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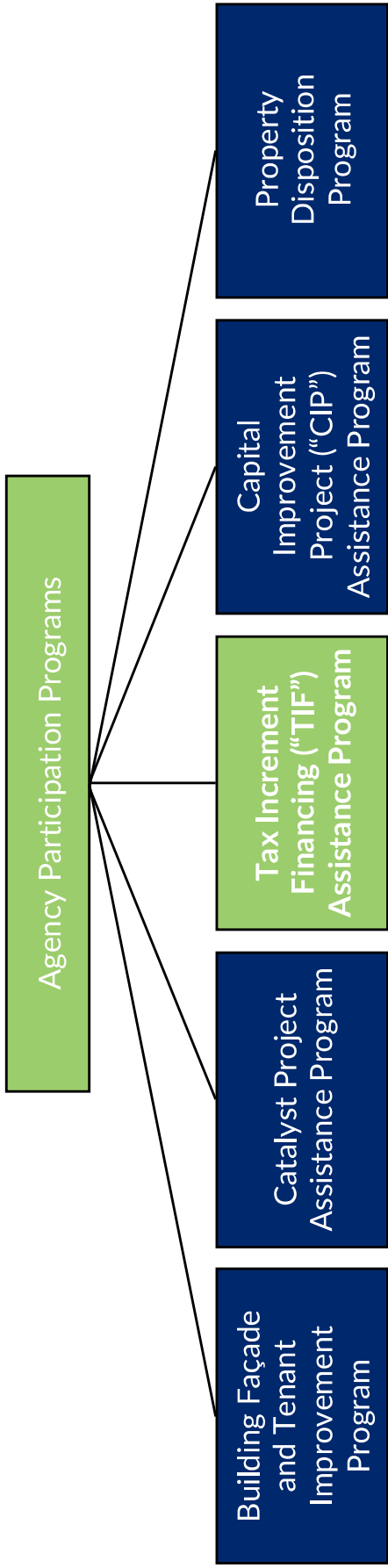
Tax Incremental Financing

Reno, Nevada

March 12, 2025

City of Reno Redevelopment Agency Participation Programs

The City of Reno Redevelopment Agency offers several participation programs designed to help finance and support projects within the city's two designated redevelopment areas, which aim to encourage private investment, enhance property values, and stimulate economic growth.



What is Tax Increment Financing?

Definition

Tax Increment Financing (TIF) is a public financing tool that uses the increase in property tax revenues from a designated redevelopment area to fund certain projects. By capturing new tax revenue from rising property values, TIF helps finance projects that might not otherwise be feasible.

Purpose

The purpose of TIF is to stimulate economic development by attracting private investment and revitalizing underutilized properties. It provides financial support for projects that create jobs and enhance economic activity in targeted areas.

Function

TIF works by freezing the current property tax base in a redevelopment area over a predetermined timeline. As property values rise due to new investment, the additional tax revenue, known as the tax increment, is paid back to the participant of the program. Once the TIF ends, the City, County, and State capture the entire property tax.

Risks?

One key advantage of the type of TIF the City of Reno has put into place is that it does not require the city to issue bonds or take on debt. Since funding comes from the increased property tax revenue generated by the project itself, there is no major upfront cost for the city. Additionally, if a project is not developed or does not generate the expected increase in property value, the city does not lose money because there is simply no tax increment to allocate. This makes TIF a relatively low-risk tool for encouraging private investment while protecting public funds.

Where, Why, How has TIF been used?

Where

Tax Increment Financing (TIF) has been approved and/or used in all 50 states and the District of Columbia.

Why

Uses future benefits of real estate investment to fund projects today that will benefit a specific area. A single project can positively influence performance and values of the surrounding area, so a new project can be the rising tide that lifts all boats.

How

By capturing the future tax benefits that, but for the project would not have occurred, the feasibility of the Project can be improved.

Creativity

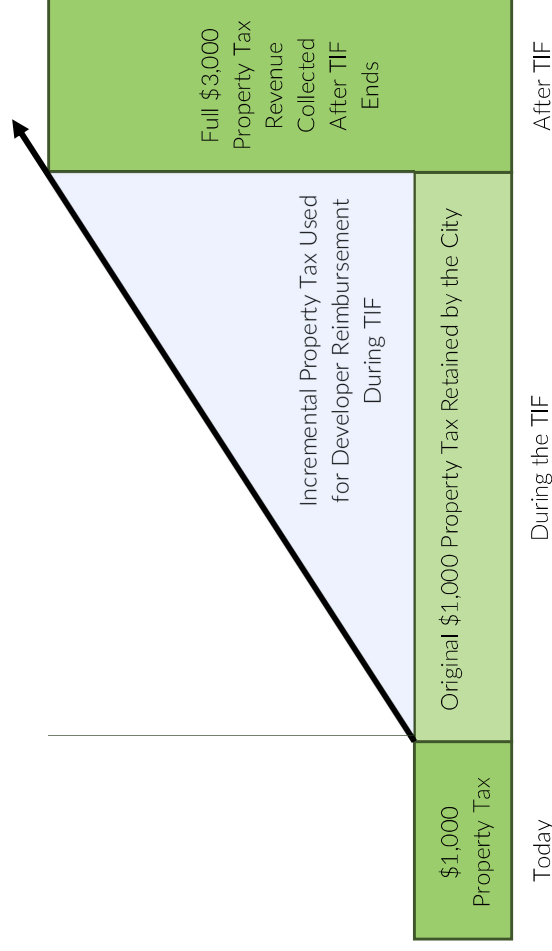
Allow for projects to be creatively financed and induced by public-private partnerships.

How does TIF Work?

To help explain how Tax Increment Financing (TIF) works, consider this example:

- A developer plans to build a hotel on an empty parking lot within a designated redevelopment area. Without an incentive, the project would not be financially feasible. Currently, the vacant lot generates \$1,000 per year in property taxes.
- Once approved for TIF, the developer continues paying the full property tax amount each year. After the hotel is built, the property tax increases to \$3,000 per year. Government agencies will still receive the full \$3,000 but will reimburse the incremental tax revenue of \$2,000 (\$3,000 - \$1,000 = \$2,000) back to the developer to help offset costs.
- When the TIF period ends, the government agencies will no longer reimburse the developer and will instead retain the full \$3,000 in annual property tax revenue, benefiting the city in the long term.

Tax Increment Financing Process



Program Eligibility Requirements

“But For” Test

“Participants must demonstrate that there are no other reasonable means of financing available to fully fund the proposed project. This requirement is commonly referred to as the “but for” test, meaning that, but for the Agency’s funding, the Participant would not be able to fully fund and complete the project.”

Prevailing Wages

“Nevada prevailing wage rates are required to be paid for any Agency funding or assistance that is equal to or more than \$100,000.”

Location

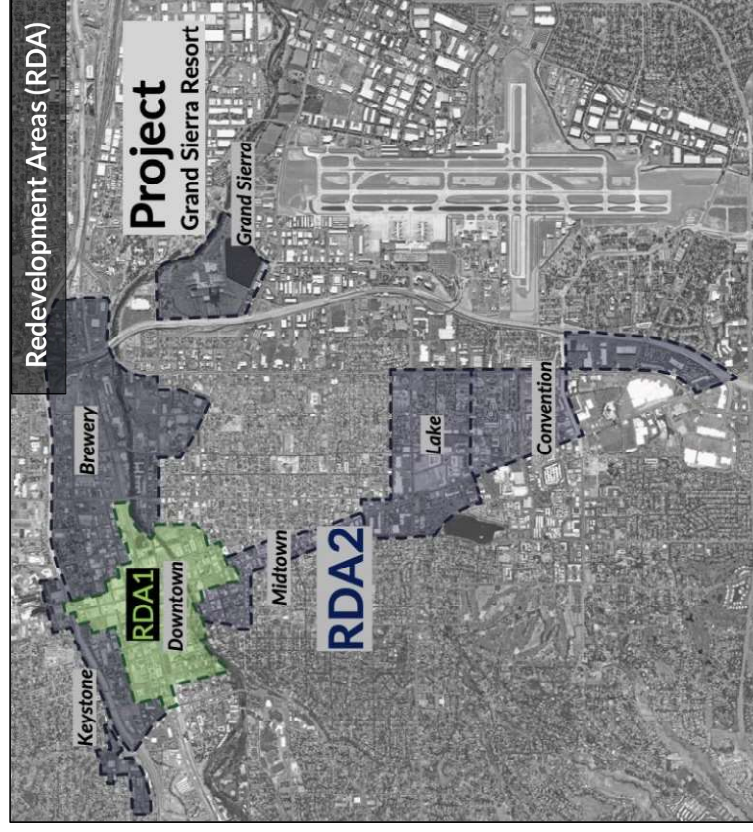
“The property must be located within a redevelopment area.”

Area Benefit

“Participants must demonstrate that the proposed project or investment will provide a significant benefit to the overall redevelopment area and the surrounding neighborhood.”

Employment Plan

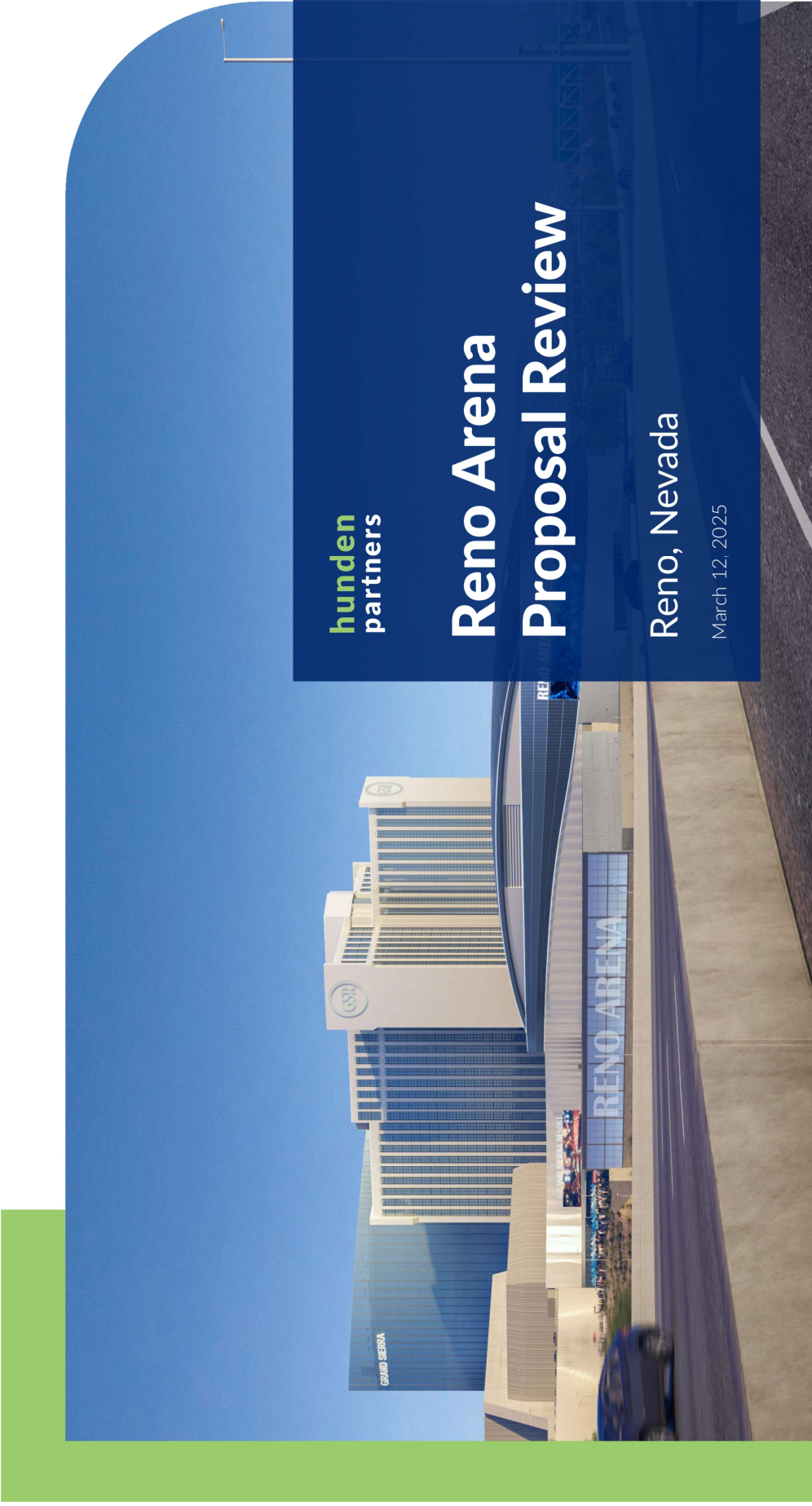
“Participants should submit an employment plan describing new employment opportunities generated by the proposed project and new employment opportunities for persons residing in the area that are economically disadvantaged, have any disability, are member of racial minorities, are veterans, or are women”



RDA 1 End Date: 2043

RDA 2 End Date: 2035

Source: City of Reno Redevelopment Agency
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Reno Arena Proposal Review

Reno, Nevada

March 12, 2025

Reno Arena Project

Proposed Program

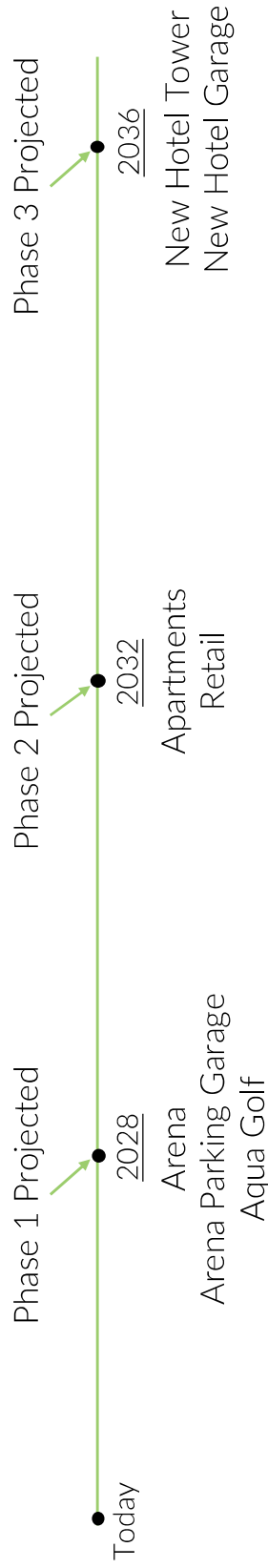
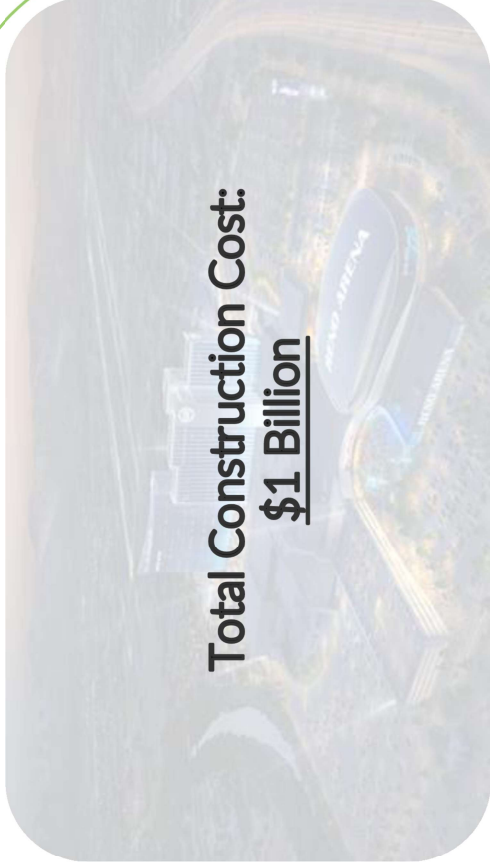
The Developer is proposing the following elements as part of the Reno Arena Project adjacent to the GSR. Costs for the development are expected to total approximately \$1 billion over the next 10 years:

- A. 10,000-seat arena
- B. 2,400-space parking garage
- C. 50,000-SF community ice facility
- D. 24,300-SF retail
- E. High-tech aqua golf driving range
- F. 300 Apartments
- G. Potential 500-room hotel



Development Timeline

The Project is structured into three phases, with projected completion in 2028, 2032, and 2036, respectively. The first phase involved the construction of a 10,000-seat arena, a parking garage, and aqua golf facilities. The second phase is set to develop 300 units of housing, with 150 units dedicated to workforce housing and 150 units for market-rate housing, along with 23,400 square feet of retail space. The concluding phase will feature the addition of a new 500-key hotel tower and its associated hotel garage. The total construction cost for all phases is estimated to exceed \$1 billion.



Nationwide University Arena Structures

Funding Overview

University Tenant	Case Studies				Project	Existing Arena
	University of Louisville	University of Evansville	University of Nebraska	University of Texas at Austin		
Arena Name (Year Built)	KFC Yum! Center (2010)	Ford Center (2011)	Pinnacle Bank Arena (2013)	Moody Center (2022)	University of Nevada, Reno	University of Nevada, Reno
Basketball Capacity	22,000	11,000	16,000	10,750	Reno Arena (TBD)	Lawlor Events Center (1983)
Landlord	Louisville Arena Authority	City of Evansville	City of Lincoln	Austin Arena Company, LLC (OVG & UT)	10,000+	12,000
Construction Cost	\$238 M	\$128 M	\$236 M	\$338 M	Grand Sierra Resort	University of Nevada, Reno
Main Funding Source	Public	Public	Public	Private	\$380 M	\$26 M
Bonds Issued	YES	YES	YES	NO	Private	Public
Off-site Taxes Used?	YES	YES	YES	NO	NO	YES
New Taxes Created?	NO	NO	YES	NO	NO	YES
					NO	NO

Nevada Stadium/Arena Structures

Funding Overview

Arena Name	Other Nevada Facilities					Project	Existing Arena
	Allegiant Stadium	Future A's Stadium*	T-Mobile Arena	Lee's Family Forum	Thomas & Mack Center	Cox Pavilion	
League (Year Built)	NFL (2020)	MLB (2028)	NHL (2016)	AHL (2022)	NCAA (1983)	NCAA (2001)	University of Nevada, Reno
Construction Cost	\$1.85 B	\$1.5 B	\$375 M	\$84 M	\$30 M	\$16.8 M	Lawlor Events Center (1983)
% Private Funding	59%	75%	100%	50%	0%	100%	0%
% Public Funding	41%	25%	0%	50%	100%	0%	100%
Bonds Issued?	YES	LIKELY	NO	YES	NO	NO	NO
Offsite Taxes Used?	YES	LIKELY	NO	YES	YES	NO	YES

Key Takeaway:

Compared to stadium/arena projects that were recently delivered in Nevada, the proposed Project would be the most privately funded in the state at this scale.

*Proposed deal structure as of December 2024, financing and development agreement was approved by the Las Vegas Stadium Authority Board

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		Other Nevada Facilities					Project	Existing Arena
Arena Name	Allegiant Stadium	Future A's Stadium*	T-Mobile Arena	Lee's Family Forum	Thomas & Mack Center	Cox Pavilion	University of Nevada, Reno	University of Nevada, Reno
League (Year Built)	NFL (2020)	MLB (2028)	NHL (2016)	AHL (2022)	NCAA (1983)	NCAA (2001)	NCAA/ Minor (TBD)	Lawlor Events Center (1983)
Construction Cost	\$1.85 B	\$1.5 B	\$375 M	\$84 M	\$30 M	\$16.8 M	\$380 M	\$26 M
% Private Funding	59%	75%	100%	50%	0%	100%	100%	0%
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Bonds Issued?	YES	LIKELY	NO	YES	NO	NO	NO	NO
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Break Down of Requested RDA Structure

- **Overview of Current RDA Structure**

- The current RDA structure **allows the Developer to recapture 100% of incremental property taxes** through 2035. This policy has been instrumental in fostering initial phases of development and incentivizing private investment in Reno.

- **Requested Changes to the RDA Structure**

- **Extension Period:** The Developer has requested a **20-year extension** to the RDA, pushing the expiration through 2055.
- **Key Adjustment:** Under the new structure, the Developer would recapture the Reno Fund portion of incremental property taxes, which accounts for **26 percent** of the total incremental property taxes. The Developer would pay, and the government would receive the other **74 percent** of the paid property tax.
- **Important Note:** Neither the current nor the proposed RDA requires the city to create bonds.

- **Projected Economic Impacts**

- **Short-Term Gains:** Increased construction activity and job creation during the build-out of new phases.
- **Long-Term Gains:** Increased local spending and taxes generated locally from new visitors and activity.
- **Future Gains:** Once the RDA ends, Reno can capture the full amount of the incremental property tax revenues of these developments.



FAQ

How much will Reno pay the Developer?
Reno will **NOT** pay the Developer any direct funds. Instead, the Developer benefits by recapturing a portion of the incremental property taxes that are created because of the Project's new construction.

What happens if the Developer does not build out the other phases?
The Developer will not receive any benefit because there would be no increase (increment) in property taxes without the new development.

Why is Reno considering this structure?
The extension and adjustment aim to ensure the project's financial feasibility, attract further private investment, and create long-term economic benefits for Reno.

Arena Events & Programming

The main component of the Project is the 10,000-seat arena that will be the home venue for the UNR Men's Basketball Team and a potential minor league team. Once fully stabilized, the arena is expected to host approximately 95 events per year, with an annual attendance exceeding 550,000 people.



Stabilized Annual Attendance: 553,900

Event	# of Events	Avg. Attendance	Avg. Ticket Price/Rental Rate
UNR Basketball	17	7,786	\$41.50
Minor League Hockey	39	4,449	\$34.56
Major Concert	5	9,000	\$89.17
Minor Concert	7	7,500	\$66.88
Family Show	6	6,500	\$44.58
Sporting Event	6	5,000	\$25.00
Rentals/Banquets	15	5,000	\$35,000 (rental)
Total/Average	95	5,761	\$49.32

Fiscal Impacts Through 2055

The adjacent tables illustrate the projected impacts that the Project is expected to have on the City of Reno, including the total impact and the average annual impact.



Table 1: Total Impact Through 2055	
Spending	\$ (millions)
Direct	\$2,595
Indirect	\$865
Induced	\$639
Total	\$4,099
Earnings	
\$ (millions)	
Direct	\$637
Indirect	\$266
Induced	\$202
Total	\$1,106
FTE Supported	
Peak	
Direct	474
Indirect	105
Induced	92
Total	671
Fiscal City Impact	
\$ (millions)	
City C-Tax	\$17.5
City Room Tax	\$5.2
Total	\$22.7

Table 2: Average Annual Impact	
Spending	\$ (millions)
Direct	\$87
Indirect	\$29
Induced	\$21
Total	\$137
Earnings	
\$ (millions)	
Direct	\$21
Indirect	\$9
Induced	\$7
Total	\$37
FTE Supported	
Average	
Direct	371
Indirect	83
Induced	72
Total	526
Fiscal City Impact	
\$ (millions)	
City C-Tax	\$0.6
City Room Tax	\$0.2
Total	\$0.7

Q&A

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