

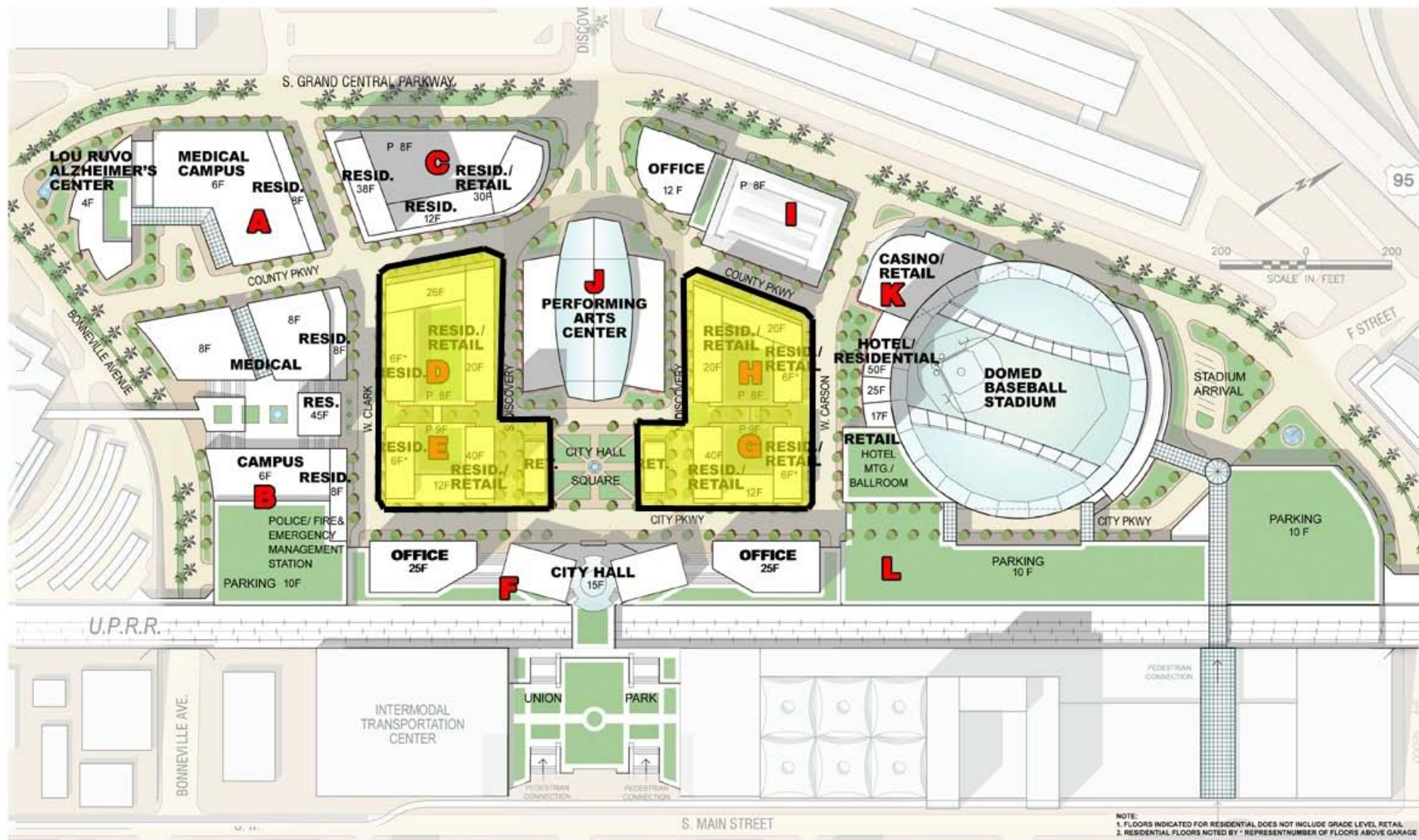
SYMPHONY PARK

CITY OF LAS VEGAS AND NEWLAND
DDA AND PMA AMENDMENTS
NOVEMBER 3, 2010

Relationship between City of Las Vegas and Newland Real Estate Group

- City, through its affiliate companies, retained Newland on a consulting basis as Project Manager in December of 2005
- Scope of work includes project management, marketing, construction coordination, and development negotiations
- City adopted a three-tiered compensation approach:
 - *Newland would be paid, at cost, for staffing and overhead, with the City able to defer this cost until private land sales occur*
 - *Newland would receive a 4% fee against land sale revenue for private parcel sales in Symphony Park*
 - *Newland received right to develop four residential blocks in original 2005 Master Plan*





Original 2005 Master Plan, Newland's Development Rights



Newland's Current Role as Project Manager and Developer

- Newland's responsibilities are specified in a Project Management and Consulting Agreement (PMA)
- Original PMA has been amended six times to reflect changes to the Symphony Park Master Plan, development rights for Newland, fees payable to Newland, and timing of City's compensation to Newland
- Three-tiered compensation model is still in place, except:
 - *Newland is paid at cost on a cash basis, 30 days payable, with no ability for the city to carry the expense with interest*
 - *Newland has reduced their project management expense as the scope of work has lessened over time*
 - *Newland's development rights have been reduced*





Newland's Current Development Rights



Land Sale Price and Schedule under Newland's Current Development Rights

	Escalation	(None)								
	Takedown Date	August 2011	2012	2013	January 2014	2015	2016	January 2017	2018	January 2019
Parcel	Sale Price									
C	\$ 5,429,318									
N	\$9,111,619									
D	\$4,581,307									
F	\$3,010,867									
O-1	\$5,507,810									
(Note: Date in Red indicates current purchase deadline; Developer may purchase sooner than deadline.)										



Amended Project Management and Development Relationship proposed per this Council Action

- City to continue to use Newland as Project Manager through June 2011, with one, 1-year option at City's discretion
- Compensation model is revised:
 - 4% Additional Fee is removed
 - Cost structure reduced, with smaller project management team
- Development rights are revised as follows:
 - Parcel C and N: hard development rights with new price schedule
 - Parcels D, F, O-1: soft development rights, giving City right to terminate if agreement is reached with a third party



New Price and Acquisition Schedule under proposed DDA Third Amendment

	<i>Escalation</i>	2%	2%	2%	5%	5%	5%	8%	8%
	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parcel									
C	\$ 1								
N	\$2,914,238	\$2,972,523	\$3,031,973	\$3,092,613	\$3,247,243	\$3,409,605	\$3,580,086		
D	\$3,401,560	\$3,469,591	\$3,538,983	\$3,609,763	\$3,790,251	\$3,979,763	\$4,178,752		
F	\$3,762,050	\$3,837,291	\$3,914,037	\$3,992,318	\$4,191,933	\$4,401,530	\$4,621,607	\$4,991,335	\$5,390,642
O-1	\$2,564,063	\$2,615,344	\$2,667,651	\$2,721,004	\$2,857,054	\$2,999,907	\$3,149,902	\$3,401,895	\$3,674,046



Newland's Revised Rights as Proposed by Amended Agreements

- Rather than paying Newland a cash 4% fee on land sales, City is using equity in land (Parcel C) to compensate Newland
- To close on Parcel C or Parcel N, Newland must present a development plan and financing plan
- Newland can use part or all of the land sale proceeds for Parcels C and N as a “cap” against soil and groundwater remediation costs, if required by a Risk Assessment
- City is committing to give Newland exclusivity for residential development in Symphony Park (via a deed restriction)
- City keeps a termination right on Parcels D, F, and O-1 to be able to respond to market opportunities; Newland potentially loses a “sunk cost” of pre-development work on these parcels



Comparison of Economic Benefits to the City:

Existing Agreements vs. New Agreements

Economic Benefits to the City		
	Current PMA/DDA	New PMA/DDA
Scheduled Sale Price of C and N	\$14,540,937	\$3,580,087
Scheduled Sale Price of D, F, O-1	\$13,099,984	\$13,243,440
Additional Fee payable to Newland	Estimated \$4M - \$6M	None
City Remediation Contribution (backstop on UP obligation)	2x Cost Estimate	1x Cost Estimate
Tax Increment	RDA keeps all T.I.	RDA keeps all T.I.
Potential Economic Benefit (excluding T.I. and remediation)	\$22,640,921	\$16,823,527
Result: Net Benefit to City is lower, but City reduces remediation expense and increases development flexibility.		



Comparison of City's Development Opportunities: *Existing Agreements vs. New Agreements*

City's Flexibility to Pursue Alternate Opportunities, now through 2019			
	Current PMA/DDA		New PMA/DDA
City's cash obligation to Newland upon option right termination	None		None
City's ability to pursue alternate development on F	After August 2011		Immediately
City's ability to pursue alternate development on C	After January 2014		After January 2017
City's ability to pursue alternate development on D	After January 2017		Immediately
City's ability to pursue alternate development on O-1	After January 2019		Immediately
City's ability to pursue alternate development on N	After January 2019		After January 2017

Result: *City keeps Newland as Exclusive Residential Developer, but increases development flexibility through 2019.*



Summary of Actions Implemented via PMA and DDA Amendments

- Recommending Council amend existing PMA and DDA to revise Newland's compensation schedule and development rights
- Adjusting purchase prices to resolve project management compensation, and to increase likelihood of development in near term
- Reducing City's risk on payment of remediation expenses as a "backstop ceiling" against reimbursement from Union Pacific
- Retaining Newland as Project Manager through June 2011 at a reduced cost
- Retaining Newland as a Development Partner in Symphony Park, with increased flexibility to pursue alternate development



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