

CARSON CITY REDEVELOPMENT AUTHORITY

Minutes of the December 18, 2008 Meeting

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A meeting of the Carson City Redevelopment Authority was held during the regularly scheduled Board of Supervisors meeting, on Thursday, December 18, 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
Alan Glover, Clerk - Recorder
Joe McCarthy, Business Development Manager
Tammy Westergard, Deputy Business Development Manager
Melanie Bruketta, Chief 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. These materials are on file in the Clerk-Recorder's Office and available for review during regular business hours.

CALL TO ORDER AND DETERMINATION OF QUORUM (9:09:22) - Chairperson Williamson called the meeting to order at 9:09 a.m. All Redevelopment Authority members were present, constituting a quorum.

ACTION ON APPROVAL OF MINUTES - November 20, 2008 (9:09:33) - Member Aldean moved to approve the minutes, as presented. Member Livermore seconded the motion. Motion carried 5-0.

5. OFFICE OF BUSINESS DEVELOPMENT

5(A) ACTION TO APPROVE A COMMITMENT AGREEMENT FOR CONTINUING BUSINESS OPERATION BETWEEN CARSON CITY AND MICHAEL HOHL MOTOR COMPANY THAT PROVIDES A FINANCIAL INCENTIVE CATALYST FOR THE DEVELOPMENT OF MR. HOHL'S NEW CAR SALE FACILITIES LOCATED WITHIN REDEVELOPMENT PROJECT AREA NO. 2 IN EXCHANGE FOR MR. HOHL'S COMMITMENT TO RETAIN ALL HIS AUTO DEALERSHIPS IN CARSON CITY FOR A PERIOD OF NO LESS THAN TWENTY (20) YEARS (9:10:08) - Business Development Manager Joe McCarthy provided background information on this item and on Michael Hohl Motor Company, and reviewed the staff report and the provisions of the commitment agreement. He commended Members Staub and Aldean, present and past Finance Department Directors Nick Providenti and Tom Minton, present and past City Managers Larry Werner and Linda Ritter, and District Attorney's staff for the efforts in developing the commitment agreement. Chairperson Williamson thanked Mr. McCarthy, and expressed appreciation for the Hohl family's business and civic contributions to the community over the years.

At Chairperson Williamson's request, Member Staub provided background information on development of the commitment agreement, and reviewed its provisions. At Member Aldean's request, Member Staub

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reviewed revisions to the agreement which were made and agreed to by the parties during this meeting. In response to a question, Ms. Bruketta advised that the District Attorney's office had not significantly participated in drafting the commitment agreement. The agreement was drafted by Member Staub with input by Member Aldean. Ms. Bruketta suggested adding contingency language if the Redevelopment Authority does not have sufficient funding to support the agreement. Member Staub advised that the commitment agreement was originally drafted by Senior Deputy District Attorney Joel Benton, and that copies of every amendment had been provided to him. Member Staub advised of having worked directly with Mr. Hohl and his attorney, Andrew MacKenzie, to finalize the commitment agreement. He reiterated that copies of the amendments were provided to Mr. Benton, and advised that his input was requested "as we went forward." He advised of having discussed the commitment agreement with Mr. Benton last evening, and that Mr. Benton had briefly reviewed the final draft, and indicated no problems. Member Staub expressed appreciation for Ms. Bruketta's concerns, but advised that every attempt was made to include the District Attorney's office. Member Staub represented that sufficient funding is available to support the agreement. He advised of having discussed the provisions of the agreement with Mr. Werner, and that the option to bond has been left open if decided upon in the future. Member Aldean noted the provision for non-appropriation.

Chairperson Williamson called for additional Redevelopment Authority member comments and for public comment; however, none were forthcoming. (9:29:00) Michael Hohl acknowledged acceptance of the terms of the commitment agreement, with the most recent revisions. He thanked the members of the Redevelopment Authority, particularly Member Staub, for their efforts in developing the agreement.

Member Teixeira thanked Members Staub and Aldean for their efforts, and discussed the importance of auto dealerships to Carson City. He thanked Mr. Hohl for his commitment to the community.

(9:33:18) Tom Metcalf, of Metcalf Builders, Inc., reviewed additional projects scheduled to begin in 2009 which will benefit the community's economy.

Chairperson Williamson entertained a motion. **Member Staub moved to approve a commitment agreement for continuing business operation between Carson City and Michael Hohl Automotive Group that provides a financial incentive catalyst for the development of Mr. Hohl's new car sale facilities located within Redevelopment Project Area No. 2 in exchange for Mr. Hohl's commitment to retain all of his current automotive dealerships in Carson City for a period of twenty years; fiscal impact is \$2.4 million initially with a promise of an additional \$2.4 million that will be invested in one or more additional new car sale facilities as part of this two-tiered incentive package.** In response to a comment, **Member Staub amended his motion to indicate approval of the agreement, as amended. Member Livermore continued his second. Motion carried 5-0.**

RECESS REDEVELOPMENT AUTHORITY (9:35:45) - Chairperson Williamson recessed the Redevelopment Authority at 9:35 a.m.

RECONVENE REDEVELOPMENT AUTHORITY (7:22:58) - Chairperson Williamson reconvened the Redevelopment Authority at 7:22 p.m. All members of the Redevelopment Authority were present, constituting a quorum.

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10(B) PRESENTATION OF THE 2008 REDEVELOPMENT AUTHORITY AND OFFICE OF BUSINESS DEVELOPMENT AUDIT, AND ACTION TO ACCEPT THE AUDIT AND DIRECT STAFF TO DEVELOP THE APPROPRIATE POLICIES AND PROCEDURES TO BE IMPLEMENTED BY THE REDEVELOPMENT AUTHORITY (7:23:05)

- At Chairperson Williamson's request, Mr. McCarthy read a prepared statement into the record detailing the accomplishments of the office of business development relative to the Board of Supervisors' and Redevelopment Authority's annual goals and objectives over the last several years. He discussed the definition of redevelopment to eliminate blight and prevent decay; to keep and promote existing businesses, encourage investment and involvement of the private sector in vacant properties that otherwise would be overlooked, and encourage and engage the involvement of citizens, residents, businesses, and community organizations. He provided historic information on redevelopment successes since 1986, including the origins of the existing office of business development and designation of redevelopment area number two. He listed the new Ribeiro shopping center at the former site of the Oasis Mobile Home Park, the ongoing redevelopment of the St. Charles Hotel, redevelopment of the Sweetland Building, halting AIG Baker's large development in north Douglas County, negotiating a commitment agreement of \$3.6 million to retain Dick Campagni's auto dealerships in Carson City, facilitating the redevelopment of the vacant Supply One building as the Casino Fandango, recruitment of the Galaxy Theater to Carson City, facilitating the rehabilitation of the former Wal-Mart building to the Burlington Coat Factory and Sportsmen's Warehouse, facilitating the redevelopment of the former Lucky Spur and the former Charles Marriage building, actively assisting Kent Witt in attracting The Home Depot to the North Carson Crossing Shopping Center, and collaborating with Mr. Witt to continue pursuing Kohl's department store and other national tenants among redevelopment / office of business development successes.

In order to engage the involvement of citizens, residents, businesses, and community organizations, Mr. McCarthy advised that the office of business development, over an 18-month period, dedicated over 200 hours of staff and personal time to assist in the update of Carson City's land use master plan, Envision Carson City, and led the effort to create the downtown urban code, "a document honored by the Sierra Business Council in 2007." He discussed the return of "a first-class, urban-type farmer's market to the downtown," creation of the "sensational Curry Street Promenade and pop-up park, concerts at Third Street, and the Arlington Square Ice Rink." He advised that, to date, 150,000 visitors have been "brought ... to the downtown since May" 2008, and that sales tax revenue has been increased in food and beverage establishments throughout the downtown. Office of Business Development staff has initiated a "substantial and extremely promising relationship with the Carson Nugget that could reap benefits for downtown for years to come in both commercial and civic investment initiatives that will mirror the best practices of sustainable development." During his six years with the City, Mr. McCarthy advised that the Board of Supervisors, the redevelopment authority, and the office of business development "have demonstrated shared ideas and outlooks for the fulfillment of these and other economic development and redevelopment goals. The thrust has always been" flexibility, nimble efficiency and, most importantly, cost effectiveness. "In that spirit, I deployed my professional services budget to put together an interdisciplinary development team with targeted areas of expertise to address our complex redevelopment initiatives. This aggressive approach never existed within the framework of the redevelopment authority before." The emphasis was on pre-development support, architecture and design, marketing, and public relations. Mr. McCarthy discussed the objective of the office of business development to ensure that well-thought-out projects have "the ability to proceed, intercede, and possibly help at the pre-development stage of each project."

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Mr. McCarthy noted that the specific deficiencies represented in the draft audit report “relate mostly to my use of professional services to execute the goals and directives of the redevelopment authority.” “To address these concerns, staff is formulating expanded policies and procedures, programs and internal business practices all of which have been recently approved, in concept, by the redevelopment authority.” He assured the redevelopment authority that these policies and procedures will be designed consistent with the direction of the redevelopment authority. “As we proceed, we will ensure that all future professional service contracts will have an audit trail and the redevelopment authority will continue to be kept abreast of each and every one of them.” He further assured the redevelopment authority that staff will expand the competitive list of professional service providers to use on a rotating basis. He provided explanation “regarding the recent deployment of professional service assistance, specifically as referenced in the draft audit.”

Mr. McCarthy reiterated that the goals of the redevelopment authority and the Board of Supervisors “were extensive and required imagination, and we continue to accomplish these most important objectives with efficiency and vigor.” He advised that the new policies and procedures “will truly bode well for our redevelopment efforts.” He paraphrased a quote from Abraham Lincoln, “Think calmly and well upon this subject. Nothing valuable can be lost by taking time. If there’s a desire to hurry, in hot haste the step you would never take deliberately, no good will come from such a rush.”

Mr. McCarthy requested the redevelopment authority to celebrate the last five years. “We were under the gun. You asked me to get out there and give it everything I got. You gave me direction to do that. We took a shot. We did well. Now, we need to put rules of the road in place ... to add significant transparency to our work.” He expressed appreciation for Mr. Hartman’s comments in reference to 1983. “It wasn’t like that in 2003 when Douglas County was receiving over 300 acres from the Bureau of Land Management and Michael Hohl purchased 146 acres and was about to try to relocate the entire auto sales industry to north Douglas County. We were losing retailer after retailer and we had a mission and we didn’t have much time.” Mr. McCarthy expressed a vigorous willingness to “put the rules of the road in place.”

Member Teixeira reiterated that the audit process was “not about the performance of redevelopment,” and reviewed the history of his involvement and the accomplishments. He agreed with Mr. McCarthy’s comments regarding the need for transparency. Mr. McCarthy reiterated “absolute assurance,” because “it’ll make my life a lot easier.” Member Teixeira discussed the importance of the redevelopment authority and the office of business development mirroring “the community from the standpoint of some rules and regulations.”

Member Aldean thanked Mr. McCarthy for his presentation, and expressed sympathy for his defensiveness. She found Clark Russell’s letter “extremely distasteful especially in light of the fact ... that the author of that letter was the beneficiary of our largesse, having received \$50,000 after he finished remodeling his restaurant.” She found the letter to be “slightly hypocritical.” She agreed with Member Teixeira on the need to move forward. She further agreed that the office of business development needs to “remain nimble so that you can, working within your budget, ... respond to timely opportunities because we will have challenges ... on our borders and a lot of competition for retailers that we desperately need.”

Chairperson Williamson thanked Mr. McCarthy for his presentation, and expressed appreciation for the accomplishments of redevelopment. She acknowledged the need for policies and procedures, and noted that the draft audit report provides no evidence of missing funds. “There was a process. The funds did go

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through the finance department. There was no impropriety within the budgeting.” Chairperson Williamson committed to working together to develop a framework of operation for the continued success of Carson City.

Chairperson Williamson entertained a motion, and Member Aldean suggested that the motion should mirror the previous motion in terms of accepting the audit and requesting that the City Manager return to the redevelopment authority with recommendations. **Member Staub moved to accept the audit and direct staff to develop the appropriate policies and procedures to be implemented by the redevelopment authority and office of business development. Member Livermore seconded the motion.**

Chairperson Williamson called for public comment. (7:48:16) Day Williams discussed the importance of accountability in expenditure of taxpayer funds. “I believe the rules of the road were already written in the statute.” He expressed understanding for the desire to “move on, but the fact is that the rules were violated. The taxpayers deserve accountability from people who are spending their funds, and that didn’t happen.” He congratulated the auditor for bringing out the lack of accountability. He discussed the need for accountability and transparency “going forward,” and expressed appreciation that it’s “going to happen.”

At Chairperson Williamson’s request, Mr. Rombardo advised that although the District Attorney’s office was not involved, all the transactions have been analyzed and no illegal wrongdoing or violation of statute was found.

Chairperson Williamson called for additional public comment. (7:49:23) Jed Block expressed appreciation for “making it a viable downtown, ... for making Carson look better than it ever has.” He expressed support for redevelopment.

(7:49:57) Phyllis Patton noted the extensive public input for redevelopment activities, including “exhaustive meetings for the Downtown Consortium and the downtown answers.” She expressed the opinion that the redevelopment authority and the office of business development “have done a terrific job.” She expressed agreement with Mr. Hartman that the responsibility lies with the redevelopment authority. “You never gave them the policies that they were supposed to follow.” She expressed the opinion that the redevelopment authority needs to develop policies and procedures, and that the citizens are “thoroughly behind the redevelopment authority and what the economic development people are doing downtown.”

Member Livermore expressed astonishment in that the audit “was only an audit to check the checks and balance of what the authority had functioned and done.” He expressed appreciation for the Downtown Consortium and the downtown business association, but noted “that’s not the panel that we appointed. We appointed the citizens advisory board that works through redevelopment as a policy filter to filter out the applications, and filter out the projects, and that’s the body that makes recommendations to this authority.” He reiterated the importance of transparency and accountability.

Chairperson Williamson called for additional public comment and, when none was forthcoming, advised that the next redevelopment authority citizens committee meeting is scheduled for Wednesday, January 7th. She called for a vote on the pending motion; **motion carried 5-0.**

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ADJOURNMENT (7:53:03) - Chairperson Williamson adjourned the redevelopment authority at 7:53 p.m.

The Minutes of the December 18, 2008 Redevelopment Authority meeting are so approved this _____ day of January, 2009.

ROBIN L. WILLIAMSON, Chair