



STAFF REPORT

Report To: Board of Supervisors **Meeting Date:** April 20, 2023

Staff Contact: Nancy Paulson, City Manager

Agenda Title: For Possible Action: Discussion and possible action regarding (1) the proposed execution of an Acknowledgement of Satisfaction of Promissory Note acknowledging that, as of March 31, 2023, Theo Properties LLC and Joda Limited Partnership (“Borrowers”) have fully satisfied all amounts owed under the January 1, 2012 Consolidated Promissory Note (“Note”); and (2) the proposed execution and recordation of Substitution of Trustee and Full Reconveyance documents to release the Deeds of Trust securing the Note that are recorded against real property currently designated as Assessor Parcel Numbers (“APN”) 009-153-19, 009-111-41 and 009-111-42. (Nancy Paulson, npaulson@carson.org)

Staff Summary: In 2005, the Carson City Board of Supervisors (“Board”) and the Carson City Redevelopment Authority (“RDA”) adopted Resolution Nos. 2005-R-12 and 2005-RAR-2, respectively, to establish a public-private partnership incentivizing franchised car dealers to establish or improve operations in Carson City’s Redevelopment Project Area No. 2 (“Area 2”). Through this incentive program, the City and RDA loaned a principal amount of \$4,800,000 through the Note to facilitate the relocation of two new car dealerships to Area 2 and improvements to a third already within Area 2. The City and RDA secured the Note by recording deeds of trust against the three dealership sites, APNs 009-153-19, 009-111-41 and 009-111-42. City Finance staff have determined that, as of March 31, 2023, the Note has been fully satisfied.

Agenda Action: Formal Action / Motion **Time Requested:** 5 Minutes

Proposed Motion

I move to approve execution of the Acknowledgement of Satisfaction of Promissory Note and execution and recordation of the Substitution of Trustee and Full Reconveyance documents for the Deeds of Trust securing the Note.

Board's Strategic Goal

Economic Development

Previous Action

July 5, 2012 (Item 23 & 27A): RDA recommended, and the Board approved, Amendment #1 to Commitment Agreement (“Amendment 1”). Amendment 1 clarified the various business entities bound by the Commitment Agreement and Amendment 1, which are Michael Hohl Motor Company, TM&KKH, Inc., Val-U-Car, Inc. and Michael Hohl Chevrolet (collectively, “Hohl Group”). Amendment 1 also authorized an additional \$2.4 million in incentive payments to remodel a Chevrolet dealership already located within Area 2, lowered the interest rate on all outstanding debt from 5% to 3% per annum and extended the Hohl Group’s commitment to maintaining business operations in Area 2 from 20 years to 30 years.

December 18, 2008 (Items 5A & 5B): The RDA and Board approved a Commitment Agreement for Continuing Business Operations (“Commitment Agreement”) through which the City and RDA committed to making a \$1,200,000 incentive payment for the Michael Hohl Automotive Group to relocate a Honda dealership to Area 2 and another \$1,200,000 incentive payment to relocate a Subaru dealership to Area 2. In exchange, the Michael Hohl Automotive Group committed to repaying the \$2.4 million, with interest, and to maintaining business operations in Area 2 for at least twenty years.

March 17, 2005 (Item 7A) – The Board adopted Resolution No. 2005-R-12.

March 17, 2005 (Item B) – The RDA adopted Resolution No. 2005-RAR-2.

Background/Issues & Analysis

The Note was issued for a principal sum of \$4,562,280, with interest accruing at a rate of 3% per annum, to be repaid from 20% of the City's share of Basic City-County Relief Tax and Supplemental City-County Relief Tax revenues generated by the Hohl Group.

Over the life of the Commitment Agreement, Amendment 1 and the Note, the Hohl Group’s dealerships in Area 2 had the following locations:

Dealership	Address	APN(s)
Honda	2800 S. Carson	009-111-41 (formerly 009-111-21, -33 & -36)
Subaru	2910 S. Carson	009-111-42 (formerly 009-111-27, -32 & -35)
Chevrolet	3700 S. Carson	009-153-19

The Note requires Borrowers, who actually own the land on which Hohl Group’s dealerships operate, to repay incentive payments made under the Commitment Agreement and Amendment 1. Further, Borrowers’ obligations under the Note were secured by Deeds of Trust recorded against the real property on which the Hohl Group’s relevant dealerships are located. Therefore, a Deed of Trust securing \$1.2 million owed by Theo Properties LLC is recorded against the Honda dealership whose current APN is 009-111-41, another Deed of Trust securing \$1.2 million owed by Theo Properties LLC is recorded against the Subaru dealership whose current APN is 009-111-42, and another Deed of Trust securing \$2.4 million owed by Joda Limited Partnership is recorded against the Chevrolet dealership whose current APN is 009-153-19.

The Commitment Agreement and Amendment 1 provide at subpart I.D.5 that, upon full satisfaction of the Note, the City and RDA will execute an acknowledgment that the Note has been satisfied and will release the Deeds of Trust securing the Note.

City Finance staff have determined that the Note was satisfied as of March 31, 2023; therefore, staff have prepared the proposed Acknowledgement of Satisfaction of Promissory Note and Substitution of Trustee and Full Reconveyance documents accompanying this item.

Please refer to the supporting materials for the corresponding agenda item before the RDA.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 107.028(4)(b) and 107.077; NRS Ch. 279; Carson City Resolutions 2005-RAR-2 and 2005-R-12

Financial Information

Is there a fiscal impact? No

If yes, account name/number:

Is it currently budgeted?

Explanation of Fiscal Impact:

Alternatives

Do not approve execution of the Acknowledgement of Satisfaction of Promissory Note and/or Substitution of Trustee and Full Reconveyance documents and/or provide alternative direction to staff.

Attachments:

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)