

**hunden**  
**partners**

# Phase I Gap Analysis

Reno, Nevada

April 2025

# North America's Leading Destination Advisor

>1,000 studies and processes

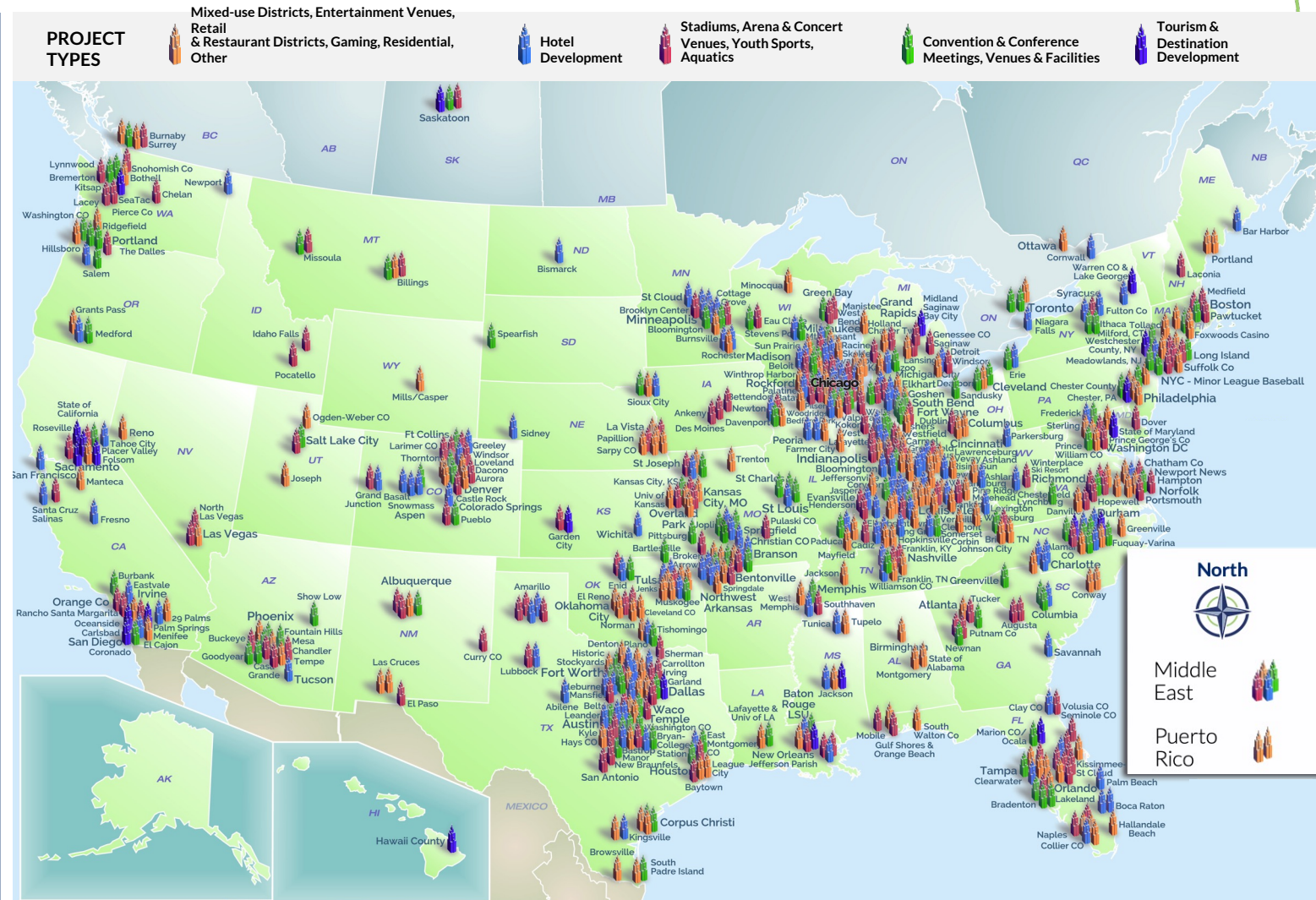
\$25B planned or built assets

650+ conference, convention, event center & hotel studies

175+ destination & entertainment district studies

200+ youth sports, stadium & arena studies

20+ placemaking & destination strategy plans in the last 3 years



## Hotel Brands

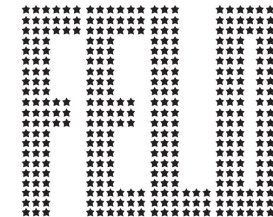
## Pro Sports

## Entertainment

## Destinations



**hunden partners** | [hunden.com](https://hunden.com)





**Indianapolis, IN**  
Eleven Park



**Arlington Heights, IL**  
NFL Stadium Mix

## Select Stadiums, Arenas & Districts

### Market Demand, Financial Feasibility & Economic Impact Studies



**Indianapolis, IN**  
Pacers NBA Arena



**Philadelphia, PA**  
NBA/NHL Stadium Mix



**Washington, DC**  
NFL Stadium Mix



**Milwaukee, WI**  
Deer District



**Chicago, IL**  
MLB Stadium Mix

## Select Stadiums, Arenas & Districts

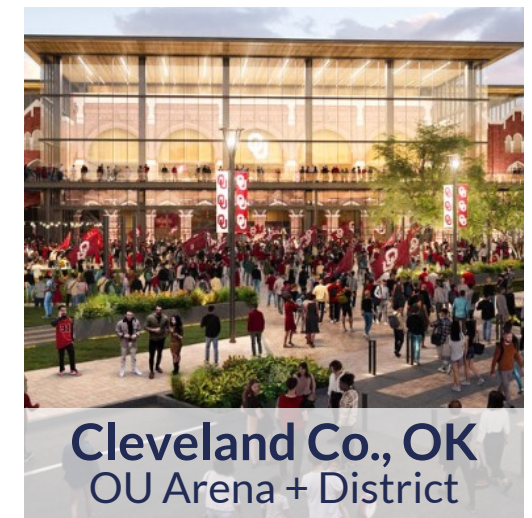
### Market Demand, Financial Feasibility & Economic Impact Studies



**Baton Rouge, LA**  
LSU Arena + District



**Lawrence, KS**  
KU Stadium + District



**Cleveland Co., OK**  
OU Arena + District

# Introduction

Hunden Partners (“Hunden”) was engaged by the City of Reno Redevelopment Agency (“Client” or “City”) to provide an independent review of a development proposal by Meruelo Gaming (“Developer”) for a new sports and entertainment district in Reno, Nevada.

## ASSUMPTIONS AND CONDITIONS

This presentation has been prepared under the following general assumptions and limiting conditions:

- The findings presented herein reflect analysis of primary and secondary sources of information assumed to be correct. Hunden utilized sources deemed to be reliable but cannot guarantee accuracy.
- No responsibility is taken for changes in market conditions after the date of this report and no obligation is assumed to revise this report to reflect events or conditions occurring thereafter.
- Hunden has no control over construction costs or timing of construction and opening.
- Macroeconomic events affecting events, travel, and the economy cannot be predicted and may impact the development and performance of the venues, real estate, and overall organization.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

Hunden Partners

# “But For” Test

Hunden’s analysis evaluates whether the Project proposed by the Meruelo Group meets the criteria of the “But For” test, as defined below. This report outlines the projected financial returns of the Project, which include return metrics based on the construction costs provided by the Meruelo Group.

A key consideration is that, while the Meruelo Group may have the financial capacity to fund the Project, they are unlikely to move forward unless it demonstrates financial viability and delivers a reasonable return on investment. This analysis argues that **“but for”** the RDA financial support, the Project would not be economically feasible and therefore would not proceed. To evaluate this, Hunden compared the Project’s projected returns to relevant industry benchmarks.



# Phase I Estimated Construction Cost



Previous Phase I Total  
Construction Cost:  
**\$633 Million**

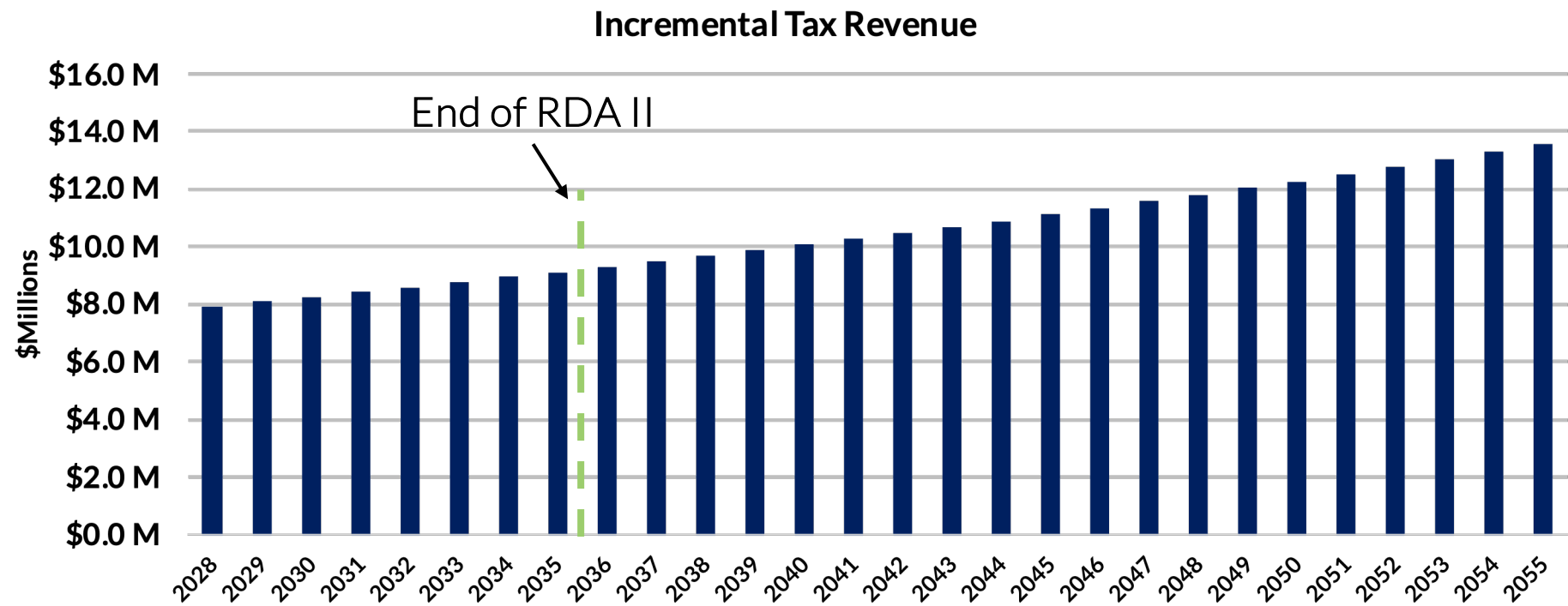
New Phase I Total  
Construction Cost:  
**\$786 Million**

Increase in Cost:  
**\$153 Million**

	Hard Cost	Soft Cost	FF&E	Total Cost
Arena/Community Ice Rink	\$486,000,000	\$142,600,000	\$19,500,000	\$648,100,000
Parking Garage	\$65,000,000	\$10,300,000	\$1,100,000	\$76,400,000
Aqua Golf	\$27,000,000	\$4,300,000	\$500,000	\$31,800,000
Infrastructure	\$25,000,000	\$4,400,000	\$0	\$29,400,000
Total	\$603,000,000	\$161,600,000	\$21,100,000	\$785,700,000

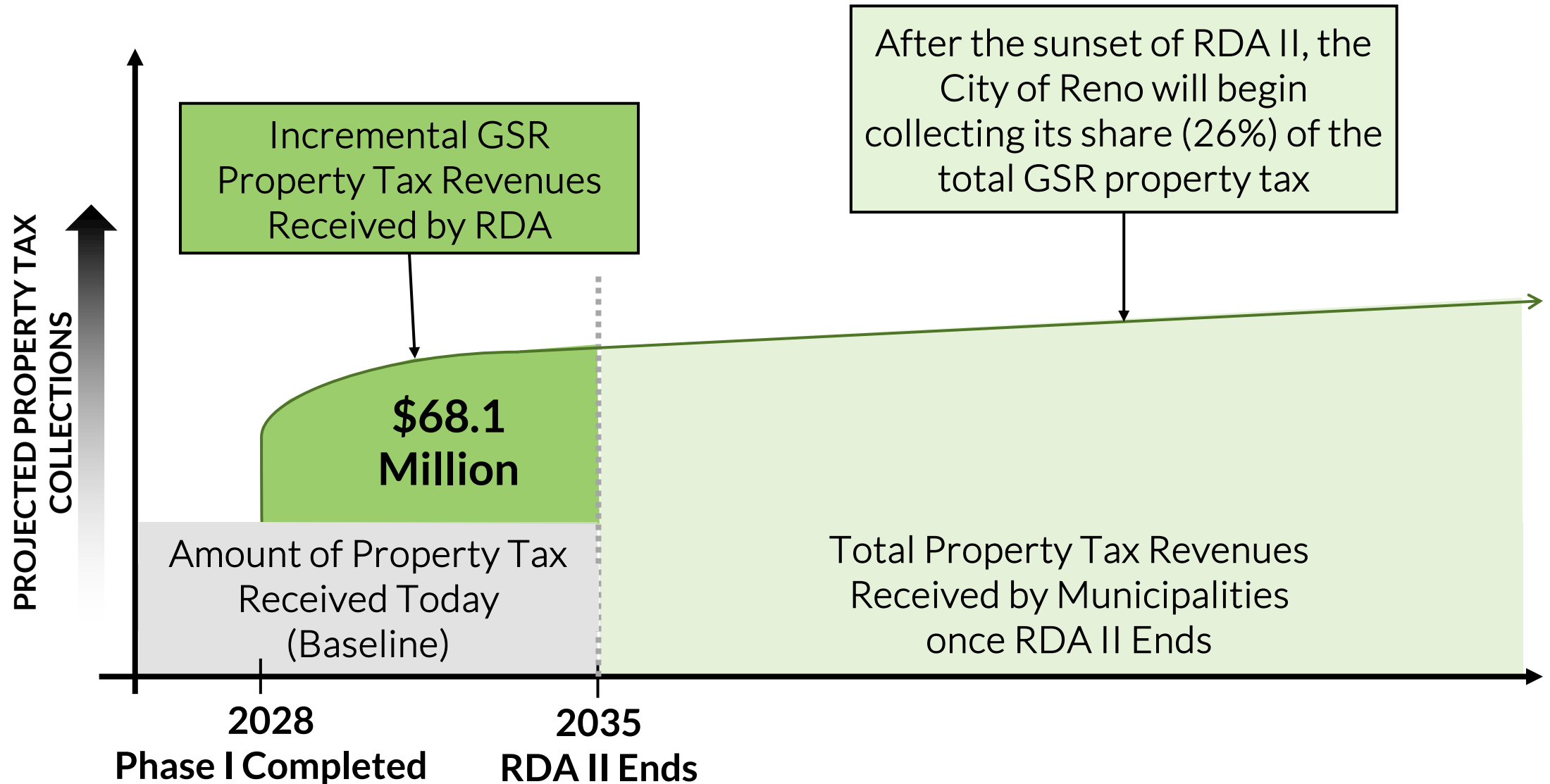
# Incremental New Tax Revenue Generating by Phase I

Phase I of the project, which includes the Arena, Community Ice Rink, Parking Garage, and Aqua Golf, is expected to generate an average of \$10.5 million in incremental property tax revenue each year. From its anticipated completion in 2028 through the end of the RDA II period, 2035, the development is projected to contribute approximately \$68.1 million in property tax revenue to RDA II. By 2055, total incremental property tax revenue is estimated to reach \$294.1 million. **It's important to note that the \$294.1 million reflects the total incremental property tax revenue across all municipalities, not just Reno's share and includes the portion recaptured by GSR.**



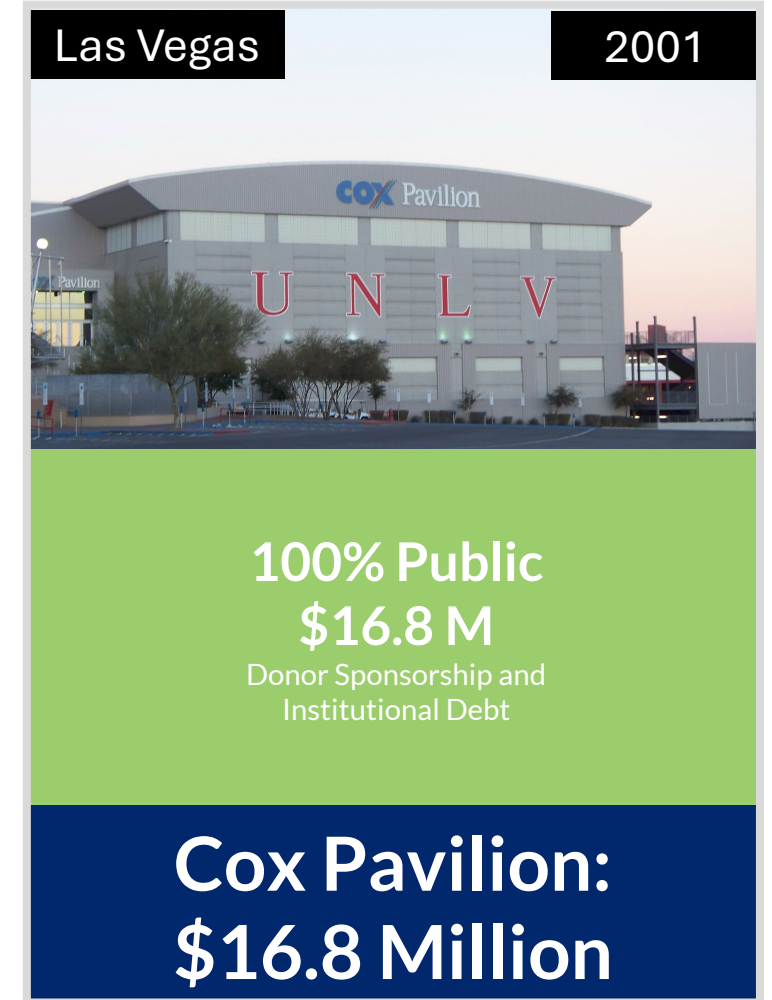
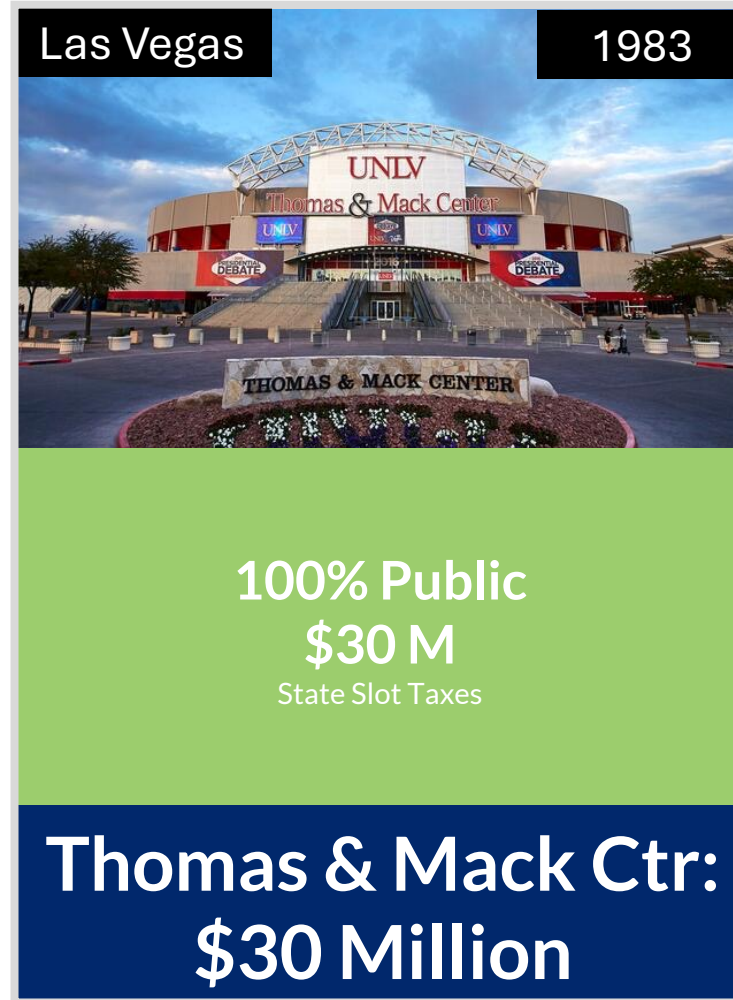
Accrued Incremental Property Tax (\$ Millions)	
Year	Total Property Tax
Total through 2035	\$68.1 M
Total through 2045	\$169.9 M
Total through 2055	\$294.1 M

# Capturable Tax Revenue



# How Other Venues Were Funded in Nevada

Semi-Professional or Collegiate



# Project Assumptions

## Arena\*



95 Events

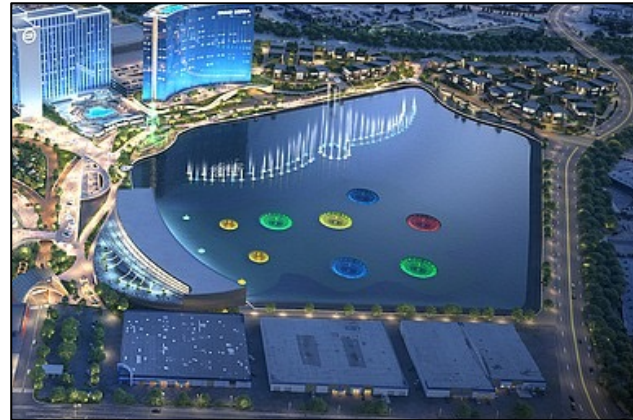
553,900 Annual Attendees

25,000 SF of Fan Zone Retail

UNR Men's Basketball Lease

\*At stabilization 2031

## Aqua Golf



352,800 Annual Attendees

213,780 Annual Memberships

## GSR Incremental Revenue



Incremental Room Nights

Food & Beverage Revenue

Casino Gaming Revenue

# Projected Returns and Financial Gap

Current\* Internal Rate of  
Return (IRR):  
**3.0%**

Minimum Risk-Free Internal  
Rate of Return (IRR):  
**4.5%**

Financial GAP:  
**\$145.8 Million**

Phase 1 Net Operating Income (\$Millions)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10
Arena	\$9.6	\$13.9	\$16.7	\$17.6	\$18.0	\$20.6
Aqua Golf	\$3.0	\$3.1	\$3.2	\$3.3	\$3.4	\$3.9
GSR Incremental Revenue	\$9.0	\$10.0	\$10.6	\$11.0	\$11.3	\$13.1
Total NOI	\$21.6	\$27.0	\$30.5	\$31.9	\$32.7	\$37.6

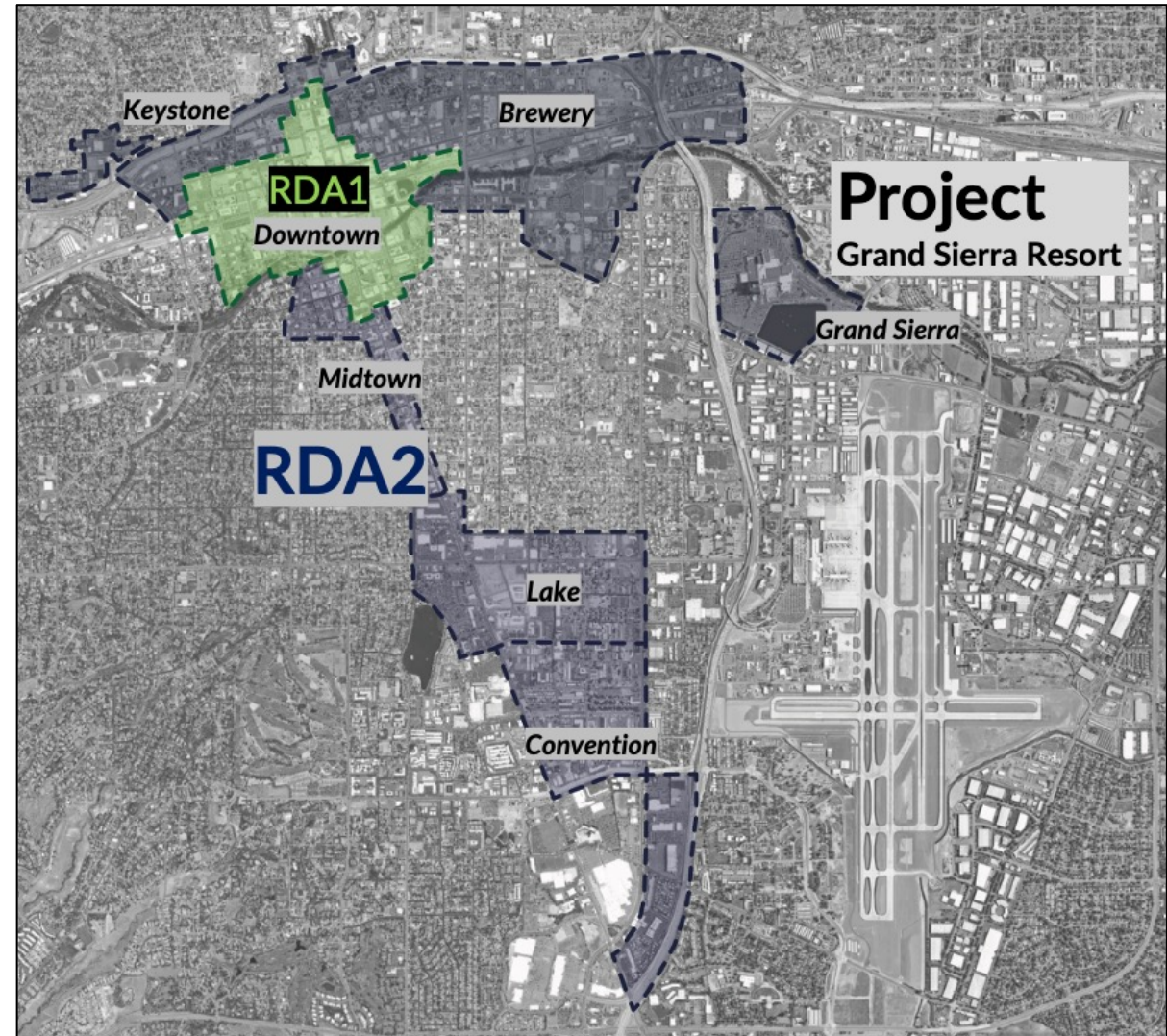
\* Takes in account of increased project cost

# Implications


By analyzing the expected returns from Phase I of the project, which includes the Arena and Aqua Golf, and comparing them to benchmark investments such as the current risk-free rate, Hunden concludes that the development does not provide a sufficient return to justify the investment. But for the Agency's funding through the TIF program, the Project is not financially feasible and there are no other reasonable means of financing available.

## ✓ “But For” Test

Source: Tax Incremental Financing: A Practical Guide for Analyzing TIF Risks, Benefits, and Outcomes




# Economic Impact of Phase I to the City of Reno, NV

One Time Construction Impact	Economic Impact 2028* - 2035	+	Economic Impact 2028* - 2045	+	Economic Impact 2028* - 2055
<div>1,770</div> <div>Full-Time Equivalent Jobs supported over 2 years of construction</div> <div></div>	<div>\$520 million</div> <div>Total Net New Spending</div> <div>\$140 million</div> <div>Total Net New Earnings</div> <div>364</div> <div>Average Yearly Full-Time Equivalent Jobs Supported</div> <div>\$8.9 million</div> <div>Net New Local Tax Revenue</div>		<div>\$1.4 billion</div> <div>Total Net New Spending</div> <div>\$376 million</div> <div>Total Net New Earnings</div> <div>371</div> <div>Average Yearly Full-Time Equivalent Jobs Supported</div> <div>\$39.9 million</div> <div>Net New Local Tax Revenue</div>		<div>\$2.6 billion</div> <div>Total Net New Spending</div> <div>\$693 million</div> <div>Total Net New Earnings</div> <div>373</div> <div>Average Yearly Full-Time Equivalent Jobs Supported</div> <div>\$74.2 million</div> <div>Net New Local Tax Revenue</div>

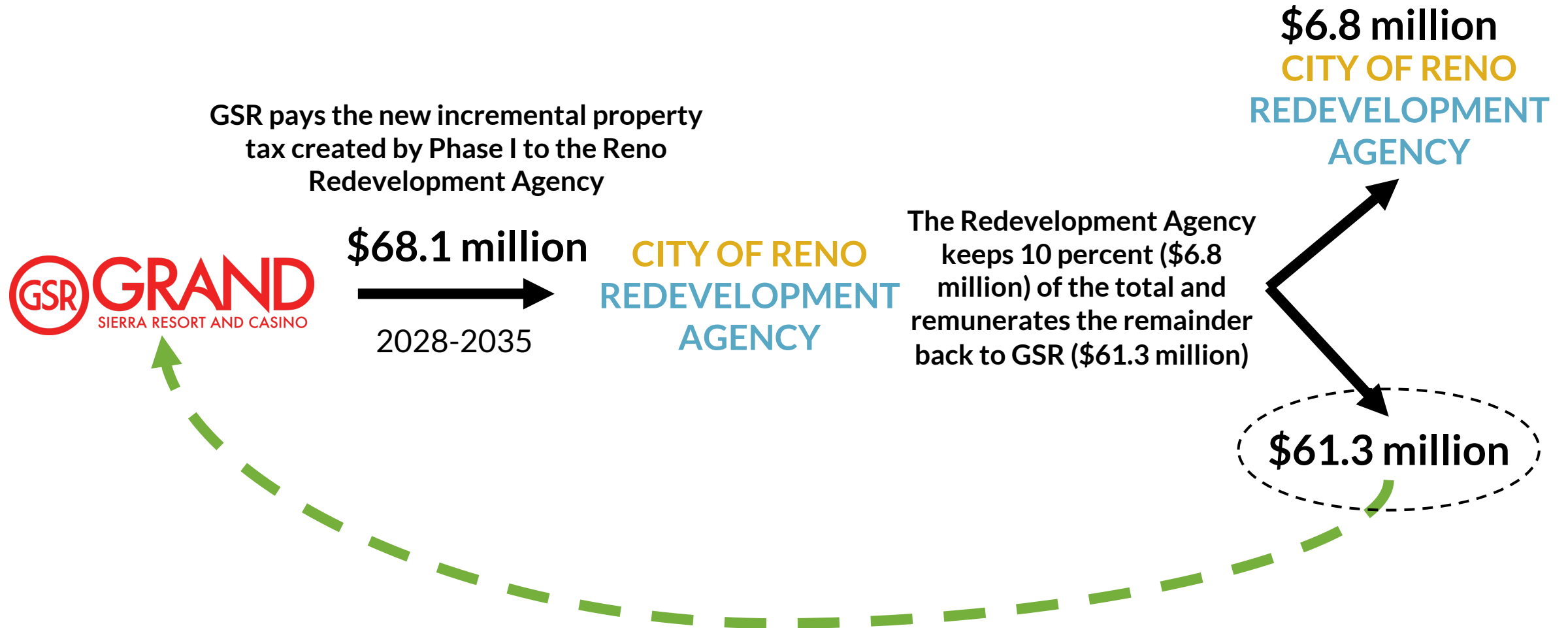
\*All components of Phase I are operational (2028)

# Economic Impact of Phase I to the Region

One Time Construction Impact	Economic Impact 2028* - 2035	+	Economic Impact 2028* - 2045	+	Economic Impact 2028* - 2055
<p><b>1,770</b></p> <p>Full-Time Equivalent Jobs supported over 2 years of construction</p> 	<p><b>\$488 million</b></p> <p>Total Net New Spending</p> <p><b>\$131 million</b></p> <p>Total Net New Earnings</p> <p><b>343</b></p> <p>Average Yearly Full-Time Equivalent Jobs Supported</p> <p><b>\$13.4 million</b></p> <p>Net New Tax Revenue</p>		<p><b>\$1.3 billion</b></p> <p>Total Net New Spending</p> <p><b>\$354 million</b></p> <p>Total Net New Earnings</p> <p><b>351</b></p> <p>Average Yearly Full-Time Equivalent Jobs Supported</p> <p><b>\$127.4 million</b></p> <p>Net New Tax Revenue</p>		<p><b>\$2.4 billion</b></p> <p>Total Net New Spending</p> <p><b>\$653 million</b></p> <p>Total Net New Earnings</p> <p><b>353</b></p> <p>Average Yearly Full-Time Equivalent Jobs Supported</p> <p><b>\$224.8 million</b></p> <p>Net New Tax Revenue</p>

\*All components of Phase I are operational (2028)

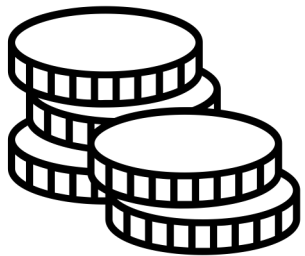
# RDA II Incremental Property Tax Share Agreement (90/10)



# Benefit to the Community Over 2028 – 2055 (City of Reno, NV)

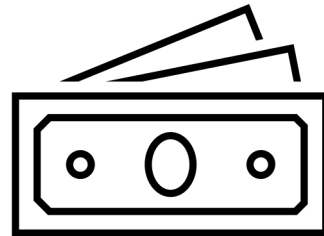
$$\text{Return on Investment for the City of Reno} = \left( \frac{\$74.2^* \text{ million}}{\$61.3 \text{ million}} \right) = 121\%$$

\*Includes Reno's Property Tax, C-Tax, and Hotel Tax



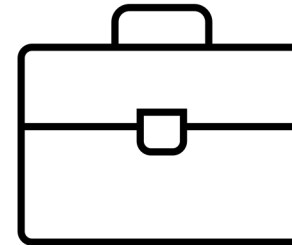
**\$2.6 billion**

Total Net New Spending



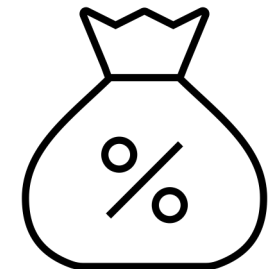
**\$693 million**

Total Net New Earnings



**373 Jobs**

Average FTE Jobs Supported



**\$74.2 million**

Net New Local Tax Revenue\*

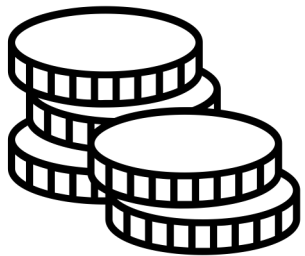
# Benefit to the Community Over 2028 – 2055 (Region)

Return on Investment for  
the Region

$$= \left( \frac{\$225^* \text{ million}}{\$61.3 \text{ million}} \right) =$$

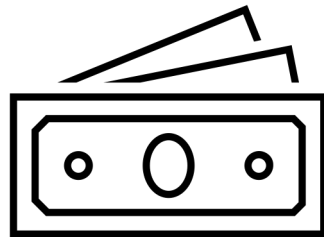
**367%**

\*Includes Property Tax, C-Tax, and Hotel Tax



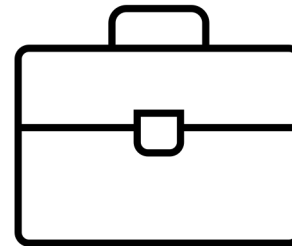
**\$2.4 billion**

Total Net New Spending



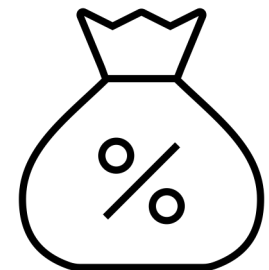
**\$653 million**

Total Net New Earnings



**353 Jobs**

Average FTE Jobs Supported



**\$225 million**

Net New Tax Revenue\*

# Thank You!

## Q&A

312.643.2500 | [hunden.com](https://hunden.com)

**hunden**  
**partners**