



AGENDA MEMO

CITY COUNCIL MEETING DATE: April 2, 2008

DEPARTMENT: City Manager

ITEM DESCRIPTION: Discussion and possible action regarding a Memorandum of Understanding by and between the City of Las Vegas and City Parkway V, Inc. (the City Parties) and LiveWork, LLC ... for Union Park Parcels P and Q, the Queen of Hearts block, ... and property near Main and Bonneville Ward 5 (Barlow)

1. LiveWork Las Vegas, LLC has assembled 5 city blocks adjacent to the downtown Las Vegas core for the development of a new commercial office, retail, transit and civic center complex. The 13-acre site is bordered by South Main Street, Garces Avenue, Casino Center Boulevard and Lewis Street. The site is located in close proximity to the proposed 61-acre multi-use Union Park project, which will include the Lou Ruvo Brain Institute, the Smith Center for the Performing Arts and the World Jewelry Center. Combined, these projects represent the 21st-Century core of downtown Las Vegas.
2. Conceptual plans for the proposed Forest City / LiveWork project call for the construction of new City Hall facilities, a new Regional Transit Center, approximately one million square feet of new Class-A commercial office space, and up to 250,000 square feet of big-box and small-shop retail stores, restaurants, cafes and entertainment uses. The developers also anticipate developing Parcels P and Q in Union Park into a hotel-casino complex with 1,000 rooms and associated casino, retail, and conference center facilities.
3. A central focus of the projects vision is an emphasis on an enhanced pedestrian experience. This will be accomplished by creating an inviting pedestrian-oriented streetscape that extends the vitality of Fremont Street throughout the downtown district. A dramatic covered concourse joining the Regional Transit Center to the adjacent block will create a sophisticated mixed-use hub of retail shops, cafes, and entertainment-related uses, including gaming. Iconic office towers will bring a distinctive and exciting profile to the skyline.
4. LiveWork Las Vegas, LLC is a partnership between developers Forest City Enterprises, Mitchell Holdings, and Barnet Liberman. Forest City is one of the nations premier mixed-use real estate development companies with projects in 26 states. The company has been a leader in developing and operating large-scale projects in key urban markets like San Francisco, Los Angeles, Boston, Chicago, New York, and Washington, DC. Mitchell Holdings and Barnet Liberman are national developers with extensive experience developing office, residential, and hospitality projects in urban markets in six states.
5. This Memorandum of Understanding (MOU) is nonbinding and specifies the overall deal structure for a new City Hall, development of Parcels P and Q in Union Park, and LiveWorks development of Blocks A, C, and D (depicted in Exhibit A to the MOU).

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6. Land Prices are established at \$40,250,747 for Parcels P and Q and \$33,170,000 for Queen of Hearts Block. Final disposition may require an AB 312 resolution depending on the appraised value of Parcels P and Q in Union Park.
7. The Parties agree to a future property exchange by a projected date between 2011 (City Hall completion), and 2014 (3 years after completion of City Hall), subject to conditions being satisfied by both LiveWork and the City. Construction of P/Q as a hotel-casino would be required to start within two years of the property transfer (projected date of 2016), subject to the City satisfying certain conditions, including Union Park infrastructure being in place.
8. Concurrent with the property exchange, LiveWork is obligated to pay \$7M+ Price Difference through cash or rent concession, and performance on Parcels P and Q, including constructing a fire/metro substation on Parcel P or Parcel Q in Union Park.
9. The building program of City Hall is for 251,000 square feet, with 831 parking spaces on-site.
10. Forest City will build City Hall and finance it privately as a long-term lease. The City will pay all capital costs of construction, including a carry cost associated with the underlying land during the course of construction.
11. After completion of construction, the City will occupy City Hall initially as a tenant. As a tenant, the City will have artificially low rent payments (+/- \$2M) for a minimum initial Rent Deferral Period of five years.
12. The deferred rent is due, with interest, at the earlier of the Rent Deferral Period or when the hotel-casino improvements on Parcels P/Q are fully assessed on the tax roll.
13. LiveWork will give the City free ground rent on the Queen of Hearts land during the term of the Rent Deferral Period.
14. At the end of the Rent Deferral Period, the City can purchase land, exercise the swap, or enter into a long-term ground lease. The City can purchase the completed City Hall for actual cost, or continue renting via a long-term lease with LiveWork as Landlord, at which time the lease converts to a market-rent lease.
15. LiveWork's Block Project, on parcels A, C, and D, comprises 1M sq ft of Class A Office, 268,000 sq ft of retail, 31,000 sq ft of gaming in the RTC Transit Terminal, and on-site parking, to be built over multiple phases.
16. For Block Project, the City will consider full tax increment pledge (82% TIF) over a 20-year term or to sunset date of the Agency, provided the Developer builds a minimum scope and against a mutually agreeable development schedule.
17. The Regional Transportation Commission is building a new Transit Center on LiveWork Parcel B.

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18. The MOU will be replaced by a Binding Agreement (Master Agreement), subject to negotiation - target date is May 21 City Council.