



Las Vegas

Agenda Item No.: 51.

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: SEPTEMBER 17, 2014

DEPARTMENT: ECONOMIC AND URBAN DEVELOPMENT

DIRECTOR: WILLIAM ARENT

☐ Consent ☒ Discussion

SUBJECT:

Discussion for possible action regarding a Fifth Amendment to Lease between the City of Las Vegas (City) and OG Las Vegas, LLC to amend terms relative to the lease rate and purchase option for the parking garage located at 330 East Ogden Avenue, totaling approximately 1.03 acres (APN 135-011-0200) - Ward 3 (Barlow) [NOTE: This is a related item to Council Item 53 (2-31-2014)]

Fiscal Impact

☐

No Impact

☐ Augmentation Required

☐

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

The purpose of the Fifth Amendment to Lease between the City and CIM/OG Las Vegas, LLC (now known as OG Las Vegas, LLC) is to amend terms relative to the lease rate such as payment for amounts due to the City for accrued rent and the total adjustment amount to bring previous rent payments to the newly established appraised rent as well as to define the purchase price and amend terms relative to the purchase option for the parking garage.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

1. Agenda Memo
2. Fifth Amendment to Lease
3. Disclosure of Principals
4. Certificate of Amendment to Articles of Organization
5. Site Map
6. Submitted at Meeting - PowerPoint Presentation by Seth Schorr from Downtown Grand and Revised Rent Schedule by Staff

Motion made by RICKI Y. BARLOW to Approve

Passed For: 5; Against: 0; Abstain: 0; Did Not Vote: 2; Excused: 0

BOB COFFIN, RICKI Y. BARLOW, CAROLYN G. GOODMAN, STEVEN D. ROSS, BOB BEERS; (Against-None); (Abstain-None); (Did Not Vote-LOIS TARKANIAN, STAVROS S. ANTHONY); (Excused-None)

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Minutes:

BILL ARENT, Director of Economic and Urban Development, explained that Items 51-53 concern the Ogden Garage, which the City of Las Vegas owns and is leased to the CIM Group to provide parking at the Downtown Grand.

There are some open issues related to the garage and this concerns Items 51 and 53. The first issue deals with the accrued past due rent that is owed for the Ogden Garage and the lease with the CIM Group, which is approximately \$978,000. To resolve this issue an agreement has been worked to accept \$500,000 paid over time, as well as have the CIM Group make \$600,000 in new capital investments in downtown, both at the property adjacent to the Mob Museum, as well as properties on Third Street. CIM Group is an important partner of the City of Las Vegas, who has invested over \$100 million in renovating the former Lady Luck Hotel and Casino and the new Downtown Grand.

The second issue relates to the rental rate for the garage, which was due to change upon completion of the renovation of the former Lady Luck Hotel and Casino, now the Downtown Grand, and that was to take place on October 1, 2013. The new rental rate was determined by an appraisal process of the rent from October 13 through to the present day, and that rent was supposed to be adjusted from the prior rental rate of \$500,000 annually. That appraisal process was concluded by the City's appraiser and the appraisal selected by CIM Group and the new value came in at an annual rental rate of \$800,000; it is an adjustment to the City's benefit of \$300,000 in additional annual rent; the City will be paid dating back to October 1, 2013 and payments will start in April of 2016.

The third issue relates to a purchase option in the current lease, which allows CIM Group to buy the garage from the City. That purchase price is defined in the appraisal process which was completed and it will be set at a purchase price of \$5.5 million, less credits for capital repairs that need to be made to the garage, such as fixing the elevators, as well as adjusting six months of rent off the purchase price; the net purchase price agreed to is \$4,880,000. CIM Group would have to elect to exercise the purchase and that purchase price will hold good for 36 months following today's vote. However, they are not doing that.

Item 52 is related to the Development Agreement for a proposed retail project around the Mob Museum. CIM Group has expertise in urban retail and they are looking to develop a 1,005 square foot retail project surrounding the museum and their current agreement required them to pull a permit by August 31, 2014, which just expired, and to start construction by the end of October 2014. However, they are not proceeding quite on that schedule, but they are working diligently to try to move the project forward. Therefore, they are requesting an extension of both of those deadlines to February 28, 2015. MR. ARENT confirmed for MAYOR GOODMAN that this is only the second revision to the original agreement; the first amendment dealt with the deadlines of finishing the grant and this is the first extension of the retail deadlines.

Through a PowerPoint presentation, SETH SHORE, CEO of the Downtown Grand, provided an update on the progress of the Downtown Grand since its opening 10 months ago.

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COUNCILMAN ROSS commended them on the tremendous great job they have done with the property, as well as the job creation and additional tax revenue that is being generated.

MR. ARENT submitted for the record a revised Rent Schedule outlining the new rate and dates JASON SHRIVER, CIM Group, was present.

