City of Las Vegas

Agenda Item No.: **4.**

AGENDA SUMMARY PAGE

REDEVELOPMENT AGENCY MEETING OF: JUNE 1, 2011

DEPARTMENT: ECONOMIC AND URBAN DEVELOPMENT
DIRECTOR: WILLIAM ARENT

SUBJECT:
Discussion and possible action regarding the First Amendment to First Amended and Restated Owner Participation Agreement between the City of Las Vegas Redevelopment Agency and affiliates of World Market Center, LLC, located at 495 South Grand Central Parkway, concerning retail furniture sales - Ward 5 (Barlow)

Fiscal Impact

☐ **No Impact** ☐ **Augmentation Required**

☐ **Budget Funds Available**

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:
The Redevelopment Agency and City Council approved an Owner Participation Agreement on September 18, 2002, and a First Amended and Restated Agreement on July 7, 2004. This new Amendment will allow the property owner to sell furniture to the general public one month prior to each furniture show and for two weeks immediately following a furniture show in order to compete with other furniture marts nationally and internationally.

RECOMMENDATION:
Approval

BACKUP DOCUMENTATION:
1. First Amendment to First Amended and Restated Owner Participation Agreement
2. Notice of Change of Majority Ownership
3. Disclosure of Principals
4. Site Map

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, OSCAR B. GOODMAN, GARY REESE, STEVEN D. ROSS, STAVROS S. ANTHONY; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:
BILL ARENT, Director of Economic and Urban Development, explained that this amendment will amend the First Amendment approved in July 2004, particularly it will level the playing

field by changing how the property owner liquidate showroom supplies.
The current agreement places World Market Center (WMC) at a competitive disadvantage by not allowing them to sell off their goods after a show, which in turn costs them additional moving expenses. Consolidating their sample sales to four days per year, as stated in the current agreement, is an arduous process.

CHAIR GOODMAN questioned whether this would diminish the success of retailers, such as Walker Furniture. JONATHAN LELEU, WMC, responded that efforts have been made to reach out to a MR. OLOWITZ; however, a response has yet to be received.

MEMBER BARLOW questioned the rationale behind the business model and why weren't competitive issues considered with the original contract. MR. LELEU explained that local retailers were concerned about the competitive disadvantage WMC would have. Only trade shows were allowed; however, the move-in/move-out inventory system was not considered, which has become a major issue for tenants.

MEMBER BARLOW clarified with MR. ARENT that the new amendment allows WMC to sell samples to the public one month prior and two weeks after a show. MR. ARENT noted that there is a strong resale industry and MR. LELEU agreed that Walker Furniture is known to purchase items from WMC to sell in their showrooms.

At MR. ARENTS request, MR. LELEU explained that WMC had experienced financial woes recently; however, the receivership is gone and WMC has successfully maintained its management. In addition, WMC is now in partnership with its former direct competitor and has new ownership.