



# WASHOE COUNTY

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Other -

## STAFF REPORT <sup>28</sup>

BOARD MEETING DATE: September ~~25~~, 2007

**DATE:** August 15, 2007  
**TO:** Board of County Commissioners  
**FROM:** John Berkich, Assistant County Manager  
**THROUGH:** Katy Singlaub, County Manager  
**SUBJECT:** Recommendation to approve a Final Development Agreement with Nevada Land, LLC., SK Baseball, LLC and the City of Reno for the acquisition, leasing, improving equipping, operation and/or maintenance of a professional baseball stadium project in Reno using the proceeds of fees collected from the short-term rental of passengers cars and revenue bonds issued by the county there under and providing for compliance with the state laws on financing of public improvements; and if approved, authorize Chairman to execute the Agreement upon receipt.

### SUMMARY

On May 15, 2007 the Commission approved a Predevelopment and Financing Agreement with SK Baseball LLC and Nevada Land LLC (NL). Subsequently, the 2007 legislature imposed various requirements on the development of the baseball stadium which are to be completed by October 1, 2007; NL entered into agreements with the Redevelopment Authority and the City of Reno to build the stadium at a downtown site; and Nevada Land received City approval of a Special Use Permit and the issuance of a building permit is pending. In this item, staff in recommending approval of a Final Development Agreement with Nevada Land, LLC., SK Baseball, LLC and the City of Reno for the construction of the stadium.

County Priority/Goal supported by this item: Support a healthy economy and improve regional collaboration.

### PREVIOUS ACTION

June 12, 2007 – the Board approved an Ordinance amending an existing provision of the Washoe County Code that imposed a fee upon the short-term leasers of passenger cars in Washoe County of 2% by lifting the 2007 effective expiration of the fee and allowing continued collection of the fee.

May 7, 2007 the Board rescinded the Predevelopment and Finance Agreement between the County of Washoe, City of Sparks, Redevelopment Agency of the City of Sparks, Sierra Nevada Baseball, LLC, and Marina Properties II, LLC; approve the

AGENDA ITEM # 5

Predevelopment and Finance Agreement between the County of Washoe, SK Baseball, LLC, and Nevada Land, LLC; introduced and first reading of an Ordinance amending an existing provision of the Washoe County Code that imposed a fee upon the short-term leasers of passenger cars in Washoe County of 2% by lifting the 2007 effective expiration of the fee and allowing continued collection of the fee.

February 28, 2006- the Board approved appropriation adjustments in the Baseball Stadium Fund and the Debt Service Fund in the amount of \$1,180,000 for the partial redemption of the bonds.

February 25, 2004- the Board approved a resolution establishing the Baseball Stadium Fund.

February 17, 2004- the Board authorized the issuance of revenue bonds in an amount not to exceed \$2.6 million.

January 13, 2004- Board adopted the Business Impact Statement for the car rental fee Ordinance. Adopted Ordinance No. 1224 imposing the car rental fee. Executed a Cooperative Agreement for the car rental fee with the Nevada Department of Taxation. Approved the Predevelopment and Finance Agreement with all parties. And, accepted and authorized the Chairman to execute and agreement with HOK Architects Inc.

### **BACKGROUND**

Subsequent to the Board's approval of the Predevelopment and Financing Agreement (PFA), Nevada Land (NL) pursued the acquisition and permitting of two sites, within the City of Reno, as possible locations for the baseball stadium. These two sites became known as the "Freight House" (FH) site (Evans, and 2<sup>nd</sup> Street) and the Grand Sierra Resort (GSR).

Subsequent also to the approval of the PFA, the 2007 Legislature approved SB203 which created a deadline with specific performance measures for the project which included:

1. an executed agreement with a minor league baseball team to play its home games at a baseball stadium within the county
2. league approval for relocation of the team has been obtained
3. the stadium site has been acquired or leased
4. any approval required for the construction of the stadium has been obtained

Failure to accomplish any one of these requirements by the October 1, 2007, deadline may jeopardize the availability of the car tax revenues estimated to be \$1.3 million annually.

While Reno Redevelopment originally presented four possible sites to NL for consideration, two of the sites quickly emerged as the preferred and most feasible which were the FH and GSR sites. The FH site was identified as the preferred with its location in the downtown, the surrounding redevelopment opportunities, synergistic opportunities with other approximate amenities, its minimal traffic impacts and the existing parking facilities within close proximity of the site. And, while this quickly emerged as the preferred site, assemblage of the land parcels and the need to relocate the fire station presented challenges to be accomplished by the October 1<sup>st</sup> deadline. Given these

challenges, NL chose to secure the GSR site as a "safe harbor" alternative which presented few if any impediments to development and concurrently pursued permitting the site along with the FH site.

While intense efforts to secure both sites continued with the City and Redevelopment, equally intense efforts were underway to obtain Special Use Permits for both sites and a building permit. To date, SUP's for both sites have been obtained and the issuance of a building permit for the downtown site is pending. Finally, on August 29<sup>th</sup>, the Redevelopment Authority entered into a MOU with NL to construct the stadium at the downtown site.

Attached to this report is the Final Development Agreement with Nevada Land, LLC., SK Baseball, LLC and the City of Reno for the construction of the stadium which staff is submitting for consideration and approval by the Commission. The Redevelopment Authority and the City of Reno will consider this agreement on September 12, 2007.

The following is a brief summary of the terms and conditions of the Final Development Agreement:

- All the parties agree to cooperate in producing the evidence required for the county commission to make the 4 findings required by Section 9.5 of S.B. 203.
- After the 4 findings are met the county agrees to issue bonds backed with the rental car fees.
- The county agrees to deliver the excess rental car fees to the project.
- The developer agrees to build the stadium to meet the Pacific Coast League (PCL) requirements and as further provided in the city-developer agreements.
- The developer agrees to play the home games in the stadium as further provided in the city-developer agreements.
- The city agrees to own or lease the stadium improvements and operate it or contract for its operation in a manner consistent with the rental car fees statute.
- The city and the developer agree not to do anything to impair the tax exempt status of the county bonds.
- The city and the developer agree to indemnify, defend and hold harmless the county from liability and claims arising out of the city's and the developer's use of the rental car fees, the bond proceeds or the construction, use or operation of the stadium project during the life of the bonds.

On September 25<sup>th</sup>, staff will return to the Commission for approval of a resolution making the definitive finding that the statutory requirements for this stadium project have been made. Finally in October, staff will present, for a first reading, an ordinance authorizing the issuance of revenue bonds for the project.

**FISCAL IMPACT**

Approval of the Final Development Agreement will commit the County to approve and issue car rental tax revenue bonds and deliver the excess rental car fees to the project. The current car rental tax revenues to be committed are approximately \$1.3 million per year.

**RECOMMENDATION**

It is recommended that the Board approve a Final Development Agreement with Nevada Land, LLC., SK Baseball, LLC and the City of Reno for the acquisition, leasing, improving equipping, operation and/or maintenance of a professional baseball stadium project in Reno using the proceeds of fees collected from the short-term rental of passengers cars and revenue bonds issued by the county there under and providing for compliance with the state laws on financing of public improvements; and if approved, authorize Chairman to execute the Agreement upon receipt.

**POSSIBLE MOTION**

Should the Board agree with Staff's recommendation, a possible motion would be: Move to approve a Final Development Agreement with Nevada Land, LLC., SK Baseball, LLC and the City of Reno for the acquisition, leasing, improving equipping, operation and/or maintenance of a professional baseball stadium project in Reno using the proceeds of fees collected from the short-term rental of passengers cars and revenue bonds issued by the county there under and providing for compliance with the state laws on financing of public improvements; and if approved, authorize Chairman to execute the Agreement upon receipt.

DEVELOPMENT AGREEMENT FOR EXPENDITURE AND DISTRIBUTION OF  
RENTAL CAR FEES FOR A MINOR LEAGUE BASEBALL STADIUM PROJECT

Dated as of \_\_\_\_\_, 2007

**Article 1 PARTIES; RECITALS; CONTEMPLATED PROJECT AND  
PROCEDURES; AND DEFINITIONS**

**1.1 Parties**

<b>Washoe County or County</b>	County of Washoe A political subdivision of the State of Nevada P.O. Box 11130 Reno, Nevada 89520 Attn: John Berkich, Assistant County Manager
<b>City of Reno or City</b>	City of Reno A political subdivision of the State of Nevada One East First Street, Suite 700 Reno, Nevada 89505 Attn: City Manager
<b>Redevelopment Agency</b>	Redevelopment Agency of the City of Reno A political subdivision of the State of Nevada One East First Street, Suite 700 Reno, Nevada 89505 Attn: Executive Director
<b>SK Baseball</b>	SK Baseball, LLC, a Delaware limited liability company 1761 Yardley Langhorne Road Yardley, Pennsylvania 19067 Attn: Stuart Katzoff, Managing Member
<b>Nevada Land</b>	Nevada Land, LLC, a Delaware limited liability company 1761 Yardley Langhorne Road Yardley, Pennsylvania 19067 Attn: Stuart Katzoff, Managing Member

**1.2 Recitals** (Capitalized terms are defined in §1.05 below)

A. Washoe County, the City of Reno and the Redevelopment Agency are political subdivisions of the State of Nevada. SK Baseball and Nevada Land are private entities. SK Baseball is the owner and operator of a Triple A professional baseball team currently known as the Sidewinders which is a member of, and plays in, the Pacific Coast League. Nevada Land is, or will be, the owner of land on which will be constructed a minor league baseball stadium at which SK Baseball will play its home games.

B. Pursuant to NRS 244A.058 and NRS 244A.800 through 244A.830, as amended, (the "Act"), the Board of County Commissioners (the "Board") of the County is authorized to impose by ordinance a fee upon the lease of a passenger car by a short-term lessor in the County in the amount of not more than 2 percent of the total amount for which the passenger car was leased, excluding any taxes or other fees imposed by a governmental entity, and which remain after reimbursement of the Nevada Department of Taxation pursuant to the Act (as defined below) for its expense in collecting and administering the Rental Car Fees which are distributed to the County (all of such remaining monies distributed to the County are herein referred to as the "Rental Car Fees"); and

C. Pursuant to Sections 25.600 through 25.640 of the Washoe County Code the Board imposed the Rental Car Fee, effective December 2004; and

D. Pursuant to the Act, all monies derived from the Rental Car Fees must be used to pay the costs to acquire, lease, improve, equip, operate and maintain, within the County, a minor league baseball stadium project, or to pay the principal of, interest on or other payments due with respect to bonds issued to pay such costs, including bonds issued to refund bonds issued to pay such costs, or any combination thereof; and

E. Subsection 1 of NRS 277.045 provides in part that ". . . any two or more political subdivisions of this state, including . . . counties [and] incorporated cities . . . may enter into a cooperative agreement for the performance of any governmental function. Such an agreement may include the furnishing or exchange of personnel, equipment, property or facilities of any kind, or the payment of money"; and

F. Subsection 1 of NRS 277.280 provides in part that "[a]ny one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform"; and

G. The County, the City and the Redevelopment Agency of the City of Reno are public agencies as defined in NRS 277.100 with the power to enter into cooperative agreements and interlocal agreements; and

H. The County (pursuant to the County Bond Law, NRS 244A.011 through 244A.065) and the City and the Redevelopment Agency (pursuant to the City Bond Law,

NRS 268.672 through 268.740) are each authorized to acquire, improve, equip, operate and maintain a "building project" as defined in NRS 268.676 and 244A.019, respectively, and it is contemplated by the City, the Redevelopment Agency and the County that the Baseball Stadium (as defined below) is authorized to be financed in the County by the Act is a "building project" as defined in NRS 268.676 and NRS 244A.019; and

I. The Parties intend that the County issue notes, bonds or other obligations secured wholly or in part by the Rental Car Fees (the "Bonds") pursuant to resolutions and ordinances of the County authorizing the issuance thereof (collectively, the "Bond Ordinance" which term includes any ordinances or resolutions authorizing any bonds or other obligations which refund any bonds or other obligations secured wholly or in part by the Rental Car Fees) in order to fund, in part, the acquisition, establishment, construction or expansion of the Baseball Stadium (which will be located in the County) and otherwise to use all proceeds of the Rental Car Fees distributed to the Redevelopment Agency pursuant to this Agreement to pay the costs to acquire, lease, improve, equip, operate and maintain the Baseball Stadium, or to pay the principal of, interest on or other payments due with respect to the Bonds and other bonds issued to pay such costs, including bonds issued to refund bonds issued to pay such costs, or any combination thereof; and

J. The Parties intend that the County provide to the Redevelopment Agency the proceeds of the Bonds and the Rental Car Fees to enable the Redevelopment Agency to provide such funds to Nevada Land to accomplish the purposes outlined in this Agreement; and

K. The Redevelopment Agency and Nevada Land entered into that certain Disposition and Development Agreement (Baseball Stadium) dated September \_\_, 2007 (the "DDA") pursuant to which Nevada Land will (a) ground lease (the "Ground Lease") certain property owned by Nevada Land in Washoe County (the "Stadium Site") to the Redevelopment Agency; (b) construct the Baseball Stadium on the Stadium Site which Stadium will be owned by the Redevelopment Agency during the term of the Ground Lease and which will become the property of Nevada Land upon the expiration of the term of the Ground Lease; and (c) sublease the Stadium Site and lease the Baseball Stadium from the Redevelopment Agency and all proceeds of the Rental Car Fees not required to pay the principal of, interest on or other payments due with respect to bonds (including the Bonds) issued to pay such costs, including bonds issued to refund bonds issued to pay such costs, or any combination thereof, shall be paid to Nevada Land and used by Nevada Land to improve, equip, operate and maintain the Baseball Stadium within the City; and

L. The Board is required by Section 9.5 of SB 203 of the 2007 Nevada Legislature to determine whether the following criteria for the minor league baseball stadium project have been met before October 1, 2007: