

RESOLUTION NO. 4514

(Approval of a Funding Agreement with the City of Henderson Redevelopment Agency for the Acquisition of the Former Fiesta Hotel and Casino Site and Establish the Conditions for the Future Planning, Development, and Use of the Property, Including the Potential Construction of an Indoor Public Recreational Facility)

A RESOLUTION OF THE CITY OF HENDERSON, CLARK COUNTY, NEVADA, APPROVING A FUNDING AGREEMENT BETWEEN THE CITY OF HENDERSON AND THE CITY OF HENDERSON REDEVELOPMENT AGENCY TO FUND THE COST OF THE ACQUISITION OF THE FORMER FIESTA HOTEL AND CASINO SITE LOCATED GENERALLY AT 777 W. LAKE MEAD PARKWAY, HENDERSON, NEVADA, 89015, ON CLARK COUNTY ASSESSOR'S PARCEL NUMBER 178-13-301-017 WITHIN THE DOWNTOWN REDEVELOPMENT AREA, IN A TOTAL AMOUNT NOT TO EXCEED \$32,000,000.00, SUBJECT TO CONDITIONS FOR THE FUTURE PLANNING, DEVELOPMENT, AND USE OF THE PROPERTY, INCLUDING THE POTENTIAL CONSTRUCTION, AND OPERATION OF AN INDOOR PUBLIC RECREATIONAL FACILITY.

- WHEREAS, the City of Henderson is a municipal corporation and political subdivision of the State of Nevada (the "City"); and
- WHEREAS, the Redevelopment Agency (the "Agency") is a Community Redevelopment Agency formed, existing and exercising its powers pursuant to the provisions of the Community Redevelopment Law, Nevada Revised Statutes Sections 279.382 et seq.; and
- WHEREAS, the Agency is responsible for the implementation of the Downtown Plan within the Downtown Redevelopment Project Area (the "Downtown Redevelopment Area") and for the implementation of the Eastside Plan within the Eastside Redevelopment Project Area (the "Eastside Redevelopment Area" and, together with the Downtown Redevelopment Area, collectively, the "Redevelopment Areas"); and
- WHEREAS, NP Lake Mead, LLC, owns approximately 35.3 acres of real property commonly known as Assessor's Parcel Number 178-13-301-017 and located at 777 W. Lake Mead Parkway, Henderson, Nevada, 89015, that was formerly the site of the Fiesta Henderson Hotel and Casino from October 1, 1996, until September, 2022, currently consisting of vacant land, a parking garage, a billboard, and perimeter landscaping (the "Property"), which is located in the Downtown Redevelopment Project Area; and
- WHEREAS, the Fiesta Hotel and Casino ceased all operations on March 17, 2020, as ordered by the State of Nevada due to the global COVID-19 pandemic and never reopened more than two years later; and

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WHEREAS, consequently, NP Lake Mead, LLC, the property owner, decided to permanently cease operations of the Fiesta Hotel and Casino and is currently in the process of demolishing the existing structures and marketing the Property to sell to a third party; and

WHEREAS, the Property is a significant, large parcel located in a prominent position along a gateway to the City of Henderson, and the Redevelopment Areas in particular; therefore, the economically advantageous development of the Property is critically important to economic, business, tourism, and employment opportunities for the residents of the City that are anticipated to be created as a result of development of the Property and by ensuring that the future development of the Property will be for the highest and best uses to maximize the economic opportunities for the residents of the City and Redevelopment Areas; and

WHEREAS, on September 22, 2022, Morse-Krueger & Associates LLC, conducted an appraisal of the Property (the "Appraisal") and has determined that the fair market value of the Property as of September 17, 2022, as though partially vacant, with all improvements removed except for the existing parking structure, is Fifty-Six Million and Four Hundred Thousand Dollars (\$56,400,000.00) (the "Fair Market Value"); and

WHEREAS, the City is contemplating contributing to the cost of the acquisition of the Property for a portion of the purchase price of Thirty-Two Million and 00/100 Dollars (\$32,000,000.00) to be paid as follows: (i) the Agency shall contribute Twenty-Seven Million and 00/100 Dollars (\$27,000,000.00) from the Eastside Redevelopment Area and Three Million and 00/100 Dollars (\$3,000,000.00) from the Downtown Redevelopment Area (collectively, the "Agency Funds") and (ii) the City shall contribute Two Million and 00/100 Dollars (\$2,000,000.00) (the "City Funds"); and

WHEREAS, pursuant to NRS 277.045, the City and the Agency may enter into a cooperative agreement for the performance of any governmental function, including the payment of money; therefore, the City and the Agency are authorized to enter into a funding agreement to describe the terms and conditions required to establish that the purchase and future planning, development, and use of the Property meets the requirements of a redevelopment project as set forth in NRS Chapter 279 to justify the investment of the City Funds ("Funding Agreement") as well as establish the terms and conditions for the repayment of the City Funds from all future leases, sales, use, or development of the Property; and

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WHEREAS, after a careful analysis of the facts and circumstances, the City has determined that expending the City Funds for the acquisition of the Property will provide economic benefit opportunities for the residents of the City as a whole by fostering new business and employment opportunities from desirable industries and sources; and

WHEREAS, immediately subsequent to the acquisition of the Property, the City shall work with the Agency in good faith to undertake a comprehensive master planning process to determine the highest and best use of the Property and establish a plan for the use, development, sale or lease of the Property to enable the greatest economic benefits to the residents of the Redevelopment Areas and the City as a whole; and

WHEREAS, as determined by the Athletic Center Feasibility Study for Henderson, Nevada Area performed by Points Consulting dated February 28, 2022 (the "Feasibility Study"), there is a demonstrable need in Southern Nevada for safe, secure facilities to provide year-round, public indoor recreational facilities for a variety of sports that will expand the available recreational opportunities for residents of the Redevelopment Areas, the City of Henderson community, as well as tourists from outside Southern Nevada; and

WHEREAS, the Parks and Recreation Department for the City of Henderson has identified public recreation centers as an area of improvement because the City consistently ranks below the national average for the number of recreational centers per resident, including findings in the Master Plan of Parks and Recreation that states that the number of recreation centers per resident for the City of Henderson is lower than the number of recreation centers per resident for the City of Las Vegas and Clark County; and

WHEREAS, public surveys conducted by the Parks and Recreation Department for the City of Henderson requesting input on desired facilities and programs consistently indicate that the City's residents want more public recreational facilities; and

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WHEREAS, to respond to the need for public recreational facilities recognized by the City's Parks and Recreation Department and as further described in the Feasibility Study, the City seeks to encourage and support the planning, development, and construction of additional public recreational facilities and opportunities that are not otherwise available to City residents, and the City specifically seeks to assist in funding the planning, development, and construction of an indoor public sports center on the Property to expand indoor recreational facilities for a variety of sports such as volleyball, basketball, baseball, softball, and soccer, as well as related programs such as sports medicine services, professional athletic training, and competitive sports tournaments that are not otherwise currently available to the residents of the City and of the Redevelopment Areas; and

WHEREAS, the City is contemplating the development of a multi-sport public indoor recreational facility on the Property that is meant to be a first-class community athletic facility to provide a broad range of recreational and competitive athletic opportunities, sports medicine services, professional athletic training, and related services that will be available to the residents of the City of Henderson, specifically residents of the Redevelopment Areas, and the general public, including potential features such as indoor basketball/volleyball courts and full baseball/softball diamonds that can be converted into semi-regulation-size turf fields, office space, locker rooms, and a concession/café area that will also attract out-of-state visitors (the "Fieldhouse Project") that will increase the level of human activity in the immediate vicinity that will support existing businesses and encourage creation of new businesses in the City of Henderson and the Redevelopment Areas; and

WHEREAS, the City's Parks and Recreation Department will offer classes, programs, and special events for the general public at the Fieldhouse Project on days and at hours to facilitate ease of use for working families and their children, with a focus on residents located in the Redevelopment Areas, including a reduced rate for use of the facilities by City residents and residents of the Redevelopment Areas; and

WHEREAS, the City will directly provide or work with a third party to provide affordable, regular, reliable, and readily-available transportation from multiple locations in the Redevelopment Areas to allow residents to easily access the Fieldhouse Project to safely, easily, and efficiently attend the City's classes, programs, and special events or any other programs at the Fieldhouse Project; and

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WHEREAS, the City intends that the Fieldhouse Project will be operated primarily by an experienced provider of recreational services that will supervise and completely fund all employment, maintenance, repair, and capital improvements of the Fieldhouse Project to maintain a top quality facility to attract visitors from youth sports tournaments, especially from out of state and out of region athletes and their families, that will increase tourism and bring additional people to patronize businesses in the City and the Redevelopment Areas as well as provide first-class public recreational opportunities to the residents of the City and the Redevelopment Areas through the City's classes, programs, and special events; and

NOW, THEREFORE, BE IT RESOLVED by the City that:

SECTION 1. The City hereby finds that City's contributions to the Agency's acquisition of the Property, and future planning, use and development of the Property, including, without limitation, the Fieldhouse Project, will provide substantial recreational opportunities and economic benefits for the City as a whole.

SECTION 2. The City further finds that based on the Property's prominent location along a gateway to the City and the potential economic impact of the Project on the City, economic, business, tourism, and employment opportunities are anticipated to be created as a result of the Project using funds from the City and the Agency.

SECTION 3. The City hereby approves the Funding Agreement between the City and the Agency attached hereto as Exhibit A, consisting of eight (8) pages, to authorize the expenditure of Two Million and 00/100 Dollars (\$2,000,000.00); and further approves of the following terms and conditions included in the Funding Agreement:

- (i) any funds for the lease or sale of all, or a portion of, the Property shall be paid first to the Eastside Redevelopment Area until all funds advanced from the Eastside Redevelopment Area have been repaid in full; then paid to the Downtown Redevelopment Area until all funds advanced from the Downtown Redevelopment Area have been repaid at which point, all Agency Funds shall be repaid in full; then paid to the City to repay the City Funds in full; and then finally any remaining funds will go to the Eastside Redevelopment Area;

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- (ii) to protect the investment of the Redevelopment Areas and to ensure economic benefits to the residents of the Redevelopment Areas, the price for all sales or leases of all, or any portion of, the Property will be equal to or greater than the Fair Market Value, which includes any use or development of the Property by the City;
- (iii) because the Agency is acquiring the Property in an amount exceeding \$100,000.00 regardless of whether any future redevelopment project on the Property is publicly or privately owned, all construction work on any portion of the Property shall be subject to the provisions of NRS 338.013 to 338.090 to the same extent as if the Agency had awarded the contract for the project, including, without limitation, the payment of prevailing wages, and each owner, general contractor or subcontractor shall be required to provide evidence of the payment of prevailing wages to the Agency, to its complete satisfaction, in its sole discretion;
- (iv) all construction projects or new commercial enterprises located on any portion of the Property, including, without limitation, the Fieldhouse Project, shall use best efforts to advertise, hire, train and retain employees, businesses, and independent contractors that reside, or primarily conduct business in, the Redevelopment Areas and shall annually provide evidence of these best efforts to the Agency, to its complete satisfaction, in its sole discretion;
- (v) all construction projects or commercial enterprises located on any portion of the Property, including, without limitation, the Fieldhouse Project, shall use best efforts to advertise, hire, and shall provide preference to minority-owned businesses and women-owned businesses, especially those primarily located in the Redevelopment Areas; and shall annually provide evidence of these best efforts to the Agency, to its complete satisfaction, in its sole discretion;
- (vi) all rents and revenue to be paid by a third party for the operation or management of a publicly-owned facility on the Property, including, without limitation, the Fieldhouse Project, shall be paid first to the Agency until all Agency Funds shall be repaid in full, prior to any funds being received by the City; and
- (vii) the City and the Agency shall use best efforts to ensure that any development of facilities on the Property will be subject to property taxes.

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SECTION 4. The terms and conditions listed in Section 3 of this Resolution shall not be waived, amended, or terminated without the prior authorization of a majority vote of the Henderson City Council as determined at a public meeting.

SECTION 5. The City hereby approves the Funding Agreement and further authorizes the City Manager/CEO to take other such other actions as may be necessary or appropriate to effectuate the purpose of this Resolution.

SECTION 6. This Resolution is effective upon adoption unless stated otherwise in the notice.

PASSED, ADOPTED, AND APPROVED THIS 13th DAY OF DECEMBER, 2022, BY THE FOLLOWING ROLL-CALL VOTE OF COUNCIL.

Those voting aye:
Debra March, Mayor
Councilmembers:
John F. Marz
Michelle Romero
Dan H. Stewart

Those voting nay: None
Those abstaining: None
Those absent: Dan K. Shaw

Debra March, Mayor

ATTEST:

Jose Luis Valdez, CMC, City Clerk

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EXHIBIT A

FUNDING AGREEMENT

[Please see the attached pages.]