



AGENDA SUMMARY PAGE

REDEVELOPMENT AGENCY MEETING OF: OCTOBER 15, 2008

DEPARTMENT: OFFICE OF BUSINESS DEVELOPMENT

DIRECTOR: SCOTT D. ALAN

SUBJECT:

Discussion and possible action regarding a Subordination, Non-Disturbance and Attornment Agreement between Wirulla Hayward, LLC, Telemundo Las Vegas, Inc., and City of Las Vegas Redevelopment Agency (RDA) for Fremont Square formerly known as Neonopolis, located at 450 Fremont Street - Ward 5 (Barlow)

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

The RDA is the beneficiary in the Short Form Deed of Trust and Assignment of Rents dated November 30, 1998, wherein World Entertainment Centers, LLC, as Trustor, has secured its payment and performance obligations to the RDA. FAEC Holdings Wirulla, LLC, (FAEC), as the current owner of Fremont Square, is successor-in-interest to World Entertainment Centers and has certain obligations under the Deed of Trust to the RDA. FAEC has master leased Fremont Square (Property) to Wirulla Hayward, LLC, (Landlord) who has subleased a portion of the Property to Telemundo Las Vegas, Inc., (Tenant). This Subordination, Non-Disturbance and Attornment Agreement subordinates Tenant's Lease to the Deed of Trust and requires Tenant to agree to recognize the purchaser or transferee in case of foreclosure. It also requires non-disturbance of Tenant's Lease, as long as Tenant is not in default.

RECOMMENDATION:

Approval.

BACKUP DOCUMENTATION:

1. Subordination, Non-Disturbance and Attornment Agreement
2. Disclosure of Principals - Wirulla Hayward, LLC
3. Disclosure of Principals - Telemundo Las Vegas, Inc.
4. Submitted at Meeting Addendum to Subordination, Non-Disturbance and Attornment Agreement by Staff
5. Submitted after Meeting Executed Addendum to Subordination, Non-Disturbance and Attornment Agreement

Motion made by RICKI Y. BARLOW to Approve with the Addendum

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

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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)

Minutes:

SCOTT ADAMS, Operations Officer, Redevelopment Agency (RDA), stated Items 7 and 8 relate to securing Telemundo Las Vegas, Inc. (Telemundo) as a tenant in the Fremont Square, formerly known as the Neon signs. MR. ADAMS paraphrased the Subject and Purpose/Background sections and explained that Telemundo has signed a lease based upon certain conditions being met by the RDA and the City of Las Vegas.

Relative to the economy and foreclosures, Telemundo believes with the five-year lease with the five-year extension, they would be able to overcome any hardships. MR. ADAMS read into the record and submitted the Addendum to Subordination, Non-Disturbance and Attornment Agreement. After reading the agreement, he pointed out that if Telemundo's lease is terminated, this agreement would be null and void. In order to secure the tenant and maintain the investment, staff felt this request was appropriate.

MR. ADAMS continued by speaking to the parking lease agreement between the RDA and the owner, Wirulla Hayward LLC. The RDA is providing 50 parking cards at no cost to the owner for employees as an incentive to secure Telemundo as a tenant. The RDA will extend a parking validation program to provide for reduced parking for customers. This agreement will extend this program via Telemundo's agreement. Staff is looking into decreasing the parking rates and installing an automated parking system to replace the attendant booths which are expensive to operate. If done, operating expenses will reduce, there will be flexibility on how parking is validated and the validation program would no longer exist.

MR. ADAMS was pleased with Telemundo's commitment and staff feels these agreements will benefit all parties involved on a long-term basis.

Prior to introducing Telemundo's representatives, CELIA CHAVEZ and RICHARD BENNETT and ROHIT JOSHI, owner of Fremont Square, MR. ADAMS pointed out that staff ran a title search and found that there are still sewer liens that have not been fully paid.

MR. JOSHI verified that there is an outstanding sewer bill in the amount of \$45,000, of which his share in the amount of \$10,000 has been paid. If the three tenants do not pay the remaining balance by the end of this month, he assured the Agency that any outstanding balance will be satisfied in full; CHAIRMAN GOODMAN accepted his representation.

At the Chairman's request, MR. JOSHI first thanked the Agency and staff for everyone's assistance in finalizing this agreement and then gave an update on current and future tenants. He invited everyone to an upcoming Shakespearean play in December. The theaters on the first floor are operating and, as previously mentioned, the parking issue will be resolved. In addition, if the Special Use Permits are approved at the City Council meeting, three restaurants will be opening. There is a 25,000-square foot fine arts museum on the second floor where 50 artists can display their artwork daily from 9:00 a.m. to 9:00 p.m.

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Upon CHAIRMAN GOODMAN and MEMBER BARLOW'S query regarding Telemundo's plans, MS. CHAVEZ explained that Telemundo will be broadcasting the local news, public service announcements, commercial productions and issues impacting the community. There will be just over 20 employees and the regular programming is fed through the network. There will be signage and canopies around the Neonopolis. The goal is to be a good neighbor and develop positive relationships.

MR. BENNETT stated Telemundo had teamed together with their network division in Miami, NBC Universal and their parent companies in New York; the goal is to have re-located into the Neonopolis by the end of February 2009. At MEMBER BARLOW'S request, he showed renderings depicting the center with the signage, canopies and satellite dishes. The LED monitor will be 12.5 millimeters. He noted that with the positioning of the canopies, the satellite dishes on the roof cannot be seen from the ground level. Signage on the eastern wall facing Las Vegas Boulevard and the northern wall facing Ogden Avenue will be provided by the respective tenants, Wet Ultra Lounge and the Las Vegas Museum. MS. CHAVEZ informed MEMBER BARLOW that Hispanic students were recently recognized as their intention to partner with schools and become involved with community outreach programs. He appreciated the amount of signage, as he believed there was a need to attract additional patrons to this area. MR. BENNETT noted that additional signage will be done as the financing becomes available.

Relative to MEMBER BARLOW'S query regarding possible funding for signage through the RDA'S Visual Improvement Program, MR. ADAMS explained that the tenant should apply for the funding with the owner making a commitment relative to easements and a maintenance agreement.

MEMBER BARLOW stated that Telemundo is a welcome addition to the downtown community.