

**Summary of the Freight House Sales Tax Increment District Guidelines  
Approved by the Reno City Council 3.24.10**

|   | <b>Catalyst Project</b>   | <b>Standard Project</b>   | <b>Remainder of District</b>   |
|---|---|---|--|
| <b>Description</b>                      | <p>Project in the District that the City/Agency determines should receive this level of funding as a development incentive. These are projects that transform a major portion of a redevelopment area and are usually stand-alone destinations. Standard projects often are built as a result of a catalyst project. Examples include convention and events centers: stadiums: major museums, theaters and related cultural facilities: major outdoor recreational venues (e.g., whitewater park), destination retail centers, etc.</p>                                     | <p>Project in the District that the City/Agency determines should receive this level of funding as a development incentive. Examples include restaurants, retail establishments, etc.</p>   | <p>The remaining parts of the District not included in a catalyst or standard project area. This also includes the parts of the district with school projects.</p>   |
| <b>Principles Underlying Guidelines</b> | <p>The combination of all public funds for reimbursement can be up to 100% of the project cost because of the catalytic and transformative effect of the project. The project cost includes "hard" and "soft" costs but does not include land and/or carrying costs.</p> <p>The sales tax increment revenues generated from a catalyst project should be used for reimbursing that project as long as the total reimbursement does not exceed 100% of project cost.</p> <p>Funds provided via reimbursement vs. issuing bonds prospectively with coverage requirements.</p> | <p>The combination of public funds for reimbursement are only a fraction of the project cost as these redevelop blighted properties, but do not necessarily act as a major catalyst for development of adjacent areas.</p> <p>The sales tax increment revenues generated from a standard project should be used for reimbursing that project as long as the total reimbursement does not exceed the maximum percentage allowed for standard projects.</p> <p>Funds provided via reimbursement vs. issuing bonds prospectively with coverage requirements.</p> | <p>Any funds not used for reimbursement of catalyst projects, standard projects and/or school projects can be used at the sole discretion of the City/Agency for any project(s) in the District and for reimbursement of the City/Agency costs associated with establishment and administration of the District.</p> |

|  | <b>Catalyst Project</b>  | <b>Standard Project</b>  | <b>Remainder of District</b>   |
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| Guideline for Distribution of Sales Tax Increment Generated by Project | <p>25% distributed to State, School District, County, City, etc. per NRS sales and use tax distribution requirements.</p> <p>10% for school projects in the District.</p> <p>10% for City/Agency projects and administration of the District.</p> <p>Up to 55% to reimburse project costs provided the combination of all public funds for reimbursement do not exceed 100% of project costs as defined above.</p> | <p>25% distributed to State, School District, County, City, etc. per NRS sales and use tax distribution requirements.</p> <p>10% for school projects in the District.</p> <p>40% for City/Agency projects and administration of the District.</p> <p>Up to 25% to reimburse project costs provided the combination of all public funds for reimbursement do not exceed 25% of project costs as defined above.</p>            | <p>25% distributed to State, School District, County, City, etc. per NRS sales and use tax distribution requirements.</p> <p>10% for school projects in the District.</p> <p>65%, plus any funds generated by projects that are not eligible for reimbursement of that project, for City/Agency projects and administration of the District.</p> |
| Guideline for Evaluating Proposed Project                              | Case by case as proposed.  | <p>Case by case as proposed, or if multiple proposals solicited (see procedure option 2), use the following factors to rank proposals:</p> <ul style="list-style-type: none"> <li>▪ business locally owned;</li> <li>▪ local labor and contractors;</li> <li>▪ diversity of use;</li> <li>▪ new business to the City;</li> <li>▪ percent private equity; and</li> <li>▪ marketing outside area.</li> </ul>                   | Case by case.  |
| Guideline on Reporting   | Required via credit card reports, point of sale surveys or other pre-approved method.  | Required via credit card reports, point of sale surveys or other pre-approved method.  | Case by case   |
| Type of Agreement Required   | Development and Disposition Agreement (DDA) with the Redevelopment Agency is required for all catalyst projects.   | Development and Disposition Agreement (DDA) with the Redevelopment Agency is required for all standard projects.   | Agreement between City and Redevelopment Agency to have Agency administer District, enter into agreements and fund projects consistent with the refined policies in this staff report.   |
| Reimbursement Procedure  | Developer proposes agreement consistent with the refined policies, staff evaluates proposal and prepares draft DDA, Agency Board approves DDA, developer completes project in compliance with all conditions, code requirements and DDA provisions, and staff distributes funds per DDA.   | <p>1. Developer proposes agreement consistent with the refined policies, staff evaluates proposal and prepares draft DDA, Agency Board approves DDA, developer completes project in compliance with all conditions, code requirements and DDA provisions, and staff distributes funds per DDA; or</p> <p>2. Agency solicits proposals and selects highest ranking projects. Highest ranking project(s) proceed as above.</p> | To be determined on case by case basis   |

Note: For a more detailed explanation of these guidelines please refer to the staff report for agenda item J.6 from the March 24, 2010 Reno City Council meeting.