

**CARSON CITY CONSOLIDATED MUNICIPALITY
NOTICE OF MEETING OF THE
CARSON NUGGET DEVELOPMENT ADVISORY COMMITTEE**



Day: Monday
Date: September 27, 2010
Time: Beginning at 6:30 p.m.
Location: Community Center, Sierra Room
851 East William Street
Carson City, Nevada

Agenda

- 1. Call to Order**
- 2. Roll Call**
- 3. Action on Approval of Minutes – April 26, 2010 & May 10, 2010**
- 4. Adoption of Agenda**
- 5. Public Comments and Discussion:**

The public is invited at this time to comment on and discuss any topic that is relevant to, or within the authority of, the Carson Nugget Development Advisory Committee. In order for members of the public to participate in the committee's consideration of an agenda item, the committee strongly encourages members of the public to comment on an agenda item during the item itself. No action may be taken on a matter raised under public comment unless the item has been specifically included on the agenda as an item upon which action may be taken.

- 6. Status report on the City Center Project.**

Staff Summary: P3 Development and staff will provide a project update to the Committee.

- 7. Non-Action Items:**
Internal communications and administrative matters
Correspondence to the Committee
Status reports and comments from the members of the Committee
Staff comments and status report

- 8. Action to Adjourn**

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Titles of agenda items are intended to identify specific matters. If you desire detailed information concerning any subject matter itemized within this agenda, you are encouraged to call the responsible agency or the City Manager's Office. You are encouraged to attend this meeting and participate by commenting on any agenda item.
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Notice to persons with disabilities: Members of the public who are disabled and require special assistance or accommodations at the meeting are requested to notify the City Manager's Office in writing at 201 North Carson Street, Carson City, NV, 89701, or by calling (775)887-2100 at least 24 hours in advance.

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This notice has been posted at the following locations:

Community Center 851 East William Street
Public Safety Complex 885 East Musser Street
City Hall 201 North Carson Street
Carson City Library 900 North Roop Street
Business Resource & Innovation Center (BRIC) 108 East Proctor

Date: September 21, 2010

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. NON-ACTION ITEMS:

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

CORRESPONDENCE TO THE COMMITTEE - None.

STATUS REPORTS AND COMMENTS FROM THE COMMITTEE MEMBERS - None.

STAFF COMMENTS AND STATUS REPORTS - None.

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

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

SCOTT DOCKERY, Chair

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A regular meeting of the Carson Nugget Development Advisory Committee was scheduled for 6:30 p.m. on Monday, May 10, 2010 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Scott Dockery
Member Shelly Aldean
Member Brad Bonkowski
Member Bruce Kittess
Member Jim Lawrence
Member Dwight Millard
Member Phyllis Patton
Member Scott Penzel
Member Guy Rocha
Member Richard Stokes
Member Robin Williamson

STAFF: Larry Werner, City Manager
Andy Burnham, Public Works Department Director
Nick Providenti, Finance Department Director
Joe McCarthy, Business Development Manager
Joel Benton, Senior Deputy District Attorney
Kathleen King, Recording Secretary

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

1 - 2. CALL TO ORDER AND ROLL CALL (6:29:21) - Chairperson Dockery called the meeting to order at 6:30 p.m. Roll was called; a quorum was present. Vice Chairperson Hooper and Members Cardinal, Chappell, and Lewis were absent.

3. ADOPTION OF AGENDA (6:29:53) - Chairperson Dockery entertained requests to modify the agenda. When none were forthcoming, he deemed it adopted.

4. PUBLIC COMMENTS AND DISCUSSION (6:30:01) - Chairperson Dockery entertained public comment. (6:30:14) Pat Sanderson advised of having been born and raised in northern Nevada and of having worked in the local area "all [his] life." He expressed the opinion that the proposed project is "one of the finest ... [he's] ever seen come along, for someone to bring out and hand to the people of Carson City." Having retired from the construction industry, he advised of many friends who are out of work and he anticipates that the project will bring "hundreds of jobs to the Carson City area." He expressed concern over the tenor of recent newspaper articles, and the opinion that the proposed project will "bring jobs not only to this generation but hopefully to the next generation. ... The kids will have something to work for and a place to stay here when they get older. And that's the most important thing. ... When you bring one entity to town, it brings a second to support it, a third, a fourth, a fifth, and it continues on." Mr. Sanderson commended the project, and thanked Nugget President Steve Neighbors for the opportunity, and the Adams family for caring about Carson City. He expressed the hope that the committee will remember "it's

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political season and people are going to say anything ... to get elected, but for the hard-working men and women and the children coming up, the education that they'll get through this ... this is a tremendous project ..." Mr. Sanderson expressed the hope that after the project is vetted, the committee will continue with the project. He requested the committee to carefully consider the project, "ignore the politicians, the Chamber of Commerce, and help the working people and the citizens of this northern part of the State of Nevada." He reiterated the "tremendous opportunity" in consideration of job creation, and requested the committee to "appreciate the opportunity that Carson City has been handed because we don't get these very often."

(6:34:45) Joe Childs, a resident of Carson City, advised of "following this process for a number of years ..." He agreed with the need for jobs, but expressed uncertainty over the government providing jobs. He expressed a willingness to allocate funding toward a new library, but opposition to "government to commit me, to commit my tax dollars, to commit my City to be liable for some type of project like this." He expressed concern over "bet[ting] my future, my City's future on filling buildings that are going to be built when we have plenty of vacant buildings right now." He expressed support for a new library and for "a pretty downtown," and reiterated opposition to "committing my tax dollars to some project that's going to be for the benefit of a public company." He acknowledged P3 Development's history of private / public partnerships but, based on his research, advised "those partnerships have not worked out all that well." He expressed the opinion, "If this is a viable project, private needs to pony up and do it itself. ... The government is not here to build jobs."

(6:37:01) Sam Ward advised of having lived in Carson City for approximately 35 years. He expressed the opinion that the proposed project has "a lot of loose ends and information needs to be provided to the taxpayers." He suggested the project "looks like just another thing where we get public money put in and then there's a lot of jobs here, we build a big thing, and then we don't have the money to support it. We have community colleges, we have schools, we have a university, we have private, technical institutes. I think that's the direction we ought to go." He acknowledged the slow economy and that the "temporary construction jobs" would be a benefit, "but after that, what happens?"

(6:37:49) Day Williams advised of having reviewed the November 20, 2009 Carson City Library Board of Trustees minutes "where these people said it was their hope and plan that the land for the library would be donated to the City. And, apparently, they've reneged on that. They also said there would be, quote, thousands of jobs created after the project was built." Mr. Williams expressed an interest in reviewing the "statistics from a City this size where a business incubator, a digital media center has created thousands of jobs." He expressed doubt, and concern over a commitment to donate land "and then backtrack on that." He cautioned the committee to "be careful what you sign."

(6:38:51) Jed Block inquired as to whether the project is "a done deal" and as to the meaning of "conceptual." He noted that the project is currently in the conceptual phase, and expressed the wish that "people would look at the word 'conceptual.'"

(6:39:33) Michael Pollard expressed concern over financing the proposed project. He expressed the hope that the City won't commit to "anything other than the taxes that we're talking about right now." Chairperson Dockery called for additional public comment; however, none was forthcoming.

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5. INTRODUCTION OF P3 DEVELOPMENT AS THE MASTER DEVELOPER OF THE NUGGET ECONOMIC DEVELOPMENT PROJECT AND DISCUSSION REGARDING THE TENTATIVE PLAN OF PROGRESSION OF THE PROJECT (6:40:46) - Chairperson Dockery introduced this item. (6:41:03) P3 Development, Inc. CEO Rick Oshinski provided background information on his education and experience, and on his firm's involvement in the developer selection process. He acknowledged the skepticism expressed, and discussed the importance of knowing "all the details, ... look[ing] behind all the curtains, ... and an open and public process ..." He provided background information on Regent Development and his experience in public / private partnerships. He provided background information on P3 Development, a Nevada company with a Carson City license. He expressed appreciation for having been selected, after a very thorough request for information and interview process conducted by the Carson Nugget.

Mr. Oshinski emphasized that public / private partnership "is a process; it's not a product. ... You're buying a process whereby we work together to decide and learn what it is that can be afforded, what can be built, and what is desirable as far as the community is concerned." He provided background information on P3 Development, which works "exclusively with public agencies. We build schools, libraries, city halls, government office buildings, laboratories for medical offices. All of our clients are always public agencies. We do mixed-use projects as well." P3 Development brings to the public agency, together with shared risk and shared opportunity, "a guaranteed maximum price and project schedule. We're able to do that because we have some of the finest talent available to us in the industry. And that's what we intend to do here once we determine the scope and size of the project that's doable and acceptable to the City." Mr. Oshinski explained that P3 Development "look[s] at our projects like an owner. We're not just someone you're hiring to build something for a fee and a profit. We treat it like an owner because that's exactly what we are. We're going to be at risk just like the public agency and, in this case, just like the Nugget." Mr. Oshinski explained that, as CEO of P3 Development, he will have the "same concerns that you folks all will have and that the Nugget will have and anybody else that moves to Carson City in the future. That is, you want it to be a project that you can be proud of and that can be paid for and that will return to the community the benefits sought after in the first place."

Mr. Oshinski advised that a "very fine team" has been assembled for this project, which was presented to the developer selection committee. He introduced P3 Development President Mike Courtney, who will serve as the project manager. He assured the committee that Mr. Courtney "is our best man. We're not going to be sending in the second team on this." He advised that Mr. Courtney is an engineer, who spent many years in private industry as well as having worked for the State of California Division of State Architect and the Department of General Services for a period of 17 years. He provided additional background information on Mr. Courtney's experience, and listed a number of "the most impressive buildings in Sacramento and elsewhere in California," over which Mr. Courtney was responsible for construction management. Mr. Oshinski advised that Dwayne Ray will serve as the Deputy Project Manager. Member Patton had the opportunity to meet Mr. Ray last Friday, and Mr. Oshinski advised that Mr. Ray is in the process of "finishing up a library for us right now for the City of Sacramento." Mr. Oshinski advised that Mr. Ray is the P3 Development Executive Director of Capital Improvements, and provided background information on his education and experience, including his involvement in a number of "very impressive ... projects." Mr. Oshinski described details of the Sacramento library project.

Mr. Oshinski advised that the designer will be A.C. Martin Partners, with which P3 Development has worked many times. He further advised that A.C. Martin Partners recently formed a Nevada company and

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obtained their Nevada architect's license. "They were ranked #28 by Architect Magazine's list of the top 50 architectural firms in America for 2009. They've won countless other awards." Mr. Oshinski referred anyone interested to the Henry Madden Library at the University of California, Fresno which was designed by A.C. Martin Partners. He described details of the same.

Mr. Oshinski advised that McCarthy Building Companies, Inc. has been selected as the general contractor. P3 Development has worked with McCarthy Building Companies, Inc. on many other projects, and Mr. Oshinski advised that they are one of oldest privately-owned construction companies in America. "They've been in business for over 150 years. They've been designated one of the top ten commercial builders in America. They have ten offices nationwide, including one in southern Nevada and one just over the hill in Roseville. They are a licensed Nevada general contractor and they have a very impressive record of performance on projects that we've been associated with and others." Mr. Oshinski emphasized that McCarthy Building Companies, Inc. has "the financial strength to bond the entire project."

Mr. Oshinski reiterated appreciation for the previous public comment, and acknowledged the importance of jobs to the proposed project. "It's probably one of the main catalysts for why the project is as far as it is today." Mr. Oshinski advised that, as part of the P3 Development business plan and model, we "include as much local subcontracting suppliers and professional consultants as we possibly can on each project." He noted, "It's still early in the process and we're still learning and working through what might be the final scope, but we already have three members of Carson City firms that are a part of our team and participated in our presentation to the Nugget." He introduced Art Hannafin of Hannafin Design Associates, and advised that they will be working under contract with A.C. Martin to provide local knowledge about the project and assistance in moving through the City's various departments. He advised of having engaged Shaheen-Beauchamp Builders, which will be working as a subcontractor on the project and, "more importantly, assisting us in identifying other quality subcontractors in the area who can work on the project." Mr. Oshinski emphasized the desire for local people to work on the project, and "very, very strict quality standards for anyone who works under us because when we say a guaranteed maximum price, it's a guaranteed maximum price." He further emphasized "the only change to the price is if the owner asks for the change. ... Our subcontractors have to understand that. If they can't understand it and live by it, they can't work on this project." Mr. Oshinski committed to "do[ing] our best to identify those who can perform to the level expected." He advised that Resource Concepts, Inc. has been engaged to assist with various issues, including environmental issues. He further advised of having been working very closely with the Builders Association of Western Nevada through Executive Director Rick DeMar "to identify and understand who the local tradesmen are." He reiterated that "jobs are very, very important ... During construction and, certainly, after construction. We will do everything we can to make sure that goal is realized."

In reference to his earlier statement that "a public / private partnership is a process as opposed to a product," Mr. Oshinski referred to the Carson City Center Project Development Program Tasks, copies of which had been distributed to the committee members and staff. He explained the concept of programming in consideration of the Desired Elements listed. In response to an earlier question, he advised that no deal has yet been struck. "I don't know what deal we can make yet. Neither do you because we don't know what you want to build. We don't know what we can build and we don't yet know what can be afforded. Our job is to answer those questions. We've heard the concepts, great looking ideas. We've heard the information and studied the information that was produced by the Nugget. In theory, it looks doable, but that's not good enough to get financing. Theory isn't going to be enough for us to settle on a guaranteed

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maximum price. So we're going to bring our experts in and we're going to work through it and then we're going to come back to you and to the Board of Supervisors and the City staff and the Redevelopment Authority and say, 'Here's what we think we can do in terms of a development program.' Then it'll be up to the community and its elected representatives to decide what it is that you want to build."

Mr. Oshinski reviewed the Development Program Tasks. In consideration of the listed Desired Elements, he assured the committee members and the citizens "that we have no preconceived notions about this. Our only function here is to help you and the community understand what's in it, what it takes, and what we can do."

In reference to previous comments, P3 Development President Mike Courtney emphasized the conceptual nature of the project. He provided an overview of his presentation, describing it as "what we presented, on April 6th, in our interview to the Nugget and that's the road map. And at the end of the road map, hopefully we will have answered every question required to come up with a 'financeable' development plan." Mr. Courtney commended the concept as "very good," and advised "we start all of our projects this way." He reviewed P3 Development's approach to the "planning phase, an infrastructure analysis, project feasibility and economics, preconstruction, development plan, and a financing analysis."

Member Kittess inquired as to who are P3 Development's clients; whether the clients are paying P3 Development for the work related to the process. Mr. Courtney advised that P3 Development and the City are partners. "I see the partnership as three-headed ... the Nugget, the City, and our company." The project is the same. Mr. Courtney advised of having been interviewed by Nugget representatives, "but there were City officials there observing our interview." In response to a further question, Mr. Werner advised of a \$160,000 cost estimate for the initial phase. Consideration has been given to allocating \$75,000 from the Redevelopment Authority, \$75,000 from the Hop and Mae Adams Foundation, and the balance from the library. "The reason we're doing that is we will end up with a ... product. Essentially, if we were going to do a preliminary on our own, this is the kind of costs we'd have to hire out anyway. ... Once we do that, and if this project goes forward, then that becomes a credit against our guaranteed maximum cost. If the project does not go forward, we'll end up with the product. It's ours at the end of the program, but we will have a siting plan, some ideas on financing, sizes, those kinds of things that have a value to the City."

Mr. Courtney reviewed the process associated with drafting a development agreement. "From that point forward, [P3 Development] will be completely on the hook because we will have presented a plan to everybody, and everybody will have bought into the concept and there will be costs, obviously, included with the concept and that's the plan we'll carry forward." Mr. Werner further clarified "that's where the ... committee gets involved. Once we've done this first ... development coordination phase that kind of talks about what the project might be, then when we start developing the points of any development agreements that are going to be for the go forward on this project, that's the role this committee will play in getting into the details of ... the financing, ... the type of the project ..."

Member Penzel expressed the opinion, "it seems like this is already a done deal," and uncertainty over whether "any kind of local talent ..." was interviewed. Mr. Werner advised that was not the role of this committee. In consideration of construction being "a huge part of our unemployment problem here," Member Penzel inquired as to "what are we going to do to ... ensure that we have local contractors identified as people that support this project." Mr. Werner further clarified that the Nugget selected P3 Development. "When it comes to the actual determination of contractors to build it, that'll happen through

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the development process which this committee will be involved with. That's a later phase which the results of this study will determine whether or not we even get to that point. That's still to come."

Member Williamson expressed the understanding that there were invitations sent to local contractors and construction firms, which declined to participate due to the project scope. Member Kittess inquired as to whether any of P3 Development's other projects have involved three entities. Mr. Courtney advised that the soon-to-be completed City of Sacramento library project also includes the Sacramento City Unified School District. "We actually had, in that project, ... a contract with the school district and then we had another contract with the city. And then we had a quasi-joint responsibility because the library ... is ... used both by the school and by the city. It has two different funding sources and we had to manage all that. We had to design it so that it met both agencies' needs." Member Kittess noted that the subject conceptual project will have two private entities and one public entity. He inquired as to whether P3 Development will be responsible for the due diligence to develop the property. Mr. Courtney acknowledged the accuracy of the statement.

Member Penzel inquired as to "the profit motive ..." and expressed concern over "spending a lot of money ..., focusing a lot of energy ..." Mr. Courtney provided background information on his 17-year experience in the California State Real Estate Division. "The state located buildings in downtown environments, in redevelopment districts, for exactly the same policy reasons that are being proposed here: to bring jobs into an area and to redevelop the area. And, in fact, this sort of approach is done all over the country." Mr. Courtney referred anyone interested to the Urban Land Institute, an entity that works with city, county, and state governments across the nation, which cites "countless examples of redevelopment projects that are done just like this." He reviewed examples from his experience with the California State Real Estate Division. Member Penzel expressed concern over "leas[ing] back our space to the government." He inquired as to what will be done to "actually attract business ...; that's going to make this profitable ..." Mr. Werner advised of "a whole history" which he offered to provide to Member Penzel. He referred to Mayor Crowell's presentation, at the April 26th committee meeting, from the Mayor's Institute on City Design. Mr. Werner explained the purpose of the subject agenda item to "present P3 to go into this first phase." He suggested Member Penzel's questions would be more appropriately posed once the development agreement is agendized "because that's where the money matches up to the project and whether or not it makes sense. That's still to come ..." He reiterated the offer to provide Member Penzel with informational materials.

Member Aldean described the list of Desired Elements in the Development Program Tasks document as "a menu of items." She noted the limited acreage, P3 Development's need to generate a profit, and speculated that the desired elements which are likely to yield a higher return would be chosen. She inquired as to the number of scenarios to be developed, whether it can all be done within the \$175,000 budget, "so that, at the end of the day, you have a product that you feel is economically viable and also is a true reflection of what the City needs and desires." Mr. Courtney explained P3 Development's job to address the method by which to consider the desired elements which make the most sense to combine into the project on the land available. He noted that parking "is a huge issue ... for the Nugget, ... for whoever the potential tenants are, ... for the public ..." He further noted that parking will also have to be accommodated during the construction phase. He advised that P3 Development will analyze costs and benefits, will provide development costs as well as "what it's going to cost to pay for that and ... are there really tenants there that really want to move and really want to be there now." He reviewed various possibilities, and reiterated, "We're not there yet." Member Aldean noted that the committee has been

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sensitized, by the public, to “one of the non-negotiables and that is the amount of money that we have to offer which is the eighth of a cent and the tax increment that’s generated by the project ...” Member Aldean speculated that P3 Development is progressing into the evaluation process with the understanding that there are non-negotiables relative to “what we are prepared and able to pay as our portion of the ... financial contribution to the project.” Mr. Courtney assured the committee that the non-negotiables were made very clear by the City Manager, the Public Works Department Director, and the District Attorney. Mr. Courtney advised of having been provided with “initial estimates of all these revenues,” and advised, “those are all going to get re-examined over the next three and a half months.”

In response to a question, Mr. McCarthy advised that allocation of \$75,000 from the Redevelopment Authority is a decision yet to be made by the Redevelopment Authority and the Board of Supervisors. He described the Redevelopment Authority budget as “very small,” and advised “that ... it could slow down some of those other incentive programs for a period of time until this is paid off.” He advised that the \$75,000 is available. Mr. Werner further clarified that the proposed allocation is not foreseen to impact any of the incentive programs. “... we’ll be able to fund this part of the project and then we’re done. And, come July 1st, it’s a fresh, new start and this won’t have any impact on that.”

Chairperson Dockery noted that a large portion of the project is commercial real estate “with the thought that state agencies would be the major occupier ...” He inquired as to whether P3 Development representatives have had discussions with state agency representatives regarding the commercial space. Mr. Oshinski advised that, prior to submitting a response to the request for information, he accompanied Nugget representatives to a meeting with Lynn Hettrick of the Governor’s Office. Mr. Oshinski described the meeting as “very positive in terms of Mr. Hettrick indicating the Governor’s Office desire to see the project go forward.” Mr. Oshinski advised that the Nugget has commissioned a study to demonstrate to the State government the savings that will be realized by centralizing their operations on that site. He discussed benefits associated with sharing facilities and infrastructure, and advised of the intent to “ultimately present to the Governor’s office the final study which we hope will show that the savings, on an operational level, will be so considerable that, in the event they need to pay higher rents to be in a brand new building downtown, ... the offset will make sense financially.” He advised of letters of “strong interest” submitted to the Nugget from the Gaming Control Board, the Public Utilities Commission, the Department of Health and Human Services ...” He further advised of being gratified by said letters and “optimistic, but we need more than that to make that part of the project a reality. We’ll actually need a commitment, and ... will be working with the Governor’s office to that end.” In response to a further question, Mr. Oshinski explained the requirements associated with a lease commitment. “If we can obtain that, we can finance this and we can finance it very inexpensively.”

Member Lawrence advised that he is the Division of State Lands Administrator, and advised P3 Development representatives to work directly with the Division of Buildings and Grounds, which has much of the lease information. With regard to discussions with the Governor’s Office, Member Lawrence acknowledged the State of Nevada’s support for any project that benefits Carson City and also provides mutual benefits to the State. He expressed the firm belief that Carson City being the State capital, “we benefit from both of our successes ... [and] vice versa ...” He advised that the State of Nevada “can really only participate to the extent that it makes fiscal sense to do so.” He further advised that the Buildings and Grounds Division has “done a lot of work over the last five to six months, already renegotiating existing leases in an effort to save the State and the taxpayers’ dollars. And some of those leases are already in place.”

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Member Lawrence inquired as to the method by which expectations relative to the conceptual project are managed. Mr. Courtney advised that if the Redevelopment Authority approves the contract, there is a ninety-day period within which to fulfill it. He emphasized that “we can’t get to the next phase without answering those questions.” He expressed the firm belief in doing things “as fast as we can, as thoroughly as we can, and then present our findings and let our clients make the decision.” In consideration of managing expectations, he provided anecdotal information on a project in the final stages of completion which started in 1984 and in which he became involved in August 2006. He emphasized the importance of “tak[ing] in all the information and mak[ing] sure I do my best to answer all those questions.”

In response to a further question, Mr. Courtney reiterated the contract schedule is 90 days. He explained that the project can’t be “costed out and design[ed] at the same time. One has to follow the other ...” Mr. Werner advised that an public open house will be scheduled at the end of June, and Mr. Courtney advised that the first master planning concepts will be presented at that time. He assured the committee he’ll “be working on numbers for all the elements. ... Once we get through the master planning phase, then I’ll start having numbers to share.”

Member Millard advised this was the second time he’s heard about the State offices being “a viable candidate.” He commended the idea as good, but, “from a community standpoint, we’re going to create other problems in other areas.” He cautioned P3 Development representatives in considering the State as “a real viable tenant down there.” He inquired as to how to analyze “something like this from your private standpoint to ... this public / private partnership and it almost seems like there’s a distrust.” Member Millard expressed support for the project to the extent it doesn’t expose the City to liability, and the opinion that “incremental tax is ... smoke and mirrors by government.” He expressed support for redevelopment, but the belief that “the way it’s done is scary.” He inquired of Mr. Courtney as to whether the concept would make sense “if it was a public venture.” Mr. Courtney expressed the opinion that “buying into the ... goal is half the battle.” In reference to his California State Real Estate Division experience, he advised of always having held private partners to “a transparency.” He assured the committee that P3 Development won’t promise something which can’t be built. He reiterated that the concept is “great [and] makes sense conceptually; the policy’s great, but we have to get to the numbers.” He advised that tax increment financing is “a big part of the revenue stream.” He reiterated that P3 Development will present logical and reasonable information on which the clients will decide. Member Millard reiterated support for the project and acknowledged its benefits. He expressed concern over the community being left “holding the bag.” Mr. Courtney emphasized the partnership aspect. Mr. Werner suggested that the tough questions will center around what will be feasible, which is one role of the committee. He acknowledged that the committee’s opinions will have weight. Member Millard expressed the opinion “the best thing we can do is inform the community.”

Mr. Werner discussed plans for public workshops. Member Millard inquired as to examples of downtown public / private partnership projects. Mr. Oshinski referred anyone interested to the “NCPPP, a national organization of public / private partnerships, at ncppp.com”. He recommended a “very fine article” published by the Urban Land Institute on public / private partnerships which is “filled with case studies.” He invited the committee members to P3 Development, Inc. for a guided tour of the soon-to-be completed City of Sacramento project.

Member Rocha expressed support for the conceptual project. Mr. Courtney acknowledged the possibility that the project will be infeasible. He further acknowledged having been previously associated with

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endeavors where the conclusion reached was project infeasibility. Member Penzel expressed excitement over downtown redevelopment, and concern over “creating something that we’re not going to create an outside attraction for.” He inquired as to “who has done the study on those outside things that is going to impact the revenue for the City ... besides the government leases.” Member Williamson advised that “the key component of this downtown project is the knowledge and discovery library which, currently our small, antiquated library built in the 1970s attracts 300,000 visitors a year.” In response to a further question, Member Williamson explained the proposal to include the library in the public plaza, “with a retail / restaurant component, along with a digital media lab or some kind of media lab ... and a business incubator to attract, nurture, and grow entrepreneurs and small businesses for our community to have them continue to live here, hire people, and flourish.” Member Penzel expressed hesitation over the business incubator concept, and advised of having visited “the most successful business incubator in ... the western United States and it is not a huge revenue generator.” Member Williamson discussed the importance of successful small businesses in the community. Member Penzel stated that business incubators “don’t bring in revenue.” He expressed the further opinion that “build[ing] this ... around a business incubator ... doesn’t really make sense. ... Building it around government leases doesn’t make sense ...” He reiterated the importance of an outside attraction.

Member Millard noted that “tourism has its own set of problems ...” Mr. Werner acknowledged that tourism “is a whole separate topic. ... The whole focus of this project is job creation.” Member Millard noted the “possible hotel and conference center” listed as a desired element. Mr. Werner advised that this desired element was requested by Nugget representatives to ensure a site is provided. “It may not be an element that turns out of this project, but there needs to be a site for that because, ultimately, there appears to be a need for a hotel, conference rooms, a conference center ...” Member Millard suggested “get[ting] the steam train to this project ... would then have a diamond that we could really sell.”

In reference to her seven years as a member of the Board of Supervisors and the Redevelopment Authority, Member Aldean suggested to Member Penzel that “we have been focusing on a band-aid approach to redevelopment. ... In a perfect world, we would start focusing on what redevelopment has traditionally done and that is fund infrastructure projects.” Member Aldean described the conceptual project as an infrastructure project. She noted the “catalytic nature of one large development project that is going to create synergies for surrounding businesses and retail establishments. That retail, hopefully, will prosper, hopefully will have more people enter the market place to create those places that are going to be an enticement for the tourists. This, as has been pointed out, is primarily for job creation. There are elements, obviously, that might be attractive to a tourist coming through Carson City.” Member Aldean noted ancillary benefits of the conceptual project by assisting other properties in the redevelopment area to grow and thrive.

Member Patton provided statistical information on the annual number of library visitors. “Putting the library downtown will bring those 300,000 people to the downtown area.” Member Patton discussed plans for a library coffee shop and meeting spaces. “We can have almost ... a conference center downtown by using all the facilities that we are building and that are already down there while you’re waiting ‘til you’re big enough to have a conference center built some place.” Member Patton reiterated the purpose of the project concept is to create jobs, “not just the construction jobs for building the buildings. But, through the incubator and the media lab, jobs that our kids can look forward to getting as they get out of high school and college without having to go out of state or to some other part of the country ...”

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Chairperson Dockery entertained additional committee member comments and, when none were forthcoming, opened this item to public comment. (7:58:08) Chet Alexander inquired as to who will operate the new library and who will pay for operations.

(7:58:40) Ward 1 Supervisor Candidate Rob Joiner noted the various partnerships, and expressed concern over “a public facility on a private piece of property” failing and the “taxpayers [being] on the hook for that.” He inquired as to a hold harmless clause in the development agreement. Mr. Werner reiterated that the project concept is only at the feasibility study stage. He advised that the City is not anticipating any debt service. “We’re not going to commit that at this stage.” The committee will be involved in the details of “what we’re costing, ... what we’re building, ... how this might come together.” Mr. Werner further reiterated the purpose of the subject item to present the developer. Mr. Joiner reiterated concern over limiting the risk to taxpayers, and Mr. Werner agreed.

(8:01:49) Joe Childs noted the three partners, P3 Development, the City, and the Nugget. He read from a letter to the editor from “a couple months ago.” In response to a comment, Mr. Werner explained that the funding being allocated for the feasibility study is to ensure that the City owns the product once it’s finalized. In reference to the letter to the editor, Mr. Childs reiterated concern over ““\$100 million put up by the developer at no risk to the City,’ and that’s not what I envisioned from the get-go and that’s not what I’m envisioning now.” He requested clarification.

(8:03:19) Pat Sanderson discussed the importance of hope, and reviewed his family’s history in Carson City. He commended the conceptual project as “tremendous.” He requested the “politicians, the Chamber of Commerce and [the committee members] to think.” He further requested that the committee members provide P3 Development the requested 90 days, “let them come back with whatever their results are. ... Give them a chance. Don’t shoot it out of the saddle in the newspaper tomorrow before it ever goes any farther. Wait ‘til we get the results back and then we can plan and figure out of it’s good for Carson City.”

(8:04:57) Jim Foley expressed support for the project and inquired as to whether P3 Development intends to continue their involvement “if you don’t get your letters of intent on the office part of it.” Mr. Courtney advised that a legally-binding commitment will be needed from the State of Nevada or any private tenant in order to finance the private buildings “which we’re completely at risk for.” “If we don’t get that from the State of Nevada, there may still be a project, different shape, different elements ... We’re in it until somebody tells us we’re not and that will be up to our two clients.” Mr. Foley suggested “this ... could be the salvation of Carson City,” and expressed concern over “see[ing] it stopped because right now we have a terrible office demand and I can see letters of intent being a problem.” He expressed the hope that the project can proceed “just basically on the public part of it, the library, whatever’s included in the library, the parking garage ...” He suggested that the project will “ultimately ... create its own demand. It just might not create it today when the economy is lousy. But it will create its own demand for retail and office.”

Mr. Werner explained the goal to accomplish a downtown project, and advised that the feasibility study will be anxiously awaited. He advised that the nature of the project may change “if the leases don’t go through, but at that point it’s back before the Redevelopment Authority and the Board [of Supervisors] to talk about what is the project and is it viable.” He expressed the belief that the knowledge and discovery library “absolutely makes sense. We believe that trying to do something in the downtown makes sense. ... But, if at the end of the day, it turns out that we can’t even afford the library; ... that it’s not useable or

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not doable or doesn't achieve the goals of the Board and the Library Board ... then we have to sit back and rethink this. ... Those are the bookends. We just don't know yet."

Chairperson Dockery entertained additional public comment; however, none was forthcoming.

6. STATUS REPORT ON THE NUGGET ECONOMIC DEVELOPMENT PROJECT (8:08:22)

- Previously covered.

7. NON-ACTION ITEMS:

INTERNAL COMMUNICATIONS AND ADMINISTRATIVE MATTERS - None.

CORRESPONDENCE TO THE COMMITTEE - None.

STATUS REPORTS AND COMMENTS FROM COMMITTEE MEMBERS - None.

STAFF COMMENTS AND STATUS REPORTS - None.

8. ACTION TO ADJOURN (8:08:37) - Member Aldean moved to adjourn the meeting at 8:08 p.m. Member Williamson seconded the motion. Motion carried 11-0.

The Minutes of the May 10, 2010 Carson Nugget Development Advisory Committee are so approved this _____ day of September, 2010.

SCOTT DOCKERY, Chair

**Carson City
Carson Nugget Development Advisory Committee
Agenda Report**

Date Submitted: September 20, 2010

Agenda Date Requested: September 27, 2010
Time Requested: 1 hour

To: Chair and Committee Members

From: Lawrence Werner, P.E., P.L.S.

Subject Title: Status report on the City Center Project.

Staff Summary: P3 Development and staff will provide a project update to the Committee.

Type of Action Requested: (check one)

() Formal Action/Motion

() Other (Specify) Discussion

Does This Action Require A Business Impact Statement: () Yes () No

Recommended Committee Action: None

Explanation for Recommended Committee Action: No action - discussion only

Applicable Statute, Code, Policy, Rule or Regulation: None

Fiscal Impact: None

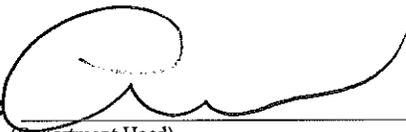
Explanation of Impact: N/A

Funding Source: N/A

Alternatives: None

Supporting Material: Memorandum; Presentation by P3 at meeting

Prepared By: Lawrence A Werner

Reviewed By: 
(Department Head)

Date: 9/21/16

Committee Action Taken:

Motion: _____

- 1) _____
- 2) _____

Aye/Nay

(Vote Recorded By)

MEMORANDUM

TO: Nugget Project Citizens Committee
Board of Supervisors

FROM: Lawrence A. Werner, P.E., P.L.S.
City Manager

DATE: September 20, 2010

SUBJECT: Meeting of September 27, 2010 – City Center Update

As I discussed with the Board of Supervisors at their September 16, 2010 Board meeting, staff has been meeting with the developers, financial advisors and the landowner to try and resolve all of the project definition issues and costs related to the City's portion of the City Center proposal. As of this date we have not been able to resolve all of the key issues, specifically those requiring further legal analysis from the District Attorney's Office and the City's Financial Advisors. Up to this point, most of the major concerns had been addressed to the point that further analysis was warranted but as we got into more detail the entire public portion of the project needed to be analyzed in full context, not in isolation.

Although there remain issues to resolve, it was determined that we should have P3 update the committee on the status of their work. There will not be a specific draft plan until we've reviewed and resolved the issues regarding items such as IRS rules on public/private financing, redevelopment concerns such as the remaining life of the redevelopment area and possible restrictions on using funds between redevelopment project areas, lease/purchase and land ownership.

The team is getting into the details and a viable project is beginning to emerge but there is not enough data on costs and revenues to support a specific project at this time. The team will again be meeting on Tuesday, September 21, 2010 to discuss the proposal with the goal to answer as many of the issues as possible before we present the status update to the Citizens Committee on September 27, 2010. Because we are working so close to the deadline for noticing the meeting, we will likely not be able to provide advanced information. The Committee's feedback on this update will assist all the parties as we continue to work through some of the more major issues relating to this proposed development in our core downtown area.