



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: DECEMBER 19, 2007

DEPARTMENT: CITY MANAGER
DIRECTOR: DOUGLAS A. SELBY

Consent Discussion

SUBJECT:
ADMINISTRATIVE:

Discussion and possible action regarding the Third Amendment to Memorandum of Understanding (MOU) between the City of Las Vegas and REI Neon, LLC, concerning the execution of a final Development Agreement for the construction of a sports arena generally located at the southwest corner of Main Street and Charleston Boulevard - Ward 3 (Reese)

Fiscal Impact:

- No Impact Augmentation Required
 Budget Funds Available

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:

REI Neon, LLC, was selected as the preferred arena developer for the downtown Las Vegas sports arena, as the result of a Request for Proposals (RFP) that was issued on April 20, 2007, by our consulting firm CSL International. The City entered into an MOU with REI on August 1, 2007, and has since amended that document twice. At this point, REI is considering the final and best offer from the City and is in need of more time to properly analyze the offer. The Third Amendment would extend the MOU until February 20, 2008. This amendment will also remove the City-owned land east of City Hall from the RFP process and allow city staff to negotiate for a non-arena related development on that site.

RECOMMENDATION:

Approval.

BACKUP DOCUMENTATION:

1. Third Amendment to Memorandum of Understanding
2. Second Amendment to Memorandum of Understanding
3. First Amendment to Memorandum of Understanding
4. Memorandum of Understanding

Motion made by GARY REESE to Approve

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0
RICKI Y. BARLOW, LOIS TARKANIAN, LARRY BROWN, OSCAR B. GOODMAN,
GARY REESE, STEVE WOLFSON, STEVEN D. ROSS; (Against-None); (Abstain-None);
(Did Not Vote-None); (Excused-None)

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Minutes:

SCOTT ADAMS, Director of the Office of Business Development, paraphrased the Purpose/Background section. He explained that release of the City-owned land east of City Hall is necessary, in order to be able to negotiate in good faith with various developers that have expressed interest. The MOU is only binding on the reimbursement of the City's costs. Staff recommended approval.

COUNCILMAN REESE commented that the property to the east is very important to downtown. However, he expressed concern about not having the land for an arena, should this venture fail. RICHARD JOST, Attorney with Jones Vargas, appeared representing REI Neon, and he said that removal of the property from the MOU would make it easier to move forward with financing.

COUNCILMAN REESE advised that he was just asking staff to be cautious during these negotiations, so as to not hinder the opportunity for development of an arena. MR. ADAMS pointed out that this amendment makes no reference to an arena; it only removes City-owned land. He assured Council that he would brief the Council every step of the way.

COUNCILMAN WOLFSON stated that he fully understands the amendment. However, he asked what staff hopes to accomplish in the 60-day-extension timeframe. JILL FERRARI, member of REI Neon, LLC, explained that REI has worked very hard on the financing package, but there are some remaining details that would require some creative ways to address them. By removing the property, REI hopes to minimize the risk to both the City and REI. She anticipated having the financing finalized within 30 days, as much progress had been made.

COUNCILMAN WOLFSON agreed with the concern of COUNCILMAN REESE, but observed that the property east of City Hall is valuable property that should be developed. MR. ADAMS noted that staff recognizes that the property east of City Hall is the safety valve for an arena, should REI not go forward with its proposal. But there have been significant interests for the site that staff cannot legally respond to until the property is released from REI's proposal.

MAYOR GOODMAN stated that he spoke with MR. WEAVER, whom he considers the principal of REI, regarding the extension, and he made it very clear to MR. WEAVER that the Council wants the arena in the downtown area, because it is the vehicle that will allow downtown redevelopment to continue. Although parties of substance have expressed interest in developing an arena downtown, he has informed them that the City was not in a position to respond because of the ENA with REI. But he advised REI that this extension would be the last. If REI finds that it would not be able to perform at the end with an arena, both REI and the City would go their separate ways.

COUNCILMAN REESE urged REI to do its due diligence and obtain funding.