



**CITY OF HENDERSON
REDEVELOPMENT AGENCY ADVISORY COMMISSION
AGENDA**

**Regular Meeting
Tuesday, November 22, 2011
4:00 p.m.**

**City Hall Annex Conference Room
280 Water Street
Henderson, Nevada 89015**

Notice to persons with special needs: For those requiring special assistance or accommodation at the meeting, please contact 702-267-1515 or the Relay Nevada TTY telephone 7-1-1 at least 72 hours in advance of the meeting.

The Chairman reserves the right to hear agenda items out of order, combine two or more agenda items for consideration, remove an item from the agenda, or delay discussion relating to an item on the agenda at any time. All items are action items unless otherwise noted.

Individuals speaking on an item will be limited to three (3) minutes and spokespersons for a group will be limited to ten (10) minutes.

Electronic agendas can be found at: [HTTP://WWW.CITYOFHENDERSON.COM/](http://www.cityofhenderson.com/)

I. CALL TO ORDER

II. CONFIRMATION OF POSTING AND ROLL CALL

III. ACCEPTANCE OF AGENDA (For Possible Action)

IV. PUBLIC COMMENT

Note: Items discussed under Public Comment cannot be acted upon at this meeting, but may be referred to a future agenda for consideration (NRS 241.020). Individuals speaking on an item will be limited to three (3) minutes and spokespersons for a group will be limited to ten (10) minutes.

V. NEW BUSINESS

1.	MINUTES—CITY OF HENDERSON REDEVELOPMENT AGENCY ADVISORY COMMISSION MEETING OF SEPTEMBER 27, 2011 (For Possible Action) Recommend approval of the minutes of the City of Henderson Redevelopment Agency Advisory Commission meeting of September 27, 2011.
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2.	PRESENTATION AND DISCUSSION BY LANDWELL COMPANY REGARDING PROPOSED CHANGES TO THE DEVELOPMENT AGREEMENT AND DEVELOPMENT STANDARDS FOR CADENCE PLANNED COMMUNITY. No action required.
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| 3. | GROUND LEASE AGREEMENT BY AND BETWEEN THE CITY OF HENDERSON REDEVELOPMENT AGENCY, A PUBLIC BODY CORPORATE AND POLITIC, AND PATRAN LAND LIMITED, FOR THE PURPOSE OF PROVIDING PUBLIC PARKING IN THE WATER STREET DISTRICT (For Possible Action) |
| Recommend approval of the Ground Lease Agreement between the City of Henderson Redevelopment Agency and PATRAN Land Limited for the purpose of providing public parking in Water Street District in an amount of \$2,960.00 per year, plus a 2 per cent per year inflation adjustment. | |
| 4. | TERMINATION AGREEMENT AND RELEASE OF PROMISSORY NOTE BY AND BETWEEN DIAMOND CORNERSTONE LLC AND THE CITY OF HENDERSON REDEVELOPMENT AGENCY (For Possible Action) |
| Ratify approval of the Termination Agreement and Release of Promissory Note by and between Diamond Cornerstone LLC and the City of Henderson Redevelopment Agency. | |
| 5. | REDEVELOPMENT AGENCY ADVISORY COMMISSION AMENDED BYLAWS (For Possible Action) |
| Recommend adoption of the amendments to the Redevelopment Advisory Commission Bylaws. | |
| 6. | SUBMISSION OF REDEVELOPMENT AGENCY ANNUAL AUDIT – FISCAL YEAR 2010-2011 AND REQUIRED COMMUNICATIONS LETTER (For Possible Action) |
| Recommend adoption of the Redevelopment Agency's Fiscal Year 2010-2011 Audited Financial Statements. | |
| 7. | FINANCIAL MANAGEMENT POLICIES (For Possible Action) |
| Recommend adoption of Redevelopment Financial Management Policies for: Introduction, Financial Status Reports and Annual Audited Financial Statements, Conformance to Accounting Principles, Selection of Auditors, Fund Balance Classification, Separation of Duties, Proper Recording, Access to Assets and Records, Internal Control Evaluation, Returned Checks and Costs and Benefits. | |
| 8. | FINANCIAL MANAGEMENT POLICIES (For Possible Action) |
| Recommend adoption of Redevelopment Financial Management Policies for: RDA Loan Write Off. | |
| 9. | PROJECTS UPDATE |
| Discuss project updates for the following projects and accept report. Cornerstone Redevelopment Area: Shortfall Note; HOF Financial Properties; Diamond Cornerstone; Ladera Parcels; Loretto Bay. Downtown Redevelopment Area: 323 Water Street; Business Recruitment Marketing Team; City Tower (Southeast corner of Lake Mead Parkway and Water Street); Create Comprehensive Development and Business Recruitment Incentive Packages; Downtown Power Need; Emergency Assistance Loan; Former Parkline Site; Henderson Hyundai; Historic Walking Tour; Increase Curb Appeal; Targeted Façade Improvement; Lake Mead Crossing; Marketing the Water Street District Team; Marketing To Developers, Business Owners & Consumers; Outreach; | |

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Phase III Improvements; Pinnacle Building; Residential Development Team; Social Gathering Space Team; Shurtleff Building (38 S. Water Street); Site A; The Meridian (155 S. Water Street); Townhouse Motor Lodge; Urban Lounge; Water Street Business; Water Street District Business Association; Façade Improvement Program. Eastside Redevelopment Area: Bifurcation; Business; Eastside Business Coalition; Landwell/Cadence; Museum Site-95/Galleria; Union Village; Wells Park; Façade Improvement Program; Sign Grant Program. Tuscany: OPA; Semi-Annual Payment. Lakemoor Canyon. Administration/All Areas: Audit; Bonds; Business License Counts; Homeowner Assistance Program; NDC; Revenue.

VI. **PUBLIC COMMENT**

Note: Items discussed under Public Comment cannot be acted upon at this meeting, but may be referred to a future agenda for consideration (NRS 241.020). Individuals speaking on an item will be limited to three (3) minutes and spokespersons for a group will be limited to ten (10) minutes.

VII. **DIRECTOR'S/CHAIRMAN'S BUSINESS**

VII. **SET NEXT MEETING**

- December 20, 2011 at 4:00 p.m.

VIII. **ADJOURNMENT**

Agenda posted prior to 9:00 a.m. on November 16, 2011 at the following locations:

City Hall Annex, 280 Water Street
City Hall, 240 Water Street, 1st Floor Lobbies (2)
Multigenerational Center, 250 S. Green Valley Parkway
Whitney Ranch Recreational Center, 1575 Galleria Drive
Fire Station No. 86, 96 Via Antincendio



RAC

REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 22, 2011

RAC-001

SUBJECT	Minutes—City of Henderson Redevelopment Agency Advisory Commission Meeting of September 27, 2011.
PETITIONER	Economic Development/Redevelopment Division of the City Manager's Office
RECOMMENDATION	Recommend Approval

FISCAL IMPACT:

No Impact

Budget funds available

Augmentation required

BACKGROUND / DISCUSSION / ALTERNATIVES:

RECOMMENDED MOTION:

I move to approve the minutes of the City of Henderson Redevelopment Agency Advisory Commission meeting of September 27, 2011.

Supporting Documentation:

Minutes consisting of five (5) pages

**CITY OF HENDERSON REDEVELOPMENT AGENCY
ADVISORY COMMISSION
MINUTES
September 27, 2011**

I. CALL TO ORDER

Chairman Stan Southwick called the Redevelopment Advisory Commission to order at 4:00 p.m. in the Annex Conference Room, City Hall Annex, 280 Water Street, Henderson, Nevada.

II. CONFIRMATION OF POSTING AND ROLL CALL

MaryAnne Cruzado, Recording Secretary, confirmed the meeting had been noticed in accordance with the Open Meeting Law by posting the Agenda three working days prior to the meeting at City Hall, Henderson Convention Center, Green Valley Police Substation, and Fire Station No. 86.

Present: Chairman Stan Southwick
David Chavez (4:07 p.m.)
Tom Fay
Tom Foster
Mark McGinty
Richard Serfas
Laura Jane Spina

Excused: None

Staff: MaryAnne Cruzado, Administrative Assistant III
Christine Guerci-Nyhus, Interim City Attorney
Michelle Romero, Redevelopment Manager
Lisa Sich, Special Projects Accountant
Derek Allen, Planner
April Parra, Minutes Clerk

Guest: Koko Darakjian, RLK Investments
Roger Mullis, RLK Investments

III. ACCEPTANCE OF AGENDA

(Motion) Mr. Fay introduced a motion to accept the agenda as presented. The vote favoring approval was unanimous. Chairman Southwick declared the motion carried.

IV. PUBLIC COMMENT:

There were no comments presented by the public.

V. NEW BUSINESS

1.	MINUTES FOR THE CITY OF HENDERSON REDEVELOPMENT AGENCY ADVISORY COMMISSION MEETING OF AUGUST 23, 2011 (For Possible Action)
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Recommend approval of the minutes of the City of Henderson Redevelopment Agency Advisory Commission meeting of August 23, 2011.

(Motion) Mr. Foster introduced a motion to approve the minutes of August 23, 2011, as submitted. The vote favoring approval was unanimous. Chairman Southwick declared the motion carried.

2.	ESTABLISHMENT OF AN EMERGENCY BUSINESS ASSISTANCE LOAN PROGRAM
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Recommend ratification of the establishment of an Emergency Business Assistance Loan Program with a Program balance of \$50,000.

Michelle Romero, Redevelopment Manager, gave a presentation on the proposed item and stated staff recommends approval.

Responding to Chairman Southwick's question regarding how many businesses were in the designated zone, Ms. Romero stated approximately 14.

Ms. Sich informed the Commission that any remaining funds will stay in an account until it is needed elsewhere.

(Motion) Mr. McGinty introduced a motion recommending ratification of the establishment of an Emergency Business Assistance Loan Program with a Program balance of \$50,000. The vote favoring approval was unanimous. Chairman Southwick declared the motion carried.

Note: This item was heard immediately following Item 6.

3.	RLK INVESTMENTS, LLC LOAN EXTENSION FOR ONE ADDITIONAL YEAR AND REDUCE INTEREST TO THREE PERCENT (3%)
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Recommend approval of the loan extension for one additional year to RLK Investments, LLC and reduce the interest rate beginning October 6, 2011 to three percent (3%).

Ms. Spina abstained from voting on this item due to being a tenant of the applicant.

Ms. Sich gave a presentation on the proposed item and stated staff recommends approval with a three-percent rate.

Koko Darakjian and Roger Mullis, RLK Investments, gave a brief presentation on the item and stated there have been some sale prospects; however, a deal has not been made at this time.

Responding to a question by Mr. McGinty regarding if this is the applicant's first development, Mr. Darakjian stated he was involved in the development of the Galleria Mall.

Responding to questions by the Commission, Mr. Darakjian stated that building is five to six years old and is currently 70 percent occupied.

A lengthy discussion ensued regarding the pros and cons of granting a two-year extension.

(Motion) Mr. Chavez introduced a motion recommending approval of the loan extension for two years with zero percent interest to RLK Investments, LLC, until two consecutive quarters of profit at which time interest would resume at three percent (3%), with added conditions as follows: RLK Investments must provide quarterly financial statements and any other requested documentation, the partners are to take no distributions from the partnership during the two-year extension, and RLK is to provide tax returns each year for the LLC. The vote favoring approval was unanimous. Chairman Southwick declared the motion carried.

4.	OWNER PARTICIPATION AGREEMENT FOR 27, 31, AND 73 S. WATER STREET – TOWNHOUSE MOTOR LODGE
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Recommend approval of the Owner Participation Agreement for 27, 31, and 73 S. Water Street, Townhouse Motor Lodge.

Lisa Sich, Special Projects Accountant, gave a presentation on the proposed item and stated staff recommends approval.

Responding to Chairman Southwick's question regarding if both the interior and exterior will be redone, Ms. Sich said yes.

Mr. Fay inquired whether the applicant will be required to comply with the new urban lounge Code. Mr. Allen responded that if the new tenant is that type of use, they would have to comply, provided the City Council adopts the new Code language.

(Motion) Ms. Spina introduced a motion recommending approval of the Owner Participation Agreement for 27, 31, and 73 South Water Street, Townhouse Motor Lodge. The vote favoring approval was unanimous. Chairman Southwick declared the motion carried.

5.	FINANCIAL MANAGEMENT POLICIES
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Recommend adoption of Redevelopment Financial Management Policies for: Legislative Issues and Redevelopment Financial Assistance Due Diligence.

Ms. Sich gave a brief summary on the proposed item and distributed an insert on the due diligence policy which were brought up in briefings. She noted that staff recommends approval.

There were no questions from the Commission.

(Motion) Mr. McGinty introduced a motion to recommend adoption of the Redevelopment Financial Management Policies for: Legislative Issues and Redevelopment Financial Assistance Due Diligence. The vote favoring approval was unanimous. Chairman Southwick declared the motion carried.

6.	PROJECTS UPDATE
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Discuss project updates and accept the report.

Ms. Romero reviewed a memorandum regarding the status of projects as of September 27, 2011.

(Motion) Mr. Fay introduced a motion to accept the report. The vote favoring approval was unanimous. Chairman Southwick declared the motion carried.

V. PUBLIC COMMENT

There were no comments presented by the public.

VI. DIRECTOR’S/CHAIRMAN’S BUSINESS

There was no business to be discussed.

VII. SET NEXT MEETING

The next meeting was scheduled for October 25, 2011, at 4:00 p.m.

VIII. ADJOURNMENT

There being no further business to be discussed, the meeting was adjourned at 5:09 p.m.

Respectfully submitted,

April Parra,
Minutes Clerk



REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 22, 2011

RAC-002

SUBJECT	Presentation and discussion by LandWell Company regarding proposed changes to the Development Agreement and Development Standards for Cadence Planned Community.
PETITIONER	Economic Development/Redevelopment Division of the City Manager's Office
RECOMMENDATION	No Action Required

FISCAL IMPACT:

No Impact

Budget funds available

Augmentation required

BACKGROUND / DISCUSSION / ALTERNATIVES:

On October 16, 2007, the Redevelopment Agency Board (RDA) approved an Owner Participation Agreement (OPA) by and between the Agency and The LandWell Company (LandWell) to develop 2,200 acres in the Eastside redevelopment project area. The OPA requires a minimum of 11,250 dwelling units, 70,000 square feet of office, and 600,000 square feet of commercial. In 2007, the estimated gross tax increment was estimated at \$1.4 billion (npv = \$431 million) with \$255 million required for the 18% affordable housing set aside. Through the OPA, LandWell is to receive a maximum of \$209 million in redevelopment assistance from 50% of the project tax increment as reimbursements for public infrastructure (\$170 million in principal and a maximum of \$39 million in interest based on a rate of 8% - interest tolls when \$39 million is reached). Additionally, LandWell must commence 5% of the cost of the public infrastructure improvements no later than June 30, 2014.

In light of our changing economy, LandWell has completed a market analysis and is requesting changes to the master plan through the City's Planning Commission and City Council. This presentation is to make the Redevelopment Advisory Commissioners (RAC) aware of the changes being requested. Through the project update report, staff will keep the RAC informed as to the actual changes and approvals.

No action is required on this agenda item.

RECOMMENDED MOTION:

No action required.

Supporting Documentation:

Letter from The LandWell Company consisting of two (2) pages



THE
LANDWELL
COMPANY

October 13, 2011

Mr. Edward Dichter
City of Henderson
240 Water Street
Henderson, Nevada 89014

**RE: LANDWELL 2200 (CADENCE) DEVELOPMENT AGREEMENT
REQUEST FOR MAJOR MODIFICATION**

Dear Mr. Dichter:

On October 2, 2007 the City of Henderson City Council approved a Development Agreement for approximately 2200 acres owned by The LandWell Company. Since that approval market conditions have drastically changed. The LandWell Company now wishes to modify the executed Development Agreement (and attachments including the Park Agreement and the Development Standards) per the terms of the agreement. The changes include but are not limited to the following items:

1. Designate the name of the Master Plan "Cadence".
2. Reduce the maximum Unit Count from 15,000 to 13,250 units.
3. Allow more traditional housing, with limited alley loaded housing where appropriate. Even with this proposed modification product and housing diversity are still required; however the housing diversity will be measured differently. Architectural diversity for each product type has not changed.
4. With limited use of alleys, the approved narrow street section has been replaced with a COH code street from back of curb to back of curb. Detached sidewalk and tree lanes will be added in alternative methods. However, street right of way will still be 49 – feet.
5. Additional wider street sections are proposed to maintain the Fire Department mandated wider street section while providing a traditional tree lined detached sidewalk section. The proposed neighborhood street section has 4-foot tree lane with 4-foot detached sidewalk on one side and 4-foot attached sidewalk on the other side. The original narrow street section will remain in the standards and is only permitted to be utilized when alleys are provided for subject homes.
6. Reduce infrastructure design to match the reduction in the unit count.

7. Cadence will now contain 10-neighborhood parks (12 is currently required under the approved Park Agreement) of at least 5 acres. Cadence will still provide a sports park which provides sufficient play and practice fields (lit) to support the master plan. Cadence will also install (2) additional soccer fields above what is required at the request of the Parks Department. Finally, Cadence will increase the Central Park acreage by approximately 20 acres. Overall, the public parks proposed exceed the minimum City standard by approximately 50 acres. Additionally, the cost to install these parks is approximately 200% more than the standard park tax being waived by the park agreement.
8. Amend the use tables to match the new City Development Code.
9. Provide new guidelines to address the garage dominance of narrow lots (defined in the Cadence Design Standards as lots 44-feet wide and less). These standards include requirements for all houses and numerous additional items developers may choose from in order to achieve a prescribed score with the entire process meant to camouflage the garage.
10. Modify the current standards for lots 45-feet wide or wider to allow for 25% of the lots within a neighborhood to have garages that do not recess a minimum of 6-feet from front of living space or front porch.
11. Designate two villages (D and E) as a potential Active Adult Village Community. Separately or together, if they are developed as an Active Adult Community they may be gated and will have their own open space requirements. If gated additional portions of Mohawk would be requested to be vacated. If this is completed, Landwell would be responsible for constructing a new road along north portion of site to provide an additional connection from Galleria to Lake Mead. (It should be noted that the current approvals call for portions of Mohawk to be vacated and for the overall travel lanes of Mohawk be reduced to from 4 lanes to 2 lanes with homes fronting on the roadway. Additionally, Mohawk will intersection with Preservation Way (the extension of Water Street), therefore eliminating the current direct connection to Tuscany. Preservation Way then mostly follows the northerly portion of Mohawk as a 2 lane residential road with the exception of a one way portion around a proposed Neighborhood Park.
12. Amend the DA Major Modification process to require review and recommendation from the Planning Commission.
13. Work with the School District to modify location for some of the schools.
14. Work with the Fire Department to modify the location of the fire station.

We look forward to working with staff to complete these changes as well as others deemed necessary during the modification process. Please contact me at your convenience to schedule a kick off meeting.

Sincerely,

THE LANDWELL COMPANY



Lee C. Farris, P.E.
Vice President



RAC

REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 22, 2011

RAC-003

SUBJECT	Ground Lease Agreement by and between the City of Henderson Redevelopment Agency, a public body corporate and politic, and PATRAN Land Limited, for the purpose of providing public parking in the Water Street District.
PETITIONER	Economic Development/Real Estate Division of the City Manager's Office
RECOMMENDATION	Recommend Approval

FISCAL IMPACT:

No Impact

Budget funds available

Augmentation required

FUNDING SOURCE, AMOUNT, AND ACCOUNT NUMBER(S) TO BE CHARGED:

2092-1001-601439-00000 Annual Lease Payment \$2,960.00

BACKGROUND / DISCUSSION / ALTERNATIVES:

Since February of 2009, the City of Henderson Redevelopment Agency has had a parking lease with Ransom F. and Patricia Spurlock (now PATRAN Land Limited), for APN 179-18-310-136 (0.25 acres), commonly known as 26 Pacific Avenue. The property is within the City of Henderson Redevelopment Agency's Water Street District. The original lease was for a five-year period, February 25, 2009 through February 25, 2014. The new five-year ground lease provides that the Agency will pay rent to PATRAN Land Limited for use of the parking lot. A two (2) percent per year inflation rate is also included. Once the new lease has been signed, a Termination of Lease Agreement will be prepared and recorded for the original lease.

RECOMMENDED MOTION:

I move to recommend approval of the Ground Lease Agreement between the City of Henderson Redevelopment Agency and PATRAN Land Limited for the purpose of providing public parking in Water Street District in an amount of \$2,960.00 per year, plus a two (2) percent per year inflation adjustment.

Supporting Documentation:

Ground Lease Agreement consisting of eight (8) pages

GROUND LEASE AGREEMENT

Between PATRAN Land Limited

and the City of Henderson Redevelopment Agency

APN 179-18-310-136

THIS LEASE (the "Lease") is made and entered into this _____ day of _____, 2012 ("Effective Date"), by and between the PATRAN LAND LIMITED ("Lessor") and the CITY OF HENDERSON REDEVELOPMENT AGENCY ("Lessee"), a Nevada public body corporate and politic. Lessor and Lessee are hereinafter collectively referred to as the "Parties".

RECITALS

WHEREAS, Lessor is the owner of that certain real property consisting of vacant land located in the City of Henderson, Nevada described as:

APN 179-18-310-136, 26 West Pacific Street (the "Property"); and

WHEREAS, Lessee desires to lease the Property for the purpose of operating and maintaining a surface parking lot available to the general public; and

WHEREAS, the Parties desire to enter into this Lease upon the terms and conditions set forth below.

WHEREAS, In exchange for the mutual promises and consideration set forth herein the Parties agree as follows:

1. TERM. The term of this lease shall be five (5) years commencing on January 1, 2012 (“Commencement Date”) and ending on December 31, 2016 unless terminated sooner as provided in this Lease.

2. TERMINATION RIGHTS. If Lessor desires to sell all or a portion of the Property or construct improvements on all or a portion of the Property prior to the expiration of the Term, Lessor may terminate this Lease effective as of the date of closing or construction commences provided that Lessor has provided at least ninety (90) days prior written notice to Lessee. Lessee may terminate this Lease, with or without cause, provided Lessee has provided at least ninety (90) days prior written notice to Lessor. In the event this Lease is terminated Lessee shall not be responsible for unpaid future Rent payments nor shall Lessee be entitled to any refund of past Rent payments.

3. RENT. Lessee shall, within thirty (30) days after execution of this Lease, pay Lessor the amount of Two Thousand Nine Hundred and Sixty Dollars (\$2,960.00 U.S.) as first year Rent for the Property. Thereafter, Lessee shall pay Lessor on or before the anniversary date of this Lease the amount of Two Thousand Nine Hundred and Sixty Dollars (\$2,960.00 U.S.) for the next year Rent together with an additional two (2) percent for inflation, and each year thereafter.

4. TAXES. Lessor shall be responsible for payment of all real property taxes and any other general or special assessments levied against the Property during the term of the Lease.

5. USE OF PROPERTY. Lessee shall use the Property as a surface parking lot for members of the public and for public events only. During the term of this Lease, Lessee shall comply with all applicable laws affecting the premises. Lessee shall not commit, or suffer to be committed, any waste on the premises, or any nuisance.

6. REMOVAL OF IMPROVEMENTS. Upon termination of this lease, Lessee is not responsible for removal of paving or improvements from on or under the Property.

7. REPAIR AND MAINTENANCE OBLIGATIONS. Lessee shall have sole responsibility to keep the Property in good order, repair and condition at all times during the term of the Lease (“Term”) at Lessee’s sole expense. Lessee shall, at Lessee’s sole expense, promptly and adequately repair all damage to the Property occurring during the Term, except for damage caused by acts of nature, acts of God, force majeure, civil disobedience and/or other events or occurrences which are not caused by Lessee, are beyond Lessee’s control and do not result from the Lessee’s possession or use of the Property, damages from which shall be the sole responsibility of Lessor. Immediately upon execution of this lease, Lessee shall conduct an inspection of the subject property and, if there are open, obvious and/or patent conditions requiring repairs, Lessee shall have a reasonable time period to make repairs. Lessee shall upon execution of this lease post in a conspicuous location on the subject premises those “non-responsibility” signs in accordance with Nevada Revised Statutes.

8. ASSIGNMENT, SUBLETTING. Lessee may not assign its rights under this Lease or sublet all or any portion of the Property without the prior written consent of the Lessor.

9. DUTY TO MAINTAIN INSURANCE. Throughout the term of the Lease, Lessor shall maintain, in full force and effect, a \$1,000,000.00 policy of comprehensive commercial general liability insurance (“Insurance Policy”) which covers the Property and includes coverage for, but not limited to, bodily injury, property damage and for Garage Keepers’ liability, covering loss or damage to customer’s vehicles (direct excess) with the limit of \$100,000, minus the applicable deductible of \$250/\$500 for specific causes of the loss (fire, theft, mischief and collision). Lessor shall be fully responsible to pay the amount of any deductible, retention or other amount required to be paid by the terms of the Insurance Policy by the insured prior to payment of a claim. The Lessor shall name the City of

Henderson Redevelopment Agency as an additional insured on the/any Insurance Policy(ies) in effect pursuant to the terms of this paragraph at any time during the term of this Lease. Upon execution of this Lease, Lessor shall immediately provide proof of coverage for the type and amounts of insurance required herein to Lessee. Thereafter, each time there is a renewal or change of carriers for the Insurance Policy, Lessor shall promptly provide Lessee with proof of coverage showing the coverage in effect. If at any point during the term of the Lease, an Insurance Policy ceases to be in effect for any reason, including but not limited to termination, cancellation or failure of a policy to be renewed, Lessor shall immediately notify Lessee.

10. NOTICES. All notices, demand, or other writings which this Lease requires to be delivered, or which may be delivered by either party hereto to the other, shall be deemed to have been fully delivered, when made in writing and deposited in the United States mail, registered and postage prepaid, and addressed as follows:

To Lessor:

PATRAN Land Limited
22 West Pacific Street
Henderson, NV 89015

To Lessee:

City of Henderson Redevelopment Agency
P. O. Box 95050, MS 512
240 Water Street
Henderson, NV 89015
Telephone: 702-267-1515
Facsimile: 702-267-1503

With a copy to:

City Attorney
City of Henderson
P. O. Box 95050, MS 144
240 Water Street
Henderson, NV 89015
Telephone: 702-267-1200
Facsimile: 702-267-1201

The address to which any notice, demand, or other writing may be delivered to any party as above provided may be changed by written notice given by such party as above provided.

11. INDEMNIFICATION. Lessor shall indemnify, defend and hold harmless Lessee from any and all liabilities for damages to any person or personal property in, upon or within proximity to the Property which arises from the Lessee's use of the Property or the operations thereon for the purposes set forth hereinabove, which damages are not caused by the negligence of Lessee or any of Lessee's agents, servants, employees or independent contractors. Lessee shall bear all risk for its personal property and/or equipment installed, stored or maintained in or upon the Property. Lessor shall indemnify and hold Lessee harmless from any liability (including reimbursement of reasonable legal fees and all costs) for damages to any person or property sustained in, upon or related in any manner to the Property which are caused, in whole or in part, by the negligent, intentional or criminal acts or omissions of Lessor or any of Lessor's agents, servants, employees or independent contractors. Neither Lessor nor Lessee shall be liable for damages incurred by the other party for business loss, business interruption or consequential damages related thereto. Lessor and Lessee each expressly waive any and all rights that they may have to pursue recovery against the other party for business loss, business interruption or consequential damages related thereto, arising from or in relationship to the Property occurring during the term of the Lease or, in any manner as a result of the Lease.

12. **BINDING ON SUCCESSORS.** The covenants and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

13. **GOVERNING LAW.** The parties intend that this Lease and the relationship of the parties shall be governed by the laws of the State of Nevada.

14. **ENTIRE AGREEMENT.** All of the representations and obligations of the parties are contained herein, and no modification, waiver or amendment of this Lease or of any of its conditions or provisions shall be binding upon a party unless in writing signed by that party or a duly authorized agent of that party empowered by a written authority signed by that party. The waiver by any party of a breach of any provision of this Lease shall not operate or be construed as a waiver of any subsequent breach of that provision by the same party, or of any other provision or condition of the Lease.

15. **HAZARDOUS WASTE.** Lessor represents and warrants that to the best of Lessor's knowledge, the premises have never been used for treatment, storage, or disposal of any solid or liquid waste which is classified as toxic or hazardous under any federal, state or local law or regulation in effect as of the commencement date, and the premises have not been contaminated by any such toxic or hazardous material.

16. **MECHANIC'S LIEN.** Lessee will not cause any mechanic's or materialman's lien to be placed on the leased premises and Lessee agrees to indemnify, defend and hold harmless Lessor from any such lien from a party claiming by, through or under Lessee.

17. **DEFAULT.** In the event Lessee shall be in default in the performance of any obligation on its part to be performed under the terms of this Lease, which default continues for thirty (30)

days following notice and demand for correction thereof to Lessee, Lessor may terminate the Lease.

18. HEADINGS. The headings of sections and subsections are for convenient reference only and shall not be deemed to limit, construe, affect, modify or alter the meaning of such sections or subsections.

19. TIME OF ESSENCE. Time is of the essence of Lessor's and Lessee's obligations under this Lease.

20. SEVERABILITY. If any section, subsection, term or provision of this Lease or the application thereof to any party or circumstance shall, to any extent, be invalid or unenforceable, the remainder of said section, subsection, term or provision of the Lease or the application of same to parties or circumstances other than those to which it was held invalid or unenforceable, shall not be affected thereby and each remaining section, subsection, term or provisions of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Signature page follows

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first written above.

LESSOR:

LESSEE:

PATTRAN LAND LIMITED

CITY OF HENDERSON
REDEVELOPMENT AGENCY

By: _____
Ransom F. Spurlock

By: _____
Mark T. Calhoun, P.E., Director

By: _____
Sabrina Mercadante, CMC, Secretary

APPROVED AS TO FORM:

By: _____
Patricia Spurlock

By: _____
Christine Guerci-Nyhus,
Interim Agency Counsel

Approved by Henderson Redevelopment Agency at meeting held _____.

Item No. _____



REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 22, 2011

RAC-004

SUBJECT	Termination Agreement and Release of Promissory Note by and between Diamond Cornerstone LLC and the City of Henderson Redevelopment Agency
PETITIONER	Economic Development/Redevelopment Division of the City Manager's Office
RECOMMENDATION	Ratify Approval

FISCAL IMPACT:

No Impact

Budget funds available

Augmentation required

BACKGROUND / DISCUSSION / ALTERNATIVES:

On April 10, 2007, Diamond Cornerstone, LLC and the City of Henderson Redevelopment Agency ("Agency") entered into an Owner Participation Agreement ("OPA") regarding property located in the Cornerstone Redevelopment Area, APN 178-09-813-001. In connection with the OPA, the Agency received a loan from Diamond Cornerstone in the amount of Two Hundred Seventy Four Thousand Two dollars (\$274,002.00) for the design of the detention basin for which it executed a Promissory Note.

On or about August 8, 2011, Diamond Cornerstone sold the property to Ampac Apartments, LLC. Section 5.3 of the OPA prohibits Transfer of the Property, prior to issuance of a Certificate of Completion, unless the prior written approval of the Agency is obtained. No approval was obtained from the Agency prior to this transfer in ownership. Further, Section 9 of the Promissory Note states: "Holder [Diamond Cornerstone] hereby agrees Holder shall forgive any and all amounts due under this Note, including accrued interest, penalties and fees that are outstanding . . . if Holder sells the Improvements or the land upon which such Improvements are to be constructed."

Diamond Cornerstone, LLC has agreed to a Termination of the OPA and to release the Agency from the Promissory Note.

RECOMMENDED MOTION:

I move to ratify approval of the Termination Agreement and Release of Promissory Note by and between Diamond Cornerstone LLC and the City of Henderson Redevelopment Agency.

Supporting Documentation:

Termination Agreement Release of Promissory Note consisting of three (3) pages

APN 178-09-813-001

WHEN RECORDED MAIL TO:

CITY OF HENDERSON
REDEVELOPMENT AGENCY
240 Water Street, P.O. Box 95050
Henderson, NV 89009-5050

TERMINATION AGREEMENT

RELEASE OF PROMISSORY NOTE

THIS **TERMINATION AGREEMENT** and **RELEASE OF PROMISSORY NOTE** ("**Agreement**") dated the ____ of October, 2011 ("Effective Date") is entered into by and between the CITY OF HENDERSON REDEVELOPMENT AGENCY, a public body corporate and politic ("**Agency**") and DIAMOND CORNERSTONE, LLC, a Nevada limited liability company ("**Participant**"). Agency and Participant are hereinafter collectively referred to as the "**Parties.**"

RECITALS

WHEREAS, the Participant did enter into an OWNER PARTICIPATION AGREEMENT ("**OPA**") with the Agency on April 10, 2007 which is recorded as Document No. 20070628-0000372 of the Official Records for a multifamily residential project on the property known as APN 178-09-813-001("the **Property**"); and

WHEREAS, under the terms of the OPA, Participant loaned the Agency Two Hundred Seventy Four Thousand Two dollars (\$274,002.00); and the Agency executed a Promissory Note on April 10, 2007 in favor of Participant; and

WHEREAS, on August 8, 2011, Participant sold the Property to Ampac Apartments, LLC; and

WHEREAS, Section 5.3 of the OPA prohibits the transfer of the property unless the prior written approval of the Agency is obtained; and

WHEREAS, Section 9 of the Promissory Note provides that the Participant will forgive the loan to the Agency upon the sale of the Property; and

WHEREAS, on August 8, 2011, Participant sold the Property without the prior written approval of the Agency;

NOW THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and adequacy of which are mutually acknowledged, the parties agree as follows:

1. OWNER PARTICIPATION AGREEMENT. Agency and Participant agree to mutually terminate the OPA.

2. PROMISSORY NOTE. Participant releases all rights and interests it holds in the Promissory Note executed by Agency. Participant forgives all outstanding amounts including interest and principal due to it by Agency.

This executed Agreement contains the entire agreement among the parties hereto relating to rights granted and obligations assumed by the parties herein. Any prior agreement, contract, promise, negotiation, or representation, either oral or written, relating to the subject matter of this agreement not expressly set forth in this agreement is superseded by this agreement and is of no further force or effect.

Signatures on following page

IN WITNESS WHEREOF, the Parties have executed this Agreement.

**CITY OF HENDERSON
REDEVELOPMENT AGENCY**

APPROVED AS TO FORM:

By: Mark T. Calhoun, P.E.
Its: Executive Director

By: Christine Guerci-Nyhus
Its: Interim General Counsel

ATTEST:

By: Sabrina Mercadante, CMC
Its: Agency Secretary

DIAMOND CORNERSTONE, LLC

By: Darren Petersen
Its: Managing Member

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

I, _____, a Notary Public in and for Clark County, in the State of Nevada, do hereby certify that **Darren Petersen** appeared before me this day in person and acknowledged that he signed, sealed and delivered this instrument as his free and voluntary act for the use and purposes herein set forth.

Given under my hand and official seal this ____ day of September, 2011.

Notary Public

My Commission Expires: _____



RAC

REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 22, 2011

RAC-005

SUBJECT	Redevelopment Agency Advisory Commission Amended Bylaws
PETITIONER	Economic Development/Redevelopment Division of the City Manager's Office
RECOMMENDATION	Recommend Adoption

FISCAL IMPACT:

No Impact Budget funds available Augmentation required

BACKGROUND / DISCUSSION / ALTERNATIVES:

Through a periodic review of the City of Henderson Redevelopment Agency Advisory Commission (Commission) Bylaws, modification of the language has been prepared. The Bylaws of the Commission may be amended by the Agency at any regular or special meeting by majority vote.

RECOMMENDED MOTION:

I move to recommend adoption of the amendments to the Redevelopment Agency Advisory Commission Bylaws.

Supporting Documentation:

Redevelopment Agency Advisory Commission Bylaws as Amended consisting of four (4) pages

BYLAWS OF THE CITY OF HENDERSON REDEVELOPMENT AGENCY ADVISORY COMMISSION

I. NAME

The name of the organization shall be the City of Henderson Redevelopment Agency Advisory Commission (hereinafter referred to as the "RAC").

II. PURPOSE

The purpose of the RAC is to act in an advisory capacity to the City of Henderson Redevelopment Agency Board (hereinafter referred to as the "Agency Board") on matters relating to the City of Henderson Redevelopment Agency and Redevelopment Areas. Many Redevelopment Agencies have made it a "best management practice" to create opportunities for public involvement and citizen input. Although not required by Nevada Revised Statutes, the Henderson Redevelopment Agency Board of Directors established the RAC to act in an advisory capacity to the staff and the Board. The RAC advises on the consistency of redevelopment programs and projects with the adopted Redevelopment Plans. Redevelopment staff will be responsible for placing those items on the RAC agenda for review and recommendation to the Redevelopment Agency Board.

The RAC role includes:

- Review and provide comments on the guidelines and structure of Agency programs.
- Review and comment on proposed programs and projects in the redevelopment areas for consistency with the adopted Redevelopment Plan. They may also propose programs and projects for consideration by the Agency Board.
- Review and advise Agency on priorities.
- Provide input on policy issues before the Agency Board.
- Participate in the selection process of developer proposals.
- Advise the Board on matters affecting the implementation of the Redevelopment Plan.
- Serve as a forum for citizen input of redevelopment issues and projects.
- Provide insight and knowledge to the Agency as residents who understand the conditions, problems and possibilities of their community.
- May assist in organizing events and activities in the community.
- Provide input on other matters as directed by the Agency.
- Review agency budget and financial statements, and accept annual audit report.

III. MEMBERSHIP

A. Number of Members

The RAC shall consist of seven (7) members. Each member of the Agency Board shall appoint one (1) Commission member; the Redevelopment Agency Board Chairman shall appoint three (3) members. .

B. Appointees Terms

The terms of each appointee shall commence at the first RAC meeting following their appointment, and shall expire at the next RAC meeting following the conclusion of the term of the appointing member of the City Council.

C. Member Resignation

Any member who compiles more than three (3) consecutive unexcused absences, or fails to attend more than seventy-five percent (75%) of the regularly scheduled meetings within a calendar year, shall be considered to have resigned.

IV. OFFICERS OF THE COMMISSION

The officers of the RAC shall consist of a Chairman and Vice-Chairman. The Chairman and Vice-Chairman shall be elected from among the appointed members of the RAC by a simple majority vote at the first regular meeting of the RAC in January. They shall hold office for one (1) year or until their successor(s) is elected and qualified. Any Officer may be re-elected. In the event that both the Chairman and the Vice-Chairman should be incapacitated or otherwise unable to attend the meeting, the RAC shall appoint another citizen member of the Commission to act as the Chairman for that particular meeting.

V. DUTIES OF OFFICERS

A. Chairman

The Chairman shall act as presiding officer at all meetings, unless they are incapacitated or unable to attend for any reason. The Chairman may appoint subcommittees as deemed necessary.

B. Vice-Chairman

The Vice-Chairman shall preside at any meeting of the Commission in the absence of the Chairman.

VI. SECRETARY

The Redevelopment Manager, or his/her designee (hereinafter referred to as Secretary), will serve as the Secretary of the RAC. The Redevelopment Manager will be the custodian of all plans and records of the RAC and is authorized to certify such records and documents of copies thereof to be true and accurate.

VII. SUBCOMMITTEES

In the event subcommittees are considered necessary by the RAC Chairman, such subcommittees shall be administered to in conformance with Sections VII through XII of these Bylaws in addition to the Nevada Open Meeting Law (NRS 241).

VIII. MEETINGS

Regular meetings shall be held on the fourth (4th) Tuesday of every month. Special meetings may be called by the Chairman. Regularly scheduled meetings may be canceled by the Chairman if no business has been scheduled.

IX. QUORUM

The attendance of four (4) voting members of the RAC shall constitute a quorum at any meeting.

X. ACTIONS

All determinations by the RAC shall be made on the basis of a majority vote of the members present. Decisions shall be determined either by a voice vote or a showing of hands at the discretion of the RAC Chairman, except that any member including the Chairman shall have the right to demand a roll call vote upon any question. If call is demanded, the specific vote of each member on the particular question shall be recorded in the Minutes of the meeting. Any tie vote shall constitute no action and a new motion may be made on the same question at the same meeting. Seconds on motions will not be required. Robert's Rules of Order shall prevail in all cases that are not otherwise provided for in these Bylaws.

XI. VOTING PRIVILEGES

All members of the RAC, including the Chairman, shall vote on all motions or resolutions presented before the RAC, unless a member(s) has a conflict of interest, in which instance, said member(s) shall abstain from voting. Any member shall have the right to make a motion.

XII. ADOPTION AND AMENDMENTS

These rules shall be adopted by a majority vote of the members present at the Commission meeting at which the Bylaws are scheduled for approval

and by the Agency Board. These Bylaws may be amended at any regular meeting by a majority vote of the Commission and approval by the Agency Board.

APPROVED BY:

Chairman
Redevelopment Agency Board

Chairman
Redevelopment Agency Advisory Commission

DATE APPROVED: January 11, 1996
REVISION DATE: November 15, 2011



RAC

REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 22, 2011

RAC-006

SUBJECT	Submission of Redevelopment Agency Annual Audit – Fiscal Year 2010-2011 and Required Communications Letter
PETITIONER	Economic Development/Redevelopment Division of the City Manager's Office
RECOMMENDATION	Recommend Adoption

FISCAL IMPACT:

No Impact

Budget funds available

Augmentation required

BACKGROUND / DISCUSSION / ALTERNATIVES:

Nevada Revised Statutes requires that an annual audit of the Redevelopment Agency's funds and accounts be performed by a public accountant and submitted to the local government's governing body.

RECOMMENDED MOTION:

I move to recommend adoption of the Redevelopment Agency's Fiscal Year 2010-2011 Audited Financial Statements.

Supporting Documentation:

FY11 Audited Financial Statements consisting of forty-seven (47) pages
Required Communications Letter consisting of six (6) pages

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Annual Financial Report
For the Year Ended June 30, 2011

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Annual Financial Report
For the Year Ended June 30, 2011

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PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the City of Henderson
Redevelopment Agency Board
City of Henderson, Nevada

We have audited the accompanying basic financial statements of the City of Henderson Redevelopment Agency (the Agency), a component unit of the City of Henderson, Nevada, as of and for the year ended June 30, 2011, as listed in the table of contents. These basic financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2011, and the changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2011, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the City of Henderson
Redevelopment Agency Board
City of Henderson, Nevada

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The supplemental information, identified as the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance by Project Area, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "Percy Bowler Taylor" followed by a stylized flourish.

November 2, 2011

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Management's Discussion and Analysis
June 30, 2011

As management of the City of Henderson Redevelopment Agency's (the Agency) finances, we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2011.

FINANCIAL HIGHLIGHTS

- The net assets of the Agency's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$20,357,860.
- The Agency's total liabilities on the Statement of Net Assets decreased by \$11,668,821 (37.9 percent) during the current fiscal year, as compared to the prior fiscal year.
- As of the close of the current fiscal year, the Agency's governmental fund reported ending fund balances of \$34,138,046, an increase of \$1,729,114 in comparison with the prior year restated amounts. Approximately 34.1% of this amount is restricted fund balance for future redevelopment activities. The increase is a result of property tax increment exceeding expenditures for redevelopment projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflow or outflows in future fiscal periods.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Management's Discussion and Analysis
June 30, 2011

The government-wide financial statements show all five of the redevelopment areas (Downtown, Cornerstone, Tuscany, Eastside, and Lakemoor), which are principally supported by tax increment from ad valorem receipts. All redevelopment activity of the Agency, regardless of area, is included in the general government function, since the Agency is a single-purpose entity.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the activity of the Agency is recorded in the governmental fund category.

Governmental Funds. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term financing requirements.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The Agency maintains one governmental fund, the General Fund.

The Agency adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements (and reconciliations to the government-wide financial statements) can be found on pages 12 through 16 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Management's Discussion and Analysis
 June 30, 2011

financial statements. The notes to the basic financial statements can be found on pages 17-38 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The total assets of the Agency's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$20,357,860.

Net Assets

	Governmental Activities	
	2011	2010
Current and other assets	\$38,903,803	\$ 48,494,438
Capital assets	571,815	--
Total assets	39,475,618	48,494,438
Long-term liabilities	16,479,873	17,069,263
Other liabilities	2,637,885	13,717,316
Total liabilities	19,117,758	30,786,579
Net assets:		
Invested in capital assets, net of related debt	571,815	--
Restricted	19,786,045	17,707,859
Total net assets	\$ 20,357,860	\$ 17,707,859

Total net assets of the Agency at June 30, 2011, were \$20,357,860. Of the total liabilities of \$19,117,758, approximately 86.2% represent liabilities related to long-term debt of the Agency.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Management's Discussion and Analysis
 June 30, 2011

Changes in Net Assets

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues		
Charges for services	\$ 312,288	\$ 15,297
General revenues		
Property taxes	8,206,798	12,934,879
Investment earnings	322,737	738,017
Miscellaneous	26,289	67,850
Total revenues	8,555,824	13,756,043
Expenses:		
General government	5,268,249	9,271,421
Interest and other fiscal charges	949,862	977,988
Total expenses	6,218,111	10,249,409
Change in net assets	2,650,001	3,506,634
Net assets, July 1	17,707,859	14,201,225
Net assets, June 30	\$ 20,357,860	\$ 17,707,859

Total revenues for the year ended June 30, 2011, were \$8,868,112 consisting primarily of taxes, while total expenses were \$6,218,111. This resulted in an increase in net assets of \$2,650,001 primarily due to revenue exceeding expenditures in the current year providing an overall increase in net assets.

At the end of the current fiscal year, the Agency is able to report a positive balance in both of its net assets classifications.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund. The focus of the Agency's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, restricted fund balance for future redevelopment activities may serve as a useful measure of the Agency's net resources available for spending at the end of the fiscal year.

As a measure of the Agency's liquidity, it may be useful to compare the restricted fund balance for future redevelopment activities to fund expenditures. Restricted fund balance for future redevelopment activities represents 161% of total fund expenditures, including debt service expenditures. This increased restricted fund balance for future

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Management's Discussion and Analysis
June 30, 2011

redevelopment activities will give the Agency's General Fund sufficient cash to meet its near-term operational obligations.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and final amended budget are summarized below:

- Revenue estimates decreased by approximately \$560,000, which consisted of a decrease in tax increment revenue of \$900,000 due to reduced assessed valuations from appeals as well as an offsetting increase to miscellaneous revenue that was a reimbursement for infrastructure upgrades in the Downtown redevelopment project area.
- Budgeted expenditures were decreased by approximately \$780,000, the majority representing a decrease in services and supplies to align the budget with an anticipated revenue shortfall and because bonds were not issued, underwriting fees were eliminated from the budget. At the same time, the Agency recognized the need to increase program costs to provide financial assistance to stimulate redevelopment efforts in a declined economy.
- Other financing sources and uses were eliminated from the budget because bonds were not issued. Due to reductions in assessed values from appeals it is in the best interest of the Agency not to issue bonds until tax increment revenue stabilizes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Agency's investment in capital assets as of June 30, 2011, amounted to \$571,815 in construction in process. Additional information on the Agency's capital assets is provided in Note 6 of the notes to financial statements.

Long-Term Debt. At the end of the fiscal year, the Agency had total bonded debt outstanding of \$13,625,000. Of this amount, \$9,965,000 is considered tax allocation debt of senior bonds and \$3,660,000 is tax allocation debt of junior bonds. The remainder of long-term debt includes an advance from the City for the purchase of land to satisfy a redevelopment project loan guaranty and compensated absences and post employee benefits.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Management's Discussion and Analysis
 June 30, 2011

Outstanding Long-Term Debt

	Governmental Activities	
	2011	2010
Tax allocation bonds	\$ 13,625,000	\$ 14,215,000
Note payable/Advances from City	3,209,916	3,209,916
Compensated absences and other post employment benefits	259,957	244,613
Total	\$ 17,094,873	\$ 17,669,529

Upon issuance of Financial Guaranty Insurance Policy, in June 2002, Standard & Poor's Ratings Service and Moody's Investor Service assigned the Senior 2002 Bonds Ratings of "AAA" and "Aaa", respectively. Standard & Poor's assigned an underlying rating of "BBB+" and recently affirmed that in November 2010.

Additional information on the Agency's long-term debt can be found in Note 8 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Nevada's redevelopment agencies rely heavily upon tax increment, or the incremental value of ad valorem tax and personal property tax above the base year, as a primary revenue source. In Clark County, assessed values have decreased significantly over the past three years. Additionally, in fiscal year 2011, Clark County received 156 appeals from property tax payers impacting the Agency's redevelopment tax districts reducing assessed value by over \$133 million. The result was a decrease of 37% in tax increment revenue collected from the prior year.

In the 2005 legislative session, the Nevada State Legislature passed a law to provide property tax relief to citizens. Assembly Bill 489, signed into law on April 6, 2005, provides a partial abatement of taxes by applying a 3% cap on the tax bill of the owner's primary residence (single-family house, townhouse, condominium or manufactured home). Only one property may be selected in the State of Nevada as a primary residence. Some rental dwellings that meet the low-income rent limits may also qualify for a 3% cap on the tax bill.

An 8% cap on the tax bill will be applied to residences that are not owner occupied. The 8% cap will also apply to land, commercial buildings, business personal property, aircraft, etc. New construction or property that has a change of use (zoning change or

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Management's Discussion and Analysis
June 30, 2011

manufactured homed conversion) in the current year will not qualify for any cap until the following fiscal year.

These factors were considered in preparing the Agency budget for the 2011-2012 fiscal year.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Henderson Redevelopment Agency, Attn: Special Projects Accountant, P.O. Box 95050, MSC 512, Henderson, Nevada 89009-5050.

BASIC FINANCIAL STATEMENTS

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Statement of Net Assets
 June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 20,559,405
Receivables:	
Accounts	1,161
Accrued interest	48,492
Notes	636,365
Due from other governments	191,516
Land held for development	17,002,335
Deferred charges	464,529
Construction in process	571,815
Total Assets	<u>39,475,618</u>
 LIABILITIES	
Accounts payable and accrued wages	174,012
Accrued interest payable	890,180
Tax increment payable to developers	817,300
Deposits held for others	100,000
Construction retention payable	30,029
Noncurrent liabilities:	
Due within one year - bonds and compensated absences	626,364
Due in more than one year:	
Compensated absences	168,167
Other post employment benefit (OPEB) liability	91,790
Notes and bonds payable	13,010,000
Advances from the City of Henderson	3,209,916
Total Liabilities	<u>19,117,758</u>
 NET ASSETS	
Invested in capital assets	571,815
Restricted	19,786,045
Total Net Assets	<u>\$ 20,357,860</u>

The accompanying notes are an integral part of these financial statements.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Statement of Activities
For the Year Ended June 30, 2011

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General government	\$ 5,268,249	\$ 312,288	\$ -	\$ -
Interest and other fiscal charges	949,862	-	-	(949,862)
Total Governmental Activities	\$ 6,218,111	\$ 312,288	\$ -	\$ (5,905,823)
General Revenues:				
Tax increment				8,206,798
Investment earnings				322,737
Miscellaneous				26,289
Total General Revenues				8,555,824
Change in Net Assets				2,650,001
NET ASSETS, BEGINNING OF YEAR				17,707,859
NET ASSETS, END OF YEAR				\$ 20,357,860

The accompanying notes are an integral part of these financial statements.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Balance Sheet
 Governmental Fund - General Fund
 June 30, 2011

ASSETS	
Cash and investments	\$ 20,559,405
Receivables:	
Accounts	1,161
Accrued interest	48,492
Notes	636,365
Due from other governments	191,516
Land held for development	<u>17,002,335</u>
TOTAL ASSETS	<u><u>\$ 38,439,274</u></u>
 LIABILITIES	
Accounts payable and accrued wages	\$ 174,012
Deposits held for others	100,000
Tax increment payable to developers	817,300
Advances from City of Henderson	3,209,916
Total liabilities	<u>4,301,228</u>
 FUND BALANCE	
Restricted for:	
Land held for development	17,002,335
Debt service	1,376,862
Notes receivable	636,365
Contractual commitments	2,159,352
Deposits held for special projects	181,937
Developer payments	817,300
Economic stabilization	455,374
Future redevelopment activities	11,508,521
Total fund balance	<u>34,138,046</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 38,439,274</u></u>

The accompanying notes are an integral part of these financial statements.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Assets

June 30, 2011

Fund Balance - Governmental Fund		\$ 34,138,046
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds:		
Construction in process		571,815
Other assets used in governmental activities are not current financial resources and, therefore are not reported in the governmental fund:		
Bond costs - deferred charges	\$ 708,503	
Less: Accumulated amortization	<u>(243,974)</u>	
		464,529
Long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the governmental fund:		
Bonds payable	(13,625,000)	
Accrued interest payable	(890,180)	
Construction contract retention payable	(30,029)	
Compensated absences	(179,531)	
Other post employment benefits payable (OPEB) liability	<u>(91,790)</u>	
		<u>(14,816,530)</u>
Total net assets of governmental activities as shown on the Statement of Net Assets		<u><u>\$ 20,357,860</u></u>

The accompanying notes are an integral part of these financial statements.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Fund - General Fund
 For the Year Ended June 30, 2011

REVENUES	
Tax increment	\$ 8,206,798
Interest and rent	322,737
Intergovernmental	26,289
Miscellaneous	312,288
Total revenues	8,868,112
 EXPENDITURES	
Current:	
General government:	
Salaries and wages	1,011,873
Employee benefits	349,040
Services and supplies	1,106,273
Program costs	3,316,141
Total general government	5,783,327
Debt service:	
Principal payments	590,000
Interest payments	765,671
Total debt service	1,355,671
Total expenditures	7,138,998
 NET CHANGE IN FUND BALANCE	 1,729,114
FUND BALANCE, BEGINNING OF YEAR	32,408,932
FUND BALANCE, END OF YEAR	\$ 34,138,046

The accompanying notes are an integral part of these financial statements.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2011

Net Change in Fund Balance - Governmental Fund \$ 1,729,114

Amounts reported for governmental activities in the Statement of Activities are different because:

The governmental fund reports capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense

Expenditures for capital assets (construction in process) 571,815

The issuance of long-term debt provides current financial resources to the governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on Net Assets

Accrued interest payable	\$ (154,619)	
Principal payments	<u>590,000</u>	435,381

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:

Amortization of bond fees	(29,572)	
Change in other post employment benefit (OPEB) liability	(11,703)	
Change in long-term compensated absences	(15,005)	
Construction contracts retention payable	<u>(30,029)</u>	<u>(86,309)</u>

Change in Net Assets of Governmental Activities as shown in the Statement of Activities \$ 2,650,001

The accompanying notes are an integral part of these financial statements.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
 Governmental Fund - General Fund
 For the Year Ended June 30, 2011

	<u>2011 Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
REVENUES				
Tax increment	\$ 9,585,256	\$ 8,685,256	\$ 8,206,798	\$ (478,458)
Interest and rent	-	-	322,737	322,737
Intergovernmental	-	26,300	26,289	(11)
Miscellaneous	264,900	577,460	312,288	(265,172)
Total revenues	<u>9,850,156</u>	<u>9,289,016</u>	<u>8,868,112</u>	<u>(420,904)</u>
EXPENDITURES				
Current:				
General government:				
Salaries and wages	1,020,400	1,049,038	1,011,873	37,165
Employee benefits	345,144	356,030	349,040	6,990
Services and supplies	8,450,394	1,568,888	1,106,273	462,615
Program costs	2,647,300	8,710,153	3,316,141	5,394,012
Total general government	<u>12,463,238</u>	<u>11,684,109</u>	<u>5,783,327</u>	<u>5,900,782</u>
Debt service:				
Principal payments	590,000	590,000	590,000	-
Interest payments	765,672	765,672	765,671	(1)
Total debt service	<u>1,355,672</u>	<u>1,355,672</u>	<u>1,355,671</u>	<u>(1)</u>
Total expenditures	<u>13,818,910</u>	<u>13,039,781</u>	<u>7,138,998</u>	<u>5,900,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,968,754)</u>	<u>(3,750,765)</u>	<u>1,729,114</u>	<u>5,479,879</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term debt	12,260,000	-	-	-
Payment to refunding escrow agent	(10,840,000)	-	-	-
Total other financing sources (uses)	<u>1,420,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,548,754)	(3,750,765)	1,729,114	5,479,879
FUND BALANCE, BEGINNING OF YEAR	<u>35,433,364</u>	<u>35,433,364</u>	<u>32,408,932</u>	<u>(3,024,432)</u>
FUND BALANCE, END OF YEAR	<u>\$ 32,884,610</u>	<u>\$ 31,682,599</u>	<u>\$ 34,138,046</u>	<u>\$ 2,455,447</u>

The accompanying notes are an integral part of these financial statements.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Henderson Redevelopment Agency (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

A. The Reporting Entity

The Agency is a blended component unit of the City of Henderson, Nevada (the City) and is governed by a five-member board composed of the four City Council members and the Mayor of the City. Accordingly, the Agency participates in the City's pooled cash, investments, other post-employment benefits, retirement plan, and risk management programs. Additional information can be obtained regarding these matters from the City's Comprehensive Annual Financial Report, which can be obtained by writing to:

City of Henderson Finance Department
240 Water Street, Mail Stop Code 121
P.O. Box 95050
Henderson, Nevada 89009-5050

On December 20, 1994, the City Council, acting pursuant to the provisions of the Nevada Community Redevelopment Law (NRS 279.382 to 279.680, inclusive), created by resolution the Agency. The Agency was established in fiscal year 1996 as a separate and distinct legal entity to provide a diversified and strengthened economy in the central area of the City.

In October 1995, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Downtown Redevelopment Area. Subsequently, in November 2005, the Redevelopment Plan was amended to include 73.48 acres of newly annexed land to the Downtown Redevelopment Area.

In February 2001, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Cornerstone Redevelopment Area.

In March 2001, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Tuscany Redevelopment Area.

In February 2006, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Eastside Redevelopment Area.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

A. The Reporting Entity (continued)

In March 2009, an official Redevelopment Plan was adopted to facilitate redevelopment efforts for the Lakemoor Redevelopment Area.

B. Government-wide and Fund Financial Statements

The Statement of Activities demonstrates the degree to which the direct expenses of the General Government function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the governmental activity of the Agency. The Agency reports no business type activities.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

Property taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Property tax revenue is recognized in the fiscal year in which the taxes become due to the extent they are collected during the fiscal year or soon enough thereafter that they can be used to finance current period expenditures (no later than sixty days after year-end).

The Agency reports deferred revenue in the fund financial statements balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The Agency's General Fund is the primary operating fund. It accounts for all financial resources of the Agency.

D. Assets, Liabilities and Equity

1. Cash and Investments

The Agency participates in the City's pooled cash fund. The City pools the majority of its cash resources with the cash resources of the Agency in order to facilitate the management of cash and maximize investment earning potential. Cash applicable to the Agency is readily identifiable. The balances in the pool are available to meet current operating requirements.

2. Property Taxes

The Agency's main source of revenue is ad valorem property taxes. The Nevada Tax Commission must certify all tax rates on June 25, and property is liened on July 1.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

2. Property Taxes (continued)

Property taxes are levied in July and are payable to the County Treasurer in four installments during August, October, January and March. Apportionment of taxes by Clark County, to the Agency, is made on a monthly basis.

The Agency receives that portion of ad valorem tax which is produced by the rate at which the tax is levied each year by all taxing entities in the redevelopment area, applied to that portion of the assessed valuation of all taxable property in the redevelopment area, which is in excess of the base year assessed valuation as certified by the Clark County Tax Assessor.

In the 2005 legislative session, the Nevada State Legislature passed a law to provide property tax relief to citizens. Assembly Bill 489, signed into law on April 6, 2005, provides a partial abatement of taxes by applying a 3% cap on the tax bill of the owner's primary residence (single-family house, townhouse, condominium or manufactured home). Only one property may be selected in the State of Nevada as a primary residence. Some rental dwellings that meet the low-income rent limits may also qualify for a 3% cap on the tax bill.

An 8% cap on the tax bill will be applied to residences that are not owner occupied. The 8% cap will also apply to land, commercial buildings, business personal property, aircraft, *etc.* New construction or property that has a change of use (zoning change or manufactured homed conversion) in the current year will not qualify for any cap until the following fiscal year.

3. Land Held for Development

Land held for development (Note 5) consists of property obtained by the Agency in a defined redevelopment area with the intent that it will be transferred to either the City or a developer in accordance with development agreements. The Disposition and Development Agreements provide for transfer of property to developers after certain redevelopment obligations have been fulfilled. The property is accounted for at the lower of cost, estimated net realizable value, or agreed-upon sales price if a disposition agreement has been made with a developer.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

4. Capital Assets

Capital assets (Note 6) are reported in the government-wide financial statements and consist of construction in process. Capital assets are defined by the Agency as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. As of June 30, 2011, the Agency has no depreciable capital assets.

5. Compensated Absences

It is the Agency's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which are collectively referred to as compensated absences (Note 8). All vacation and sick leave is accrued when incurred in the government-wide financial statements. In governmental funds, the current portion of compensated absences, vacation leave, and sick leave actually paid or accrued as a result of employees who have terminated, is recorded as a payroll expenditure.

6. Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations (Note 8) are reported as liabilities. Bond premiums and discounts, as well as bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method.

For governmental fund types, bond premiums and discounts, as well as bond issuance costs, are recognized during the period in which the bonds are issued. The face amount of bonds issued is reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Bond issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

7. Equity Classifications

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. **Invested in Capital Assets, Net of Related Debt** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted Net Assets** – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Assets** – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Fund Balance Definitions* (GASB 54), which became effective for periods beginning after June 15, 2010. Under GASB 54, governmental fund equity is classified as fund balance and is further classified as follows:

- a. **Nonspendable** - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid items, assets held for sale and long-term receivables.
- b. **Restricted** - Includes constraints placed on the use of these resources that are either externally imposed by creditors (such as debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation). For the Agency, all fund balance is considered restricted per Nevada Revised Statute 279, *Redevelopment of Communities*.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

7. Equity Classifications (continued)

- c. **Committed** - Includes amounts that can only be used for a specific purpose because of a formal action (resolution or ordinance) by the Redevelopment Agency Board, which is the Agency's highest level of decision-making authority. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.
- d. **Assigned** - Includes amounts that are constrained by the Agency's intent to be used for specific purposes, but do not meet the criteria in GASB 54 to be classified as restricted or committed. The Agency Board delegates authority to assign fund balances amounts to the Agency's Treasurer. Constraints imposed on the use of assigned amounts can be removed without formal action by the Agency Board.
- e. **Unassigned** - This is the residual classification of fund balance in the General Fund, which has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund. Other governmental funds might report a negative unassigned fund as a result of overspending for specific purposes for which amount has been restricted, committed or assigned.

The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The Agency Board adopted its Financial Stabilization policy on August 16, 2011, effective June 30, 2011, in connection with the adoption of GASB 54. The policy states that the Agency will accumulate for economic stabilization 1% of tax increment revenue per year with a target balance of 8.3% of the ensuing fiscal year's budgeted tax increment revenue. Accumulated balances maintained for economic stabilization may be made available to compensate for shortfalls in actual revenues of 2.0% or greater, as compared to the final budget filed with the Nevada Department of Taxation, or in the event of a natural disaster or terrorist attack as declared by the Agency Board. None of these circumstances are expected to occur routinely.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

8. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

An annual budget is legally adopted for the General Fund of the Agency on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

Prior to April 15, the Treasurer of the Agency submits a tentative budget for the Agency for the ensuing fiscal year to the Agency Board, the Nevada Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the Agency whether or not the budget is in compliance with the appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The Agency Board adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval. The revenue classifications and expenditure functions shown in the financial statements are those prescribed by the Nevada Department of Taxation. All revisions to the adopted budget are made a matter of public record by actions of the Agency Board. Per Nevada law, the budget officer is authorized to transfer budgeted amounts within functions if the Agency Board is notified at the next regular meeting and the action is noted in the official minutes. Revisions, which affect the total fund appropriations, are accomplished through formal Agency Board approval. Various supplemental appropriations are approved during the year to adjust resources available and to reflect corresponding changes in spending. Nevada law (NRS 354.626) requires budgetary control to be exercised at the function level in governmental funds.

The Agency uses an encumbrance system as an extension of normal budgetary accounting for the general fund. Under this system, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to identify that portion of applicable appropriations.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 2. Stewardship, Compliance and Accountability (continued)

A. Budgetary Information (continued)

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward in the ensuing year's budget.

B. Compliance with the Nevada Revised Statutes (NRS) and the Nevada Administrative Code

The Agency conformed to all significant statutory constraints on its financial administration during the year.

Note 3. Cash and Investments

A. Deposits

State statutes govern the Agency's deposit policies. Agency monies must be deposited in insured banks and savings and loan associations. The Agency is authorized to use demand accounts, time accounts and certificates of deposit.

State statutes do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible state investments. Permissible state investments include obligations of the U.S. Treasury, certain farm loan bonds, certain securities issued by Nevada local governments, repurchase agreements, bankers' acceptances, commercial paper, negotiable certificates of deposit, and money market mutual funds. Allowable Agency investments are similar except that some state investments are longer term and include securities issued by municipalities outside of Nevada.

The Agency invests monies on its own and through pooling of monies with the City. The pooling of monies, referred to as an internal investment pool, is theoretically invested on the whole, as a combination of monies from each fund belonging to the pool. In this manner, the City's Finance Director is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned monthly to each fund in the pool based on the average cash balance of the fund for the month.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
 For the Year Ended June 30, 2011

Note 3. Cash and Investments (continued)

B. Investments

State statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. Agencies having maturity dates that do not extend more than ten years from the date of purchase, the state treasurer's investment pool, negotiable notes or short-term negotiable bonds issued by other local governments of the State of Nevada, bankers' acceptances not exceeding 180 days maturity and eligible by law for rediscount with the Federal Reserve Banks and commercial paper issued by a corporation organized and operating in the U.S. that is purchased from a registered broker-dealer, with a remaining term of less than 270 days rated "A-I", "P-I" or better (purchases of bankers' acceptances or commercial paper may not exceed 20 percent of the money available for local government investment).

At June 30, 2011, the Agency had the following investments:

	Cost	Fair and Carrying Value	Credit Rating	Weighted- average Maturity (Years)
Pooled cash and investments held by the City	\$19,182,453	\$19,182,453	N/A	3.19
Investments held with Fiscal Agent Money market fund	1,376,862	1,376,862	AAA	--
Total Investments	<u>\$20,559,405</u>	<u>\$20,559,405</u>		

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 4. Notes Receivable

As incentives to accomplish redevelopment efforts, the Agency sometimes negotiates and issues low-interest notes to provide gap financing to developers; for business recruitment, retention and expansion; and, to owner-occupied residents for home improvements.

For the fiscal year ended June 30, 2011, the change in notes receivable is as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Home Program Advances ⁽¹⁾ :				
Principal	\$ 45,788	\$ 438,656	\$ (24,795)	\$ 459,649
Interest	--	11,317	(11,317)	--
	<u>45,788</u>	<u>449,973</u>	<u>(36,112)</u>	<u>459,649</u>
Advances to individuals and business, payable in monthly installments for a term of generally five years, including interest at 0.0% to 8.0% ⁽²⁾ :				
Principal	127,397	--	(58,681)	68,716
Interest	--	1,668	(1,668)	--
	<u>127,397</u>	<u>1,668</u>	<u>(60,349)</u>	<u>68,716</u>
Advances to an LLC, maximum amount is \$775,000, payments deferred for five years. Accrued interest at 6.23% per year ⁽³⁾				
Principal	--	--	--	--
Interest	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Sale of land to an LLC, secured by guarantee agreement and deed of trust. Interest accrues at 4.84%. Principal and accrued interest are due in April 2012 ⁽⁴⁾ :				
Principal	356,000	--	(248,000)	108,000
Interest	--	--	--	--
	<u>356,000</u>	<u>--</u>	<u>(248,000)</u>	<u>108,000</u>
Totals				
Principal	529,185	438,656	(331,476)	636,365
Interest	--	12,985	(12,985)	--
	<u>\$ 529,185</u>	<u>\$ 451,641</u>	<u>\$ (344,461)</u>	<u>\$ 636,365</u>

(1) In fiscal year 2008, the Agency and City entered into an interlocal agreement whereby the Agency would provide grants to the City to administer the Homeowners' Assistance Program. On May 17, 2011, the City and Agency agreed the loans should be assigned to the Agency to administer, hence the principal increase.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
 For the Year Ended June 30, 2011

Note 4. Notes Receivable (continued)

- (2) Due to the downturn in the economy, two businesses that received loans from the Agency applied for and received grants through the Agency's tenant improvement program, which was required to be applied to any outstanding principal balance of their loan.
- (3) Due to the downturn in the economy and uncertainty regarding repayment, the \$775,000 note, including all accrued interest thereon, had been fully reserved as of June 30, 2010. On October 18, 2011, the Agency amended its agreements extending the existing loan for two additional years and reduced interest to zero for this extension period.
- (4) Due to the downturn in the economy and uncertainty regarding repayment, the \$580,298 note, including all accrued interest thereon, was written down to the estimated value of the land collateralizing the note.

Note 5. Land Held for Development

For the fiscal year ended June 30, 2011, the change in land held for development consisted of the following:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Downtown Redevelopment Area:				
Water Street Commons	\$ 3,549,362	\$ 629,376	\$ --	\$ 4,178,738
Lake Mead Parkway	195,721	--	--	195,721
Texas / Atlantic Parking	425,181	--	--	425,181
Pinnacle	3,934,751	--	--	3,934,751
Asset Central	846,142	--	--	846,142
Basic/Lead	--	752,988	--	752,988
Other	929,503	--	(142,322)	787,181
Total Downtown Redevelopment Area	9,880,660	--	--	11,120,702
Eastside Redevelopment Area	5,881,633	--	--	5,881,633
Total	<u>\$ 15,762,293</u>	<u>\$ 1,382,364</u>	<u>\$ (142,322)</u>	<u>\$ 17,002,335</u>

Note 6. Capital Assets

For the year ended June 30, 2011, capital asset activity consists primarily of construction of a park, which is recorded as construction in process and is expected to be transferred to the City upon completion in fiscal 2012.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 7. Advances from the City of Henderson

For the fiscal year ended June 30, 2011, the change in advances from the City of Henderson is as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
\$791,592 note payable, principal and interest deferred until September 2012, as amended, interest accrues at 6.0%	\$ 621,260	\$ --	\$ --	\$ 621,260
\$2,588,656 note payable, principal and interest deferred until November 2012, or sale of property, whichever occurs first, interest accrues at 4.8%	2,588,656	--	--	2,588,656
	<u>\$ 3,209,916</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,209,916</u>

On August 19, 2008, the Agency reevaluated the \$791,592 advance from the City dated September 15, 2004. The Agency Board and City Council approved a loan amendment whereby the Agency would repay the Park Development Fund the principal amount of \$170,331, plus accrued interest, on the original maturity date of September 15, 2008. The remaining balance related to the Land Fund would receive the interest accrued through September 15, 2008, as of that date. The Agency continues to owe the City \$621,260, which accrues interest at 6% and is payable in full on September 15, 2012, with an option to extend the maturity date two additional three-year periods at the sole option of the City. Interest is being accrued and is payable upon maturity or at extension date. On February 15, 2011, the Agency Board and City Council approved an extension of this note to September 7, 2015, and also approved a resolution to subordinate this note to any future Agency bond issuances. Accrued interest of \$256,695 is included as a liability on the Statement of Net Assets.

On November 20, 2007, the Agency borrowed \$2,588,655 from the City's Land fund. The purpose of the loan was to fund the payment of amounts due under a guarantee agreement entered into on July 13, 2005. Interest accrues at 4.8% per year, and all outstanding principal and interest are due and payable upon the earlier of the sale of the Pinnacle Building property, or November 20, 2012. On February 15, 2011, the Agency Board and City Council approved an extension of the maturity to September 30, 2015, and also approved a resolution to subordinate this note to any future Agency bond issuances. Accrued interest of \$445,249 is included as a liability on the Statement of Net Assets.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 8. Long-term Liabilities

For the year ended June 30, 2011, the following schedule summarizes the changes in long-term debt:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Amounts Due Within One Year
\$4,295,000 2002 tax allocation junior bonds due in annual installments through October 2025; interest varies between 5.1% and 7.2%	\$ 3,800,000	\$ --	\$ (140,000)	\$ 3,660,000	\$ 145,000
\$12,045,000 tax allocation senior bonds due in annual installments through October 2025; interest varies between 3.5% and 5.25%	10,415,000	--	(450,000)	9,965,000	470,000
Total Bonds Payable	14,215,000	--	(590,000)	13,625,000	615,000
Compensated absences	164,526	31,590	(16,585)	179,531	11,364
Other postemployment benefits obligation (OPEB)	80,087	11,703	--	91,790	--
Total Long-term Liabilities	<u>\$ 14,459,613</u>	<u>\$ 43,293</u>	<u>\$ (606,585)</u>	<u>\$ 13,896,321</u>	<u>\$ 626,364</u>

As of June 30, 2011, the requirements to pay principal and interest on all bonds outstanding are as follows:

Year Ending June 30:	Bonds		
	Principal	Interest	Total
2012	615,000	735,127	1,350,127
2013	650,000	702,790	1,352,790
2014	680,000	669,121	1,349,121
2015	715,000	633,881	1,348,881
2016	755,000	595,851	1,350,851
2017 – 2021	4,410,000	2,308,280	6,718,280
2022 – 2026	5,800,000	877,487	6,677,487
	<u>\$ 13,625,000</u>	<u>\$ 6,522,537</u>	<u>\$ 20,147,537</u>

Note 9. Retirement Plan

The Agency, as a component unit of the City, is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer defined benefit plan administered by PERS. All full-time employees are covered under the system. In addition, any part-time employees working at least twenty hours per week are covered.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 9. Retirement Plan (continued)

The City has no liability for unfunded obligations of the system as provided by Nevada Revised Statute (NRS) 286.110.

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the Plan include pension benefits, disability benefits and death benefits. Monthly benefit allowances for regular members with an effective date prior to January 1, 2010, are computed at 2.50% for service earned through June 30, 2001, and 2.67 % for service earned on or after July 1, 2001, with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation). Monthly benefit allowances for regular members with an effective date on or after January 1, 2010, are computed at 2.50% of average compensation for each accredited year of service prior to retirement with a ceiling of 75% of the average compensation (36 consecutive months of highest compensation).

PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during his/her life and various optional monthly payments to a named beneficiary after his/her death. Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service or any age with 30 years of service.

A member who retired on or after July 1, 1977, or is an active member whose effective date of membership is before July 1, 1985, and who has 36 years of service is entitled to a benefit of up to 90% of his/her average compensation. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75% to a maximum of 90% of average compensation. Members become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates are established by NRS 286.450, which requires adjustments on each odd numbered year based on the actuarially determined contribution rate indicated in the biennial actuarial valuation. The City is enrolled in the employer pay contribution plan of PERS and is, therefore, required to contribute all amounts due under the Plan.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
 For the Year Ended June 30, 2011

Note 9. Retirement Plan (continued)

The Agency's contribution rates and amounts contributed for the last three years are as follows:

<u>Fiscal Year</u>	<u>Contribution Rate</u>	<u>Total Required Contribution</u>	<u>Actual Percentage Contributed of Required Contribution</u>
2011	21.50%	\$ 205,546	100%
2010	21.50%	247,809	100%
2009	20.50%	173,026	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Note 10. Other Post-employment Benefits (OPEB)

For the fiscal year ended June 30, 2011, the City's annual OPEB cost is \$2,542,895, of which the Agency's share is \$11,703. Amounts unpaid are recorded as a liability on the Statement of Net Assets.

The Agency's net OPEB obligation for the years ended June 30, 2011, 2010 and 2009, is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Obligation</u>
June 30, 2011	\$ 11,703	\$ --	0.0%	\$ 91,790
June 30, 2010	23,358	3,647	15.61%	80,087
June 30, 2009	36,157	3,995	11.05%	60,376

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 11. Risk Management

The Agency is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions. The Agency is covered under the City's insurance policies, which provide health insurance coverage for its employees. The City carries insurance policies for liability, fire, theft, auto, inland marine, workers' compensation and Directors' and Officers' coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years for the Agency.

Note 12. Commitments and Contingencies

The Agency has entered into tax increment subordinate lien notes as part of owner participation agreements. The notes varied by amount of indebtedness, interest rate and maturity date and have been allocated to various parcels of land in their respective redevelopment area. The indebtedness is payable solely and exclusively from a predetermined percentage of the site tax increment received by the Agency on those specific parcels and is not payable from any other source. Because the requirements to repay the notes are contingent on the Agency receiving sufficient site tax increment on the specific parcels, as well as the developer incurring reimbursable project costs, certain of these potential future obligations of the Agency have been reflected in the Agency's financial statements to the extent that tax increment has been collected and qualified expenses have been incurred by the developer. In addition, the Agency is required by NRS to set aside 18% of tax increment for low-income housing. The following summarizes the unique terms of each note:

A. Cornerstone Redevelopment Area

CS Lot 1 Land Purchase Note

On June 1, 2001, the Agency entered into a development agreement and executed the CS Lot 1 Land Purchase Promissory Note in the amount of \$3,100,000, which is payable over the years solely from 25% of the related site tax increment from the development area. Interest accrues at 9.5% unless the Cornerstone Developer fails to meet the Private Improvement Schedule set forth in the note (interest is currently tolling). The proceeds from the note were used to purchase land, upon which a public improvement project was built by the Cornerstone Developer. Any unpaid principal and interest that remains outstanding thirty (30) years after the date of the adoption of the Cornerstone Redevelopment Plan (i.e., as of June 1, 2031) will be forgiven and deemed paid in full. At June 30, 2011, the balance on the CS Lot 1 Note was \$2,882,991.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 12. Commitments and Contingencies (continued)

A. Cornerstone Redevelopment Area (continued)

During the year, the Agency received site tax increment revenue and paid an assignee of the Cornerstone Developer \$262,950, which was charged to program costs. Additionally, the Agency received site tax increment revenue of \$74 that was charged to program cost, but will not be disbursed to the developer until fiscal 2012, and is shown as Tax Increment Payable to Developers.

Series B Bonds Note

The Agency also executed a \$6,250,000 promissory note on May 9, 2002 (the Series B Note), which bears interest at 6.9% (beginning December 1, 2002) and is payable over sixteen years. The note is equal to the proceeds of the Series B LID Bonds issued by the City. A separate agreement signed by the Cornerstone Developer and the City assigned all payments on this note to the City as an offset to the principal and interest payments the City is obligated to pay on the Series B Bonds. The percentage of site tax increment from which the note is to be repaid is 40%. During fiscal 2011, the Agency received site tax increment revenue and paid the City of Henderson \$270,000 and \$323,250, in principal and interest, respectively, which was charged to program costs. Additionally, the Agency received site tax increment revenue of \$120,370 that was accrued to program cost, but will not be disbursed until fiscal 2012 and is shown as Tax Increment Payable to Developers.

Shortfall Note

The Agency also executed a “shortfall” promissory note, which provides that property owners will advance the Agency the amount of the payments due on the Series B Bonds Note when due, reduced by the available site tax increment received by the Agency. Interest accrues at 6.9% unless the Cornerstone Developer fails to meet the Private Improvement Schedule set forth in the note (interest is currently tolling). The amount from which the note is to be paid is the remainder of 40% of the site tax increment after payment on the Series B Bond Note. During fiscal 2011, property owners advanced the Agency \$75,319 for payment due on the Series B Note. At June 30, 2011, the balance on the shortfall note was \$2,427,421.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 12. Commitments and Contingencies (continued)

A. Cornerstone Redevelopment Area (continued)

Diamond Cornerstone Note

On April 10, 2007, the Agency executed a \$274,002 promissory note with Diamond Cornerstone, LLC (Diamond), which bears interest at 4.51%, requires semi-annual payments of principal and interest and is scheduled to mature on October 1, 2030. All amounts owing to Diamond, including interest, are subordinated to the CS Lot 1 Promissory Note, the Shortfall Promissory Note and the 18% housing set-aside, and no payment is due until this existing indebtedness has been satisfied. Provided that there are no other defaults under the notes, Diamond is to forgive any and all amounts due under the notes, including accrued interest, penalties and fees upon the maturity date.

During the year the Agency did not receive site tax increment revenue and made no payments to Diamond. At June 30, 2011, the balance on the Diamond Note was \$325,834. Because no tax increment was received during fiscal year 2011, there is no liability due to Diamond at year end.

In August, 2011, Diamond sold the property which resulted in Diamond defaulting on the OPA and Note. Diamond agreed to terminate the OPA and forfeit any amounts owing on the Note. The termination was approved at the Agency's October 18, 2011 board meeting.

B. Tuscany Redevelopment Area

Commerce and Associates Note

On April 16, 2002, the Agency entered into an Owner Participation Agreement with Commerce and Associates, LLC (Commerce), which provides that the Agency reimburse Commerce up to \$40 million for public improvements from 85% of the tax increment received from the Tuscany redevelopment project area (the Commerce Note). Interest on the note was originally 8.5%, but tolls when accumulated assessed value fails to equal or exceed the minimums per the promissory note. The original schedule for completion of all public and private improvements per the Owner Participation Agreement was by December 31, 2006. The developer has received four amendments extending the time for completion to December 15, 2011.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 12. Commitments and Contingencies (continued)

B. Tuscany Redevelopment Area (continued)

Commerce and Associates Note (continued)

The amendments also increased the Agency's reimbursement commitment to \$60 million, payable from 90% of the tax increment received from the Tuscany redevelopment project area, until such time that the 18% low-income housing set aside is required by NRS. At that time, the Agency's reimbursement commitment increases to 95% of tax increment remaining after the low-income housing set aside. The amendments also modified the promissory note interest rate such that interest shall not accrue until the date a certificate of completion is executed by the Agency. The interest rate is 5.25% per annum compounded annually.

On June 15, 2010, the Agency entered into Amendment #4 to the original Owner Participation Agreement, with Commerce, releasing \$7,507,500 of accumulated site tax increment to Nevada Construction Services (NCS).

NCS disbursed \$5,220,480 to contractors completing the final public improvements during fiscal year 2011, with the residual returned to the Agency for ultimate disbursement to Alfred Thomas, assignee to the note, and Commerce on May 16, 2011, in the following amounts:

NCS Disbursements to Contractors	\$ 5,220,480
Thomas Alfred	7,000,000
Commerce	<u>463,230</u>
Total Disbursed	<u>\$ 12,683,710</u>

Since that time, through June 30, 2011, the Agency has collected additional tax increment with \$138,179 being Commerce's share which is recognized as a liability (Tax Increment Payable to Developers).

Commerce has provided documentation supporting \$52.8 million in reimbursable public improvement costs, and the Agency anticipates that Commerce will supply the documentation supporting the remaining \$7.2 million they are eligible for in fiscal year 2012, at which time the Note will be amended. At June 30, 2011, the outstanding balance on the Commerce Note is \$40,405,047. All unpaid principal and interest that remains owed thirty (30) years after the date of adoption of the Tuscany Redevelopment Plan will be forgiven and deemed paid in full.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 12. Commitments and Contingencies (continued)

C. Eastside Redevelopment Area

Landwell Note

On October 16, 2007, the Agency entered into an Owner Participation Agreement with LandWell, LLC (the LandWell Agreement), which provides that the Agency reimburse LandWell up to \$170 million for public improvements from 50% of the tax increment received from the project (the LandWell Note). The LandWell Note bears interest at 8%, but interest will toll when accrued interest reaches \$39 million in total. The LandWell Agreement provides that the Agency set aside 50% of the tax increment received from the project on October 1 and April 1 as restricted cash until such times that a reimbursement is submitted and approved. To date, \$558,523 has been placed in a restricted cash account as well as recorded as a program expense and a liability (Tax Increment Payable to Developers) as of June 30, 2011. All unpaid principal and interest that remains owed thirty (30) years after the date of adoption of the Eastside Redevelopment Plan will be forgiven and deemed paid in full.

D. Contractual commitments

As of June 30, 2011, the Agency had outstanding encumbrances in the General Fund in the amount of \$2,159,352. These encumbrances are classified as Restricted Fund Balance.

Note 13. New Accounting Pronouncements

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB No. 63), which is effective for financial statements for periods beginning after December 15, 2011. GASB No. 63 provides financial reporting guidance for deferred outflows of resources (*i.e.*, consumption of net assets by the government that is applicable to a future reporting period) and deferred inflows of resources (*i.e.*, an acquisition of net assets by the government that is applicable to a future reporting period). Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Management has not completed its assessment of this statement; however, it is currently expected that adoption of GASB No. 63 will not materially affect the Agency's financial position, results of operations, or cash flows.

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Notes to Basic Financial Statements
For the Year Ended June 30, 2011

Note 13. New Accounting Pronouncements (continued)

In December 2010, GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASB Statement No. 62), which is effective for financial statements for periods beginning after December 15, 2011. GASB No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

It is not currently expected that GASB No. 62 will have a material effect on the Agency's financial statements.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and 34* (GASB No. 61), which is effective for financial statements for periods beginning after June 15, 2012. GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity, and amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Management is currently evaluating the effect that GASB No. 61 will have on the Agency's financial position, results of operations, or cash flows.

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (GASB No. 60), which is effective for financial statements for periods beginning after December 15, 2011. GASB No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership involving an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. Since the City does not have any SCAs to which this standard would apply, it is not currently expected that GASB No. 60 will have an effect on the Agency's financial statements.

SUPPLEMENTARY INFORMATION

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Combining Balance Sheet - By Project Area
 Governmental Fund - General Government - General Fund
 June 30, 2011

	<u>Downtown</u>	<u>Tuscany</u>	<u>Cornerstone</u>	<u>Eastside</u>	<u>Lakemoor</u>	<u>Revolving Fund</u>	<u>Administration</u>	<u>Total</u>
ASSETS								
Cash and investments	\$ 8,409,663	\$ 525,009	\$ 1,144,553	\$ 10,427,595	\$ 29	\$ 37,012	\$ 15,544	\$ 20,559,405
Receivables:								
Accounts	1,128	-	-	33	-	-	-	1,161
Accrued interest	16,592	5,638	2,504	23,758	-	-	-	48,492
Notes	401,790	-	-	234,575	-	-	-	636,365
Due from other governments	36,278	85,562	1,374	68,299	3	-	-	191,516
Land held for development	11,120,702	-	-	5,881,633	-	-	-	17,002,335
TOTAL ASSETS	<u>\$ 19,986,153</u>	<u>\$ 616,209</u>	<u>\$ 1,148,431</u>	<u>\$ 16,635,893</u>	<u>\$ 32</u>	<u>\$ 37,012</u>	<u>\$ 15,544</u>	<u>\$ 38,439,274</u>
LIABILITIES								
Accounts payable and accrued wages	\$ 51,100	\$ -	\$ 47,550	\$ 57,460	\$ -	\$ 1,860	\$ 16,042	\$ 174,012
Deposits held for others	100,000	-	-	-	-	-	-	100,000
Tax increment payable to developers	-	138,179	120,598	558,523	-	-	-	817,300
Advances from City of Henderson	3,209,916	-	-	-	-	-	-	3,209,916
Total liabilities	<u>3,361,016</u>	<u>138,179</u>	<u>168,148</u>	<u>615,983</u>	<u>-</u>	<u>1,860</u>	<u>16,042</u>	<u>4,301,228</u>
FUND BALANCE								
Restricted for:								
Land held for development	11,120,702	-	-	5,881,633	-	-	-	17,002,335
Debt service	1,376,862	-	-	-	-	-	-	1,376,862
Notes receivable	401,790	-	-	234,575	-	-	-	636,365
Contractual commitments	526,584	-	48,468	1,575,650	-	-	8,650	2,159,352
Deposits held for special projects	100,000	-	81,937	-	-	-	-	181,937
Developer payments	-	138,179	120,598	558,523	-	-	-	817,300
Economic stabilization	243,780	-	-	211,594	-	-	-	455,374
Future redevelopment activities	2,855,419	339,851	729,280	7,557,935	32	35,152	(9,148)	11,508,521
Total fund balance	<u>16,625,137</u>	<u>478,030</u>	<u>980,283</u>	<u>16,019,910</u>	<u>32</u>	<u>35,152</u>	<u>(498)</u>	<u>34,138,046</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 19,986,153</u>	<u>\$ 616,209</u>	<u>\$ 1,148,431</u>	<u>\$ 16,635,893</u>	<u>\$ 32</u>	<u>\$ 37,012</u>	<u>\$ 15,544</u>	<u>\$ 38,439,274</u>

THE CITY OF HENDERSON REDEVELOPMENT AGENCY
(A Component Unit of the City of Henderson, Nevada)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - By Project Area - Governmental Fund - General Government - General Fund
 June 30, 2011

	Downtown	Tuscany	Cornerstone	Eastside	Lakemoor	Revolving Fund	Administration	Totals
REVENUES								
Tax increment	\$ 2,959,391	\$ 1,940,156	\$ 920,689	\$ 2,386,559	\$ 3	\$ -	\$ -	\$ 8,206,798
Interest and rent	98,994	(7,599)	15,895	155,510	-	60,435	(498)	322,737
Intergovernmental	26,289	-	-	-	-	-	-	26,289
Miscellaneous	257,688	-	-	54,599	1	-	-	312,288
Total revenues	<u>3,342,362</u>	<u>1,932,557</u>	<u>936,584</u>	<u>2,596,668</u>	<u>4</u>	<u>60,435</u>	<u>(498)</u>	<u>8,868,112</u>
EXPENDITURES								
Current:								
General government:								
Salaries and wages	6,639	-	-	32,391	-	-	972,843	1,011,873
Employee benefits	2,363	-	-	6,293	-	-	340,384	349,040
Services and supplies	222,536	30	16,486	170,426	-	25,283	671,512	1,106,273
Program costs	475,740	1,512,679	822,567	199,208	-	-	305,947	3,316,141
Total general government	<u>707,278</u>	<u>1,512,709</u>	<u>839,053</u>	<u>408,318</u>	<u>-</u>	<u>25,283</u>	<u>2,290,686</u>	<u>5,783,327</u>
Debt service:								
Principal payments	590,000	-	-	-	-	-	-	590,000
Interest payments	765,671	-	-	-	-	-	-	765,671
Total debt service	<u>1,355,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,355,671</u>
Total expenditures	<u>2,062,949</u>	<u>1,512,709</u>	<u>839,053</u>	<u>408,318</u>	<u>-</u>	<u>25,283</u>	<u>2,290,686</u>	<u>7,138,998</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,279,413	419,848	97,531	2,188,350	4	35,152	(2,291,184)	1,729,114
OTHER FINANCING SOURCES (USES)								
Transfers between RDA project areas	(1,150,117)	(194,016)	(46,034)	(899,409)	(1)	-	2,289,577	-
NET CHANGE IN FUND BALANCE	129,296	225,832	51,497	1,288,941	3	35,152	(1,607)	1,729,114
FUND BALANCE, BEGINNING OF YEAR	<u>16,495,841</u>	<u>252,198</u>	<u>928,786</u>	<u>14,730,969</u>	<u>29</u>	<u>-</u>	<u>1,109</u>	<u>32,408,932</u>
FUND BALANCE, END OF YEAR	<u>\$ 16,625,137</u>	<u>\$ 478,030</u>	<u>\$ 980,283</u>	<u>\$ 16,019,910</u>	<u>\$ 32</u>	<u>\$ 35,152</u>	<u>\$ (498)</u>	<u>\$ 34,138,046</u>

COMPLIANCE REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Members of the City of Henderson
Redevelopment Agency Board
City of Henderson, Nevada

We have audited the basic financial statements of the City of Henderson Redevelopment Agency (the Agency), a component unit of the City of Henderson, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting. Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members of the City of Henderson
Redevelopment Agency Board
City of Henderson, Nevada

Compliance and other matters. As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts including whether the funds established by the Agency, as described in Nevada Revised Statutes (NRS) 354.624(5)(a)(1) – (5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Redevelopment Agency Board, management of the Agency, federal awarding agencies and pass-through entities. However, this report is a matter of public record, and therefore, its distribution is not limited.

A handwritten signature in blue ink that reads "Percy Bowler Taylor" followed by a stylized flourish.

November 2, 2011

P B T K

**PIERCY BOWLER
TAYLOR & KERN**

Certified Public Accountants
Business Advisors

CITY OF HENDERSON REDEVELOPMENT AGENCY

**REQUIRED
COMMUNICATIONS
LETTER**

**TO THE
MEMBERS OF THE CITY OF HENDERSON REDEVELOPMENT
AGENCY BOARD**

**FOR THE YEAR ENDED
JUNE 30, 2011**

CITY OF HENDERSON
REQUIRED COMMUNICATIONS LETTER

CONTENTS

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P B T K

**PIERCY BOWLER
TAYLOR & KERN**

Certified Public Accountants
Business Advisors

Members of the City of Henderson Redevelopment Agency Board
City of Henderson Redevelopment Agency
240 Water Street
Henderson, Nevada 89015

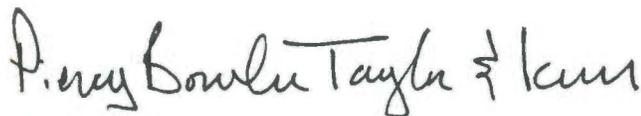
RE: Required Communications

Ladies and gentlemen:

As part of our engagement to audit the basic financial statements of City of Henderson Redevelopment Agency (the Agency) as of June 30, 2011 and for the year then ended, we are required under applicable auditing standards to communicate certain matters to those charged with governance responsibilities for the Agency for the purpose of assisting them in meeting their responsibilities with regard to the financial reporting process. This report contains those required communications.

The matters reported herein were considered in forming our opinion on the Agency's basic financial statements contained in our report dated November 2, 2011, and these matters do not change that report.

This communication is intended solely for the confidential information and use of those charged with governance and management responsibilities for the Agency and others identified below, either receiving a copy or being approved to receive a copy from management. However, this report is a matter of public record, and its distribution is not limited.



November 2, 2011

Copies provided to:
Mark T. Calhoun, Executive Director
Richard Derrick, Treasurer

SIGNIFICANT AUDIT ADJUSTMENTS

Our audit resulted in no significant adjustments to the Agency's basic financial statements.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

Management cooperated fully, and no significant difficulties were encountered in completing the June 30, 2011, audit.

MATTERS INVOLVING INTERNAL CONTROL

We planned and performed our audit of the basic financial statements of the Agency as of June 30, 2011 and for the year then ended, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* issued by the Comptroller General of the United States. We considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Agency's basic financial statements. Such procedures were not performed for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

The principal objectives of effective internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that all transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of basic financial statements in accordance with accounting principles generally accepted in the United States. The concept of reasonable assurance requires that management, in fulfilling its responsibility, make estimates and judgments to assess the expected benefit and related costs of control procedures. Because of inherent limitations in any internal control, errors or fraudulent acts, particularly when involving forgery and collusion, may occur and not be detected. In addition, there is a risk that procedures may become inadequate in future periods because of changes in conditions and the degree of compliance with the procedures may deteriorate.

Definitions. A *deficiency* in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness yet important enough to merit attention by those with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's basic financial statements will not be prevented or detected on a timely basis. Our consideration of internal control would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Findings. Our procedures did not identify any internal control deficiencies that we consider to be a material weakness.

OTHER GOVERNANCE MATTERS

Auditors' responsibility under applicable professional standards. As stated in the first paragraph of our

report on the Agency's basic financial statements, our responsibility as independent auditors, under applicable professional standards, is to express an opinion, based on our audit, on the Agency's basic financial statements, which are the responsibility of the Agency's management. Our responsibilities, as contrasted with management's, are spelled out more fully in our letter of engagement.

Despite any limited assistance we may have provided to management in its preparation, our responsibility for information accompanying the Agency's basic financial statements is limited to 1) reading such information to ascertain that it is materially consistent with information presented in the Agency's basic financial statements 2) considering whether any statements contained therein may appear to be materially misstated, and 3) assuring the satisfactory resolution of our concerns, if any. In this instance, we performed the required procedures, and any changes requested by us in this process were satisfactorily made and all questions satisfactorily resolved.

In considering the matters reported herein, you should be cognizant of your responsibility for oversight of the financial reporting process and management's responsibilities for establishing and maintaining an effective internal control subject to regulatory and ownership approval, and for the Agency's basic financial statements.

Significant accounting policies. The significant accounting policies employed by the Agency are disclosed in the notes to the Agency's basic financial statements and are essentially as prescribed, recommended or permitted under applicable authoritative literature for, or commonly used by, other entities in your industry. The accounting policies have been consistently applied and are not controversial.

Significant estimates. The basic financial statements do not contain any significant management estimates, except with regard to the valuation of collateral (typically land) securing impaired notes receivable.

Related parties. No significant audit issues were encountered in connection with the Agency's related party transactions, for example nondisclosure by management or questionable authorization/purpose.

Representations sought from management. Appended to this communication is a copy of the letter of representation requested to be executed by management with regard to our audit services.

Licensing and independence. This will confirm that we are duly licensed to perform this engagement. In addition, in our professional judgment, we are independent of the Agency under all applicable rules, regulations, and interpretations. We are not aware of any relationships between our Firm or any of its related entities and the Agency and its related entities that in our professional judgment may reasonably be thought to bear on independence.

Compliance with laws, regulations, contracts and grants. Compliance with laws, regulations, contracts and grants applicable to the Agency is the responsibility of the Agency's management. As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free of material misstatement, we performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

In accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we have issued our report dated November 2, 2011, on our consideration of the Agency's internal control over financial reporting and on our tests of the Agency's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the

scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and should be considered in assessing the results of our audit.

In accordance with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we have issued our report dated November 2, 2011, on our consideration of the Agency's compliance with requirements applicable to major programs and on internal control over compliance. The purpose of that report is to describe the scope of our testing of compliance and internal control over compliance and the results of that testing, and to provide an opinion on the Agency's compliance with such requirements, but not to provide an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance. This report is an integral part of an audit performed in accordance with the requirements of OMB Circular A-133, auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and should be considered in assessing the results of our audit.

Material instances of noncompliance are failures to follow requirements or violations of prohibitions contained in laws, regulations, contracts and grants, that when aggregated, in our judgment, are material to the Agency's basic financial statements or a major grant program. The results of our tests of compliance and internal control over compliance did not disclose material instances of noncompliance or material weaknesses in internal control over compliance.

CITY OF HENDERSON REDEVELOPMENT AGENCY



**FINANCIAL MANAGEMENT
POLICY STATEMENTS**

ADOPTED: AUGUST 16, 2011

REVISED:



REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 22, 2011

RAC-007

SUBJECT	Financial Management Policies
PETITIONER	Economic Development/Redevelopment Division of the City Manager's Office
RECOMMENDATION	Recommend Adoption

FISCAL IMPACT:

No Impact
 Budget funds available
 Augmentation required

BACKGROUND / DISCUSSION / ALTERNATIVES:

It is prudent of the Redevelopment Agency to adopt sound financial management policies. Historically, Agency staff has followed many of the financial policies of the City of Henderson. Recognizing that the Agency is governed by NRS 279 and engages in financial transactions unique to a Redevelopment Agency, staff is preparing financial management policy statements for review and adoption by the Redevelopment Agency Board. Staff began preparing policies for adoption in July 2011 and it is envisioned that over a period of several months, staff will complete a comprehensive compilation of policy statements. From time to time, the Governmental Accounting Standards Board (GASB), Nevada Revised Statutes, and best practices in the industry change. As these changes occur, the financial management policy statements will be reviewed and may require revision. Any proposed revisions will be brought before the Redevelopment Agency Board for review and adoption.

Staff is recommending adoption of the following financial management policy statements:

- | | |
|---|---------------------------------|
| 1. Introduction | 7. Proper Recording |
| 2. Financial Status Reports | 8. Access to Assets and Records |
| 3. Conformance to Accounting Principles | 9. Internal Control Evaluation |
| 4. Selection of Auditors | 10. Returned Checks |
| 5. Fund Balance Classification | 11. Costs and Benefits |
| 6. Separation of Duties | |

RECOMMENDED MOTION:

I move to recommend adoption of Redevelopment Financial Management Policies for: Introduction, Financial Status Reports and Annual Audited Financial Statements, Conformance to Accounting Principles, Selection of Auditors, Fund Balance Classification, Separation of Duties, Proper Recording, Access to Assets and Records, Internal Control Evaluation, Returned Checks and Costs and Benefits.

Supporting Documentation:

Redevelopment Financial Management Policy Statements consisting of fourteen (14) pages

100/BUDGET

01 – Budget Time Period and Type 1
02 – Budget Calendar and Instructions..... 2
03 – Budget Reporting 3

200/REVENUES

01 – (Save for future use)
02 – Revenue Projections..... 4

300/EXPENDITURES

01 – Current Funding Basis 5
02 – Avoidance of Operating Deficits 6
03 – Periodic Program Review 7
04 – Purchasing 8
05 – (Save for future use)
06 – Redevelopment Financial Assistance Due Diligence 9

400/FUND BALANCE/NET ASSETS

01 – (Save for future use)
02 – Financial Stabilization Fund Balance 10

500/LOANS

01 – Loan Committee 11
02 – Loan Defaults 12-14

600/DEBT

700/INVESTMENTS

800/INTERGOVERNMENTAL RELATIONS

01 – Interlocal Cooperation in Service Delivery 15
02 – Legislative Initiatives 16
03 – Monitor and Participate in Statewide Redevelopment Activities 17

900/GRANTS

1000/FISCAL MONITORING

01 – Financial Status Reports and Annual Audited Financials 18

1100/FINANCIAL CONSULTANTS

1200/ACCOUNTING, AUDITING AND FINANCIAL REPORTING

01 – Conformance to Accounting Principles 19
02 – Selection of Auditors 20

03 – (Save for future use)	
04 – Fund Balance Classification	21

1300/INTERNAL CONTROLS

01 – Fiscal Signature Authority	22
02 – Separation of Duties	23
03 – Proper Recording	24
04 – Access to Assets and Records	25
05 – Internal Control Evaluation	26
06 – Returned Checks	27
07 – Costs and Benefits	28

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

INTRODUCTION

It is prudent of the Redevelopment Agency to adopt sound financial management policies. Historically, Agency staff has followed many of the financial policies of the City of Henderson. Recognizing that the Agency is governed by NRS 279 and engages in financial transactions unique to a Redevelopment Agency, staff has prepared financial management policy statements for review and adoption by the Redevelopment Agency Board. This Financial Management Policy manual is intended to be a complete, comprehensive compilation of policy statements. From time to time, the Governmental Accounting Standards Board (GASB), Nevada Revised Statutes, and best practices in the industry change. As these changes occur, the financial management policy statements will be reviewed and may require revision. Any proposed revisions will be brought before the Redevelopment Agency Board for review and adoption.

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1000-01

CATEGORY: FISCAL MONITORING

SUBJECT: Financial Status Reports and Annual Audited Financials

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To prepare and present regular reports analyzing, evaluating and forecasting the Agency’s financial performance and economic condition.

GUIDELINES

NRS 279.618 requires that each agency shall file with the legislative body a detailed report of all of its transactions, including a statement of all revenues and expenditures, at monthly, quarterly or annual intervals as the legislative body may prescribe.

Monthly reports shall be prepared comparing year-to-date expenditures and revenues to current budget and noting the status of fund balances to include dollar amounts and percentages. These reports are sent to the all City of Henderson Departments, the Redevelopment Advisory Commission and Redevelopment Agency Board and are available to interested parties by request.

Annually, for the preceding fiscal year, the Agency shall have an audit performed by a selected auditor (see policy 1200-02) on the financial statements of the Agency. The audited financial statements shall be presented to the Redevelopment Advisory Commission each November and the Redevelopment Agency Board each December for acceptance. Audited financial statements are available to interested parties by request and shall be made available on the Agency’s webpage within the City of Henderson’s website.

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1200-01

CATEGORY: ACCOUNTING, AUDITING AND
FINANCIAL REPORTING

SUBJECT: **Conformance to Accounting Principles**

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To comply with prevailing local, state, and federal regulations, as well as current professional principles and practices relative to accounting, auditing, and financial reporting.

GUIDELINES

The Agency's accounting practices and financial reporting shall conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and the recommended best practices by the Government Finance Officers' Association (GFOA).

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1200-02

CATEGORY: ACCOUNTING, AUDITING AND
FINANCIAL REPORTING

SUBJECT: **Selection of Auditors**

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To comply with prevailing local, state, and federal regulations, as well as current professional principles and practices relative to accounting, auditing, and financial reporting.

GUIDELINES

Because the Agency utilizes the financial accounting system of the City of Henderson and to realize economies of scope and scale, the Agency shall coordinate the auditing of financial records with the City of Henderson.

At a maximum of every five years, the City and Agency together shall request proposals from qualified firms, including the current auditors if their past performance has been satisfactory. Staff shall recommend an independent firm of certified public accountants to perform an audit of the books of accounts, records and transactions, to the Agency Board. The firm shall certify the financial statements of the Agency.

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1200-04

CATEGORY: ACCOUNTING, AUDITING AND
FINANCIAL REPORTING

SUBJECT: **Fund Balance Classification**

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To establish fund balance classifications and use.

GUIDELINES

Fund balance classifications describe the nature of net resources reported in a governmental fund. Classifications include non-spendable resources and amounts that are restricted, committed or assigned.

Restricted amounts result from constraints placed on the use of resources externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

Committed amounts result from constraints imposed by formal action of the Agency Board.

Assigned amounts are constrained by the Agency’s intent to use for specific purposes. The Agency delegates authority to assign fund balance amounts to the Treasurer.

Because all funds of a Redevelopment Agency are imposed by Nevada Revised Statute, all funds of the Agency are Restricted.

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1300-02

CATEGORY: INTERNAL CONTROLS

SUBJECT: **Separation of Duties**

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To establish and maintain an internal control structure designed to provide reasonable assurances that Agency assets are safeguarded and that the possibilities for material errors in the Agency's financial records are minimized.

GUIDELINES

The Agency shall contract with the City to provide some financial management oversight and separation of duties. Job duties and contracted services will be adequately separated to reduce to an acceptable level the opportunities of any person to be in a position to both commit and conceal errors and irregularities in the normal course of assigned duties.

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1300-03

CATEGORY: INTERNAL CONTROLS

SUBJECT: **Proper Recording**

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To establish and maintain an internal control structure designed to provide reasonable assurances that Agency assets are safeguarded and that the possibilities for material errors in the Agency’s financial records are minimized.

GUIDELINES

Procedures shall be developed and maintained that will ensure financial transactions and events are properly recorded and that all financial reports may be relied upon as accurate, complete and up-to-date.

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1300-04

CATEGORY: INTERNAL CONTROLS

SUBJECT: Access to Assets and Records

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To establish and maintain an internal control structure designed to provide reasonable assurances that Agency assets are safeguarded and that the possibilities for material errors in the Agency’s financial records are minimized.

GUIDELINES

Procedures shall be designed and maintained to ensure that adequate safeguards exist over the access to and use of financial assets and records.

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1300-05

CATEGORY: INTERNAL CONTROLS

SUBJECT: **Internal Control Evaluation**

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To establish and maintain an internal control structure designed to provide reasonable assurances that Agency assets are safeguarded and that the possibilities for material errors in the Agency's financial records are minimized.

GUIDELINES

Ongoing evaluations will be performed to determine whether internal controls over financial reporting are present and functioning. Deficiencies will be identified and timely communication to those responsible for taking corrective action and to management as appropriate. Policies, procedures and internal controls are subject to independent audit (internal and external).

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1300-06

CATEGORY: INTERNAL CONTROLS

SUBJECT: **Returned Checks**

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To establish and maintain an internal control structure designed to provide reasonable assurances that Agency assets are safeguarded and that the possibilities for material errors in the Agency's financial records are minimized.

GUIDELINES

The City of Henderson shall collect deposits for the Agency and has developed procedures for handling returned checks: The procedures address updating customer accounts, recovery efforts, assessing collection fees as authorized under NRS 597.960 and managing future customer payments as appropriate under the circumstances.

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 1300-07

CATEGORY: INTERNAL CONTROLS

SUBJECT: **Costs and Benefits**

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers within redevelopment project areas.

PURPOSE

To establish and maintain an internal control structure designed to provide reasonable assurances that Agency assets are safeguarded and that the possibilities for material errors in the Agency’s financial records are minimized.

GUIDELINES

Internal control systems and procedures must have an apparent benefit in terms of reducing and/or preventing losses. The cost of implementing and maintaining any control system should be evaluated against the expected benefits to be derived from the system.

HISTORY

Redevelopment Agency Board Adopted: (Insert Date of Adoption Here)



RAC

REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 22, 2011

RAC-008

SUBJECT	Financial Management Policies
PETITIONER	Economic Development/Redevelopment Division of the City Manager's Office
RECOMMENDATION	Recommend Adoption

FISCAL IMPACT:

No Impact
 Budget funds available
 Augmentation required

BACKGROUND / DISCUSSION / ALTERNATIVES:

It is prudent of the Redevelopment Agency to adopt sound financial management policies. Historically, Agency staff has followed many of the financial policies of the City of Henderson. Recognizing that the Agency is governed by NRS 279 and engages in financial transactions unique to a Redevelopment Agency, staff is preparing financial management policy statements for review and adoption by the Redevelopment Agency Board. Staff began preparing policies for adoption in July 2011 and it is envisioned that over a period of several months, staff will complete a comprehensive compilation of policy statements. From time to time, the Governmental Accounting Standards Board (GASB), Nevada Revised Statutes, and best practices in the industry change. As these changes occur, the financial management policy statements will be reviewed and may require revision. Any proposed revisions will be brought before the Redevelopment Agency Board for review and adoption.

Staff is recommending adoption of the following financial management policy statements:

1. RDA Loan Write Off

RECOMMENDED MOTION:

I move to recommend adoption of Redevelopment Financial Management Policies for: RDA Loan Write Off.

Supporting Documentation:

Redevelopment Financial Management Policy Statements consisting of one (1) page

**CITY OF HENDERSON REDEVELOPMENT AGENCY
FINANCIAL MANAGEMENT POLICY**

POLICY NUMBER: 500-03

CATEGORY: LOANS

SUBJECT: Loan Write Off Policy

SCOPE

All City of Henderson Redevelopment Employees; Redevelopment Residents; Developers; Property and Business Owners

PURPOSE

To establish guidelines for providing financial assistance to developers, property owners, and business owners.

GUIDELINES

Background

The Agency provides financial assistance, in the form of loans, to developers, property owners, and business owners for the purpose of removing blight as defined in NRS 279.388. Occasionally, loan recipients fail to make their payments. When this happens, staff must take actions to correct the default via Financial Management Policy 500-02 (Loan Default Policy). When staff has exhausted all available legal options where the benefit outweighs the costs, loans may be required to be written off.

Loan Write Off

With the consensus of the Agency’s General Counsel, staff shall prepare a request to write off a loan. Requests may be approved as per Financial Management Policy 1300-01 (Fiscal Signature Authority Policy) where the principal balance of the loan is:

\$0.01	- \$10,000	Redevelopment Manager
\$10,000.01	- \$25,000	City of Henderson Redevelopment Department Head
\$25,000.01	- \$50,000	Executive Director
Over \$50,000		Executive Director with the approval by the Redevelopment Agency Board

Depending on the circumstances, the signature authority (Manager, Department Head or Executive Director) may choose to forward the approval to the next level for final disposition.

HISTORY

Redevelopment Agency Board Adopted: (insert adoption date here)



REDEVELOPMENT AGENCY ADVISORY COMMISSION AGENDA ITEM

REGULAR MEETING

NOVEMBER 22, 2011

RAC-007

SUBJECT	Projects Update
PETITIONER	Economic Development/Redevelopment Division of the City Manager's Office
RECOMMENDATION	Recommend Acceptance

FISCAL IMPACT:

No Impact Budget funds available Augmentation required

BACKGROUND / DISCUSSION / ALTERNATIVES:

This is an update provided to the Redevelopment Agency Advisory Commission of new and ongoing projects and business activity within the four redevelopment areas.

RECOMMENDED MOTION:

I move to accept report.

Supporting Documentation:

Memorandum consisting of three (3) pages



Memorandum

TO: Redevelopment Agency Advisory Commission
FROM: Michelle Romero, Redevelopment Manager
SUBJECT: Projects Update

Following are new or ongoing redevelopment projects, as compiled by staff, in our Redevelopment Areas and their status as of November 09, 2011:

I. CORNERSTONE REDEVELOPMENT AREA

- Shortfall Note
- HOF Financial Properties

Projects

- Diamond Cornerstone
- Ladera Parcels
- Loretto Bay

II. DOWNTOWN REDEVELOPMENT AREA

Projects

- 323 Water Street
- Business Recruitment Marketing Team
 - Master Piece Cuisine Catering is a new business at 303 S. Water Street. This full service catering company has been in operation for four years and has 13 full time employees at this location and expands to 25-30 staff members on days of events. Staff has been working with this company, which has already joined the WSDBA as a premier member.
 - RDA and Real Estate staff met with representatives from the Boys & Girls Club of Henderson, Ken Rubeli CEO and Terry Manley, President of the Board, to show them the 2,300-square-foot office space in the Lotus Building. Realizing that there is some remodeling to do, both were very interested in moving the administrative offices for the Boys & Girls Club to this location, along with a joint tutoring service for children at McCaw Elementary School. Staff is now working on rent comparisons and rates to present to them to begin lease negotiations.
 - RDA and Property Management staff met with the general contractor for the Boys and Girls Club of Henderson who is working on cost estimates for repairs to the Lotus building and other building issues mitigation costs. It is being determined if the tenant will be doing the repairs to off-set lease terms or if the City will be moving forward with the repairs. Action will be determined by the cost estimates that are received.

- City Tower (Southeast corner of Lake Mead Parkway and Water Street)
- Create Comprehensive Development and Business Recruitment Incentive Packages
 - Downtown Investment Strategy (DTIS)
 - Approximately 70 residents and business owners attended the third outreach session on October 25. Overall response was very positive, and attendees are very much looking forward to the final draft of the Strategy.
 - Community Development met with staff regarding a hybrid “College Plan” and Master Plan process to guide land use and zoning within Downtown.
- Downtown Power Need
- Emergency Assistance Loan
- Former Parkline Site
- Henderson Hyundai
- Historic Walking Tour
- Increase Curb Appeal
- Targeted Façade Improvement: (19 Water St.)
- Lake Mead Crossing
- Marketing the Water Street District Team
- Marketing To Developers, Business Owners & Consumers
- Outreach:
 - Staff is working with Graphics to design a booklet of the “Experience Water Street” packages that were put together by staff and Purdue Marion.
 - The Trick-or-Treat Water Street event took place on October 29. 1,500+ attendees, some from as far as North Las Vegas, enjoyed vendor booths, activities and live entertainment in the Events Plaza and free candy from the businesses along Water Street and Pacific Avenue. Staff has received positive feedback from business owners who participated. Contact information was gathered from attendees to aid in future outreach efforts.
- Phase III Improvements
- Pinnacle Building
- Residential Development Team: UNLV students have begun to put together design concepts for better utilization of the alley ways and vacant parcels within the downtown area.
- Social Gathering Space Team
- Shurtleff Building (38 S. Water Street)
- Site A (SW corner of Victory and Water)
- The Meridian (155 S. Water Street)
- Townhouse Motor Lodge:
 - The developer has signed the OPA, which has been routed for signatures. Staff met with the developers and discussed timelines, benchmarks, and processes that need to be followed.
- Urban Lounge
- Water Street District Business
- Water Street District Business Association:
 - WSDBA membership is now at 50 businesses. Staff is now working closely with the Board to focus on sustaining current membership numbers for 2012.

Programs

- Façade Improvement Program

III. EASTSIDE REDEVELOPMENT AREA

Projects

- Bifurcation:
- Business
- Eastside Business Coalition
- Landwell/Cadence (Cadence)
- Museum Site-95/Galleria
- Union Village
- Wells Park:
 - Work continues on schedule. Installation of the three new shade structures has started. The pouring of the wavy wall continues and the contractor is getting ready to pour a large portion of the pedestrian plaza on Friday.
 - A large portion of the landscaping along the north end of the park has been completed except for the installation of the plants. The large boulders have been placed, all the irrigation is complete and the holes are dug for the new trees.

Programs

- Façade Improvement Program
- Sign Grant Program

IV. TUSCANY REDEVELOPMENT AREA

- OPA
- Semi-Annual Payment

V. LAKEMOOR CANYON

VI. ADMINISTRATION / ALL AREAS

- Audit: The audit was completed on November 3.
- Bonds
- Business License Counts
- Homeowner Assistance Program: Another loan modification is complete. Staff is working on two files that experienced penalties and interest that need to be corrected and also on one new request for a loan workout.
- NDC
- Revenue: September overall RDA revenues were down 39%, resulting mostly from Eastside.