

item #12a

**City of Carson City
Agenda Report**

Date Submitted: October 9, 2007

Agenda Date Requested: October 18, 2007

Time Requested: 15 minutes

To: Board of Supervisors

From: Joe McCarthy, Office of Business Development

Subject Title: Action to authorize the use economic development funds in an amount not to exceed \$240,000, to cure an impending default on a 2004 loan made to the Brewery Arts Center by Wells Fargo for the purchase of the Brewery Arts Center's Performance Hall, address 501 West King Street, APN's 003-206-01 and 003-206-02, and discussion and possible action regarding the current financial status of the Brewery Arts Center.

Staff Summary: Carson City currently has the second deed of trust on the BAC's Performance Hall, formerly St. Teresa of Avila Catholic Church. This second gives the City the ability to exercise a remedy to cure any notice of breach and default and election to sell relating to any financial obligations incurred by the BAC that have been secured by the Performance Hall property. In 2004, the BAC entered into a Revolving Credit Deed of Trust Security Agreement with Wells Fargo in the amount of 200,000. In December of 2006, Wells Fargo provided an "extension notice" to the BAC until March of 2007. On August 7, 2007, Wells Fargo notified the City of the Notice of Default relating to the BAC's failure to pay in full the loan's principal, late charges, interest, taxes, attorney fees and miscellaneous fees incurred. By curing this unfortunate default, the City would own this property for perpetuity and be able to ensure it use for civic uses on behalf of the citizens of Carson City. The value of the property far exceeds the cost to cure.

Type of Action Requested: (check one)
☐ Resolution ☐ Ordinance
☒ Formal Action/Motion ☐ Other (Specify) - None

Does This Action Require A Business Impact Statement: ☐ Yes ☒ No

Recommended Board Action: I move to authorize the use economic development funds in an amount not to exceed \$240,000, to cure an impending default on a 2004 loan made to the Brewery Arts Center by Wells Fargo for the purchase of the Brewery Arts Center's Performance Hall, address 501 West King Street, APN's 003-206-01 and 003-206-02, and discussion and possible action regarding the current financial status of the Brewery Arts Center.

Explanation for Recommended Board Action: If the Redevelopment Authority and the Board of Supervisors decide to cure the default, the City would take control of this valuable property and ensure its civic uses, now and in the future. This type of arrangement would allow the City to execute a long-term lease with the BAC, by using the same leasing and operational

format now in place with the BAC regarding the former Carson Brewing Company property. A long-term lease that indemnifies the City from the operational responsibility will ensure that the purposes and mission of the arts center are fulfilled until its non-profit status ceases under laws of the State of Nevada.

Applicable Statue, Code, Policy, Rule or Regulation: Nevada Revised Statutes Chapter 279

Fiscal Impact: Approximately \$240,000

Explanation of Impact: n/a

Funding Source: Economic development/redevelopment funds

Alternatives: No action

Supporting Material: Notice of Default No. 2007-134

Prepared By: Joe McCarthy

Reviewed By:

(Department Head)

(City Manager)

(District Attorney)

(Finance Director)

Date: _____

Date: 10/11/07

Date: 10/11/07

Date: 10/11/07

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

**WELLS
FARGO**

RECEIVED

AUG 08 2007

CARSON CITY
EXECUTIVE OFFICE

August 7, 2007

Consolidated Municipality of CC
Attn: Joe McCarthy
201 N. Carson Street, Suite 2
Carson City, NV 89701

Certified No. 7007 0710 0001 0757 3072

RE: NOTICE OF DEFAULT NO. 2007-134

Property Address purported to be: 501 West King Street
Carson City, Nevada 89703

Enclosed herewith is a copy of the Notice of Default and Election to Sell which we are mailing to you on behalf of the Beneficiary.

Nevada law provides that before a sale of the property can be held, a period of three months must expire from the date the Notice of Default and Election to Sell was recorded and mailed, whichever occurs last. In the event the trustor does not cure the default upon the expiration of the three-month period, November 1, 2007, a sale date will be set and a Notice of Trustee's Sale will be prepared by this office. The Notice of Trustee's Sale will then be published, posted, recorded and mailed as required by law.

If you have any questions regarding this document, please do not hesitate to contact the undersigned at (775) 689-6167.

American Securities Company of Nevada



Philomena Plunket
Assistant Vice President

enclosure