

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the July 31, 2008 Meeting

Page 1

A meeting of the Carson City Redevelopment Authority was scheduled for 10:00 a.m. on Thursday, July 31, 2008 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Robin Williamson
Member Shelly Aldean
Member Pete Livermore
Member Richard Staub
Member Marv Teixeira

STAFF: Larry Werner, City Manager
Joe McCarthy, Business Development Manager
Tammy Westergard, Deputy Business Development Manager
Sue Johnson, Internal Auditor
Joel Benton, Senior Deputy District Attorney
Kathleen King, Recording Secretary

NOTE: A recording of these proceedings, the Redevelopment Authority's agenda materials, and any written comments or documentation provided to the recording secretary during the meeting are public record, on file in the Clerk-Recorder's Office. These materials are available for review during regular business hours.

CALL TO ORDER AND ROLL CALL (10:03:58) - Chairperson Williamson called the meeting to order at 10:03 a.m. Roll was called; a quorum was present.

CITIZEN COMMENTS ON NON-AGENDIZED ITEMS (10:04:27) - Jean BondiETT advised of having visited City Hall to request notification and minutes of Board of Supervisors meetings. City Manager's Office staff provided instruction with regard to accessing Board of Supervisors agendas and minutes via the Internet. Ms. BondiETT further advised that she does not have cable television access, and that the last set of Redevelopment Authority Citizens Committee minutes published to the City's website were dated November 2007. The last set of Board of Supervisors minutes published to the City's website were dated January 3, 2008. "You can get to agendas but you cannot get to any kind of minutes and I just wanted to make you aware that, as a open government, it's not very easily available to find these things." Chairperson Williamson advised that the Redevelopment Authority Citizens Committee had not met since November 2007, and of a "backlog of minutes" for the Board of Supervisors due to the "regular recording secretary's" recent surgery. In response to a question, Mr. Werner advised of other available resources such as copies of the meeting recordings or videotapes of the meetings held in the Sierra Room. Chairperson Williamson called for additional citizen comments; however, none were forthcoming.

PUBLIC COMMENTS AND DISCUSSION - None.

1. PRESENTATION BY STAFF, FOLLOWED BY A WORKSHOP WITH THE REDEVELOPMENT AUTHORITY TO DISCUSS REDEVELOPMENT PROGRAMS, PROCESSES, AND GUIDELINES AS RELATED TO REDEVELOPMENT PROJECT AREA NO. 1 (DOWNTOWN) (10:08:55) - Chairperson Williamson introduced this item. Mr. McCarthy discussed the purpose of the meeting, and provided an overview of the presentation format. He thanked Mr. Werner for his support in developing the presentation. He discussed the success of the redevelopment program,

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the July 31, 2008 Meeting

Page 2

and narrated a PowerPoint presentation, copies of which were distributed to the Redevelopment Authority members and City staff. Mr. McCarthy requested feedback from the Redevelopment Authority members.

Chairperson Williamson thanked Mr. McCarthy for his presentation. She clarified that property acquisition, as referred to in Mr. McCarthy's presentation, did not translate to eminent domain or condemnation. "We're talking about participating with a private party in some kind of partnership to purchase [property] at market value." Chairperson Williamson further clarified that each of the five redevelopment partnership programs, as described in the presentation, will likely not be available to "every single business." She anticipates analyzing needs and determining the most appropriate method by which the Redevelopment Authority can participate, as "a small partner," in the success of the various businesses.

Member Aldean suggested that, as a general principle, the property owner should be the conduit for all incentives. She acknowledged the tenant will ultimately benefit, but expressed concern over the City being placed in the position of "having to lien chattel." "In order to secure our investment, we have to do business with the property owner." With regard to business retention, Member Aldean acknowledged a "moral and philosophical obligation to assist tenants if they're doing everything in their power to stay in business and are conscientious ... On the other hand, it's going to be ... a challenge to determine whether or not retention is warranted." Member Aldean acknowledged sympathy for struggling tenants, but noted the importance of a good business plan and business suitability. She expressed reluctance to "throw a life preserver to a drowning man when the ultimate outcome is inevitable because then we're wasting our resources." She noted the importance of carefully considering the ability of a tenant or a property owner to prosper in the future. Mr. McCarthy advised that, following feedback from the Redevelopment Authority, he would propose a formal process by which the Redevelopment Authority reviews "each and every application." Measures such as review and analysis of business plans will be implemented to provide the Redevelopment Authority a method by which to determine the efficacy of the incentive or revolving loan program.

With regard to infrastructure improvement, Member Aldean noted the "very ambitious master plan" created with "a lot of public involvement." The estimate was \$10 million to implement the master plan. Member Aldean expressed the opinion that implementation of the master plan will ultimately ensure the success of downtown Carson City. She noted the importance of considering limited resources and being careful not to divert "all of those resources toward a revolving loan fund or toward incentives." Mr. McCarthy advised that he will agendaize a future item for discussion regarding how the Redevelopment Authority wants to allocate funds, to incentive and revolving loan programs as well as capital improvement programs. He reviewed and discussed the "sharing in future benefit" and "revenue sharing" tools available to the Redevelopment Authority.

Chairperson Williamson inquired as to interest in creating a revolving loan program. Member Teixeira expressed concern over not having had the opportunity to review the presentation materials prior to the workshop. He suggested there may be professionals interested in the information. In response to a question, Chairperson Williamson advised that the purpose of the subject workshop was to "start the conversation." Member Teixeira discussed his visit to Albany, New York in 1989 to attend the Capital City Mayors Conference. He advised of having "brought back the Albany plan" to Carson City, and discussed the Carson Depot as "the first project." He provided historic information on development of the incentive program, and advised that the Albany plan was "tailor-made" to Carson City. He expressed an interest in the Redevelopment Authority serving as "the facilitator not the engine that makes it work ..." He expressed

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the July 31, 2008 Meeting

Page 3

serious concern over “getting into financing. Where’s the revenue going to come from?” He suggested that a revolving loan program, without sufficient funding, wouldn’t “accomplish anything except a lot of paperwork.” He further suggested evaluating existing redevelopment programs prior to considering new programs. Mr. McCarthy encouraged the Redevelopment Authority members to review the information and then provide feedback. He advised “the process will take as long as it takes.” He further advised that, if the Redevelopment Authority is interested in developing a revolving loan program, he will present various mechanisms for consideration. “It would take quite a while to establish ...” Mr. McCarthy advised there are other sources, in addition to redevelopment, to help fund a revolving loan program.

Member Livermore commended Mr. McCarthy on his presentation, and noted the importance of “transparency.” He suggested there may have been several other citizens in attendance “if they had known what it would have been prior to the meeting today.” He expressed concern over the two-person Office of Business Development handling all the paperwork associated with the redevelopment programs described in the presentation. He expressed further concern over risking public money without appropriate “backing,” and suggested the “plan needs a huge amount of further thought.” He discussed the importance of developing a transparent process “that can meet the test of time” in consideration of public perception. Mr. McCarthy advised that the latter part of his presentation would propose a transparent application and review process. Member Livermore reiterated his concern over the amount of work involved in the redevelopment programs in consideration of the two-person Office of Business Development.

Mr. Werner provided background information on the purpose of the presentation and workshop. In light of reduced incentive funding, he advised of consideration given to other redevelopment tools such as the possibility of developing a revolving loan program. There may be other tools and programs to consider as well. Mr. Werner explained the presentation was not distributed publicly because it does not constitute a proposal. The purpose was to generate discussion. “What is it about what we’re doing that is good? ... What is it that we’re not looking at? ... What other types of tools are out there to accomplish the recruiting, the expanding, the retaining ...?” Mr. Werner acknowledged that current redevelopment programs would be evaluated. He discussed the need to focus efforts on developing policies and procedures for each redevelopment program. “What’s the accountability? What’s the responsibility? What’s the transparency?”

Discussion took place regarding the redevelopment budget. Member Teixeira expressed the hope that the Redevelopment Authority and City staff would carefully evaluate “how far we’ve come, what we’ve done right, what we’ve done wrong, [and] streamline that to make it the most efficient and ... see if we can keep moving down the road.” He discussed the need for a funding element. Mr. McCarthy acknowledged the need to provide investment-related results to the Redevelopment Authority; to develop a method by which to calculate a return on investment. He suggested tying results to qualifying for the incentive.

Member Staub expressed appreciation for Mr. McCarthy’s presentation, and thanked Chairperson Williamson for scheduling the meeting. He suggested the presentation was “something along the lines of the 10,000 foot view.” He distributed to the Redevelopment Authority members and City staff copies of a memo of Redevelopment Workshop Recommendations. He suggested that, prior to considering redevelopment partnership programs, “we have to get back to basics and look at our advisory committee, look at the Redevelopment Authority, look at how these two groups function and interact, the creation of vision and mission statements that are regularly evaluated, and determine ultimately ... whether the Board of Supervisors should act as the Redevelopment Authority any further.” He reviewed the recommendations

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the July 31, 2008 Meeting

Page 4

outlined in the memorandum for Redevelopment Areas 1 and 2, for the redevelopment partnership programs, and for the redevelopment sponsorship programs. He discussed the need to establish criteria for the processes prior to getting “to the 10,000 foot level.” He inquired as to “how ... these processes interact; how are they approved; what is the criteria for approval?” He discussed the further need to establish “a good foundation for all of our redevelopment efforts so that you operate within the guidelines and policies, so what we, as an authority, make approvals based upon those policies and guidelines, and that the people on the outside have an understanding of how they can participate in the process, whether it’s an outright incentive, whether it’s a loan ...” He suggested that the economic impact on the downtown area or Redevelopment Area 2 is “a huge, huge evaluating criteria.” He discussed the need to “get down to grass roots here because we don’t have any grass roots.” He expressed appreciation for considering possibilities, but reiterated the need to establish policies and procedures. He looked forward to working together to develop and implement “these foundational elements ... so that we can go forward with a comprehensive program that stands the test of scrutiny of our public ...”

Member Livermore requested Mr. Werner to consider the possible expansion of the Office of Business Development. Mr. Werner agreed with Member Staub that the first part of the presentation was at the 10,000 foot level “to make sure that everybody’s at the same point on how we think redevelopment is operating.” Additional consideration needs to be given to whether purposes and programs are generally on target. “If that part is correct, ... then ... Joe ... will get into the detail at the 1,000 foot level.” Mr. Werner requested the Redevelopment Authority members to consider the programs and purposes to determine whether additional information is needed. He explained that Mr. McCarthy would next review the processes and limitations. He agreed with Member Livermore that consideration should be given to whether the current Office of Business Development staff could “do those things.” If the Redevelopment Authority agrees “with the general assumptions, then we’ll be coming back with very specific discussions on application processes, dollar limitations, approval processes, ...” Mr. Werner provided background information on the need to receive Redevelopment Authority feedback on the presentation, and the reason for the meeting and presentation format.

Member Aldean noted the opportunity to consider a variety of alternatives, and suggested that nothing should be eliminated prior to a thorough investigation. With regard to development of a revolving loan fund, she suggested the possibility of entering into a cooperative agreement with a local bank which could help with associated “administrative chores.” Member Aldean noted that “critical mass” is being reached in the downtown redevelopment area, “where we have businesses that are thriving, they’re doing well, they’re providing the synergy necessary to encourage other businesses to relocate to the downtown area. At some point, we’re going to have to step away from the process and allow them to flourish on their own without providing this ongoing assistance.” Member Aldean noted this will be critical to “generate the sort of money we need to implement the master plan.” She suggested the existing Redevelopment Authority Citizens Committee might be changed “into something that is more financially oriented, depending upon the options we select here today.” She advised she would provide additional feedback once all the possibilities and alternatives are presented.

Mr. McCarthy expressed appreciation for Member Staub’s comments, and for the specificity of his memo. Member Staub expressed understanding that the subject meeting is “a starting point.” He anticipates the result being a comprehensive process that makes everyone “more comfortable with the whole process.” He agreed with Member Aldean’s statements, and discussed the need for comprehensive criteria by which the Authority and the citizens advisory committee can evaluate various projects.

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the July 31, 2008 Meeting

Page 5

Chairperson Williamson provided background information on previous conversations regarding redevelopment. She discussed the need for establishing procedures which allow for flexibility. She advised that the City is “entering a different phase of sophistication in terms of the projects being presented ...” She suggested considering the existing incentive program in light of other opportunities available “to meet with the market savvy investors” who are considering Carson City. Member Teixeira agreed with “a new focus,” but noted the importance of sufficient definition, transparency, and consistency. He reiterated the importance of considering “where we’ve been” in order to avoid repeating mistakes. Chairperson Williamson acknowledged the need to learn from mistakes, but noted the level of success in the downtown redevelopment area.

Member Livermore noted the impetus of the discussion was successful redevelopment in Carson City. He reiterated the importance of transparency in the process, and suggested there is “a lot of homework to do to shore up the foundation.” Mr. McCarthy reiterated the request for the Redevelopment Authority members to review the presentation information and to provide written comments.

Chairperson Williamson opened this item to public comment. (11:15:40) Jed Block advised of having attended the Redevelopment Authority Citizens Committee meetings for a number of years. He expressed an interest in “more transparency as far as how much money’s generated, how much has it grown since ‘86 or ‘89 ..., where the money goes, how much is for the bond, how much goes to Fridays on Third, Brewery Arts Center, what the subsidies are that help the community so that the community knows more of the help that everybody’s getting.” He suggested requiring developers interested in redevelopment incentive funding to disclose said interest during the major project review process. As a former member of the Redevelopment Authority Citizens Committee, he suggested putting the committee members “to work.” He expressed support for presenting projects to the committee prior to completion. “Are we giving a hand out or a hand up?” Mr. Block expressed the opinion that public perception of the Redevelopment Authority has been “a hand out.” He suggested considering a “deadline” for redevelopment project area 1, or “sunsetting some parts of project area number 1, such as from Fifth Street to Fleischmann, and then start expanding from Fleischmann to Winnie Lane through blight central.” He expressed support for giving a hand up rather than a hand out. “There’s got to be a time that we pull the plug and merchants need to be aware of how to run a business ...”

Mr. McCarthy narrated a PowerPoint presentation on the process for redevelopment project area number 1, copies of which had been previously distributed to the Redevelopment Authority members and City staff. In response to a question, Mr. Werner advised that his involvement would be to ensure the Business Development Office is transmitting information to the Redevelopment Authority, that required time frames are being met, etc. His work would be “behind the scenes with the Finance Department, as a check and balance, to make sure contracts are being done appropriately.” He did not necessarily see his involvement in the approval process unless the approved criteria is not being followed or “unless there’s an issue by this board to do that.” He requested input with regard to the \$25,000 contract threshold. Mr. McCarthy advised that a report would be made to the Redevelopment Authority on all expenditures.

Member Teixeira suggested implementing Mr. Block’s suggestion as part of the application process to avoid “after-the-fact” applications. He expressed a preference for more involvement by the Redevelopment Authority Citizens Committee “rather than laying it all on ... Joe.” Chairperson Williamson requested input with regard to a quarterly application process. She explained that the Redevelopment Authority Citizens Committee has attempted, in the past, “to be very responsive to the needs of those people wishing to invest

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the July 31, 2008 Meeting

Page 6

in our community.” She further explained that the bond fund freeze was one of the reasons for the Redevelopment Authority Citizens Committee’s activities being curtailed. This was the reason for the St. Charles Hotel and Doppelganger’s being submitted as completed projects. “It was an attempt to try to marshal our resources to get a parking garage, but in the meantime stuff happens and good things happen and that’s why we are where we are.”

In response to a question, Mr. McCarthy advised that the declining lien provisions associated with the incentive program will stay in place. “That has proven itself to be ... good. We’ve gotten money back on a number of projects because they have been sold ... at a market value higher than it would have been if we didn’t incent them ...” Mr. McCarthy acknowledged anticipating an improvement to the program “because ... with this process of using the internal auditor and the finance department to monitor the results requirements associated with applications, ... we can also tie [redevelopment] money to proving results. We’ll have to figure out the remedy if they’re not hitting those results, but that can easily be defined.”

Member Livermore recommended developing two sets of criteria, one for tenants and one for property owners. Member Aldean reiterated the recommendation to request the landlord to serve as the guarantor, as they are the ultimate beneficiary. She noted the challenge of identifying a way to secure a loan with a tenant “when all they have are trade fixtures.”

Mr. McCarthy continued narrating the PowerPoint presentation. [Member Teixeira left the meeting at 11:32 a.m. A quorum was present.] Member Aldean suggested adding a section to the application requiring disclosure of reserves. Member Livermore suggested including in the application a section requiring disclosure of previous bankruptcy(ies). Member Staub suggested requiring a comprehensive business plan and three years of financials.

Mr. McCarthy requested feedback with regard to other considerations for the application process. He suggested that accepting applications on a quarterly or bi-annual basis would provide the flexibility for the Office of Business Development to manage the process. “We’d know what our budget is, [the Redevelopment Authority] would give direction to staff as to how you want to allocate that budget, and then you’d have some great projects competing against each other for incentives.” In response to a comment, Member Aldean advised that “overriding considerations” would provide for processing applications outside the regular application process. Member Livermore noted that both redevelopment project areas have different criteria, and suggested considering “a threshold of what somebody brings for what they can get.”

2. PRESENTATION BY STAFF, FOLLOWED BY A WORKSHOP WITH THE REDEVELOPMENT AUTHORITY TO DISCUSS REDEVELOPMENT PROGRAMS, PROCESSES, AND GUIDELINES AS RELATED TO REDEVELOPMENT PROJECT AREA NO. 2 (11:41:48) - Mr. McCarthy introduced this item and narrated a PowerPoint presentation, copies of which were included in the agenda materials. He requested feedback from the Redevelopment Authority.

Mr. Werner requested the Redevelopment Authority members to consider whether to expand the Redevelopment Authority Citizens Committee to have the same role in redevelopment plan area 2 as in redevelopment plan area 1. Member Livermore advised of having previously discouraged this “only because ... project area 2 needs a larger input of professionals of certain categories that should be discussed.” Member Staub pointed out that as requirements for disclosing financials and providing

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the July 31, 2008 Meeting

Page 7

business plans are “ratcheted up, ... you’re going to find some resistance on the part of the applicants to make public financial documents, especially when you’re dealing with auto sales” in consideration of competitors. Mr. Werner requested input from the Redevelopment Authority members as to how the process chart, included in the presentation” might be applied to project area 2 and what modifications may be necessary. Discussion followed, and Member Staub suggested addressing, with the assistance of the District Attorney’s office, what documents can remain confidential in the application process.

Chairperson Williamson requested Mr. McCarthy to research other redevelopment agencies’ processes. Member Aldean related Assessor Dave Dawley’s concern with regard to “putting more and more properties into redevelopment.” She suggested considering options with respect to trading out properties. “As we add another property on North Carson Street, we eliminate one ... so that we can keep the general fund whole.” Chairperson Williamson advised there is a life to a redevelopment project area, basically a maximum of 45 years or the end of a bond.

Member Livermore suggested considering the need to work together with the school district. Chairperson Williamson advised of having talked with the School District Superintendent as well as members of the School Board regarding various projects. She explained the method by which the school district is funded, and advised of having been informed by the School District Chief Financial Officer that the main source of income is students. She discussed the importance of developing businesses “that bring in young families with students” to benefit the school district.

Chairperson Williamson opened this item to public comment. (11:52:12) Stan Jones suggested considering that the Downtown Consortium will report back to the Redevelopment Authority in August which “might impact on some of your input here.” He expressed support for Member Staub’s comments to develop parameters. He advised of having served on the Redevelopment Authority Citizens Committee, and that he’s “always had the question, ‘Do we give the same business a second go-around?’” Mr. Jones expressed support for allocating redevelopment revenues, “in part” toward infrastructure.

The Redevelopment Authority members thanked Mr. McCarthy for his presentation. Chairperson Williamson reiterated the purpose of the meeting to “start a conversation and get information back.”

3. ACTION TO ADJOURN (11:54:13) - Member Aldean moved to adjourn the meeting at 11:54 a.m. Member Livermore seconded the motion. Motion carried 5-0.

The Minutes of the July 31, 2008 Carson City Redevelopment Authority meeting are so approved this 2nd day of October, 2008.

ROBIN L. WILLIAMSON, Chair