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There was no further discussion.

Councilman Adamsen recommended that Item 4 be forwarded to the Full Council with a "Do Pass" recommendation.

(2:15 - 2:17)

1-153

5. DISCUSSION AND POSSIBLE ACTION AUTHORIZING STAFF TO NEGOTIATE THE PURCHASE OF APPROXIMATELY THREE (3) ACRES OF LAND LOCATED OFF VEGAS DRIVE AND ADJACENT TO THE ADVANCED SCHOOL OF TECHNOLOGY

David Roark stated that this piece of property is oddly shaped adjacent to the Advanced School of Technology. The entrance to the property off Vegas Drive is near residential housing. The owner of the property intends to bring forward a development plan for a multi-housing project. The property is already zoned for such a development. However, the Planning Department found that any type of development within this particular area would be detrimental to the existing neighborhood and it is not appropriate for the area. He recommended that the City buy the property and eventually build a park on this property. The park will be used by a nearby school and will complement the school's surroundings. He clarified for Councilman Adamsen that the estimated cost will be approximately \$145,000 and the City will be paying for half of the closing fees.

There was no further discussion.

Councilman Adamsen recommended that Item 5 be forwarded to the Full Council with a "Do Pass" recommendation.

(2:17 - 2:19)

1-187

6. DISCUSSION AND POSSIBLE APPROVAL OF A LAND SALE AGREEMENT BETWEEN THE CITY OF LAS VEGAS AND THE WALTERS GROUP TO PURCHASE APPROXIMATELY ONE HUNDRED AND SIXTY (160) ACRES OF LAND LOCATED AT 5995 EAST VEGAS DRIVE

David Roark explained that in November, 1998 the City received a letter from the Walters Group requesting to purchase property located at Stephanie Street and Vegas Drive. Currently the Walters Group has a long term 50-year lease agreement with the City. At the direction of the City Council in late November staff entered into negotiations with The Walters Group. In December, 1998 his office received an appraisal for the property of \$566,000. The lease was analyzed and it was proposed to come up with a sale price based on the buy-back of the lease in addition to the buy-back of the assets. He referred to a formula demonstrating the amount the City would receive over a 50-year period. Based on the current lease agreement, it will never exceed \$100,000. To reach over \$100,000 the total sale for the golf course would be approximately \$9 million. The \$100,000 was expanded to \$110,000 in the seventh year and carried this amount through the 50-year term. The total dollar value of those payments is added up and then that sum converted back to "Net Present Value" total worth today. That value comes to \$732,334. The first time the appraisal was received The Walters Group used a discount value of 13% and the City

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negotiated to 11 ½%. The lower discount rate that is applied creates a higher "Present Net Value".

Mr. Roark outlined a second chart and explained that at the end of the 50 years the golf course becomes the property of the City of Las Vegas. When the City entered into the lease agreement with The Walters Group they proposed that the construction of the golf course would cost somewhere between thirteen to fourteen million dollars. The records were reviewed and an estimated cost of fifteen million was established. At the present time the golf course is 95% complete. A land value of \$560,000 was added together with one million two hundred dollars for the water and unknown miscellaneous, for a total of \$17,714,980. This was factored out over a 50-year period of time bringing the value of the golf course to \$37,000,000. This dollar figure is converted to "Net Present Value" which totals to \$161,398 for the entire golf course of 160 acres. The \$732,337 and \$161,398 were added totaling \$893,737, which was rounded to \$894,000.

Since the golf course is only 95% complete, a completion cost is unknown at this time. The Walters Group has verbally agreed to re-evaluate and go back to see if this beginning value will increase. Councilman Adamsen noted that the City has a choice of either applying the thirty-six million dollar asset at the end of 50 years and let it gain interest or the City take the "Net Present Value" in hand for \$894,000 and apply it to some other type of recreational activity. Mr. Roark stated that it all depends on the interest rates. If the \$894,000 is invested at 5%, the return will be about 60 million dollars; at 4% about 55 million dollars and at 6% about 66 million dollars. Councilman Adamsen noted that both choices have their advantages and disadvantages and asked Mr. Roark for his recommendation. Mr. Roark replied that he recommends that the City sell the property. There is a water treatment plant that acts as a buffer to this property. There is no other use other than some type of recreational. A golf course is the only thing that you can put on this property. There are distribution lines that run directly down the middle of the property. The City continually has tried to have Nevada Power move these lines. Also, the City has had problems with getting Stephanie Street vacated by the County, as this property is in the County. Once the golf course lease was signed The Walters Group was able to get Nevada Power to change the location of the distribution lines and get Stephanie Street vacated. They also entered into an agreement to add four lanes to a portion of Vegas Drive. Once the golf course is completed it will enhance the property values for the residents of the area. The vacant land adjacent to the treatment plant was decreasing property values in the area. All of these upgrades will benefit residents of Clark County.

Councilman Adamsen asked what kind of property taxes will the County have and according to the SCCRT, what kind of spill over effect, in terms of additional revenues does that have for the City. Mr. Roark answered that there will be no spill over effects for the City and that property taxes will all go to Clark County. He received a letter from Mark Schofield concerning the assessment value of this property and its reevaluation and that it would probably be assessed at about \$100 an acre. There is a Bill going before the coming legislature sponsored by the company that is running Angel Park Golf Course, along with another golf company, trying to make it a State law to assess golf course properties. They evidently have quite a bit of back-up material to prove their point. Mr. Roark recommended a do pass and move forward with the contract.

City Manager Virginia Valentine noted that there is an interest in probably discussing with the City Council about what happens to the money. There might be some question of some pay-back to the waste water treatment plant and also some discussion of census generated from the disposal of recreational facilities if the City were to reinvest this in other recreational facilities. Councilman Adamsen noted that there have been many complaints from the County residents regarding the

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City and County waste water treatment plant. He clarified with Mr. Roark that the City paid \$780,000 for this property in 1970. However, Mr. Roark did not have the complete back-up for this transaction. The property was purchased absolutely to act as a buffer zone and to help the residents around that area. However, it could never be developed other than for an open space-type facility. Councilman Adamsen requested that Mr. Roark provide that information and make it available for the City Council. He noted that having not had the opportunity to speak to Councilman Reese, nor anyone else on the City Council, recommended to forward this item without a recommendation. He requested that staff be prepared to give an in-depth briefing prior to the meeting and then in-depth presentation at the Council Meeting.

There was no further discussion.

Councilman Adamsen recommended that Item 6 be forwarded to the Full Council without a recommendation.

(2:19 - 2:36)

1-258

7. DISCUSSION AND POSSIBLE APPROVAL OF THE SELECTION OF THE BUYER NOMINEE FOR THE BEL AIRE APARTMENT COMPLEX (SITUATED AT 4124-4172 PENNWOOD, 4123-4171 SILVER DOLLAR, AND 4055-4167 TARA AVENUE), BASED ON THE PROPOSAL SUBMITTED THROUGH A SEALED BID AND AUCTION PROCEDURE

Mr. Roark stated that staff brought to Council an unsolicited offer to purchase the Bel Aire Complex. Staff recommended denial and asked for permission to market the property and solicit other bids. On January 6, 1999 staff received 12 bids for the property, one of which was ineligible. On January 8, 1999 an auction was held for all those who qualified. He submitted a list of bids and initial bids. The highest bid exceeded about \$200,000. The final bid was conducted and was received by the auction. Eight bidders attended the auction and only two bidders actually bid at the auction. The list showed financing conditions that were put into the proposal, such as probability of closing, due diligence contingency and financing contingency.

Mr. Roark outlined a list of names that he recommended the City take into consideration; Wong, Koechever, Tara Hills, Guefen, and Kenna LLC, in order of highest bids. In his proposal he recommends that the City does not award a particular bid and deviate from that and prioritize the top five bidders that qualify. All the bids are over three million dollars, however, the City should not only look at the very highest bid. The difference between the very highest bid and the next highest bid is \$1,000. However, staff wants to close this deal as soon as possible and therefore the situation changes. He recommended that due to the amount of bids and the probability of closing, that the City go forward with Koechever, and prioritize that party as number one, Tara Hills as number two, Guefen as number three, Kenna LLC as number four, and Wong as number five. Even though Wong exceeded the third highest bid by \$950,000, in talking with their potential two lenders, they are going to apply for a HUD 223 loan. This type of loan will take about 60 to 75 days, with a 30 or 35% down payment, totaling about \$850,000. These locked out loans can take six months to a year to be approved and it is staff's intent to enter into a contract, sell it to the best qualified buyer and sell it as soon as possible. He recommended going to the second highest bidder which is \$1,000 less.

Councilman Adamsen asked what ramifications can the City foresee for choosing the second highest bid with a \$1,000 difference after an auction was held and the very highest bid was not chosen. Deputy City Attorney Terri Ponticello responded that as per Mr. Roark's clarification Mr.