council's public hearing on March 31st. He said the County Commission will have their public hearings on March 21st and 28th.

Mr. Ornelas stated that the other finding that the enabling legislation requires is the preponderance finding and this will be on the agenda in April. He then reviewed the specific steps and agencies that have to review and approve the STAR Bond issuance, stating the total amount of the bonds will be about \$141 million. He also noted that the bonds would not be a general obligation of the city, but strictly repaid from sales tax revenues and the construction completion guarantee form to be signed by the principal partners of RED and this provides that the project will be constructed as agreed.

He noted that there was a provision in article 3.14 in which the City agrees to use its best efforts to obtain all required approvals and re-name the portion of Sparks Boulevard, between Greg and Lincoln Way as Shields Boulevard. He stated that this is a requirement of the retailer as the primary retailer in the project to gain signage right on the freeway and in exchange for the name change, and subject to Shields entering into a 20-year lease agreement with the developer, Shields will pay to the City \$50,000 per year for 20 years, plus up to \$50,000 for the cost of new signage and expenses associated with the name change.

Mr. Ornelas reviewed the termination conditions for both parties and noted there is a provision that prohibits the City from providing sales or property tax increment finance to other projects in the Marina District through August 31, 2006. Also, if the developer starts construction on the project, this prohibition will extend for an additional period of 42 months.

Agency Member Martini asked if the \$50,000 per year for re-naming Sparks Boulevard was earmarked for any particular expenditure. Mr. Salter responded that the money is "ours" for whatever we choose to do with it. City Manager Carey stated that although we won't see this money for a few years, he saw it as an excellent opportunity to provide funding for maintenance and upkeep of the Sparks Marina Park, however, it would be considered general fund money.

Mr. Ornelas continued discussing the terms of the agreement and then responded to questions and concerns from the Council.

Agency Member Carrigan questioned the provision that would allow the project to go forward without the baseball element and asked how enthusiastic RED was to pursue the stadium. A representative of RED stated that they are very interested and will use their very best efforts to accomplish the stadium project, but they would be in an awkward position in their negotiations if they had to have a baseball project. Agency Member Carrigan also asked when they planned to acquire the Blume property. The response was sometime in the next four months.

4. Discussion of Redevelopment Area 1 (Victorian Square) - Issues and Opportunities

Special Event Coordinator Greg von Schottenstein gave a power point presentation on Special events to be held on Victorian Square this year as follows: Cinco de Mayo, May 5th and 6th (this is returning to Victorian Square and is being produced by Nevada Hispanic Services); Arts in

Redevelopment Agency Workshop Minutes for March 20, 2006

Bloom Festival presented by Centex Homes (Mother's Day), May 14th; 14th Annual Farmers Market, June 15th through August 4th (10 event days); John Asquaga's Nugget Star Spangled Sparks, July 4th; Hot August Nights, August 1st through 5th; John Asquaga's Nugget Rib Cook-off, August 30th through September 4th. He noted that this year instead of the Big Easy, the Silver Club is going to produce October Fest, September 29th through 30th. Next is the T-Mobile Plaza Youth Music Awards in the amphitheater, October 7th; and finally the KRNV News 4 presents the State Farm Sparks Hometowne Christmas, December 2nd (the 20th anniversary of the Christmas event).

Mr. von Schottenstein noted that we have partnered with RTC and will be providing, as a public service, transportation to and from Reed High School to the "C" Street Station from 3:30 to 9:30 for farmers market. He said the understanding is that the other event producers are going to do the same. He stated that wrist bands, hand stamps and 16 oz. cups will once again be used to monitor the alcohol consumption and accompanying problems. He said the market will be from 4:00 to 9:00 p.m. and the music will stop at 10:00 p.m. It being an election year, staff is anticipating interest by those who wish to campaign and we will make space available to them, but we are asking that those who wish to participate in Farmer's Market follow the same parameters as the sponsors and vendors and operate in their booth space. He said they will try to avoid people circulating the event and distributing materials outside the booth space.

Mr. von Schottenstein stated that they have a plan in place to utilize the amphitheater more during Farmer's Market. The goal is to fill up the amphitheater and create some programming, in addition to the cooking demonstrations.

He explained that with all the new development that is planned, this is probably our last year to do the Arts in Bloom event on the plaza and it will have to be moved to another location. He said that this year we have teamed up with the Susan G. Komen Foundation, which is a great association for the event and will help generate some funding for them. He said they have also reached out to celebrities, athletes and entertainers all across the country and asked them to paint a plate and send it back to us and the plates will be auctioned off to raise funds.

Mr. von Schottenstein then discussed the goals for each of the events and some of the tentative plans for sponsorships and entertainments for the events, as listed in his power point presentation, including the anticipated costs to the city for providing services and sponsorships for the events.

Outline of Mr. von Schottenstein Power Point:

Redevelopment Agency Workshop 2006 Victorian Square Events Preview

2006 Victorian Square Events

- Cinco de Mayo, presented by Nevada Hispanic Services, May 6 & 7
- 4th annual Arts in Bloom Festival, presented by Centex Homes, May 14
- 14th Hometowne Farmer's Market, June 15 – August 24 (10 event days)
- John Ascuaga's Nugget Star Spangled Sparks, July 4
- Hot August Nights, August 1 – 5

Redevelopment Agency Workshop Minutes for March 20, 2006

- John Ascuaga's Nugget Rib Cook-off, August 30 – September 4
- Silver Club's Oktoberfest, September 29 & 30
- T-Mobile Applause! Youth Music Awards, October 7
- KRNV News 4 presents the State Farm Sparks Hometowne Christmas, December 2 (20th Anniversary)

Event Topics

- RTC Park 'n Ride to Farmer's Market, 3:30 – 9:30 pm (+ other events)
- Wristbands, hand stamps & 16 ounce cups
- Market over @ 9 pm, music to cease at 10 pm
- Campaigning by local candidates, standard Farmer's Market procedure
- Utilize Amphitheater, combined cooking demos and Karaoke tournament, supported by MAGIC 95.5

Event-specific Topics

- Will relocate Arts in Bloom to other Victorian Square location in 2007. Susan G. Komen Breast Cancer Foundation tie-in.
- Filling in space at Farmer's Market with sponsor booths
- Rib Cook-off expanding to Wednesday, perhaps longer in future
- Increase participation and attendance at T-Mobile Applause! Youth Music Awards
- Renew State Farm, increase presenting sponsorships

Hot August Nights Entertainment

- Final stages of new three year HAN deal, 2006 – 2008
- Headliner entertainment capped at \$80,000 in 2006. Total headliner cost for 2006: \$102,500
- 2007 & 2008, entertainment capped at \$60,000

Hot August Nights Entertainment Production

- For 2006, HAN will pay \$20,000 towards cost of production (\$40,000 total estimate)
- For 2007 & 2008, HAN responsible for 50% of production costs
- Final charges may vary depending on band requirements and cost-of-living increases (approximate 3% rate change built into agreement)

Hot August Nights City Service Costs

- Current agreement is capped at \$16,000
- For 2006, HAN will pay 50% of City Service costs. \$20,000 gain.
- For 2007, HAN will pay 65% of City Service costs. \$30,000 gain.
- For 2008, HAN will pay 75% of City Service costs. \$38,000 gain.
- Approximate 10% rate change built into agreement

Hot August Nights Revenue

- City to receive 25% of crafters fees
- City to receive 50% of food and beverage sales
- HAN will pay city \$20,000 annually for costs associated with overall event

Cost Comparison

- In 2006, \$5,000 less
- In 2007, \$56,000 less
- In 2008, \$65,000 less

Redevelopment Manager Armando Ornelas reported that Trammel Crow has submitted a handbook, which is currently under review by staff for the Phase I residential project. Staff is expecting that it will go to the Planning Commission sometime in April for approval.

As the owner of the parcels that Trammel Crow will ultimately buy and develop, the Agency will have to do merger and subdivision maps to create new, reconfigured parcels for the downtown area and staff is working with Tri-State Engineering on the required maps. There will also need to be some reconfiguration done on the properties owned by the Nugget/Asquaga's before development can begin.

With regard to the Phase I public improvements in the area around the Trammel Crow parcels, those improvements are currently under design by Hunter Creek Engineering and by RTKL, who is doing the landscape component of the improvements. The intent is to have the project ready to bid by the end of the summer and the idea is to wait until right after the Rib Cook Off event so we don't interrupt this summer's event season.

With regard to Phase II, staff will begin formal discussions with property owners for the land that needs to be incorporated in the second phase in the next few weeks. In advance of those discussions, staff will be bringing to the Council a "Participation and Relocation Policy" for adoption.

Mr. Ornelas stated that at a future workshop staff will be laying out before the Agency/Council the costs and revenue sources for the various stages of the Victorian Square Redevelopment project before the City goes out for a bond issue for not only the Victorian Square project, but also the West End Community Center.

5. Adjournment

The meeting was adjourned at 2:33 p.m.

CAB