Agenda Item No.: **46.**

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: FEBRUARY 1, 2012

DEPARTMENT: ECONOMIC AND URBAN DEVELOPMENT
DIRECTOR: WILLIAM ARENT ☐Consent ☒ Discussion

SUBJECT:
Discussion for possible action regarding an Amended and Restated Disposition and Development Agreement with City Hall, LLC, as successor to RGG, LLC, for the sale of land and improvements at 400 Stewart Avenue and 221 North Las Vegas Boulevard totaling 7.75 acres and purchase option for vacant parcels northeast of Las Vegas Boulevard and Stewart Avenue totaling approximately 6.88 acres to City Hall Option, LLC, and Zappos, Inc., (APNs 139-34-501-003 and -019, -020, -512-001, -004, -005, -008, -009 to -015, -018 to -025, -034 to -039, -048, -050 to -053, -055 to -056, -099 and -100) (Revenue of $18,000,000) - Ward 5 (Barlow) [NOTE: This item is related to Council Items 52 (R-6-2012) and 53 (R-7-2012)]

Fiscal Impact

☐	**No Impact**	☐ **Augmentation Required**
☐	**Budget Funds Available**	

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:
On June 15, 2011, the City Council approved the Comprehensive Amendment to Disposition and Development Agreement with Resort Gaming Group, LLC (Comprehensive Amendment) as the purchaser and Developer of 400 Stewart Avenue and 221 North Las Vegas Boulevard for use as a corporate headquarters by Zappos.com. Compared to the Comprehensive Amendment, this Amended and Restated Disposition and Development Agreement (Restated DDA) leaves the sale revenues to the City unchanged but makes a set of technical and procedural changes which benefits the city. In the Restated DDA, the Developer has agreed to reduce the amount of the Senior Loan from $18 million to $7.5 million, with some changes to the definition of the Senior Loan term. Both the City (as seller, now City Hall, LLC) and Resort Gaming Group (as purchaser and Developer, now RGG, LLC) have changed corporate entities for handling the sale transaction.

RECOMMENDATION:
Approval

BACKUP DOCUMENTATION:
1. Amended and Restated Disposition and Development Agreement
2. Submitted at Meeting PowerPoint Presentation by Staff for Items 24, 25, 46, 52 and 53 and Letter from Shop N Save Discounts, Inc., by Councilman Barlow for Items 46, 52 and 53

Motion made by RICKI Y. BARLOW to Approve

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0
RICKI Y. BARLOW, LOIS TARKANIAN, STEVE WOLFSON, CAROLYN G. GOODMAN, STAVROS S. ANTHONY, STEVEN D. ROSS, BOB COFFIN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:
BILL ARENT, Director of Economic and Urban Development, reviewed a PowerPoint presentation as it played on overhead monitors.

ANDREW DONNER, Founder of the Resort Gaming Group, stated this agreement sets the stage for a new downtown. He highlighted the unchanging terms of the Disposition and Development Agreement (DDA) and the executed guarantee of Amazon. He expressed his gratitude to former MAYOR OSCAR GOODMAN and the current MAYOR CAROLYN GOODMAN for their support, as well as the efforts of the city staff and his numerous partners and team members. He recognized CHRIS NIELSON, Chief Operating Officer and Chief Financial Officer, as the unsung hero of this transaction.

MAYOR GOODMAN recognized the great joint effort and all those who participated in its fruition.

COUNCILMAN ANTHONY recalled conversations he has had with downtown businesses who are excited about Zappos coming to the downtown area.

SAM ZEER, local business owner, stated the presentations by MR. DONNER and MR. ARENT were excellent and although it is difficult to find fault, there is one glaring issue that needs to be considered. Zappos is striving to turn downtown into their vision without the consideration of existing business owners who are finding themselves displaced due to changing commercial zoning. He would like to see the inclusion of a provision that helps protect existing businesses and their employees.

COUNCILMAN BARLOW acknowledged he received faxed letters from MR. ZEER and ATTORNEY MICHAEL BONN and submitted those letters for the record.

CITY ATTORNEY BRAD JERBIC clarified that under the open meeting law the Council is only able to act on the items on the agenda.

COUNCILWOMAN TARKANIAN stated that city staff are very capable and trusts them to complete due diligence. She received confirmation from CITY ATTORNEY JERBIC that the vote today will have no affect on any business located on Fremont Street.

COUNCILMAN BARLOW thanked Zappos for their willingness to invest in the community for all to enjoy. He also thanked MR. DONNER for his vision and the entire city staff for their efforts and dedication to this transaction.

COUNCILMAN COFFIN received confirmation that Item 52 authorizes the sale of the City Hall building which needs to be approved prior to approving a resolution. MR. ARENT clarified for COUNCILMAN COFFIN that the appraisals were not wrong, but that the Redevelopment Agency is bound to come in below the lowest appraisal. The city is not making an opinion on the appraisals. CITY ATTORNEY JERBIC further clarified that Item 52 deals specifically with City Hall and the properties across the street, while item 53 deals with the options parcels.

In response to COUNCILMAN BARLOW, MR. NIELSON reviewed Zappos policies on diversity and discrimination.

COUNCILMAN WOLFSON stated this is one of the most significant votes he can make. Zappos is in good company with the neighboring Smith Center and Lou Ruvo Brain Institute.

COUNCILMAN COFFIN discussed his memories of HOWARD HUGHES' relocation to Las Vegas and made comparisons to TONY HSIEH.

TONY HSIEH, CEO of Zappos, stated they had been looking for a new home for five years and they are not building a campus, but a community.