

AGENDA MEMO

CITY COUNCIL MEETING DATE: JUNE 15, 2011

DEPARTMENT: ECONOMIC AND URBAN DEVELOPMENT

ITEM DESCRIPTION: Comprehensive Amendment to the Disposition and Development Agreement for the sale of 400 Stewart Avenue and 221 North Las Vegas Boulevard

The purpose of the Comprehensive Amendment is to restructure the terms of the existing Disposition and Development Agreement for the sale of the current City Hall complex to Resort Gaming Group, LLC for the improvement of and use of Zappos.com as a corporate headquarters. The restructure permits Zappos.com to finalize their lease terms with Resort Gaming Group and reduces the risk to the city as the financier of the building purchase by:

- (a) Adjusting the purchase price to \$18 million, eliminating the balloon payment at the end of the mortgage term. The city will receive \$3 million in cash and provide seller financing for the remaining \$15 million over a 30 year term.
- (b) Guaranteeing that any senior loans for the purpose of building renovations fully amortize over the life of the 15 year Zappos.com lease.
- (c) Moving the escrow closing date to April 1, 2012, eliminating the need for a city lease back.
- (d) Increasing Zappos' required employee count from 750 to 1200
- (e) Reducing the city's contingent liability from \$12 million to \$5 million
- (f) Assuming the purchase and sale agreement of the property located at 405 N. 6th Street in conjunction with increasing the acreage of option parcels through additional ROW vacation as a result of the purchase.
- (g) If necessary, allowing an unrestricted junior loan to help close any funding gaps.
- (h) Allowing for the lease and use of the option parcels as a surface parking lot to better accommodate Zappos' growing employee base until future development begins.
- (i) Provides more flexibility on the purchase of the option parcels to promote greater opportunities for development.