

NEW ISSUE  
BOOK-ENTRY ONLY

RATING: S&P: "Applied For"  
See "RATING APPLIED FOR"

*In the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2009A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2009A Bonds (the "Tax Code"), and interest on the 2009A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See "TAX MATTERS--Federal Tax Matters."*

**\$85,000,000\***

**CITY OF LAS VEGAS REDEVELOPMENT AGENCY, NEVADA  
TAX INCREMENT REVENUE BONDS  
SERIES 2009A**

**Dated: Date of Delivery**

**Due: June 15, as shown herein**

The 2009A Bonds (defined herein) are issued as fully registered bonds, in denominations of \$5,000 or any integral multiple thereof. The 2009A Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the 2009A Bonds. Purchases of the 2009A Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2009A Bonds. See "THE 2009A BONDS--Book-Entry Only System." The 2009A Bonds bear interest at the rates set forth on the inside cover page, payable on June 15 and December 15 of each year, commencing on June 15, 2009. Payments of the principal of and interest on the 2009A Bonds will be made by the Trustee (currently U.S. Bank National Association) directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the registered owner of the 2009A Bonds. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and the Indirect Participants, as more fully described herein. See "THE 2009A BONDS--Book-Entry Only System."

**The maturity schedule for the 2009A Bonds appears on the inside cover page of this Official Statement.**

The 2009A Bonds will be subject to redemption prior to maturity at the option of the Agency and also will be subject to mandatory sinking fund redemption as described in "THE 2009A BONDS--Redemption Provisions."

The proceeds of the 2009A Bonds will be used to: (i) pay a portion of the costs for redevelopment improvements in the Redevelopment Area (defined herein); (ii) fund a reserve fund for the 2009A Bonds; and (iii) pay the costs of issuing the 2009A Bonds. See "SOURCES AND USES OF FUNDS."

Under the 2009A Indenture (defined herein), the Agency has pledged the 2009A Trust Estate as security for the 2009A Bonds. The 2009A Trust Estate includes: the 2009A Pledged Revenues (comprised of the 2009A Pledged Property Tax Revenues and certain investment income); the 2009A Trust Funds; and the Cooperation Agreement (each as defined herein). The lien of the 2009A Bonds on the 2009A Pledged Revenues is on a parity with the lien of the Agency's 2003A Bonds (described herein). See "SECURITY FOR THE BONDS--The 2009A Bonds." The Agency may issue additional bonds payable from the 2009A Pledged Revenues subject to certain conditions described herein. See "SECURITY FOR THE BONDS--Additional Obligations - Additional Parity Bonds."

The 2009A Bonds are special, limited obligations of the Agency. **The 2009A Bonds do not constitute a debt or indebtedness of the Agency within the meaning of any constitutional or statutory provision or limitation and are not a general obligation of the Agency. The Agency has no taxing power. The 2009A Bonds are not payable from any funds or properties other than those specifically pledged by the Agency pursuant to the 2009A Indenture. The 2009A Bonds are not an obligation of the City of Las Vegas, Nevada (the "City") and the City is not liable for their payment.**

**This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."**

The 2009A Bonds are offered when, as, and if issued by the Agency and accepted by the Underwriter, subject to the approval of legality of the 2009A Bonds by Swendseid & Stern, a member in Sherman & Howard L.L.C., Las Vegas, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Swendseid & Stern, a member in Sherman & Howard L.L.C., also has acted as special counsel to the Agency in connection with this Official Statement. Certain legal matters will be passed upon for the Agency by the City Attorney, acting as Agency Counsel. NSB Public Finance, Las Vegas, Nevada, has acted as Financial Advisor to the Agency. It is expected that the 2009A Bonds will be available for delivery through the facilities of DTC, on or about March 30, 2009.\*

STONE & YOUNGBERG

\* Subject to change.

**MATURITY SCHEDULES\***  
**(CUSIP© 6-digit issuer number: \_\_\_\_\_)**

**\$85,000,000\***  
**City of Las Vegas Redevelopment Agency, Nevada**  
**Tax Increment Revenue Bonds**  
**Series 2009A**

<u>Maturing</u> <u>(June 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>	<u>Maturing</u> <u>(June 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>
2015					2023				
2016					2024				
2017					2025				
2018					2026				
2019					2027				
2020					2028				
2021					2029				
2022					2030				

\$ \_\_\_\_\_ % Term Bond due June 15, \_\_\_\_\_. Priced to Yield: \_\_\_\_\_%. CUSIP© Issue No.: \_\_\_\_\_.

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\* Subject to change.

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## **USE OF INFORMATION IN THIS OFFICIAL STATEMENT**

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2009A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2009A Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City of Las Vegas Redevelopment Agency, Nevada (the "Agency"). The Agency and the City of Las Vegas (on behalf of the Agency) each maintain an internet website for various purposes; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2009A Bonds.

The information set forth in this Official Statement has been obtained from the Agency and from the sources referenced throughout this Official Statement, which the Agency believes to be reliable. No representation is made by the Agency, however, as to the accuracy or completeness of information provided from sources other than the Agency, and nothing contained herein is or shall be relied upon as a guarantee of the Agency. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2009A Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2009A Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2009A Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2009A Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

**THE PRICES AT WHICH THE 2009A BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2009A BONDS, THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2009A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**CITY OF LAS VEGAS REDEVELOPMENT AGENCY, NEVADA**

**REDEVELOPMENT AGENCY BOARD MEMBERS**

Oscar B. Goodman, Mayor and Chairman of the Agency

Gary Reese, Vice Chairman

Steve Wolfson

Lois Tarkanian

Steven D. Ross

Ricki Y. Barlow

David W. Steinman

**REDEVELOPMENT AGENCY OFFICIALS**

Elizabeth N. Fretwell, Executive Director

Scott D. Adams, Operations Officer

Candace Falder, Acting Finance Officer

Bradford R. Jerbic, General Counsel

Beverly Bridges, Secretary

**FINANCIAL ADVISOR**

NSB Public Finance

Las Vegas, Nevada

**BOND AND SPECIAL COUNSEL**

Swendseid & Stern, a member in

Sherman & Howard L.L.C.

Las Vegas, Nevada

**TRUSTEE**

U.S. Bank National Association

Phoenix, Arizona

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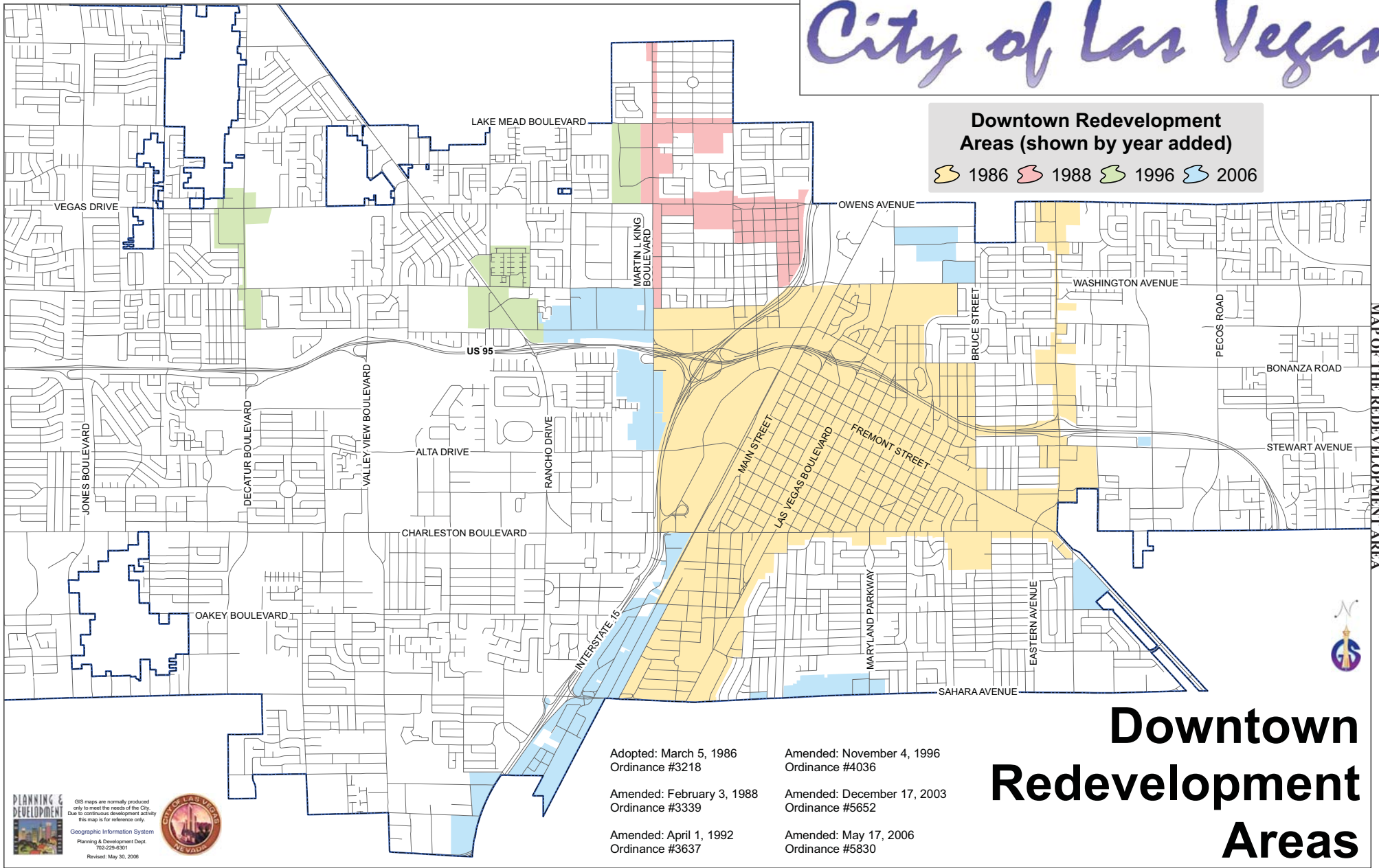
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# City of Las Vegas

## Downtown Redevelopment Areas (shown by year added)

█ 1986 
 █ 1988 
 █ 1996 
 █ 2006



MAP OF THE REDEVELOPMENT AREA



# Downtown Redevelopment Areas

Adopted: March 5, 1986  
Ordinance #3218

Amended: November 4, 1996  
Ordinance #4036


Amended: February 3, 1988  
Ordinance #3339

Amended: December 17, 2003  
Ordinance #5652

Amended: April 1, 1992  
Ordinance #3637

Amended: May 17, 2006  
Ordinance #5830

**PLANNING & DEVELOPMENT**  
GIS maps are normally produced only to meet the needs of the City. Due to continuous development activity this map is for reference only.  
 Geographic Information System  
 Planning & Development Dept.  
 702-228-6301  
 Revised: May 30, 2006



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## OFFICIAL STATEMENT

**\$85,000,000\***

### **CITY OF LAS VEGAS REDEVELOPMENT AGENCY, NEVADA TAX INCREMENT REVENUE BONDS SERIES 2009A**

## INTRODUCTION

### **General**

This Official Statement, which includes the cover page, the inside cover page and the appendices, provides information in connection with the offer and sale by the City of Las Vegas Redevelopment Agency (the "Agency") of its Tax Increment Revenue Bonds, Series 2009A, in the aggregate principal amount of \$85,000,000\* (the "2009A Bonds"). The 2009A Bonds will be issued pursuant to an Indenture of Trust dated as of March 15, 2009 (the "2009A Indenture") between the Agency and U.S. Bank National Association, Phoenix, Arizona (the "Trustee"). Unless otherwise defined, capitalized terms used herein are defined in Appendix B - Summary of Certain Provisions of the 2009A Indenture.

*The offering of the 2009A Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2009A Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled "CERTAIN RISK FACTORS." Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page, inside cover page and appendices, is unauthorized.*

### **The City**

The City of Las Vegas, Nevada (the "City" and the "State") was incorporated in 1911 and is the county seat for Clark County (the "County"). The City is located in the central portion of the County, which is the southernmost county in the State. According to State Demographer estimates, the City's population a July 1, 2008 was approximately 593,528.

### **The Redevelopment Agency**

The Agency is a public body, corporate and politic, created pursuant to the Nevada Community Redevelopment Law, Nevada Revised Statutes ("NRS") Sections 279.382 to 279.685, inclusive (the "Act"). The Agency was made functional pursuant to a resolution adopted by the Las Vegas City Council (the "City Council") on November 6, 1985. In the resolution, the City Council declared itself to be the legislative body of the Agency. In March 1986, the City Council adopted the "Redevelopment Plan for the Downtown Las Vegas Redevelopment Area;" that plan was amended several times in order to expand the redevelopment area and to clarify land uses allowed within the area. The plan was amended

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\* Subject to change.

most recently in May 2006 by adoption of the Amended and Restated City of Las Vegas Redevelopment Plan (the “Redevelopment Plan”) pursuant to Ordinance No. 5830. The Redevelopment Plan coordinates with the City’s 2020 Master Plan and the Downtown Centennial Plan, which established special urban development standards for the entire downtown core district. Pursuant to State law and the Redevelopment Plan, the Redevelopment Plan must terminate by March 5, 2031. See “THE REDEVELOPMENT AREA--The Redevelopment Plan.”

According to the City’s Planning Department, the redevelopment area identified in the current Redevelopment Plan (the “Redevelopment Area”) currently encompasses approximately 3,728 acres in the heart of the City (including approximately 741 acres in six different locations throughout the City that were added to the Redevelopment Area in 2006). The acreage of the Redevelopment Area represents approximately 4.4% of the incorporated area of the City. After accounting for roads, rights of way, curbs and other common area, the net acreage of the Redevelopment area is approximately 2,628 acres. The City Planning Department estimated that the population within the Redevelopment Area was 30,928 as of July 1, 2008. See “THE REDEVELOPMENT AREA.”

A citizens committee filed sufficient signatures for a referendum seeking the repeal of Ordinance No. 5830, which approved the amended and restated Redevelopment Plan. The amended and restated Redevelopment Plan replaced the previous redevelopment plan, expanded the Redevelopment Area and coordinated the Redevelopment Plan with other long-term City planning documents. The City Attorney advised the City Council that any such repeal would constitute an unconstitutional impairment of contract and should not be placed on the ballot. On March 4, 2009, the City Council voted to deny the referendum placement on the June 2, 2009 municipal election ballot.

A similar petition was circulated in 1995 that would have required a referendum on the 1986 ordinance that created the Agency. In 1995, the Attorney General of Nevada issued a formal opinion indicating a referendum was not available in that matter because the City’s adoption of the redevelopment plan was administrative, not legislative, in nature and therefore could not be the subject of a referendum petition under the State constitution. The Attorney General also concluded that the ballot measure would “plainly and palpably” be an impairment of existing contracts (including outstanding bonds) in violation of the United States Constitution.

It is not known at this time whether the citizens committee will challenge the City Council’s action or what the result of such a challenge would be. If the referendum was approved (and not struck down by a court as unconstitutional) and Ordinance No. 5830 is repealed, it is unclear under State law whether (i) the redevelopment plan and the Redevelopment Area would revert to their pre-May 2006 status (less the new 741 acres), or (2) no redevelopment plan would be in effect for the Redevelopment Area. For fiscal year 2008-09, the property added to the Redevelopment Area by Ordinance No. 5830 represented approximately \$11.6 million in incremental assessed valuation. However, it is the opinion of the City Attorney and of Bond Counsel that a repeal of Ordinance No. 5830 (and the resulting repeal of the Redevelopment Plan) would constitute an unconstitutional impairment of contract with respect to the 2009 Bonds.

The same citizens committee has filed sufficient signatures submitting an initiated amendment to the City’s charter. Among other items, the initiated amendment seeks to establish the registered voters of the City as the “legislative body” in place of the City Council for

purposes of State laws authorizing the adoption of redevelopment plans, the approval of material deviations from such plans, amendments to existing redevelopment plans, and approving redevelopment contracts proposed by the Agency. On March 4, 2009, the City Council also voted to deny placement of the initiated amendment on the June 2, 2009, municipal election ballot after being advised that it is not properly subject to a vote of the citizens. The initiated amendment will follow the same procedural steps as described above for the referred measure. Should the initiated measure be adopted and held to be legal, voters would be required to approve all future redevelopment plan amendments or material deviations as well as future redevelopment contracts, possibly including development agreements and owner participation agreements (which are discussed later in this Official Statement).

### **The 2009A Bonds; Redemption Provisions**

The 2009A Bonds are issued in denominations of \$5,000 or integral multiples thereof and initially to be registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company (“DTC”), the securities depository for the 2009A Bonds. Purchases of the 2009A Bonds are to be made in book-entry form only. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2009A Bonds. See “THE 2009A BONDS--Book-Entry Only System.”

The 2009A Bonds will be dated as of their date of delivery and will mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The payment of the principal of and interest on the 2009A Bonds is described in “THE 2009A BONDS--Payment Provisions.”

The 2009A Bonds will be subject to redemption prior to maturity at the option of the Agency and also will be subject to mandatory sinking fund redemption as described in “THE 2009A BONDS--Redemption Provisions.”

### **Authority for Issuance**

The Bonds are authorized to be issued pursuant to the Act, a resolution (the “Bond Resolution”) to be adopted by the City of Las Vegas Redevelopment Agency Board (the “Board”) on March 18, 2009, and the 2009A Indenture.

### **Purpose**

The proceeds of the 2009A Bonds will be used to: (i) pay a portion of the costs for redevelopment improvements in the Redevelopment Area (the “Redevelopment Project”); (ii) fund reserve fund for the 2009A Bonds; and (iii) pay the costs of issuing the 2009A Bonds. See “SOURCES AND USES OF FUNDS.”

### **Security**

General. The 2009A Bonds do not constitute a general obligation of the Agency. Owners of the 2009A Bonds may not look to any other funds or accounts other than those specifically pledged by the Agency to the payment of the 2009A Bonds. *The Agency has no taxing power.*

The 2009A Bonds. *General.* The 2009A Bonds constitute special, limited obligations of the Agency, equally and ratably secured by an irrevocable pledge of and a lien on, and payable as to principal, premium, if any, and interest solely from the 2009A Trust Estate (defined below) described in the 2009A Indenture.

*The 2009A Trust Estate.* The 2009A Trust Estate is comprised of: (i) 82% of the Total Tax Increment, as defined and more fully described below (the “2009A Pledged Property Tax Revenues”); (ii) the 2009A Debt Service Fund and the 2009A Reserve Fund, each of which is a trust fund established pursuant to the 2009A Indenture (collectively, the “2009A Trust Funds”); (iv) certain investment income; and (v) the Cooperation Agreement dated December 4, 1985, between the City and the Agency, as supplemented and amended from time to time (the “Cooperation Agreement”). See “SECURITY FOR THE BONDS--The 2009A Bonds” and Appendix B - Summary of Certain Provisions of the 2009A Indenture. The 2009A Pledged Property Tax Revenues and the investment income from the investment of the Trust Funds are referred to collectively as the “2009A Pledged Revenues.”

*Lien Priority.* The 2009A Pledged Property Tax Revenues are defined as “that portion of ad valorem property taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies within or overlapping the Redevelopment Area upon that portion of the assessed value of all taxable property within the Redevelopment Area which is in excess of the Property Tax Base Amount (defined below), all as calculated pursuant to NRS 279.676 (the “Total Tax Increment”); provided, however, that such amount shall be reduced (i) by any lawful collection fee charged by the County, and (ii) by an amount equal to 18% percent of the total revenue paid to the Agency in any Fiscal Year which shall be set aside and used by the Agency to increase, improve, and preserve the number of dwelling units in the City for low-income households as provided in NRS 279.685 (the “Housing Set-Aside”). Accordingly, the 2009A Pledged Property Tax Revenues currently are comprised of 82% of the Total Tax Increment.

The lien of the 2009A Bonds on the 2009A Pledged Property Tax Increment is on a parity with the lien thereon of the Agency’s Tax Increment Subordinate Lien Revenue Refunding Bonds (Fremont Street Experience Project), Series 2003 (the “2003A Bonds”), currently outstanding in the aggregate principal amount of \$18,300,000. The 2003A Bonds and the 2009A Bonds are referred to collectively as the “Parity Bonds.” There are no outstanding bonds with a lien on the 2009A Pledged Property Tax Increment that is superior to the lien thereon of the Parity Bonds. See “SECURITY FOR THE BONDS--The 2009A Bonds” and Appendix B - Summary of Certain Provisions of the 2009A Indenture. Also see “AGENCY DEBT STRUCTURE--Other Agency Obligations - Other OPAs--Buy-Low Market” for a description of an agreement requiring the Agency to provide specified grant funds to a developer.

“Property Tax Base Amount” is the amount as certified by the County Assessor on the assessment roll as (a) the assessed value of all taxable property within the Redevelopment Area last equalized prior to the adoption of the Redevelopment Plan, or (b) with respect to any property added to the Redevelopment Area subsequent to the original adoption of the Redevelopment Plan, the assessed value of all taxable property so added to the Redevelopment Area last equalized prior to the adoption of the amendment to the Redevelopment Plan which added such property to the Redevelopment Area. The Property Tax Base Amount also may be adjusted downward if any real property within the Redevelopment Area is acquired by the State

or for Native American reservation uses. The Agency's Property Tax Base Amount has been amended several times to account for the inclusion of additional property within the Redevelopment Area and was adjusted downward in October 2007 to account for property acquired by the State or a Native American reservation. The current Property Tax Base Amount is \$578,571,790.

*Additional Bonds.* Pursuant to the 2009A Indenture, and subject to the satisfaction of certain conditions, the Agency may issue additional bonds secured by a pledge of and lien upon the 2009A Pledged Revenues on a parity with the lien thereon of the 2009A Bonds ("Additional Parity Bonds"). The Agency may not issue any additional bonds with a lien on the 2009A Pledged Revenues that is superior to the lien of the 2009A Bonds. See "THE SECURITY FOR THE BONDS--Additional Obligations - Additional Parity Bonds."

Reserve Fund. The 2009A Bonds also is secured by a reserve fund (the "2009A Reserve Fund" established by the 2009A Indenture. See "SECURITY FOR THE BONDS--Reserve Fund."

### **Tax Matters**

In the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2009A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2009A Bonds (the "Tax Code"). See "TAX MATTERS--Federal Tax Matters."

The 2009A Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of the NRS. See "TAX MATTERS--State Tax Exemption."

### **Continuing Disclosure**

The Agency will execute a continuing disclosure certificate (the "Disclosure Certificate") at the time of the closing for the Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Bonds and the Agency will covenant in the Bond Ordinance to comply with its terms. The Disclosure Certificate will provide that so long as the Bonds remain outstanding, the Agency will annually provide the following information to the Municipal Securities Rulemaking Board ("MSRB"): (i) certain financial information and operating data; and (ii) notice of certain material events. The form of the Disclosure Certificate is attached hereto as Appendix D. The Agency has never failed to materially comply with any prior undertaking entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

### **Professionals**

Swendseid & Stern, a member in Sherman & Howard L.L.C., Las Vegas, Nevada, is acting as Bond Counsel to the Agency in connection with the issuance of the 2009A Bonds and also is acting as Special Counsel to the Agency in connection with this Official Statement. The Agency's financial advisor in connection with the preparation of this Official Statement and the issuance of the Bonds is NSB Public Finance, Las Vegas, Nevada. See "FINANCIAL

ADVISOR.” Stone & Youngberg LLC will act as underwriter. See “UNDERWRITING.” The fees being paid to the Underwriter and the Financial Advisor are contingent upon the execution and delivery of the 2009A Bonds. U.S. Bank National Association, Phoenix, Arizona is acting as the Trustee. The basic financial statements of the Agency in Appendix A of this Official Statement include the report of KPMG, LLP, Los Angeles, California, independent certified public accountants. See “INDEPENDENT AUDITORS.” Keyser Marston Associates, Los Angeles, California (“KMA”), has prepared the Fiscal Consultant’s Report attached hereto as Appendix G (described below in “Fiscal Consultant’s Report). Restrepo Consulting Group LLC, Las Vegas, Nevada (“RCG”), has prepared the Redevelopment Area Trend Analysis (the “Trend Analysis”) attached hereto as Appendix H.

### **Fiscal Consultant’s Report**

The Fiscal Consultant’s Report dated March 3, 2009, attached to this Official Statement as Appendix G, has been prepared by KMA. *Investors should review the entire contents of Appendix G in order to obtain an understanding of the scope and conclusions of the Fiscal Consultant’s Report. Special attention should be paid to the sections of the report detailing the limitations of the report and to the assumptions used in formulating the projections contained therein.* The Fiscal Consultant’s Report is based upon estimates, assumptions and other information, the sources of which are stated therein. Inevitably, some of these assumptions may not materialize and unanticipated events and circumstances will occur. Therefore, actual results are likely to vary from those projected in the Fiscal Consultant’s Report and such variations could be material. Consequently, the projections set forth in the Fiscal Consultant’s Report should not be regarded as a representation that the forecasted results will be achieved. To the extent that the forecasts prove to be inaccurate, the 2009A Pledged Property Tax Revenues may not be sufficient to pay the principal and interest on the 2009A Bonds when due. Also see “Forward-Looking Statements” below.

### **Redevelopment Area Trend Analysis**

The Trend Analysis dated February 2009, attached to this Official Statement as Appendix H, has been prepared by RSG. The Trend Analysis was prepared at the request of the City to describe and analyze general historical (2005-2008) and future (2009) economic, demographic and real estate trends in the Redevelopment Area and in the Las Vegas Valley. The Trend Analysis is an overview of general economic and development trends. The Trend Analysis contains two sections: Section 1 provides a historical context and analysis of the above-referenced trends; and Section 2 includes an analysis of future real estate trends that might influence assessed property values in the Redevelopment Area. *Investors should review the entire contents of Appendix H in order to obtain an understanding of the scope and conclusions of the Trend Analysis. Special attention should be paid to the sections of the report detailing the limitations of the report and to the assumptions used in formulating the projections contained therein.* The Trend Analysis Report is based upon estimates, assumptions and other information, the sources of which are stated therein. Inevitably, some of these assumptions may not materialize and unanticipated events and circumstances will occur. Therefore, actual results are likely to vary from those projected in the Trend Analysis and such variations could be material. Consequently, the projections set forth in the Trend Analysis should not be regarded as a representation that the forecasted results will be achieved. To the extent that the forecasts prove to be inaccurate, the 2009A Pledged Property Tax Revenues may not be sufficient to pay the

principal and interest on the 2009A Bonds when due. Also see “Forward-Looking Statements” below.

### **Bondholder’s Risks**

The purchase of the 2009A Bonds involves certain investment risks that are discussed throughout this Official Statement, particularly in the section entitled “CERTAIN RISK FACTORS.” Accordingly, each prospective purchaser of the 2009A Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.

### **Forward-Looking Statements**

This Official Statement, including but not limited to the sections entitled “SOURCES AND USES OF FUNDS,” the fiscal year 2009 budget information contained in “SECURITY FOR THE BONDS--Schedules of Historical Pledged Revenues and Debt Service Coverage,” “AGENCY DEBT STRUCTURE--Other Agency Obligations,” the planned and future projects described in “THE REDEVELOPMENT AREA--Projects in the Redevelopment Area,” Appendix G - Fiscal Consultant’s Report, Appendix H - Redevelopment Area Trend Analysis, and any statements related to future 2009A Pledged Revenues (including budgeted amounts), contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of revenues to pay debt service on the 2009A Bonds.

### **Additional Information**

This introduction is only a brief description of the Agency, the Redevelopment Area, the 2009A Bonds, the 2009A Indenture, and the Redevelopment Project; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2009A Bonds, the 2009A Indenture and other documents are included in this Official Statement. All references herein to the 2009A Bonds, the 2009A Indenture and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referenced above are available from the Agency and the Financial Advisor:

City of Las Vegas Redevelopment Agency  
400 Stewart Avenue  
Las Vegas, NV 89101  
Attention: City Finance Director/Agency Finance Officer  
Telephone: (702) 229-6280

NSB Public Finance  
230 Las Vegas Boulevard South, Suite 200  
Las Vegas, NV 89101  
Telephone: (702) 796-7080.

## SOURCES AND USES OF FUNDS

### Sources and Uses of Funds

The proceeds from the sale of the 2009A Bonds are expected to be applied in the following manner:

#### Estimated Sources and Uses of Funds

<b>Sources</b>	<u>Amount</u>
Par Amount .....	
Net original issue premium/(discount) .....	
Total .....	
<b>Uses</b>	
Redevelopment Project .....	
Reserve Fund deposit .....	
Costs of Issuance (1) .....	
Total .....	

(1) Includes Underwriter's discount, certain legal fees, financial advisory fees, printing and other costs.

Source: The Underwriter.

### The Redevelopment Project

The Redevelopment Project will be comprised of various qualifying Redevelopment Projects within the Redevelopment Area. Currently, the Agency has identified the following projects that may be funded with 2009A Bond proceeds. However, the priority of funding of these projects will be determined by the Board; eligible projects may be added to or removed from the list of currently anticipated projects as determined by the Board. The estimated costs discussed below are Agency estimates only; the final costs of any component of the projects will not be determined until contracts are let.

The following list of projects could comprise the Redevelopment Project, as finally determined by the Board:

(1) Construction of public infrastructure (utilities, roads, curb and gutter improvements) for Phases 2 and 3 of the Union Park project at an estimated cost of \$56.8 million; the Union Park project is discussed in more detail in "THE REDEVELOPMENT AREA--Projects in the Redevelopment Area - Future Projects--Union Park."

(2) Improvements to Stewart Avenue at an estimated cost of \$10.0 million;  
and

(3) Payment of a portion (approximately \$45 million) of the costs of constructing the Smith Center, a performing arts center to be located in Union Park. The Smith Center is planned as a multi-theatre complex with a main theatre (235,000 square feet) with seating for more than 2,000 audience members. The Smith Center will offer a blend of performances by local arts groups as well as first-run touring attractions. It will feature music,

theatre and dance companies from all over the world, and will be home to the Las Vegas Philharmonic and Nevada Ballet Theatre. Upon completion, this facility will be the first regional performing arts center in the Las Vegas Valley. The Smith Center also is planned to house a 68,000 square foot education building that will be home to class rooms, offices, retail and other support spaces.

(4) Other various qualifying projects as identified by the Agency from time to time, which may include (but are not limited to), parking projects, land or building acquisition, miscellaneous street improvements, or other miscellaneous projects.

## **THE 2009A BONDS**

### **General**

The 2009A Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof and initially will be registered in the name of “Cede & Co.,” as nominee of DTC, pursuant to DTC’s book-entry only system. The 2009A Bonds will be dated as of the date of their delivery and will bear interest at the rates set forth on the inside cover page of this Official Statement. Payments to Beneficial Owners of the 2009A Bonds will be made as described below in “Book-Entry Only System” below.

### **Payment Provisions**

The principal of any 2009A Bond shall be payable to the registered owner (the “Owner” or “Registered Owner”) thereof upon maturity or prior redemption thereof and upon presentation and surrender at the corporate trust office of the Trustee in St. Paul, Minnesota, or such other office as may be designated by the Trustee. Interest on any 2009A Bond shall be paid by check or draft of the Trustee mailed by the Trustee, on or before each interest payment date (or, if such interest payment date is not a Business Day, on or before the next succeeding Business Day), to the Registered Owner thereof at the address of such Registered Owner as it appears on the registration records of the Trustee at the close of business on the last day of the calendar month next preceding an interest payment date for the 2009A Bonds, whether or not a business day (the “Record Date”). Any such interest not so timely paid or duly provided for shall cease to be payable to the Person who is the Registered Owner of the 2009A Bond on the Record Date and shall be payable to the Person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date and the date fixed for payment of the defaulted interest shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest. Notice of the Special Record Date and the date fixed for payment of the defaulted interest shall be given to the Registered Owners of the 2009A Bonds not less than ten (10) days prior to the Special Record Date by first-class mail to each such Registered Owner as shown on the registration records on a date selected by the Trustee, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Alternative means of payment of interest may be used if mutually agreed to in writing between the Registered Owner of any 2009A Bond and the Trustee. If any 2009A Bond shall not be paid upon its presentation and surrender at or after maturity, it shall continue to draw interest at the rate borne by such 2009A Bond until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal and interest on the 2009A Bonds will be made by the Trustee directly to DTC or its nominee, Cede & Co., so long as DTC or Cede & Co. is the sole registered owner of the 2009A Bonds. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and the Indirect Participants, as more fully described herein. See “Book-Entry Only System” below.

## Redemption Provisions\*

Optional Redemption.\* The 2009A Bonds maturing on and after June 15, \_\_\_\_, are subject to redemption prior to maturity, at the option of the Agency, on and after June 15, \_\_\_\_, in whole or in part in integral multiples of \$5,000, from any maturity or maturities or portions thereof as selected by the Agency, and by lot within a maturity in such manner as the Trustee shall determine (giving proportionate weight to 2009A Bonds in denominations greater than \$5,000), at a redemption price equal to 100% of the principal amount of the 2009A Bonds to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption.\* The 2009A Bonds maturing on June 15, \_\_\_\_, are subject to mandatory sinking fund redemption, in part, by lot in such manner as the Trustee shall determine (giving proportionate weight to 2009A Bonds in denominations larger than \$5,000), at a redemption price equal to the principal amount of each 2009A Bond or portion thereof so redeemed plus accrued interest thereon to the redemption date

The 2009A Bond maturing on June 15, \_\_\_\_, will be subject to mandatory sinking fund redemption on June 15 of each of the years and in the principal amounts set forth below:

Redemption Date (June 15)	Principal Amount

The remaining \$ \_\_\_\_\_\* principal amount of 2009A Bonds maturing on June 15, \_\_\_\_, shall be paid upon presentation and surrender at or after their maturity (unless otherwise sooner redeemed pursuant to the optional redemption provisions described above).

The amount of any 2009A Bonds maturing on June 15, \_\_\_\_, which are redeemed at the option of the Agency as described above prior to the mandatory sinking fund redemption dates set forth above shall be credited against such mandatory sinking fund obligations in such order as the Agency directs to the Trustee.

Notice of Redemption. Notice of the call for any prior redemption, identifying the 2009A Bonds or portions thereof to be redeemed, shall be given by the Trustee by first class mail (or, only if and to the extent so directed in writing by the Agency, by registered or certified mail), at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption, to the Registered Owner of each 2009A Bond to be redeemed, in whole or in part, at the address shown on the registration records; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of the proceedings for the redemption of any 2009A Bond. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Registered Owner actually receives the notice.

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\* Subject to change.

Notwithstanding the foregoing, any notice of optional redemption may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2009A Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the Registered Owners of the 2009A Bonds called for redemption in the same manner as the original redemption notice was mailed.

Redemption Payments. Prior to the date fixed for redemption, funds shall be deposited with the Trustee in the Debt Service Fund to pay, and the Trustee is authorized and directed to apply such funds to the payment of, the 2009A Bonds or portions thereof called, together with accrued interest thereon to the redemption date and any required premium. The principal amount so redeemed will be payable at the principal corporate trust office of the Trustee or at such other office as may be designated by the Trustee, upon presentation and surrender to the Trustee of the 2009A Bonds so redeemed. Accrued interest to the redemption date will be paid by check or draft mailed by the Trustee to the Registered Owners thereof, as determined by the Trustee and stated in the notice of the call for redemption (or by alternative means if so agreed to by the Registered Owner of any such 2009A Bond and the Trustee). Upon the giving of notice as described above and the deposit of funds for redemption, interest on the 2009A Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption.

## **Tax Covenants**

In the 2009A Indenture, the Agency covenants for the benefit of the Registered Owners of the 2009A Bonds that it will not take any action or omit to take any action with respect to the 2009A Bonds, the proceeds thereof, any other funds of the Agency or the Agency Improvements if such action or omission (i) would cause the interest on the 2009A Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2009A Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2009A Bonds until the date on which all obligations of the Agency in fulfilling the above covenant under the Tax Code and the law of the State have been met.

In addition, the Agency covenants in the 2009A Indenture that its direction of investments pursuant to the 2009A Indenture shall be in compliance with the procedures established by the Federal Tax Exemption Certificate (defined in Appendix B) to the extent required to comply with its covenants described above and, to the extent required to comply with such covenants, the investment earnings on any moneys held by the Trustee or the Agency under the 2009A Indenture, or other Pledged Revenues, or other legally available moneys of the Agency, shall be deposited from time to time in the Rebate Fund for timely payment of all amounts due and owing to the United States Treasury. The Agency shall provide to the Trustee at least annually from the date of delivery of the 2009A Bonds a certificate of the Agency Representative to the effect that (i) all requirements of the 2009A Indenture with respect to the Rebate Fund have been met on a continuing basis, (ii) the proper amounts have been and are on deposit in the Rebate Fund, and (iii) timely payment of all amounts due and owing to the United States Treasury have been made. If the certifications required by either (ii) or (iii) above cannot be made, the certificate shall so state and shall be accompanied either by Pledged Revenues or other legally available moneys of the Agency, together with a direction to the Trustee to either

deposit such moneys to the Rebate Fund or to pay such moneys over to the United States Treasury, as appropriate, or by directions to the Trustee to transfer investment income available in any fund held by the Trustee under the 2009A Indenture to the Rebate Fund or to the United States Treasury, as appropriate.

### **Book-Entry-Only System**

The 2009A Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. DTC will act as the initial securities depository for the 2009A Bonds. The ownership of one fully registered 2009A Bond for each maturity, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of each maturity coming due thereon, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix E - Book-Entry-Only System.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2009A BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the Agency nor the Trustee will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2009A Bonds as further described in Appendix E to this Official Statement.

## DEBT SERVICE REQUIREMENTS\*

### 2009A Bonds and 2003A Bonds

The following table sets forth the estimated annual (fiscal year) debt service requirements on the 2009A Bonds, the total annual debt service requirements for the 2003A Bonds, and the estimated combined debt service payable from the 2009A Pledged Revenues.

#### Debt Service Requirements - 2009A Bonds and 2003A Bonds\*

Fiscal Year Ended June 30	2009A Bonds*			Total Debt Service on	
	Principal	Interest(1)	Total	2003A Bonds	Total
2009	--	\$ 1,567,188	\$ 1,567,188	\$ 1,053,650	\$ 2,620,838
2010	--	7,522,500	7,522,500	4,166,650	11,689,150
2011	--	7,522,500	7,522,500	4,173,375	11,695,875
2012	--	7,522,500	7,522,500	4,175,875	11,698,375
2013	--	7,522,500	7,522,500	4,172,750	11,695,250
2014	--	7,522,500	7,522,500	4,168,500	11,691,000
2015	\$ 2,610,000	7,522,500	10,132,500	--	10,132,500
2016	2,840,000	7,291,515	10,131,515	--	10,131,515
2017	3,090,000	7,040,175	10,130,175	--	10,130,175
2018	3,365,000	6,766,710	10,131,710	--	10,131,710
2019	3,665,000	6,468,908	10,133,908	--	10,133,908
2020	3,985,000	6,144,555	10,129,555	--	10,129,555
2021	4,340,000	5,791,883	10,131,883	--	10,131,883
2022	4,725,000	5,407,793	10,132,793	--	10,132,793
2023	5,140,000	4,989,630	10,129,630	--	10,129,630
2024	5,595,000	4,534,740	10,129,740	--	10,129,740
2025	6,090,000	4,039,583	10,129,583	--	10,129,583
2026	6,630,000	3,500,618	10,130,618	--	10,130,618
2027	7,215,000	2,913,863	10,128,863	--	10,128,863
2028	7,855,000	2,275,335	10,130,335	--	10,130,335
2029	8,550,000	1,580,168	10,130,168	--	10,130,168
2030	<u>9,305,000</u>	<u>823,493</u>	<u>10,128,493</u>	--	<u>10,128,493</u>
Total	\$85,000,000	\$116,271,153	\$201,271,153	\$21,910,800	\$223,181,953

(1) Assumes interest at rates estimated by the Underwriter and the Financial Advisor.

Source: The Underwriter and the Financial Advisor.

\* Subject to change.

## SECURITY FOR THE BONDS

*The purchase of the 2009A Bonds involves certain investment risks that are discussed throughout this Official Statement, particularly in the section entitled "CERTAIN RISK FACTORS." Accordingly, each prospective purchaser of the 2009A Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.*

### Security Generally

General. *The 2009A Bonds constitute special, limited obligations of the Agency. The 2009A Bonds are payable solely from the 2009A Pledged Revenues. Subject to the terms of the 2009A Indenture, the 2009A Bonds also are payable from any other amounts held in the funds and accounts established by the 2009A Indenture and specifically pledged to the 2009A Bonds. Owners of the 2009A Bonds may not look to any other funds or accounts other than those specifically pledged by the Agency to the payment of the 2009A Bonds pursuant to the 2009A Indenture.*

**The 2009A Bonds do not constitute a general obligation or a debt or indebtedness of the Agency within the meaning of any constitutional or statutory provision or limitation and are not a general obligation of the Agency. The Agency has no taxing power. The 2009A Bonds are not payable from any funds or properties other than those specifically pledged by the Agency pursuant to the 2009A Indenture.** The 2009A Bonds are not an obligation of the City and the City is not liable for their payment.

The 2009A Trust Estate. Under the 2009A Indenture, the Agency has pledged the 2009A Trust Estate as security for the 2009A Bonds. The 2009A Trust Estate includes the 2009A Pledged Property Tax Revenues, the 2009A Trust Funds, certain investment income and the Cooperation Agreement. The 2009A Bonds have a lien on the 2009A Pledged Revenues which is on a parity with the lien thereon of the 2003A Bonds.

### Historical and Projected Pledged Revenues and Debt Service Coverage\*

Historical 2009A Pledged Property Tax Revenues and Debt Service Coverage. The following table depicts a history of 2009A Pledged Property Tax Revenues for fiscal years 2004 through 2008 (calculated as described below), the actual debt service paid on outstanding Agency bonds in the time period indicated, and the debt service coverage in each year (calculated by dividing the amount of 2009A Pledged Property Tax Revenues in each year by the actual debt service paid in each year). *There is no assurance that the 2009A Pledged Property Tax Revenues will continue to be realized in the amounts illustrated below or that 2009A Pledged Property Tax Revenues will grow on a year-to-year basis in the future.* The 2009A Pledged Revenues also include investment income on the 2009A Trust Funds; investment income on the trust funds established in the indenture related to the 2003A Bonds also constitute pledged revenues for the 2003A Bonds. However, investment income revenues have been excluded from the following table.

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\* Subject to change.

The 2009A Pledged Property Tax Revenues have been calculated by subtracting the 18% Housing Set-Aside from the Total Tax Increment revenues generated in the Redevelopment Area in each year.

Projected 2009A Pledged Property Tax Revenues and Debt Service Coverage.\*

The following table sets forth projected debt service coverage for the term of the 2009A Bonds, beginning in fiscal year 2008-09. The “Total Tax Increment Revenues” information in the table for fiscal years 2009 through 2030 have been derived from the “No Growth Scenario” attached as Appendix A to the Fiscal Consultant’s Report. The information in that scenario was derived using the methodologies, estimates, assumptions and other information described in the Fiscal Consultant’s Report. Investors must review the entire Fiscal Consultant’s Report to gain an understanding of the methodologies, estimates, assumptions, information and other limitations inherent therein. See APPENDIX G - Fiscal Consultant’s Report. There is no assurance that current valuations in the Redevelopment Area will be maintained over the life of the 2009A Bonds. There also is no assurance that the assumptions and other estimates contained in the Fiscal Consultant’s Report will be realized. See “INTRODUCTION--Fiscal Consultant’s Report” and “INTRODUCTION--Forward-Looking Statements.” Neither the Agency nor the Underwriter makes any representations as to the achievability of the forecasts set forth below.

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\* Subject to change.

Historical and Projected 2009A Pledged Revenues and Debt Service Coverage\*

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Increment Revenues(1)</u>	<u>Less: 18% Housing Set-Aside(2)</u>	<u>2009A Pledged Property Tax Revenues(3)</u>	<u>Annual Debt Service(4)</u>	<u>Coverage</u>
2004	\$ 9,028,115	\$1,625,061	\$ 7,403,054	\$4,904,593	1.51x
2005	9,482,327	1,706,819	7,775,508	4,951,388	1.57x
2006	11,483,850	2,067,093	9,416,757	5,019,365	1.88x
2007	16,775,436	3,019,578	13,755,858	5,010,025	2.75x
2008	21,470,211	3,864,638	17,605,573	5,012,520	3.51x
2009(5)	24,848,000	4,473,000	20,375,000	2,620,838	7.77x
2010	22,395,000	4,031,000	18,364,000	11,689,150	1.57x
2011	23,602,000	4,248,000	19,354,000	11,695,875	1.65x
2012	24,881,000	4,479,000	20,402,000	11,698,375	1.74x
2013	26,235,000	4,722,000	21,513,000	11,695,250	1.84x
2014	27,671,000	4,981,000	22,690,000	11,691,000	1.94x
2015	29,191,000	5,254,000	23,937,000	10,132,500	2.36x
2016	30,802,000	5,544,000	25,258,000	10,131,515	2.49x
2017	32,509,000	5,852,000	26,657,000	10,130,175	2.63x
2018	32,786,000	5,901,000	26,884,000	10,131,710	2.65x
2019	32,815,000	5,907,000	26,908,000	10,133,908	2.66x
2020	32,844,000	5,912,000	26,932,000	10,129,555	2.66x
2021	32,844,000	5,912,000	26,932,000	10,131,883	2.66x
2022	32,844,000	5,912,000	26,932,000	10,132,793	2.66x
2023	32,844,000	5,912,000	26,932,000	10,129,630	2.66x
2024	32,844,000	5,912,000	26,932,000	10,129,740	2.66x
2025	32,844,000	5,912,000	26,932,000	10,129,583	2.66x
2026	32,844,000	5,912,000	26,932,000	10,130,618	2.66x
2027	32,844,000	5,912,000	26,932,000	10,128,863	2.66x
2028	32,844,000	5,912,000	26,932,000	10,130,335	2.66x
2029	32,844,000	5,912,000	26,932,000	10,130,168	2.66x
2030	32,844,000	5,912,000	26,932,000	10,128,493	2.66x

- (1) In fiscal years 2004-2008, represents actual Total Tax Increment revenues collected, including delinquent amounts from prior years (if any). Beginning in fiscal year 2009, represents projected Total Tax Increment revenues based upon the “No Growth Scenario” attached to the Fiscal Consultant’s Report as Appendix A. See Appendix G - Fiscal Consultant’s Report.
- (2) Calculated using 18% of the Total Tax Increment Revenues column.
- (3) Calculated by subtracting the 18% Housing Set-Aside from the Total Tax Increment Revenue.
- (4) In fiscal years 2004 through 2008, includes debt service on the 2003A Bonds and certain other bonds which have since been redeemed (the “1995A Bonds” and the “1995B Bonds”). While outstanding, the 1995A Bonds had a superior lien on the 2009A Pledged Property Tax Revenues (as well as certain other Agency revenues that are not available to pay debt service on the 2009A Bonds). Beginning in fiscal year 2009, includes debt service on the 2003A Bonds (through fiscal year 2014) and the 2009A Bonds. See “DEBT SERVICE REQUIREMENTS.”
- (5) Projections of Pledged Property Tax Revenue and Debt Service Coverage begin in fiscal year 2009.

Source: Information for fiscal years 2004-2008 was derived from the City of Las Vegas Redevelopment Agency Annual Financial Reports for the Fiscal Years Ended June 30, 2004 through 2008. Information for fiscal years 2009 was derived from the No Growth Scenario attached to the Fiscal Consultant’s Report as Appendix A.

\* Subject to change.

For fiscal year 2009, the Agency budgeted to receive Total Tax Increment Revenues of \$24,651,251. That would result in 2009A Pledged Property Tax Revenues of \$20,214,026 (after subtracting the Housing Set-Aside). Based upon the estimated combined Maximum Annual Debt Service payable on the 2009A Bonds and the 2003A Bonds (\$11,698,375\* in fiscal year 2012\*; see “DEBT SERVICE REQUIREMENTS--2009A Bonds and 2003A Bonds”), debt service coverage using the budgeted 2009 information would be 1.73x. Based on year-to-date receipts of \$19,609,181 through February 17, 2009, the Agency currently expects to collect approximately \$25.8 million in Tax Increment Revenues in fiscal year 2009. However, that figure remains subject to change as current and delinquent taxes continue to be collected.

## **Reserve Fund**

The 2009A Indenture creates the 2009A Reserve Fund as a continuing reserve for the payment of debt service on the 2009A Bonds. The 2009A Reserve Fund is required to be funded and maintained in an amount equal to the “2009A Reserve Fund Requirement,” which means an amount (calculated separately for the 2009A Bonds and each series of Additional Parity Bonds) equal to the lesser of: (i) 10% of the spendable proceeds of the 2009A Bonds; or (ii) the Maximum Annual Debt Service on the 2009A Bonds. Upon issuance of the 2009A Bonds, the 2009A Reserve Fund Requirement will be \$8,500,000.\* All of that amount is expected to be funded with 2009A Bond proceeds.

The 2009A Reserve Fund Requirement will be recalculated after the payment of principal of the 2009A Bonds or any redemption of 2009A Bonds. The Agency may, at any time, substitute a Reserve Fund Insurance Policy for cash or investments on deposit in the 2009A Reserve Fund, so long as the requirements of the 2009A Indenture are met. For a further description of the 2009A Reserve Fund, see Appendix B - Summary of Certain Provisions of the 2009A Indenture--Reserve Fund.

## **Additional Obligations**

Additional Parity Bonds. So long as no Event of Default (described in Appendix B) under the 2009A Indenture has occurred and is at the time continuing, the Agency may issue Additional Parity Bonds for any lawful purpose; provided, however, that prior to the issuance of any Additional Parity Bonds, the Agency shall furnish to the Trustee a certificate of the Chairman of the Agency, the City Finance Director, or an independent certified public accountant or firm of certified public accountants to the effect that the 2009A Pledged Revenues received by the Agency for the most recently completed fiscal year have been not less than (1) one hundred fifty percent (150%) of the Maximum Annual Debt Service on the Outstanding Bonds, any Parity Obligations then outstanding and the Additional Parity Obligations proposed to be issued or (2) after the date that the Agency Representative files a Base Value Certificate with the Trustee, one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on the Outstanding Bonds, any Parity Obligations then outstanding and the Additional Parity Obligations proposed to be issued.

Pursuant to the 2009A Indenture, “Base Value Certificate” means a certificate signed by the Agency Representative which certifies that the Property Tax Base amount is less

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\* Subject to change.

than 25% of the assessed value of all taxable property within the Redevelopment Area as last certified by the Assessor.

The certificate of 2009A Pledged Revenues described above shall not be required in connection with the issuance of Additional Parity Bonds for the purpose of refunding any outstanding 2009A Bonds, 2003A Bonds or Additional Parity Bonds as long as the average annual principal and interest requirements for the outstanding 2009A Bonds, 2003A Bonds and Additional Parity Bonds (after giving effect to the issuance of the proposed Additional Parity Bonds) do not exceed by more than 10% the Average Annual Principal and Interest Requirements for the then-outstanding 2009A Bonds, 2003A Bonds and Additional Parity Bonds as calculated immediately prior to the issuance of such proposed Additional Parity Bonds.

Every issue of Additional Parity Obligations shall be secured by a reserve fund in an amount determined by the Agency's financial consultant as being required to market such issue of Additional Parity Obligations. Any such reserve fund for Additional Parity Obligations may be funded in whole or in part with a Reserve Fund Insurance Policy.

Subordinate Obligations Allowed, Superior Obligations Prohibited. Pursuant to the 2009A Indenture, the Agency may issue bonds or other obligations with liens on all or any portion of the applicable tax increment revenues that are subordinate to the liens thereon of the 2009A Bonds (the "Subordinate Obligations") for any lawful purpose so long as no default under the 2009A Indenture has occurred. The documents pursuant to which any such Subordinate Obligations are issued shall not provide for acceleration of the payment of such Subordinate Obligations.

No obligations with a lien on the 2009A Pledged Revenues (or any portion thereof) which is superior to the lien of the 2009A Bonds may be issued by the Agency.

Nothing in the 2009A Indenture affects the power of the Agency to issue obligations not secured by any portion of the 2009A Trust Estate.

Other Limitations on Issuance of Additional Parity Bonds. Any Owner Participation Agreement ("OPAs") to which the Agency is a party (the current OPAs are discussed in more detail in "AGENCY DEBT STRUCTURE--Outstanding Agency Obligations - Owner Participation Agreements") also may restrict the ability of the Agency to issue Additional Parity Bonds. Certain of the existing OPAs obligate the Agency to issue notes payable from specified portions of the Total Tax Increment upon the satisfaction of certain conditions. See the discussion in "AGENCY DEBT STRUCTURE--Outstanding Agency Obligations - Owner Participation Agreements" for a description of those conditions. The obligations represented by such notes are subordinate to all pre-existing bonds and other obligations of the Agency, including the 2009A Bonds. The obligations represented by such notes also will be subordinate to all future bonds and obligations of the Agency (except Agency debt owed to the City), if and only if, prior to the issuance of any such future obligations, the chief financial officer of the Agency files a certificate establishing that the reasonably projected aggregate amount of the Total Tax Increment to be generated within the Redevelopment Area over the remaining term of the then-outstanding notes, minus the aggregate amount of such Total Tax Increment revenues required to satisfy the statutory housing set-aside (currently 18% of Total Tax Increment revenues) and minus the aggregate remaining debt service on all then-outstanding notes, equals at least 115% of the reasonably projected debt service on all of the then-outstanding Agency debt and the proposed obligations in each year in which a note is to be outstanding.

## REVENUES AVAILABLE FOR DEBT SERVICE

### General

The 2009A Pledged Revenues consist primarily of the 2009A Pledged Property Tax Revenues (which constitute 82% of the Total Tax Increment). Information regarding the levy and collection of ad valorem property taxes, from which the Total Tax Increment is derived, is set forth below.

### Allocation of Taxes Generally

General. As provided in the Redevelopment Plan, and pursuant to the Law, taxes levied upon taxable property in the Redevelopment Area each year by or for the benefit of the State, the City, the County, Clark County School District (the “School District”) and any district or other public corporation (herein collectively referred to as “taxing agencies”) for fiscal years beginning after the effective date of the Redevelopment Plan, are divided as follows:

(a) To taxing agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said taxing agencies upon (a) the total sum of the assessed value of the taxable property in the Redevelopment Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency, last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan, must be allocated to, and when collected must be paid into the funds of the respective taxing agencies as taxes by or for said taxing agencies on all other property are paid (for the purpose of allocating taxes levied by or for any taxing agency or agencies which did not include the territory of the Redevelopment Area on the above established effective dates but to which such territory is annexed or otherwise included after such effective date, the assessment roll of the County as of the applicable fiscal year as provided above must be used in determining the assessed valuation of the taxable property in the Redevelopment Area as of said date) and (b) the revenue generated by the tax rate levied for any bond issue or tax override approved by the voters on or after November 5, 1996, on the assessed value of the Redevelopment Area must be allocated to and when collected must be paid into the appropriate fund of that taxing agency; and

(b) To the Agency: That portion of the levied taxes each year in excess of such amounts must be allocated to, and when collected, shall be paid to the Agency to pay the principal of and interest on loans, monies advanced to or indebtedness incurred by the Agency to finance or refinance, in whole or in part, redevelopment in the Redevelopment Area. When said loans, advances and indebtedness, if any, and interest thereon, have been paid, all monies thereafter received from taxes upon the taxable property in the Redevelopment Area must be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

*Unless the assessed valuation of the taxable property in the Redevelopment Area exceeds the amounts described in paragraph (a) above, all of the taxes levied and collected upon the taxable property in the Redevelopment Area must be paid into the funds of the respective taxing agencies.*

The allocation of incremental tax revenues between the Agency and the other taxing agencies pursuant to the Abatement Act is described in “Required Property Tax Abatements” below.

Exclusion of Certain Mill Levies from Tax Rates. NRS 279.676, Section 1(c)(d) excludes from tax increment revenues certain tax revenues that are approved by the voters on or after November 5, 1996 for a particular purpose. Such tax revenues are to be paid to the taxing agency levying the tax rate. Under the terms of NRS 279.676, the revenues generated by a voter approved tax override and for a voter approved debt levy approved on or after November 5, 1996, are excluded from tax increment revenues. As applied to the Agency, NRS 279.676 presently would exclude from tax revenues the Las Vegas Public Safety tax override, the Las Vegas Metropolitan Police (“Metro”) and the School District. (Tax rates generally are expressed herein as a number equal to \$x.xxx per \$100 of assessed value.) For fiscal year 2009, revenues from a tax rate of \$0.0950 are allocated to the Las Vegas Public Safety tax override (this override expires after fiscal year 2031); revenues from a tax rate of \$0.4336 will be allocated to the School District; and revenues from a tax rate of \$0.2000 will be allocated to Metro (this override expires after fiscal year 2027). For fiscal year 2009-10, the tax rates allocated to Metro and the Public Safety override are expected to remain the same; the tax rate allocated to the School District is expected to increase to \$0.4508. However, the tax rates for fiscal year 2009-10 have not yet been established and they remain subject to change.

The tax rate to be allocated to the School District in future years is dependent on the amount of debt service paid in any year and the respective assessed valuation. Other tax rate(s) excluded in the future depends on many variables, including assessed value, future legislative action and future voter approved tax override and bond questions. See “CERTAIN RISK FACTORS.” In addition, in fiscal year 2019, a tax rate of \$0.0527 allocated to certain County Fire Service Area Bonds (authorized pre-1996 bonds) is expected be deducted from the Agency’s available tax rate upon retirement of those bonds. See Table 5 in Appendix G hereto for an illustration of historic and projected future tax rates.

Required Allocation of Excess Taxes. Notwithstanding anything described above, pursuant to the Act (specifically Section 279.676(2) NRS), the total revenue paid to the Agency (including revenues attributable to the Redevelopment Area and any increment districts created by the City in the future) must not exceed an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 10% of the total assessed valuation of the City. Based upon the City’s 2008-09 preliminary assessed valuation of \$24,621,560,734 (based upon the County Assessor’s January estimates) and a total overlapping tax rate of \$3.2714 per \$100 of assessed value, the tax increment limit would equal \$80,546,974. The Agency budgeted to receive \$24,651,251 in tax increment for fiscal year 2008-09.

Pursuant to the Act, if the revenue paid to the Agency must be limited as described in the preceding paragraph, the Agency shall determine the allocation of revenues to each of its then-existing redevelopment areas (including the Redevelopment Area and any redevelopment or increment districts created in the future). Any revenue which would be allocated to the Agency but for these provisions must be paid into the funds of the respective taxing agencies.

## **Property Tax Base and Tax Roll**

General. The County Assessor is responsible for determining assessed values for all properties within the County (including those in the Redevelopment Area). In December of each year, property value notice postcards are mailed to all real property owners for the tax roll that will be based on the upcoming July 1 lien date. Appeals to those valuations must be filed by January 15; taxpayer appeals are heard by the County Board of Equalization in February and

March. Property valuation is an ongoing process with valuation adjustments made throughout the year. It is the current practice of the County Assessor to prepare “segregation reports” (reports reflecting the assessed valuation of all property) at several different points during the year, including January (reflecting the initial certified valuation), March (reflecting the initial certification and adjusting for taxpayer challenges, assessor corrections or other updated valuations), and October (reflecting valuations including supplemental tax rolls and final unsecured values for the prior year; the October report is prepared in anticipation of the January certification for the following year).

In July of each year, the State Department of Taxation (“Taxation”) publishes Property Tax Rates for Nevada Local Governments (the “Redbook”); the Redbook is the official report of assessed valuation and tax rate information for each taxing entity in the State for each fiscal year. The Redbook generally contains valuation information as reported by the county assessors to the State in the March immediately preceding the start of the fiscal year and, if applicable, as subsequently updated to account for allowable adjustments to assessed value. (For example, the Redbook valuations for the 2008-09 fiscal year were reported in March 2008 and in some cases updated in May 2008.) However, pursuant to State law, the County Assessor may reopen the tax roll prior to the lien date (July 1 of each year), i.e., after Redbook values are reported, and adjust assessed valuations to account for new construction or significant additions before preparing final tax bills. In addition, the County Assessor may prepare and bill “supplemental” tax rolls under certain circumstances. The Redbook values typically are based upon the March report, although the Redbook may reflect adjustments for interim valuations as described above. Because the calculation of assessed valuation is a dynamic process through the year, the assessed valuation figures presented on tax bills and in other official County reports prepared after the Redbook reporting date may differ from those shown in the prior paragraph and in “History of Assessed Value” below. The Fiscal Consultant’s Report in Appendix G shows a history of assessed valuations within the Redevelopment Area at various points during the property tax cycle.

Current Valuation Information. In order to establish a static point of reference, the assessed valuations discussed in this section of the Official Statement have been derived from the October segregation report information cited in the Fiscal Consultant’s Report (for example, the October 2008 segregation report presents the final adjustment to fiscal year 2008-09 values). Those figures will differ from the valuations reported in the Redbook for each fiscal year.

According to the Fiscal Consultant’s Report, the assessed valuation of property within the Redevelopment Area for the fiscal year ending June 30, 2009, is \$2,016,167,387 (representing a base amount of \$578,571,790 and an incremental assessed value of \$1,437,595,597). That assessed value represents a 26.8% increase over the total assessed valuation from the Redbook value for the prior fiscal year; however, a portion of the increase reflects the addition of approximately 750 additional acres to the Redevelopment Area (with a total assessed value of \$155,750,273), which became effective in fiscal year 2009.

State law requires that the County Assessor reappraise, at least once every five years, all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the County assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the current policy of the County Assessor to reappraise all real and secured personal property in the County each

year. State law currently requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the Nevada State Legislature (the “Legislature”). Based upon the assessed valuation for fiscal year 2009 (the October value as reported in the Fiscal Consultant’s Report), the taxable value of all taxable property within the Redevelopment Area was \$5,760,478,249.

“Taxable value” is defined by State law as the full cash value in the case of land and as the replacement cost less straight-line depreciation in the case of improvements to land and in the case of taxable personal property, less depreciation and applicable obsolescence in accordance with the regulations of the Tax Commission. “Obsolescence” means an impairment to property resulting in the full cash value of the property being less than its taxable value as otherwise computed. The taxable value of property cannot exceed the full cash value of the property. If the computed taxable value of property exceeds its full cash value, the taxable values must be reduced to comply with that requirement. A county assessor is required by law to make reductions in assessed value as described above if (i) if the owner of the property calls to the assessor’s attention the facts warranting it, (ii) the assessor discovers those facts during physical reappraisal of the property or (iii) the assessor is otherwise aware of those facts. In making a determination of whether taxable value exceeds the full cash value, the assessor may consider several factors set forth in State law, including comparative sales and capitalization of the fair economic expectancy or fair economic rent or an analysis of discounted cash flow. Owners of any income producing property (including casinos) may appeal the determination of taxable value based upon poor economic performance. The assessor may then consider an “income approach” (as described in the prior sentence) to value such properties to determine whether the replacement cost (or market value) of the property is excessive. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of fifty years. “Adjusted actual age” is actual age adjusted for any addition or replacement which is valued at 10% or more of the replacement cost after the addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its “actual age” is adjusted to reflect the increased useful term of the structure. The adjusted actual age has been used for tax appraisals since 1986-87.

In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include railroads, airlines, and utility companies.

### **History of Assessed Valuations**

General. The following table sets forth a history of the base year assessed value in the Redevelopment Area, the incremental assessed value in the Redevelopment Area, and the total assessed value for each year, all representing October values as reported in the Fiscal Consultant’s Report.

Record of Assessed Valuation - City of Las Vegas Redevelopment Agency, Nevada

Fiscal Year Ended June 30	Base Assessed Valuation	Incremental Assessed Valuation	Total Assessed Value
2005	\$ 454,376,331	\$ 337,138,850	\$ 791,515,181
2006	454,376,331	479,136,984	933,513,315
2007	433,896,819(1)	868,572,738	1,302,469,557
2008	433,896,819	1,155,762,642	1,589,659,461
2009	578,571,790(2)	1,437,595,597(2)	2,016,167,387

- (1) In October 2007, the adjustment in Base Assessed Valuation reflects certain property was transferred to the State or for Native American reservation uses.
- (2) In fiscal year 2009, reflects the addition of \$155,750,927 in total assessed valuation attributable to the addition of approximately 750 acres to the Redevelopment Area (\$144,674,971 of “base” assessed valuation and incremental assessed valuation of \$11,075,956). These values were provided by the County Assessor based upon the October Segregation Report.

Source: The Fiscal Consultant’s Report; summarized by KMA based upon information provided by the Clark County Assessor.

The County Assessor’s office has released its January report of preliminary 2009-10 valuations. The January report includes reductions in assessed values made to reflect declining home values in certain markets throughout the County. However, the Redevelopment Area’s total preliminary assessed value for 2009-10 is \$2,2256,161,713 (reflecting a base of \$578,571,790 and incremental assessed value of \$1,647,589,923), an increase of 8.9%. Notwithstanding the foregoing, it is likely that assessment appeals (see “CERTAIN RISK FACTORS--Reduction of Tax Revenues Generally - Assessment Appeals/Taxpayer Protests”) and other assessor adjustments will result in a lower valuation when the March segregation report is released. The Fiscal Consultant’s Report forecasts that the March report will show a 17.7% decline from the January certification.

### **Property Tax Collections**

In Nevada, county treasurers are responsible for the collection of property taxes, and forwarding the allocable portions thereof to the overlapping taxing units within the counties. See Table 6 in the Fiscal Consultant’s Report attached hereto as Appendix G for a depiction of Historic Tax Increment Allocations in the Redevelopment Area.

Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January, and March of each fiscal year. Penalties are assessed if any taxes are not paid within 10 days of the due date as follows: 4% of the delinquent amount if one installment is delinquent, 5% of the delinquent amount plus accumulated penalties if two installments are delinquent, 6% of the delinquent amount plus accumulated penalties if three installments are delinquent and 7% of the delinquent amount plus accumulated penalties if four installments are delinquent. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the

property to satisfy the tax lien and any assessments made by local governments for improvements to the property.

### Overlapping Tax Rates

The following table presents a five-year history of the overlapping tax rate for the Redevelopment Area (representing Tax Areas 203, 204 and 207 for fiscal years 2005 through 2008 and Tax Areas 203, 204, 207 and 212 for fiscal year 2009). The overlapping rates for incorporated and unincorporated areas within the Redevelopment Area vary depending on the rates imposed by applicable taxing jurisdictions. *This table includes the total tax rate imposed by each taxing entity listed; in some instances, the entire tax rate is not available to the Agency.* The table also reflects the tax rate available to the Agency in each year, as calculated in Table 5 in the Fiscal Consultant’s Report attached hereto as Appendix G.

#### Statewide Average And Representative Overlapping Tax Rates(1)

<u>Fiscal Year Ended June 30</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Average Statewide Rate	\$3.1182	\$3.1124	\$3.1471	\$3.1526	\$3.1727
Clark County (2)	\$0.6652	\$0.6575	\$0.6566	\$0.6541	\$0.6541
Clark County School District	1.3034	1.3034	1.3034	1.3034	1.3034
City of Las Vegas	0.7792	0.7774	0.7777	0.7715	0.7715
Las Vegas Artesian Basin	0.0016	0.0013	0.0009	0.0008	0.0008
Las Vegas Metro Police	0.2850	0.2850	0.2850	0.2850	0.2850
Las Vegas/Clark County Library District	0.0958	0.0866	0.0866	0.0866	0.0866
State of Nevada (3)	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
TOTAL	\$3.3002	\$3.2812	\$3.2802	\$3.2714	\$3.2714
Tax Rate Available to Agency (4)	\$2.7299	\$2.6075	\$2.5811	\$2.5744	\$2.5428

(1) Per \$100 of assessed valuation.

(2) Includes the State Indigent Trust Rate of \$0.0150.

(3) \$0.0200 of the State rate is exempt from the \$3.64 cap. See “Property Tax Limitations” below.

(4) Calculated by Agency staff using criteria detailed in the Fiscal Consultant’s Report. See Table 5 in the Fiscal Consultant’s Report attached hereto as Appendix G.

Source: State Department of Taxation - Property Tax Rates for Nevada Local Governments, 2004-05 through 2008-09; the Fiscal Consultant’s Report for the calculated tax rate available to the Agency in each year.

### Principal Taxpayers

The following table represents the ten largest taxpayers (representing land owned or controlled by the listed taxpayer) in the Redevelopment Area based on the fiscal year 2008-09 assessed valuations, as presented in the October 2008 Segregation Report and compiled by the Fiscal Consultant. See the Fiscal Consultant’s Report attached hereto as Appendix G. This table reflects secured roll (real property) values only; unsecured roll (personal property) valuations are excluded. A determination of the largest parcel assessments can be made only by manually reviewing individual assessment records. Therefore, it is possible that an owner of several parcels may have an aggregate assessed value that is larger than those listed below. *No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed below, or that such taxpayers will continue to*

*maintain their status as major taxpayers based on the assessed valuation of their property in the Redevelopment Area. See Table 3-B in the Fiscal Consultant's Report attached hereto as Appendix G for preliminary information on the principal taxpayers in the Redevelopment Area for fiscal year 2009-10, based upon the January valuation certification (which remains subject to change.)*

**Principal Taxpayers in the Redevelopment Area(1)**  
**Fiscal Year 2008-09 (October Segregation Report)**

<u>Taxpayer/Description</u>	<u>Assessor Land Use Category</u>	<u>2008-09 Preliminary Assessed Value (1)</u>	<u>% of Total Assessed Value (2)</u>	<u>% of Incremental Value (3)</u>
World Market Center (4)(5)	Commercial Retail	\$161,595,132	8.01%	11.24%
Stratosphere Hotel & Casino (4)	Commercial Hotel	114,464,862	5.68	7.96
GNLV Corporation (Golden Nugget Hotel & Casino)	Commercial Hotel	74,016,551	3.67	5.15
T-UPR LLC (Union Plaza Hotel and Casino)	Commercial Hotel	38,739,642	1.92	2.69
SP Sahara Development LLC (Allure Condo) (6)	Residential Multiple	38,030,682	1.89	2.65
California Hotel and Casino	Commercial Hotel	30,851,287	1.53	2.15
Simon Chelsea LV Development LLC (Las Vegas Premium Outlet Mall)	Commercial Retail	25,440,800	1.26	1.77
MSW Inc. (Main Street Station Hotel & Casino)	Commercial Hotel	24,973,540	1.24	1.74
Exber Inc.	Commercial Hotel	20,661,571	1.02	1.44
T-LV CR LLC	Commercial Hotel	<u>19,970,268</u>	<u>0.99</u>	<u>1.39</u>
<b>Total</b>		<b>\$548,744,335</b>	<b>27.22%</b>	<b>38.17%</b>

- (1) Represents the secured roll (real property) only. Excludes the value of unsecured roll (personal property) and properties centrally assessed by the State, such as public utilities.
- (2) Based on the fiscal year 2009 total assessed valuation of the Redevelopment Area of \$2,016,167,387, as presented in the October Segregation Report.
- (3) Based on the Redevelopment Area's fiscal year 2009 incremental assessed valuation of \$1,437,595,597, as presented in the October Segregation Report.
- (4) Each of these businesses is owned by multiple legal entities.
- (5) The World Market Center is an international home furnishings showcase. The World Market Center currently includes approximately 5 million square feet of showrooms and a 3,600-vehicle parking structure. The World Market Center currently hosts the Las Vegas Market twice per year for representatives of the retail furniture and design trades. The World Market Center houses approximately 500,000 square feet of permanent showrooms that are available year-round.
- (6) See the Fiscal Consultant's Report attached hereto as Appendix G for information on successful assessed valuation challenges by multiple property owners made in February 2008.

Source: The Fiscal Consultant's Report (derived from information provided by the Clark County Assessor's Office).

**Property Tax Limitations**

Overlapping Property Tax Caps. Article X, Section 2, of the Constitution of the State of Nevada limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation (\$5 per \$100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by a statute to \$3.64 per \$100 assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to \$4.50 or \$5.00 per \$100 in assessed valuation in the case of certain entities that are in financial difficulties; and (b) require that \$0.02 of the statewide property tax rate of \$0.17 per

\$100 assessed valuation is not included in computing compliance with this \$3.64 cap. (This \$0.02 is, however, counted against the \$5.00 cap). It should be noted that State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in that in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. The amount generally is limited as follows: The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate necessary to generate the increase is determined against the current assessed value of the old property. Finally, that tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

A local government, other than a school district, may exceed the property tax revenue limitation if the proposal is approved by its electorate at a general or special election. In addition, the Executive Director of the Department of Taxation will add to the allowed revenue from ad valorem taxes the amount approved by the Legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from the State Department of Taxation exceed actual revenues available to local governments, Nevada local governments receiving such sales tax may levy a property tax to make up the revenue shortfall.

State statutes limit the revenues school districts may receive from ad valorem property taxes for operating purposes. Pursuant to NRS 387.195, each board of county commissioners shall levy a tax of \$0.75 per \$100 of assessed valuation for the support of the public schools within the County school district. School districts are also allowed additional levies for voter-approved debt service and voter-approved tax overrides for capital projects.

The Nevada Tax Commission monitors the impact of tax legislation on local government services.

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship. At the November 5, 2002 election, the State's voters approved an amendment to the State constitution authorizing the State Legislature to enact a law providing for an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence.

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than \$175,000; the property owner does not own any other real property in the State with an assessed value of more than \$30,000; the residence has been occupied by the owner for at least 6 months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship

caused by circumstances beyond his control (such as illness or disability expected to last for at least 12 continuous months); and the total annual income of the owner's household is at or below the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer.

## **Required Property Tax Abatements**

General. In 2005, the Legislature approved legislation (the "Abatement Act"), which requires reductions ("abatements") of ad valorem taxes imposed on property in certain situations. In the Abatement Act, the Legislature determined that year-to-year increases in property tax bills exceeding 3% constitute a severe economic hardship to homeowners; the State constitution permits the Legislature to prevent such hardships. The Abatement Act established formulas to determine whether tax abatements are required for property owners (including residential and low-income rental property) in any year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues received by any taxing agency on existing residential property to approximately 3% per year (larger increases are allowed for non-residential properties). Those limitations could negatively impact the finances and operations of the taxing agencies in the State, including the Agency, to an extent that cannot be determined at this time.

The Abatement Act directs the Tax Commission and the Committee on Local Government Finance to adopt regulations for the administration and interpretation of certain of its provisions, and some provisions of the Abatement Act likely will require additional interpretation through legislation, regulation or by the State's courts.

Formulas to Determine Abatements. For existing owner occupied residential properties, an abatement generally is required to reduce the amount of property taxes owed to not more than 3% more than the amount levied in the immediately preceding fiscal year. That same formula applies (as a charitable exemption) to commercial property that qualifies as low-income rental housing. Finally, for all existing properties, an abatement from ad valorem taxation is required to reduce the amount of property taxes owed; the maximum percentage increase (over the prior year) in tax liability for each existing property is 8%, or a lesser amount determined pursuant to the following formula: the greater of: (a) the average percentage change in the assessed valuation of all taxable property in the county over the 10-year period immediately preceding the fiscal year in which a levy is to be made; (b) twice the percentage of increase in the Consumer Price Index for all Urban Consumers, U.S. City Average (All Items) for the immediately preceding calendar year; or (c) zero. This abatement formula also must be applied to existing owner-occupied residential properties and low-income rental properties if it yields a greater reduction in property taxes than the 3% test described above. Unless otherwise provided by a specific statute, if any legislative act imposes a duty on a taxing agency to levy a new ad valorem tax or to increase the rate of an existing ad valorem tax, the amount of any new tax or increase in the rate of the existing tax is exempt from the partial abatement formulas.

In addition to the required abatements, the Abatement Act requires the Nevada Tax Commission to adopt regulations simplifying the procedures to be followed by any business

in the State to obtain a reduction in the assessed value of property used to conduct a business if such a reduction is appropriate under the “income approach” to property valuation.

Apportionment of Abatements Generally. If the application of the partial abatement provisions requires a reduction in the amount of ad valorem taxes levied in a county for a fiscal year, the Abatement Act requires that the amount of the reduction be allocated among all of the taxing agencies and deducted from the amount of ad valorem taxes each taxing agency otherwise would be entitled to receive for that fiscal year. Generally, abatements caused by tax rate increases are to be allocated to the entities that increased their tax rates in proportion to the amount of tax rate increases for each such entity. Other abatements (i.e., those caused by an increase in assessed value) generally are required to be allocated among taxing agencies in the same proportion as the rate of ad valorem taxes levied for that taxing agency bears to the total combined rate of all ad valorem taxes levied for that fiscal year. In order to assure that any required abatements apply to all taxing agencies uniformly, the Tax Commission has adopted a regulation clarifying that future year abatements resulting from tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. See the following paragraph for a description of the apportionment of abatements in the Redevelopment Area.

Allocation of Abatements - Redevelopment Areas. Since the Abatement Act became effective, substantially all abatement amounts of property located within redevelopment or tax increment areas were presumed to be allocable to the amount of assessed value in excess of the Property Tax Base Amount (the “Incremental Value”). As a result, abatements have been absorbed by the Redevelopment Area rather than by the overlapping taxing entities. Legislation adopted in 2007 changed that presumption and the State has approved regulations to implement the legislation. Once an abatement amount is determined, the regulations require the calculation of a “parcel share of base value” for each parcel. Abatements are then allocated by applying an overlapping adjusted tax rate (calculated in accordance with the regulations) to the parcel share of base value and distributing the calculated amount of taxes to the overlapping entities; a tax rate adjusted to account for post-1996 exempt tax rates also is applied to the parcel’s share of incremental value and the resulting taxes are also to be distributed to overlapping entities. The remaining taxes (which are equal to the adjusted tax rate as applied to the parcel share of incremental value) are to be distributed to the redevelopment area. However, it is not possible to predict what impact the Abatement Act will have on Agency revenues in the future. Future changes to the Abatement Act and the accompanying regulations may be needed in the future.

Recapture of Lost Revenue in Certain Cases. Notwithstanding the abatement provisions discussed above, if the taxable value of any property (a) decreases by 15% or more from its taxable value on July 1 of the second year immediately preceding the lien date for the current year; and (b) increases by 15% or more from its taxable value for the immediately preceding fiscal year, the amount of ad valorem taxes which would have been collected for the property as a result of that increase in taxable value if not for the required abatement (but excluding any amount attributable to any increase in the taxable value of the property above its taxable value on the date determined pursuant to clause (a) above), must be levied on the property over three fiscal years. The amount of taxes carried forward and levied on any property must be added to the amount of ad valorem taxes each taxing agency would otherwise be entitled to receive in a fiscal year using the allocation formula described above.

Levies for Debt Service. Notwithstanding the abatement provisions discussed above, a taxing agency may, if otherwise authorized by law, increase the rate of an ad valorem tax for the payment of any obligations secured by the proceeds of that tax (“tax-secured obligations”) if the entity determines that the additional tax rate is necessary to satisfy those obligations. Pursuant to the Abatement Act, an additional tax rate is deemed necessary if the rate of the ad valorem tax most recently levied for the payment of the tax-secured obligations will not produce sufficient revenue, after considering the effect of the partial abatement, to satisfy those obligations during the next fiscal year. Such an increase in the rate of an ad valorem tax for the payment of tax-secured obligations is exempt from the partial abatement formulas if the obligations for which that increase is imposed are issued (a) before July 1, 2005 or (b) on or after July 1, 2005, if before the issuance of the obligations (1) the governing body of the taxing agency makes a finding that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term and (2) the debt management commission of the county approves the finding. The tax rate also may be increased if otherwise authorized by law if voter approval is obtained. However, tax rates which were voter-approved before April 6, 2005, generally are not exempt from the Abatement Act formulas. *This provision does not apply to the Agency because the Agency is not authorized to levy taxes.*

Possible Effects on Operating Levies. Under existing State law, limited tax levies must be used to pay debt service on general obligation bonds before being used for operations. Even though increases in the rate of an ad valorem tax for the payment of tax-secured obligations and voter-approved taxes are exempt from the partial abatement formulas, the revenue limits imposed by the Abatement Act may require taxing agencies in the State to cut operating revenues, and therefore the services funded by those revenues, to an extent that cannot be determined at this time. In addition, the abatement formulas may cause the statutory maximum combined overlapping tax rate of \$3.64 per \$100 of assessed valuation to be reached sooner than it would otherwise be reached.

## **CERTAIN RISK FACTORS**

The payment by the Agency of the principal of and interest on the 2009A Bonds is subject to certain risks which are discussed throughout this Official Statement. Particular attention should be given to the factors described below which, among others, could affect the payment by the Agency of debt service on the 2009A Bonds, and which could also affect the market price of the 2009A Bonds to an extent that cannot be determined. This section of the Official Statement does not include all risks to which such repayment by the Agency is subject, but is merely an attempt to summarize certain of such risks. Each potential purchaser of the 2009A Bonds should read this Official Statement in its entirety.

### **Limited Security for the 2009A Bonds**

The 2009A Bonds are special, limited obligations of the Agency, are secured solely by the 2009A Trust Estate and are payable solely from the 2009A Pledged Revenues pledged pursuant to the 2009A Indenture. The Registered Owners of the 2009A Bonds may not look to the general fund or any other fund of the Agency or the City, and may not compel the levying of any tax for the payment of the 2009A Bonds or interest thereon. The 2009A Bonds are not secured by an encumbrance or mortgage on any property of the Agency.

The 2009A Pledged Property Tax Revenues are comprised of tax increment revenues generated within the Redevelopment Area. As a result, payment of the principal of and interest on the 2009A Bonds is dependent principally upon the receipt of tax increment revenues as described herein. *The Agency has no power to levy or collect taxes.* As more fully described below, any legislative policy change or other event having the effect of reducing property taxes within the Redevelopment Area would result in a reduction in the amount of tax increment revenues available to the Agency for payment of the principal of and interest on the 2009A Bonds.

### **Limited Duration of Incremental Assessed Valuation**

The Act limits redevelopment plans (and accordingly, the availability of tax increment revenues to the Agency) to a period not to exceed 45 years from the date the Redevelopment Plan was adopted. The Redevelopment Plan originally was adopted on March 5, 1986; accordingly, the Agency will not be able to rely on tax increment as a revenue source after March 5, 2031. If the tax increment were to be insufficient to pay debt service on the 2009A Bonds in the future, the limited duration of the Redevelopment Plan could adversely affect the Agency's ability to restructure or refinance the 2009A Bonds to try to respond to financial difficulties.

### **General Risks Related to Tax Increment Revenues**

Tax increment revenues constitutes the primary security for the 2009A Bonds. Accordingly, payment of the 2009A Bonds is dependent upon the amount of the Incremental Value, upon the tax rate allocable to the Agency, and upon any applicable abatements or revenue limitations which may reduce the amount of tax increment revenues. As illustrated in "REVENUES AVAILABLE FOR DEBT SERVICE--History of Assessed Value," the tax rate allocable to the Agency has declined in several recent years. Should the assessed value of the land in the Redevelopment Area remain stagnant or decline (or not increase sufficiently to offset declines in the tax rate), declines in the tax rate available to the Agency could cause a reduction

in tax increment revenues. There is no assurance that the assessed value of the land within the Redevelopment Area will continue to increase in future years. Should the assessed valuation of taxable property within the Redevelopment Area materially decrease and/or should tax rates of overlapping taxing jurisdictions materially decrease, tax increment revenues may not be sufficient to pay the 2009A Bonds when due. *The Agency does not have the power to impose taxes, nor may the Agency or other persons compel any taxing jurisdiction to levy a property tax under the Act.* In addition, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments.

Additional factors that may impact tax increment revenues are discussed later in this "CERTAIN RISK FACTORS" section.

### **Reduction of Tax Revenues Generally**

Assessed Value and Tax Rates. Tax increment allocated to the Agency generally is determined by the amount of incremental assessed value of properties in the Redevelopment Area and the current rate at which property in the Redevelopment Area is taxed. The reduction of assessed values of taxable property in the Redevelopment Area caused by adverse economic conditions, a relocation out of the Redevelopment Area by one or more major property owners, the complete or partial destruction of property, a halt or significant delay in development activity, or the occurrence of other unforeseen events, could result in a reduction in the tax increment revenues that secure the 2009A Bonds.

In addition, any reduction in overlapping tax rates in the Redevelopment Area would cause a reduction in the tax increment revenues that secure the 2009A Bonds. Any taxing agency in the County may reduce its tax rate in the future without notice to the Agency. Such reductions may be due to taxing agency's decision to lower its tax rate to compensate for increased tax revenues attributable to increased assessed value. To the extent the growth in assessed valuation in the Redevelopment Area is slower than in other areas of the City or the County, tax increment revenues may be disproportionately impacted. Any reduction of tax increment revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the 2009A Bonds.

As discussed in "REVENUES AVAILABLE FOR DEBT SERVICE--Property Tax Limitations," the total tax rate levied by all governmental units within a county generally is limited to \$3.64 per \$100 of assessed valuation, although certain taxes levied by the State (a tax rate equal to \$0.0200) are exempt from the \$3.64 limit. In any year in which that limit is exceeded, local governments must reduce levies other than general obligation bond levies in order to achieve the limit. Accordingly, if the \$3.64 limit is reached within the County in the future, the overlapping local governments may be required to reduce or eliminate their operating levies in order to reach the limit; it is primarily the operating levies on which the Agency relies to generate its tax increment. No assurance can be given that any jurisdiction which overlaps the Redevelopment Area will in fact impose any particular tax rate in any year or that tax rates currently imposed by overlapping taxing entities will not decrease in the future. Any action to reduce tax rates (particularly operating tax rates) could result in a corresponding reduction in the tax rate available to the Agency. See "Assessment and Valuation of Real Property" below and REVENUES AVAILABLE FOR DEBT SERVICE--Property Tax Limitations."

Assessment Appeals/Taxpayer Protests. Tax increment revenues also may be reduced if taxpayers within the Redevelopment Area successfully protest the level of their

property tax assessments or if the County Assessor amends valuations for any reason. State law provides remedies for property owners claiming over-valuation of real or secured personal property. Any such property owner must appeal such assessment on or before January 15 of the fiscal year in which the assessment was made. If the County board of equalization finds an inequity exists in the assessment of the value of the land or the value of the improvements, or both, the board may add to or deduct from the value. Any taxpayer who believes the action of the County board of equalization failed to equalize the value of his property may file an appeal with the State board of equalization no later than March 10 of each year. If assessed valuations of property within the Redevelopment Area are reduced due to appeals, tax increment revenues also will decline.

As illustrated in the Fiscal Consultant's Report attached hereto as Appendix G (particularly the section entitled "REVIEW OF PROJECT ASSESSED VALUES--Assessment Appeals and County Adjustments" and the associated tables), protests reduced the 2008-09 assessed value of property within the Redevelopment Area by approximately \$25.7 million, a 1.3% reduction to the January 2008 aggregation of the value of the Redevelopment Area. The majority of protests for 2008-09 primarily were filed by owners of units in the Allure condominium project (329 parcels owned by the developer and 95 owned by individuals); those successful protests accounted for approximately \$14.4 million (or approximately 56%) of the successful appeals. The next largest protest, by the owner of the Neonopolis commercial retail center, accounted for approximately \$10.1 million (or approximately 39.2% of the successful appeals). See Appendix G for more detailed information about 2008-09 valuation protests and other valuation changes. Appendix G also illustrates historic appeals since fiscal year 2004-05; those appeals resulted in successful valuation reductions ranging from approximately \$7.6 million in fiscal year 2005-06 to approximately \$23.0 million in fiscal year 2006-07.

As described in Appendix G, the County Assessor has received an unprecedented number of protests (more than 8,000 County-wide) of the January 2009 assessed values. The County is evaluating those claims and is unable to provide detailed information on the protests at this time. However, successful protests would reduce the Redevelopment Area's valuation in an amount that cannot be reasonably determined at this time. Successful taxpayer protests of assessed value (in 2009 or in future years) or the voluntary amendment of assessed values by the County Assessor in the future could negatively impact tax increment revenues to an extent that cannot be determined at this time.

Sufficiency of Tax Increment Revenues. Should tax increment revenues decline significantly for any reason, there may be insufficient tax increment revenues remaining (after the subtraction of the Housing Set-Aside) to pay debt service on the 2009A Bonds.

Other Factors. As described in "Other Statutory Limitations on Tax Increment" below and in "REVENUES AVAILABLE FOR DEBT SERVICE--Property Tax Limitations" and "REVENUES AVAILABLE FOR DEBT SERVICE--Required Property Tax Abatements," certain revenue limitations or caps also may reduce the amount of tax increment revenues allocated to the Agency in the future. Any reduction in tax increment could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the 2009A Bonds.

## **Other Statutory Limitations on Tax Increment**

As discussed in “REVENUES AVAILABLE FOR DEBT SERVICE--Required Property Tax Abatements,” in 2005 the Legislature approved the Abatement Act, which requires abatements of ad valorem taxes imposed on property in certain situations. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues received by any taxing agency on existing property to 3% per year for residential properties and a maximum of 8% for non-residential properties; those limitations generally do not apply to new construction or increases attributable to significant changes in use in the year the new construction or use is added to the tax roll. The Abatement Act requires the calculation of abatements on a parcel-by-parcel basis. The statutory formula for the allocation of tax revenues between the Agency and the various taxing agencies is impacted by the Abatement Act. In the last several years, substantially all abatement amounts were presumed to be allocable to the Incremental Value and were absorbed by the Redevelopment Area rather than by the overlapping taxing entities. Legislation adopted in 2007 changed that presumption and the State has approved regulations to implement the legislation. However, it is not possible to predict what impact the Abatement Act will have on Agency revenues in the future. Further, the Abatement Act is a relatively new piece of legislation that is administratively complex to administer. It is possible that calculation or application errors have occurred or will occur in the future. The County likely will continue to refine its application of the Abatement Act over the next several years in order to reduce errors. It is not possible to predict what impact past errors or future changes in the administration of the Abatement Act will have on the tax increment revenues available to the Agency.

As discussed in “SECURITY FOR THE BONDS--Allocation of Taxes” and “REVENUES AVAILABLE FOR DEBT SERVICE--Property Tax Limitations,” the Agency’s tax increment also are subject to statutory revenue limitations. Should those limits ever be reached, the Agency would be required to allocate the available Tax Revenues among its then-existing redevelopment areas and any future increment districts created by the City.

Other revenue limitations may be enacted by the Legislature or may be initiated by voters in the future. See “Changes in Laws May Occur” below.

## **Business, Economic, or Other Factors May Limit Tax Increment**

General. No property owner or business operator in the Redevelopment Area is obligated to pay debt service on the 2009A Bonds. Certain circumstances, many of which will be beyond the control of the Agency, may have an effect on the generation of Pledged Revenues in the Redevelopment Area. Such circumstances may include, among others: general and local economic conditions (including cyclical trends in the construction industry, competition and interest rates); a decline in property valuations for any reason; the destruction of taxable property within the Redevelopment Area, whether by natural forces or any other event; limits on growth in the City for any reason, including lack of available water service; the rate of employment or economic growth within the Redevelopment Area, the City, or the region; competition with other commercial areas within the City or the region causing closure of commercial properties; vulnerability of retail or tourism-related properties to general economic cycles and reduced spending; and the ability or inability of property owners in the Redevelopment Area to pay property taxes as they become due.

Dependence on Gaming, Tourism and Other Factors. The economy of the County (and the State) is heavily dependent on the tourism industry, which is largely based on legalized

gambling. Some of the largest taxpayers in the Redevelopment Area are dependent on the gaming and tourism industries, which are particularly sensitive to reductions in travel or other factors associated with a decline in the economy. Gaming competition from California has increased in recent years, adding competitive pressure to the region. See Appendix F - Economic and Demographic Information--Gaming. To the extent that existing or planned development in the Redevelopment Area relies on tourism or gaming, their success may be sensitive to general economic conditions in the region and the nation. The Agency cannot predict what impact the spread of legalized gaming to other jurisdictions may have on such taxpayers.

Pursuant to State law, reductions to assessed valuation may be made (either by protesting the values or by action initiated by the County Assessor pursuant to statute) based on reduced income from operations. If gaming competition, declines in tourism or other factors negatively impact the hotels and casinos in the Redevelopment Area, reductions to assessed value may be required by the income from operations approach. The Agency cannot predict whether reduced income from operations will cause the County Assessor to initiate assessed valuation reductions in the future or will cause taxpayer challenges. However, continued reductions in assessed valuation in the Redevelopment Area may have a negative impact on the Agency's ability to pay debt service on the 2009A Bonds.

A decline in travel and tourist activities may negatively impact the ability of some property owners in the Redevelopment Area to pay property taxes and/or remain in business. In addition, those factors (among others) may result in the inability of the owners and/or developers of commercial property within the Redevelopment Area to attract or retain tenants in their developments. Should that occur, the projects may not remain viable and Pledged Revenues would be negatively impacted.

Reductions in air service for any reason (including industry mergers or bankruptcies or a trend toward using smaller regional jets on some routes) or sharp increases in the price of such service may result in reduced visitors to the County and the City. It is not possible to predict whether such events will occur in the future. In addition, other circumstances (over which the Agency has no control) may adversely affect tourist activity. Such circumstances may include, among others, unwillingness to travel to the area due to terrorist attacks or other hostile acts occurring in the United States or other parts of the world, adverse changes in national and local economic and financial conditions generally, increases in gas prices impacting decisions to travel to the City, and various other factors. It is not possible to quantify the impact these activities may have on future property values or tax increment revenues.

Land Use Policies. City land use policies, including future limits on growth or building permits, condemnation and/or other acquisition of land for public or quasi-public purposes by governmental agencies or non-profit corporations (which would eliminate the assessed valuation attributable to such land and therefore result in reduced tax increment revenues) also could impact generation of tax increment revenues in the future.

### **No Benefit From Certain Tax Rate Increases**

As discussed in "SECURITY FOR THE 2009A BONDS--Allocation of Taxes - Exclusion of Certain Mill Levies from Tax Rates," the Act excludes from tax increment revenues that portion of taxes attributable to the tax rate levied by a taxing agency to make annual principal and interest payments on any bonded indebtedness, or any other special taxes, that are

approved by the voters on or after November 5, 1996. Such tax revenues must be paid to the taxing agency levying the tax. As a result, unless the Act is changed by future legislation, the Agency will not benefit from any increased tax rates levied for future voter-approved bond issues or tax overrides. See the Fiscal Consultant's Report in Appendix G for an illustration of tax overrides and exempted debt levies currently imposed by the various taxing agencies overlapping the Agency. The Fiscal Consultant's Report finds that, as applied to the Agency, this provision excluded from tax revenues a tax rate of \$0.6970 for fiscal year 2008 (comprised of certain tax overrides and debt levies); for fiscal year 2009, the excluded tax rate is projected to be \$0.7286).

The tax rate to be excluded in the future depends on many variables, including assessed valuation and whether or not tax rates for future voter-approved bond issues replace tax rates that existed prior to November 5, 1996. For example, the Agency expects the excluded tax rate to increase in the future as the School District retires bonds issued prior to November 5, 1996 and issues additional voter-approved debt to replace it. The tax rate to be excluded for the School District is expected to reach \$0.5534 by fiscal year 2017; however, it is not possible to predict whether additional bond or tax override levies will be imposed by the various overlapping taxing entities in the future. To the extent that future tax rate increases replace tax rates that were approved prior to November 5, 1996, the tax rate available to the Agency likely will be reduced.

### **Assessment and Valuation of Real Property**

The amount of tax increment revenues available in any given year is subject to the rate of increase or decrease in the assessed valuation of property within the Redevelopment Area above or below the property tax base amount and to increases or decreases in the total mill levy imposed by overlapping taxing entities. Any additional increase in the assessed valuation of the property within the Redevelopment Area is in part dependent upon the development of property in the Redevelopment Area and the construction of new buildings and the use and occupancy of buildings in the Redevelopment Area. There can be no assurance that any additional development, redevelopment, construction or use will occur. Decreases in assessed valuation may result from declining property values due to age of buildings, obsolescence, reductions in operating revenues, a general decline in the commercial value of existing properties or numerous other factors. Decreases in assessed valuation also could be caused by future acquisition of property by governmental entities or non-profit corporations or a general decline in the commercial value of existing properties. Decreases in assessed valuation in the Redevelopment Area impact the Agency negatively because the base assessed value generally does not change; all decreases are realized in the incremental assessed value. There also can be no assurance that the tax rates currently imposed by overlapping taxing entities will not decrease in the future.

### **Concentration of Assessed Value**

Property taxes are not personal obligations of each of the property owners within the Redevelopment Area. Instead, the obligation to pay property taxes is tied to the properties taxed, and if timely payment is not made, the obligation constitutes a lien against the specific properties. To the extent payment of property taxes depends upon the financial stability of property owners in the Redevelopment Area, no assurance can be given that timely payment will occur. The Agency has not undertaken any independent investigation of the financial condition of any property owners within the Redevelopment Area. The top ten taxpayers within the Redevelopment Area represent approximately 27.2% of the total assessed value of the Redevelopment Area for fiscal year 2009 and approximately 38.2% of the Incremental Value.

See “REVENUES AVAILABLE FOR DEBT SERVICE--Principal Taxpayers” herein. The failure by the largest property owners to make full and timely payment of their property taxes may have a material adverse impact on the Agency’s ability to pay debt service on the 2009A Bonds.

The Fiscal Consultant’s Report also projects the ten largest taxpayers for fiscal year 2009-10 based upon the January 2009 assessed valuations. The ten largest taxpayers for 2009-10 are expected to include the Juhl high-rise condominium and the Streamline Tower condominium. Those additions are expected to increase the percentage of total assessed value and total Incremental Value represented by the ten largest taxpayers to 30.6% and 41.3%, respectively. See Table 3-B in the Fiscal Consultant’s Report attached hereto as Appendix G. As units in these projects are sold to individual home owners, the concentration of value will diminish. Investors should be aware that the 2009-10 assessed valuations have not been finalized, nor does Table 3-B reflect the results of any protests filed by the taxpayers listed.

### **Risks Related to Collection of Property Taxes**

To enforce the property tax liens, the County Treasurer is obligated to foreclose on and cause the sale of the property that is subject to the delinquent taxes or fees, as provided by law. However, foreclosure is a time-consuming remedy which may extend more than one year. In addition, proceeds realized from a foreclosure sale, if any, may or may not be sufficient to cover the delinquent taxes or fees and there is no assurance that such property will sell at a foreclosure sale. Owners of the 2009A Bonds cannot foreclose on property within the Redevelopment Area or sell such property in order to pay the principal of, premium, if any, or interest on their 2009A Bonds.

In addition, the sales of property in the Redevelopment Area to enforce such liens could be delayed by bankruptcy laws and other laws affecting creditor’s rights generally. During the pendency of any bankruptcy of any property owner in the Redevelopment Area (or the holders of liens on any property in the Redevelopment Area), the parcels owned by such property owner or subject to lien by such a lienholder could be sold only if the bankruptcy court approves the sale. There is no assurance that property taxes would be paid during the pendency of any bankruptcy; nor is it possible to predict the timeliness of such payment. If the property taxes are not paid over a period of years, the Agency’s ability to pay principal and interest on the 2009A Bonds could be affected.

### **Changes in Laws May Occur**

It is possible that legislation could be enacted in the State (or initiated petitions approved by voters) which would limit the availability of tax increment financing to entities such as the Agency, reduce or eliminate the property tax which taxing jurisdictions are permitted to impose, increase the percentage of revenues that must be set aside for low income housing purposes, shift property tax revenues to other governmental entities (such as school districts) or limit the tax rates authorized to be imposed. Any one or more of such occurrences may have the effect of reducing the amount of tax increment revenues available to pay the principal of and interest on the 2009A Bonds. However, the Act includes a provision in which the State pledges that it will not repeal, amend or take other action to impair bonds, taxes or other revenues provided for in the Act while any bonds are outstanding.

## **Additional Bonds**

The Agency may issue Additional Parity Bonds after satisfying the conditions set forth in the 2009A Indenture. Issuance of any such additional bonds may dilute the existing security for the 2009A Bonds. A detailed description of the circumstances under which additional bonds or other obligations may be issued is set forth above in “SECURITY FOR THE BONDS--Additional Obligations.”

## **Limitations on Remedies Available to Owners of Bonds**

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2009A Bonds in the event of a default in the payment of principal or interest on the 2009A Bonds. Consequently, remedies available to the owners of the 2009A Bonds may have to be enforced from year to year.

Judicial Remedies. Upon the occurrence of an Event of Default under the 2009A Indenture, any judgment will only be enforceable against the 2009A Trust Estate and other moneys held under the 2009A Indenture and not against any other Agency funds or properties. Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the Agency under the 2009A Indenture, to the extent enforceable, could result in delays in any payment of principal or interest on the 2009A Bonds.

Bankruptcy and Police Power. The enforceability of the rights and remedies of the owners of the 2009A Bonds and the obligations incurred by the Agency in issuing the 2009A Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government (including the imposition of tax liens by the federal government), if initiated, could subject the owners of the 2009A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

## **Secondary Market**

No guarantee can be made that a secondary market for the 2009A Bonds will be maintained by the Underwriter or others. Owners of 2009A Bonds should be prepared to hold their 2009A Bonds to maturity.

## **THE AGENCY**

### **General**

Pursuant to the Act, the legislative body of a city is authorized to adopt a resolution creating a redevelopment agency to function within the city. In addition, all rights, powers, duties, privileges and immunities vested by the Act in a redevelopment agency may be vested in the legislative body of the city. The Agency was activated in November 1985 by a resolution adopted by the City Council pursuant to the Act and currently is operating pursuant to the Redevelopment Plan, which has been amended several times since its inception. The Redevelopment Area currently encompasses approximately 2,628 net acres in the heart of the City (net of roads, rights of way, curbs and other common area). The Agency is responsible for redeveloping and eliminating blighted areas of the City. The City Council serves as the governing body of the Agency. Many City staff members serve the Agency in various capacities. The City Manager serves as Executive Director.

The Agency may exercise certain governmental functions and authority to accomplish its purposes, including, but not limited to, the right to issue bonds or notes and the right to acquire, sell, rehabilitate, develop, administer or lease property in accordance with the Act. The Agency may demolish buildings, clear land, and cause to be constructed certain improvements including streets, sidewalks and utilities, and can further prepare for use as a building site any real property which it owns or administers.

The Agency may, from any funds made available to it for such purposes, pay for all or part of the value of land and the cost of buildings, facilities, or other improvements to be publicly owned and operated and maintained, provided that such improvements are of benefit to a redevelopment project area and cannot be financed by any other reasonable method. Subject to certain limited exceptions specified in the Act, the Agency may not construct or develop buildings, with the exception of public buildings, and must sell or lease cleared property which it acquires within a redevelopment project area for redevelopment in conformity with a particular redevelopment plan, and may further specify a period within which such redevelopment must begin and be completed

### **Governing Body**

All powers of the Agency are vested in its seven officers who are the Mayor and the elected members of the City Council. Pursuant to the Act, the Agency is a separate public body and exercises governmental functions in planning and implementing redevelopment projects and activities within the Redevelopment Area. The seven officers of the Agency and the expiration date of their terms are as follows:

<u>Name</u>	<u>Represented Area</u>	<u>Principal Occupation</u>	<u>Date of Election/ Appointment</u>	<u>Term Expires</u>
Oscar B. Goodman, Mayor and Chairman of the Board	At Large	Attorney	4/99	06/11
Gary Reese, Vice Chairman	Ward 3	Public Service	6/95	06/11
Steve Wolfson	Ward 2	Barber Shop Owner/Operator	6/04	06/09
Lois Tarkanian	Ward 1	Public Service	2/05	06/11
Steven D. Ross	Ward 6	Public Service	7/05	06/11
Ricki Y. Barlow	Ward 5	Electrical Contractor	6/07	06/09
David W. Steinman	Ward 4	Retired	1/09	06/09

**Conflicts of Interest**

Certain members of the governing body and the Agency staff have in the past and may in the future have conflicts of interest from time to time, particularly related to the ownership of property within the Redevelopment Area or other matters. Agency policy requires that members with such conflicts declare their conflict and abstain from voting on matters related thereto.

**Staff**

Professional City staff members and certain other elected City officials serve the Agency in various capacities. The following officers are currently serving in their designated roles:

<u>Name</u>	<u>Agency Position/City Position</u>
Elizabeth N. Fretwell	Executive Director/City Manager
Scott D. Adams	Operations Officer
Bradford R. Jerbic	General Counsel/City Attorney
Candace Falder	Acting Finance Officer/City Finance Director
Beverly Bridges	Secretary/City Clerk

The Agency does not have any employees. Rather, the City employs 28 full-time employees who work full time on Agency projects. Approximately 35.7% of those employees are members of the City Employee Association, an independent labor organization for “classified” employees, as determined by the City’s Civil Service Board. Pursuant to the Cooperation Agreement (described below), the Agency reimburses the City for salaries and benefits for the employees working on Agency matters. According to the Agency’s Finance Officer, the state of employee relations is good. Cooperative Agreements with the City

To assist the Agency in the rehabilitation and redevelopment of areas within the Redevelopment Area and to facilitate the implementation of the Redevelopment Plan, the Agency and the City enter into cooperative agreements from time to time. The only cooperative agreement currently in effect is the Cooperation Agreement.

In the Cooperation Agreement dated December 4, 1985, as amended by the 1995 Amendment to Cooperation Agreement dated as of June 1, 1995 (the “Cooperation Agreement”), the City agrees to provide to the Agency staff, assistance, supplies and technical services as the Agency may require. In addition, the City may advance funds to the Agency for the preparation and implementation of a redevelopment plan, including the cost of surveys, planning and studies

for the adoption of a redevelopment plan. As authorized by law, the Agency agrees in the Cooperation Agreement to reimburse the City for all costs incurred for services performed by the City pursuant to the Cooperation Agreement, to the extent that funds are available to do so. The obligation of the Agency to reimburse the City under the Cooperation Agreement constitute an indebtedness of the Agency, to be repaid to the City by the Agency with interest at the rate of twelve percent (12%) per annum. However, the Agency's reimbursement obligations are subordinate to the Agency's obligation to pay debt service on any bonds issued by the Agency (including the 2009A Bonds). No amounts currently are outstanding under the Cooperation Agreement.

The Agency and the City may enter into other cooperative agreements in the future, including any Disposition and Development Agreements to which the Agency is a party or which are entered into by the Agency in the future.

### **Budget Process**

The Agency adopts its annual budget in compliance with State law. By the first Tuesday in February of each year, the Agency staff submits appropriation requests to the City's budget and finance division for preparation of an Agency budget to be effective the following July 1. The budget is prepared by fund, function and activity and includes information on the prior fiscal year, current year estimates and requested appropriations for the next fiscal year. The Agency Board approves annual appropriated budgets by expenditure category; however, expenditures for all governmental fund types are controlled at the function level as required by law. A tentative budget is submitted to the State Department of Taxation by April 15 of each year. A public hearing is required to be held on the third Tuesday of May and the final budget must be adopted by the Agency Board and filed with the Department of Taxation by June 1 of each year.

### **Financial Statements**

General. The Agency maintains its financial records on a fiscal year basis (July 1 through the following June 30) and utilizes the full accrual method of accounting. Under this method, expenditures are generally recorded when liabilities are incurred and revenues are generally recorded when received in cash unless susceptible to accrual that is measurable and available to finance the Agency's operations. See Note 1 in the audited financial statements attached to this Official Statement as Appendix A for a description of the Agency's significant accounting policies.

The Agency is a component unit of the City for accounting purposes; however, the Agency's Finance Officer prepares a comprehensive annual financial report for the Agency setting forth the financial condition of the Agency on June 30 of each fiscal year. The latest completed report is for the fiscal year ended June 30, 2008 (see Appendix A). The comprehensive annual financial report is the official financial report of the Agency. It was prepared following generally accepted accounting principles.

Management's Discussion and Analysis. As required by GASB 34, an overview of the financial activity and overall financial condition of the Agency is presented in the City of Las Vegas Redevelopment Agency Management's Discussion and Analysis for fiscal year ended June 30, 2008, included in Appendix A. The Agency is not aware of any material adverse change in the Agency's financial condition since June 30, 2008.

## AGENCY DEBT STRUCTURE

### Outstanding Agency Obligations

The following table presents the outstanding obligations of the Agency as of March 1, 2009 (assuming issuance of the 2009A Bonds).

Outstanding Bonds and Other Obligations\*  
as of March 1, 2009

	Dated Date	Original Amount	Amount Outstanding
Tax Increment Refunding Bonds - 2003A	06/01/03	\$ 19,115,000	\$ 18,300,000
Tax Increment Refunding Bonds - 2003B (1)	06/01/03	2,395,000	1,445,000
Tax Increment Revenue Bonds - 2009A (this issue)	10/01/08	<u>85,000,000*</u>	<u>85,000,000</u>
Total		\$106,510,000*	\$104,745,000*

(1) These bonds are secured by Housing Set-Aside revenues.

Source: The Agency.

### Other Agency Obligations

Disposition and Development Agreements. In order to provide for the redevelopment of Agency-owned land within the Redevelopment Area, the Agency routinely enters into Disposition and Development Agreements (“DDAs”) with developers. The DDAs set forth the obligations of the developer with respect to projects (including the obtaining of financing and permits, among other items) and set timelines for various stages of development. The DDAs also impose responsibilities on the Agency, including in certain cases, the provision of financial assistance for public portions of projects or the conveyance of land to developers. The Agency currently is a party to three DDAs and one Master Development Agreement that obligate it to transfer land to developers and/or provide financing for public projects. The Agency owns additional land in the Project Area. Accordingly, in addition to the DDAs discussed below, the Agency expects to enter into new DDAs with developers in the future.

The Agency currently is a party to the following DDAs:

PH GSA DDA. The Agency entered into a DDA dated January 22, 2003 with City Parkway IV-A, Inc. and PH GSA LLC (the “PH GSA DDA”) with respect to the Molasky Corporate Center. Pursuant to the PH GSA DDA, the developer is required, in phases, to acquire portions of a 5.1 acre site from City Parkway IV-A, Inc. (“CPY”) through grant and sale and develop that site. As part of phase 1, the developer constructed a four-story IRS office building with approximately 85,000 square feet (which was completed in December 2004) and a parking structure. Phase 2 included the construction of a 285,000 square-foot LEED-certified office building. The PH GSA also provides for certain leases between the developer, CPY, and other parties. The Agency is obligated to issue notes to the developer to reimburse certain hard and soft costs incurred by the developer (see below). The PH GSA DDA provides for termination of the agreement by the parties upon certain events of default; other legal and equitable remedies are also provided for in the agreement.

\* Subject to change.

WLVD DDA. The Agency also has entered into a DDA dated as of April 18, 2001, with WLVD, LLC (the “WLVD DDA”) with respect to the Edmond Town Center. Pursuant to the WLVD DDA, the Agency conveyed a property site to the developer and the developer constructed a shopping and retail center including a parking lot and internal traffic circulation system. The WLVD DDA provides for termination of the agreement by either party upon certain events of default by the other; other remedies at law (including the right of the Agency to demand return of the site) are also provided for in the agreement.

Heritage DDA. The Agency also has entered into a DDA dated as of January 9, 2008 (the “Heritage DDA”), with Heritage-Nevada VII, LLC and City Parkway V, Inc., a Nevada non-profit company (“CPV”) with respect to development of the World Jewelry Center in Union Park. See “THE REDEVELOPMENT AREA--Projects in the Redevelopment Area - Future Projects--Union Park.” Pursuant to the Heritage DDA, the developer is to acquire the 5.84-acre site from CPV and develop the World Jewelry Center, an approximately 1.35 million square-foot project consisting of an office and residential tower that is planned to include approximately 815,229 square feet of office and 139,052 square feet of residential condominiums, a conference center, private club and related amenities. The World Jewelry Center also is planned to include 225,000 square feet of space to house various stores, restaurants and related services, as well as a parking structure.

LiveWork DDA. The Agency has entered into a Master Development Agreement, dated as of May 21, 2008, and amended November 19, 2008, with various non-profit companies and LiveWork, LLC and other parties (the “LiveWork MDA”). The Agency currently is negotiating numerous transaction documents for a three-tiered transaction pursuant to which LiveWork, LLC (Forest City Enterprises, Mitchell Holdings, LLC, and Barnet Liberman) would develop a new City Hall complex, a 1,000-room hotel-casino complex, and an Office and Civic Headquarters complex (Block Project), a five block development proposed to include a new headquarters for the Regional Transportation Commission, a transportation hub, and up to 1 million square feet of office with ground floor retail. The purpose of the LiveWork MDA is to pursue the feasibility of the projects described above and to establish the framework for negotiating various agreements needed to complete the projects, including: the purchase of various parcels from a non-profit corporation for development of the hotel-casino complex; the possible development (and related leases and subleases) of the City Hall Complex on the current Queen of Hearts hotel-casino property; and a property exchange agreement between the City and the developer to provide for construction of the new City Hall Complex.

The DDAs and the associated projects described above may not be completed, the project descriptions may change in the future and/or the projects may not be completed for a variety of reasons, including the inability of the private developers to obtain financing. The Agency periodically amends existing DDAs to grant extensions of time, waive or modify existing provisions or revise project descriptions; accordingly, the descriptions contained in this Official Statement may change over time. In addition to the agreements described above, the Agency has received an application from The View, a residential project originally planned as condominiums but now expected to contain rental units.

Owner Participation Agreements. The Agency routinely enters into Owner Participation Agreements (“OPAs”) with private developers in order to provide tax increment rebates with respect to projects (accomplished through the issuance of Developer Notes as described below); performance by the developer is a prerequisite to issuance of a Developer

Note. The OPAs set forth certain terms and conditions pursuant to which the Agency will reimburse the developers with a portion of the tax increment generated by the project to be developed. Generally, each OPA provides for the issuance of “special limited obligation tax increment revenue developer notes” (“Developer Notes”) in amounts equal to the Qualified Expenditures (as defined in each agreement) for the project. Regardless of the actual amount of Qualified Expenditures, the amount of the Developer Note for each project may not exceed the “Available Accrued Taxes” as defined in each OPA. The Agency agrees to issue the Developer Notes within 60 days after the Developer satisfies certain conditions set forth in each OPA (including a determination by the Agency that the development plans are in compliance with the applicable development agreement, City approval of the plans, and issuance of a Certificate of Completion by the Agency); provided, however, that Developer Notes will be issued only between March 15 and June 30 of each year. The OPAs provide for alternative interest rates based on whether or not the Developer Notes are subject to federal income taxation. Generally, tax-exempt Developer Notes bear interest at a rate equal to the Bond Buyer 20-Bond Index published nearest to the date of issuance of the notes (the “Index”) and taxable Developer Notes bear interest at 300 basis points above the Index rate.

In all cases, the OPAs provide that the Agency’s obligations to pay the Developer Notes is subordinate to the repayment of all pre-existing bonds and, upon satisfaction of the test described in “SECURITY FOR THE BONDS--Additional Obligations - Other Limitations on Issuance of Additional Parity Bonds and Additional Housing Bonds,” the Agency’s obligations to pay the Developer Notes also will be subordinate to Agency bonds or other obligations issued after issuance of the applicable Developer Note. In addition, on the maturity date of the Developer Notes, all unpaid principal and interest is abated to the extent that Available Accrued Taxes are insufficient to pay any amounts owed.

Existing Developer Notes. The following is a summary of the Developer Notes issued pursuant to the Agency’s current OPAs. In addition to the OPAs discussed below, the Agency expects to enter into new OPAs with developers in the future.

*World Market Center.* Pursuant to an OPA between the Agency and World Market Center, LLC (the “World Market OPA”), the Agency issued a Developer Note dated June 30, 2005 (WM #1), in the maximum principal amount of \$1,696,622, maturing on June 30, 2025, and bearing interest at an annual rate of 8.04%. The Agency has calculated a maximum annual payment of \$173,706 for WM #1. Pursuant to the World Market OPA, the Agency issued a second Developer Note dated June 30, 2006 (WM #2), in the maximum principal amount of \$8,725,545, maturing on June 30, 2025, and bearing interest at an annual rate of 8.04%. The Agency has calculated a maximum annual payment of \$890,977 for WM #2. The Agency currently is paying interest on WM #1, then interest on WM#2 before applying any amounts toward the principal of the two notes; during fiscal year 2008, the Agency paid \$353,825 on WM #1 and WM #2 combined. The Agency has issued a third Developer Note for Phase 2 of the World Market Center project (WM #3) ; that Developer Note is dated June 18, 2008, has a maximum principal amount of \$14,268,157, matures on June 30, 2025, and bears interest at the annual rate of 7.90%. The Agency has calculated a maximum annual payment of \$1,511,897 for WM #3; during fiscal year 2008, the Agency paid \$595,496. “Available Accrued Taxes” in the World Market OPA means 50% of the tax increment paid in connection with the project based on the 2002-03 assessed value of the property (less the applicable housing set aside-currently 18%).

The developer has completed phase 3 of the Word Market Center, but has not yet requested the issuance of a Developer Note with respect to phase 3. The Agency currently expects that the developer will request issuance of a Developer Note in March 2009; however, it is not certain when the developer actually will request such an issuance. The Agency anticipates that the amount of the Developer Note, if requested, could be issued in a maximum amount of up to \$12 million.

*PS GSA Office Buildings.* Pursuant to an OPA between the Agency and PH GSA LLC (the “PH GSA OPA”) entered into on January 23, 2003, the Agency issued a Developer Note in the principal amount of \$995,510 (the “PSGSA”) maturing on June 30, 2026, and bearing interest at an annual rate of 7%. The Agency has calculated a maximum annual payment of \$93,960 for PSGSA; during fiscal year 2008, the Agency paid \$36,403. “Available Accrued Taxes” in the PH GSA OPA means 50% of the tax increment paid in connection with the project based on the 2003-2004 assessed value of the property (less the applicable housing set aside).

*Chelsea Premium Outlet Stores.* Pursuant to an OPA between the Agency and Simon/Chelsea Las Vegas Development, LLC (the “Simon Chelsea OPA”) entered into on June 9, 2002, the Agency has issued a Developer Note dated June 30, 2004, in the principal amount of \$1,837,360 (“Chelsea #1”), which matures on March 5, 2016, and bears interest at an annual rate of 7%. The Agency has calculated a maximum annual payment of \$219,842 for Chelsea #1. The Agency has issued an additional Developer Note dated June 18, 2008 (“Chelsea #2”), in the principal amount of \$756,095, maturing on June 30, 2016, and bearing interest at an annual rate of 7%. The Agency has calculated a maximum annual payment of \$126,622 for Chelsea #2. The Agency currently is paying interest on Chelsea #1, then interest on Chelsea #2 before applying any amounts toward the principal of the two notes; during fiscal year 2008, the Agency paid \$149,781 on Chelsea #1 and Chelsea #2 combined. “Available Accrued Taxes” in the Simon Chelsea OPA means 50% of the tax increment paid in connection with the project based on the 2002-03 assessed value of the property (less the applicable housing set aside-currently 18%).

*Allure Condos, Phase 1.* Pursuant to an OPA between the Agency and SP Sahara Development, LLC (the “Sahara OPA”) entered into on June 15, 2005, the Agency has issued a Developer Note dated June 30, 2008, in the maximum principal amount of \$20,912,094 (the “Allure Note”). The Allure Note matures on June 30, 2027, and bears interest at an annual rate equal to 7.90%. “Available Accrued Taxes” in the Sahara OPA means 50% of the tax increment paid in connection with the project based on the 2005-2006 assessed value of the property (less the applicable housing set aside-currently 18%). The Agency has calculated a maximum annual payment of \$2,114,117 for the Allure Note; during fiscal year 2008, the Agency paid \$300,418.

Other OPAs. The following paragraphs describe additional OPAs to which the Agency is a party; no Developer Notes have been issued pursuant to these agreements.

*REI.* In June 2007, the Agency entered into an OPA with REI NEON, LLC (the “REI OPA”). The Agency has not yet issued any Developer Notes pursuant to this OPA; at this time the future of the project is uncertain and the Agency is not able to predict when or if a Developer Note will be issued. If a Developer Note is issued, it will mature on the earlier of (i) 20 years after issuance or (ii) March 5, 2031. “Available Accrued Taxes” in the REI OPA means either 50% or 81% of the tax increment paid in connection with the project based on the

2007-08 assessed value of the property (less the 18% housing set aside), depending on the category of improvements for which the Developer Notes are being issued.

*Buy-Low Market.* Pursuant to an OPA between the Agency and Buy-Low Market Inc. (the “Buy-Low OPA”) entered into on June 18, 2008, the Agency will offer up to \$900,000 in grant funds to the participant for making certain tenant improvements to a grocery store site which the participant must continue to operate as a grocery store. \$200,000 of the grant funds are intended to reimburse the participant for qualifying equipment purchase; the remaining \$700,000 is intended to reimburse the participant construction of certain grocery store tenant improvements and will be paid in increments of \$100,000 (or a lesser amount depending on the cost of improvements) over seven years. The participant also is eligible for reimbursement of up to \$50,000 for qualifying façade work pursuant to the Agency’s Visual Improvement Program (see “THE REDEVELOPMENT AREA--Agency Programs”). The Buy-Low OPA does not provide for the issuance of Developer Notes. Amounts required to be paid under this agreement must be reimbursed by the Agency to the developer in each year in which qualifying expenditures occur.

*World Jewelry Center.* The Agency has entered into an OPA dated as of January 9, 2008, with Heritage-Nevada VIII, LLC (the “Heritage OPA”). The Agency has not yet issued any Developer Notes pursuant to this OPA. The World Jewelry Center is a component of the Union Park Project (discussed in more detail in “THE REDEVELOPMENT AREA--Projects in the Redevelopment Area - Future Projects--Union Park”) and construction currently is expected to begin in the fall of 2009. No Developer Note will be issued until completion of the Project. If a Developer Note is issued, it will mature on the earlier of (i) 20 years after issuance or (ii) March 5, 2031. “Available Accrued Taxes” in the Heritage OPA means the product of 61% multiplied by the “Agency Share of Real Estate Taxes.” The Agency Share of Real Estate Taxes equals ad valorem real estate taxes paid in connection with the World Jewelry Center (the “Real Estate Taxes”), minus each of the following: (a) the portion of taxes required to be set aside to provide low income housing (i.e., the 18% Housing Set-Aside); (b) the Real Estate Taxes paid on the then-current tax rate applied against the fiscal year 2007-08 assessed value of the property on which the project is located, if any; (c) the Real Estate Taxes paid with respect to the project that is attributable to a tax rate levied by a taxing agency to produce revenues in an amount sufficient to make annual repayments of the principal of and interest on any bonded indebtedness approved by the voters on or after November 5, 1996 as provided in NRS 279.676(1)(d); and (e) an other portion of the Real Estate Taxes paid with respect to the project which is not transferred to the Agency under NRS 279.676.

*LiveWork.* Pursuant to the LiveWork MDA described above, the Agency agrees to enter into an OPA with the LiveWork developer. The OPA has not yet been executed. However, the OPA will include an agreement to enter into a Developer Note to rebate all Available Accrued Taxes (100% of the received taxes, less the 18% Housing set-aside) generated by the Block Project. The total value of the Block Project is currently projected at \$700M. Therefore, the Block Project would not result in any new tax increment to the Agency, except for the 18% Housing Set-Aside. Although the LiveWork OPA has not yet been finalized, it is expected that it will contain a requirement that the rebate provisions be subordinate to the payment of debt service on the Agency’s existing and future bonds.

Other Agreements. The Agency currently expects to enter into an incentive agreement with Telus International, a British Columbia-based outsourcing solutions company,

which plans to open a call center in the City. The terms of this agreement have not yet been finalized; however, it is expected that the Agency will provide incentive payments of \$300,000 per year for seven years to Telus; the payments would be used for equipment and tenant improvements to the building. The transaction requires an amendment to the Redevelopment Plan because the facility is outside the boundaries of the Redevelopment Area; although State law permits the expenditure of tax increment revenues outside the Redevelopment Area, the current Redevelopment Plan does not. The Agency staff have begun the process of amending the Redevelopment Plan. Although no agreement has been finalized, it is expected that the Agency's obligation to provide incentive payments will be subordinate to the lien of the 2009A Bonds on the Pledged Property Tax Revenues.

The Agency is a party to numerous other agreements. Included in these agreements are various leases for parking spaces in downtown parking facilities from various private parties.

## **THE REDEVELOPMENT AREA**

### **General**

As presently constituted, the Redevelopment Area encompasses approximately 2,628 net acres of land, consisting of all of downtown Las Vegas and certain surrounding areas. Included within the Redevelopment Area is the central business district of the City, which includes hotel/casinos, low-, mid- and high-rise office buildings, governmental buildings, community retail centers and residential areas, as well as the bulk of the industrial land within the City. The population of the Redevelopment Area was estimated to be approximately 30,928 as of July 1, 2008, or approximately 5.2% of the total population of the City.

### **Agency Programs**

The Agency offers various incentive programs to assist in attracting new retail, office and industrial businesses to downtown Las Vegas. These incentive programs include:

(i) Tax increment financing rebates for qualified expenditures through the issuance of Developer Notes (see “AGENCY DEBT STRUCTURE--Other Agency Obligations - Owner Participation Agreements”).

(ii) The Fast Track program, pursuant to which the Agency staff assists businesses with expedited entitlements and permitting and provides information on State incentives for job creation.

(iii) Visual Improvement Programs, which aid in the upgrading of commercial or industrial properties by offering matching grants for qualified exterior improvement costs to upgrade building appearance and for bringing businesses up to code. Qualified improvements include including signs, building facades, permanent landscaping, parking facilities, and other improvements.

At the end of fiscal year 2007, the Agency also implemented a retail attraction program called “Retail Downtown Las Vegas.” The initiative is intended to attract and retain high-quality retailers by sharing information on downtown commercial opportunities, available business incentives and up-to-date market data. It includes the following elements: (i) recommending City programs and incentives to encourage retailers to enter the downtown market; (ii) providing property owners and tenants within the Redevelopment Area with expedited assistance for tenant improvements and development; (iii) addressing social issues such as crime and transportation; (iv) identifying existing retail trade areas, anchor tenants and tenant mixes that provide the highest and best uses for ground-floor commercial, office and downtown residential spaces; (v) creating programs to avoid redundant and undesired uses; and (vi) requiring that existing store-front retail within the Redevelopment Area be merchandised or covered with uniform, design-consistent window dressing.

### **Land Use in the Redevelopment Area**

The land use in the Redevelopment Area is varied, consisting of residential, industrial, commercial and other (governmental uses, industrial uses, vacant land and miscellaneous). The current land use (by number of parcels and assessed valuation) is primarily commercial.

The following table, derived from the Fiscal Consultant’s Report, illustrates the current land use in the Redevelopment Area. Also see Appendix G. The information in the table was summarized by KMA based upon October 2008 segregation report information provided by the County Assessor’s office. Acreage information was obtained by KMA from Transamerica Intellitech/Metroscan.

See Table 2-B in Appendix G hereto for a land use table based upon the January 2009 preliminary values for 2009-10.

Land Use in the Redevelopment Area by Assessed Value(1)

<u>Land Use</u>	<u>Number of Parcels</u>	<u>Acres(2)</u>	<u>FY 2009 Assessed Value(3)</u>	<u>% of Total Assessed Value(3)</u>
<b>Secured Roll</b>				
Commercial				
Retail	546	446.75	\$390,582,784	19.4%
Hotel	103	78.76	372,620,039	18.5
Office	518	202.76	243,762,796	12.1
Other	<u>589</u>	<u>415.97</u>	<u>194,671,367</u>	<u>9.7</u>
Subtotal Commercial	<u>1,756</u>	<u>1,144.24</u>	<u>1,201,636,986</u>	<u>59.7</u>
Residential				
Multi-family	2,007	305.93	282,678,780	14.0
Single family & other	<u>1,475</u>	<u>236.08</u>	<u>74,070,616</u>	<u>3.7</u>
Subtotal Residential	<u>3,482</u>	<u>542.01</u>	<u>356,749,396</u>	<u>17.7</u>
Vacant	851	392.38	112,170,853	5.6
Industrial	196	198.58	76,733,438	3.8
Community serving	130	282.12	7,606,441	0.4
Miscellaneous	<u>26</u>	<u>30.10</u>	<u>16,000,629</u>	<u>0.8</u>
Total Secured Roll	6,441	2,589.43	1,770,897,743	87.8
<b>Unsecured (2)</b>	<u>n/a</u>	<u>n/a</u>	<u>245,269,644</u>	<u>12.2</u>
Total	6,492	2,589.43	\$2,016,167,387	100.0%

(1) Based upon the October segregation report value reported by the County Assessor’s office. The assessed value does not include the estimated value of the exempt property within the Redevelopment Area.

(2) Net of roads, rights of way, curbs and common area; also net of exempt property.

(3) Generally represents personal property and state-assessed property (such as utilities). The County Assessor is not able to provide a breakdown by use for this category.

Source: Summarized by KMA based upon the October segregation report provided by the County Assessor’s office; acreage information provided by Transamerica Intellitech/Metroscan.

**Projects in the Redevelopment Area**

Completed Projects. The following table presents a summary of certain redevelopment projects completed within the Redevelopment Area since 2002. Although the Agency has provided assistance to certain of these projects (including assembly of land or other financial assistance), it is not responsible for their ongoing operation and makes no guarantee as to the financial viability or continued operation of any of the projects.

In addition to the projects listed below, from 2005 to 2008, approximately \$36.2 million in Commercial Visual Improvement Program (façade improvements) have been approved by the Agency. The total value of Agency participation for these approved visual improvement projects is approximately \$1.5 million; the private participation is approximately \$34.6 million.

Recently Completed Projects within the Redevelopment Area

<u>Project</u>	<u>Completion Date</u>	<u>Total Project Cost</u>	<u>Private Participation</u>	<u>Agency Participation</u>
Clark County Regional Justice Center	2002	\$120,000,000	\$114,700,000	\$5,300,000
L'Octaine	2002	6,013,200	4,863,200	1,150,000
Mainor & Harris	2002	4,890,000	4,500,000	390,000
Mi Casa en El Sol	2002	5,174,400	4,286,700	887,700
Neonopolis	2002	100,000,000	68,000,000	32,000,000
Las Vegas Premium Outlets, Phase 1	2003	85,000,000	85,000,000	1,837,360 (1)
Pepes Taco	2004	801,000	780,000	21,000
Bridger Associates, LLC	2005	1,313,508	1,219,108	94,400
Edmond Town Center (Westland Plaza Parcel B)	2005	20,000,000	17,000,000	3,000,000
Molasky Corporate Center Phase 1 (IRS)	2005	13,103,477	13,103,477	995,510 (1)
World Market Center, Phase 1	2005	225,000,000	214,577,833	10,422,167 (1)
World Market Center, Phase 2	2007	345,000,000	330,731,843	14,268,157 (1)
Allure, Phase 1	2008	233,000,000	212,087,907	20,912,094 (1)
Las Vegas Premium Outlets, Phase 2	2008	55,700,000	54,943,905	756,095 (1)
World Market Center, Phase 3	2008	<u>488,000,000</u>	<u>488,000,000</u>	<u>-- (2)</u>
Totals		\$1,702,995,585	\$1,613,793,973	\$92,034,483

- (1) These Agency participation amounts are represented by the Developer Notes described in "AGENCY DEBT STRUCTURE--Other Agency Obligations - Owner Participation Agreements."
- (2) The Agency may be requested to issue a Developer Note with respect to this project in March 2009. See "Agency Debt Structure--Other Agency Obligations - Owner Participation Agreements."

Source: The Agency.

Other Recently Completed Projects. In addition to those listed in the table above, other commercial projects recently have been completed (or substantially completed), including: the relocation of Bank of America's MLK branch; the Cox Communication Regional Headquarters; and the Las Vegas Corporate Center.

Recently completed (or substantially completed) residential projects include: juhl Las Vegas (354 residential units in six mid-rise buildings); Streamline Tower (275 condominium units); Newport Lofts (168 loft-style units); Soho Lofts (120 units); Urban Lofts Townhomes (11<sup>th</sup> Street) (30 units).

In addition, the Agency recently completed the renovation of The Fifth Street School, a historic school building revitalized as the home to an assortment of local arts and architectural organizations, including: the University of Nevada Las Vegas Fine Arts Program including the Downtown Design Center for the School of Architecture; the Nevada School of the Arts (a music education organization); the American Institute of Architects; and the City's Cultural Affairs Division.

Planned Projects. There are several projects currently under construction in the Redevelopment Area. These projects are expected to increase future tax increment revenue. See the Fiscal Consultant's Report attached hereto as Appendix G. Although the Agency has

provided assistance to certain of these projects (including assembly of land and other financial assistance), the Agency is not responsible for completion of construction or ongoing operation and makes no guarantee as to the financial viability of any of the projects. Further, there is no guarantee that all of the projects discussed below will be commenced, will be completed as currently planned or that their size or characteristics will not be changed over time. Completion of these projects generally is in the hands of individual developers and is beyond the control of the Agency.

Commercial projects currently under construction (or substantially completed) include: the El Cortez Cabana Suites; the construction of Golden Nugget expansion Phase III; the Lou Ruvo Brain Institute (a nonprofit project); the Neon Museum; the New Campos Office Building; the expansion of Valley Hospital; and Vegas Place. The Urban Lofts Townhomes (Fremont Street), a 70-unit residential project also is under construction.

Future Projects. Numerous projects have been proposed for construction or development within the Redevelopment Area. The following paragraphs provide a description of several of those projects. There is no guarantee that all of the projects discussed below will be commenced, will be completed as currently planned or that their size or characteristics will not be changed over time. Completion of these projects generally is in the hands of individual developers and is beyond the control of the Agency. Factors such as the housing market, availability of construction financing, availability of mortgage financing, need for additional retail space, planned configuration of retail space, and other factors may cause the developers to determine not to proceed with any of these projects or to proceed with projects with materially different size or other characteristics. See “CERTAIN RISK FACTORS.”

*Union Park.* Union Park is planned as a 61-acre mixed-use urban community located in the heart of downtown Las Vegas. The Union Park project is being master planned by the City and Newland Communities, LLC, which also is acting as development manager overseeing day-to-day development. Union Park is located in downtown Las Vegas, east of I-15 and north of Charleston Boulevard. The site is bordered on the east by the Union Pacific Railroad tracks and on the west and north by Grand Central Parkway and Bonneville Avenue. Currently, the Union Park property is owned by the City and is not reflected on the tax rolls. As property in Union Park is sold to private parties (other than non-profit entities) and developed, it will be included in the tax roll.

The Union Park development is planned as a pedestrian-oriented, mixed-use urban center divided into four districts: the civic district, including the two-acre Symphony Park, the Smith Center for the Performing Arts (described below), and future arts-related venues; the specialty district, including hospitality uses, specialty retail, hotel and entertainment uses; the residential district, containing a variety of “urban neighborhood” housing types, including apartments, condominiums, street-level brownstones, walk-ups and mid-rise use with first level retail; and the medical/office district, anchored by the Lou Ruvo Brain Institute (described below) and containing office and clinic space to support medical and general uses. Union Park currently is planned to encompass approximately 10-11 million square feet (“s.f.”). Currently planned components include: approximately 1.9 million s.f. of office/medical uses; 5.2 million s.f. of residential uses (approximately 3,200 units); 675,000 s.f. contained in two non-gaming hotels; one gaming hotel/casino (approximately 975,000 s.f. of hotel space and 60,000 to 100,000 s.f. of casino space); and 475,000 s.f. of retail.

Union Park also is planned to contain the 67,000 s.f. Lou Ruvo Brain Institute (the “Institute”), a Frank Gehry-designed facility dedicated to research and treatment of neurodegenerative diseases like Alzheimer’s, Huntington’s, Parkinson’s and ALS. The office portion of the Institute has received certificate of occupancy; the remainder of under construction. The Institute has entered into a partnership with the Cleveland Clinic for operation of the facility; the clinic is expected to be called the “Cleveland Clinic Lou Ruvo Center for Brain Health.” The Las Vegas Performing Arts Center Foundation also is expected to construct the Smith Center for the Performing Arts to house the Nevada Ballet Theatre, the Las Vegas Philharmonic, Broadway shows and other touring productions. Union Park also is planned to include: the World Jewelry Center, containing approximately 2 million s.f. of mixed-use tower office space with a primary focus on the international gem trade; the Charlie Palmer Hotel, containing 400 suites and rooms, a spa and pool and a signature Charlie Palmer restaurant; and a hotel/casino to be developed by Forest City, a publicly traded real estate company. The Agency also expects to solicit additional requests for proposals for development other parcels in Union Park.

The Union Park master developer (Newland Communities LLC) is the largest privately owned national real estate developer involved in residential and master-planned community development nationwide with offices in more than 20 U.S. cities. The developer currently holds entitled land for more than 80,000 single-family residences and 15,000 multi-family residences and has over 40 developments underway in 14 states.

Union Park Phase 1 improvements began construction early in 2008. The proceeds of the 2009A Bonds are expected to be used to pay a portion of the public infrastructure costs for Phases 2 and 3. See “SOURCES AND USES OF FUNDS--The Redevelopment Project.” Certain other required improvements (including electric, natural gas, and telecommunications infrastructure and any required remediation of privately owned sites) are expected to be financed with land sale proceeds or with proceeds of the 2009A Bonds. See “SOURCES AND USES OF FUNDS--The Redevelopment Project.”

*LiveWork/Forest City.* LiveWork/Forest City project is planned as a five block development proposed to include: a transportation hub anchored by a new headquarters for the Regional Transportation Commission; a new, 300,000 s.f., City Hall; and approximately one million s.f. of office space with ground floor retail. See “AGENCY DEBT STRUCTURE--Other Agency Obligations - Disposition and Development Agreements.

*CIM.* CIM Group (“CIM”) is a Los Angeles-based privately held real estate fund manager that makes private equity and debt investments in urban communities throughout North America. CIM has taken a large equity position in the Lady Luck Hotel & Casino property. The CIM project includes the revitalization of the City’s downtown casino district, including the restoration and renovation of the former Lady Luck Hotel and Casino with a renovated casino and a 700-room hotel tower, approximately 200,000 to 300,000 square feet of retail space and other amenities. The CIM project also is expected to surround the Lady Luck with entertainment venues intended to connect the area with Fremont Street and may include an additional tower, the use of which has not yet been determined.

*Old City Hall Site.* Once the new City Hall is completed, the Agency expects to demolish the existing city hall and offer its 7-acre site for redevelopment, together with an additional 12 acres the Agency has assembled east of Las Vegas Boulevard. The site would be located at the northern gateway into downtown Las Vegas along the Strip. The

Agency has not yet made any final determinations as to the anticipated use for the site; however, the Agency expects that the site would be suitable for new mixed use development, an arena or sports venue, a casino-hotel, or other entertainment venues.

### **The Redevelopment Plan**

The three principal goals of the Redevelopment Plan are (i) to diversify the downtown area's economy by attracting corporate and other offices to the area; (ii) to create an urban market place environment that will attract City residents back to the downtown area as a place for shopping, dining, and recreation; and (iii) to attract more tourists and visitors to the downtown area and to keep them there longer.

The specific objectives of the current Redevelopment Plan are:

(1) To eliminate and prevent the spread of blight and deterioration and the conservation, rehabilitation and redevelopment of the Redevelopment Area in accord with the Master Plan, the Redevelopment Plan and local codes and ordinances. (2) To assemble land into parcels suitable for modern, integrated development and allow for improved pedestrian and vehicular circulation in the Redevelopment Area.

(2) To achieve an environment reflecting a high level of concern for architectural, landscape and urban design and land use principles appropriate for attainment of the objectives of the Redevelopment Plan.

(3) To minimize unplanned growth by guiding revitalization activities and new development in such fashion as to meet the needs of the Redevelopment Area, the City and its citizens.

(4) To retain existing businesses by means of redevelopment and rehabilitation activities and by encouraging cooperation and participation of owners, businesses and public agencies in the revitalization of the Redevelopment Plan.

(5) To encourage investment by the private sector in the development and redevelopment of the Redevelopment Area by eliminating impediments to such development and redevelopment.

(6) To encourage maximum participation of residents, businesspersons, property owners, and community organizations in the redevelopment of the Redevelopment Area.

(7) To replan, redesign and develop areas which are stagnant or improperly used.

(8) To insure adequate utility capacity to accommodate redevelopment and new development.

Redevelopment of the Redevelopment Area pursuant to the Plan and the goals and objectives described above are intended to attain the purposes of the Act by:

(a) elimination of areas suffering from economic dislocation and disuse in affected areas;

(b) replanning, redesign and/or redevelopment of areas which are stagnant or improperly utilized, in ways which could not be accomplished solely by private enterprise without public participation and assistance;

(c) protection and promotion of sound development and redevelopment of blighted areas and the general welfare of the citizens of the City by remedying such injurious conditions through the employment of appropriate means;

(d) installation of new, or replacement of existing public improvements, facilities and utilities in areas which are currently inadequately served with regard to such improvements, facilities and utilities; and

(e) other means as determined appropriate.

The Redevelopment Area has been designated a blighted area under the Act and it is intended that the Agency undertake various activities to cause the elimination of blight and blighting influences while providing for the development and redevelopment of the entire Redevelopment Area in conformance with the Redevelopment Plan. In order to accomplish this, the Redevelopment Plan provides the Agency with a variety of powers. As permitted by the Act, these powers include the authority to acquire and convey land, the power of eminent domain, the authority to set design standards and approve development projects and the authority to construct infrastructure as well as other public facilities.

## **LEGAL MATTERS**

### **Litigation**

Except as discussed in this Official Statement, there is no action, suit, proceeding or investigation at law or in equity pending or, to the Agency's knowledge, threatened in any way to restrain or enjoin the authorization, issuance, execution or delivery of the 2009A Bonds, or the pledge or collection of the Pledged Revenues or the payments to be made pursuant to the 2009A Indenture, or in any way contesting the validity of the 2009A Bonds, the Indenture, or any proceedings of the Agency with respect thereto.

### **Sovereign Immunity**

Pursuant to State statute (NRS Section 41.035), an award for damages in an action sounding in tort against the Agency may not include any amount as exemplary or punitive damages and is limited to \$75,000 per cause of action. The limit will increase to \$100,000 effective October 1, 2011. The increase in the limitation will have the effect of increasing the liability insurance costs for the Agency. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

### **Police Power**

The obligations of the Agency are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the Federal Constitution.

### **Approval of Certain Legal Proceedings**

The approving opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2009A Bonds. The form of the Bond Counsel opinion is attached to this Official Statement as Appendix C. The opinion will include a statement that the obligations of the Agency are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Swendseid & Stern, a member in Sherman & Howard L.L.C. has also acted as Special Counsel to the Agency in connection with this Official Statement. The City Attorney, acting as Agency Counsel, will pass upon certain legal matters for the Agency.

## TAX MATTERS

### Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2009A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2009A Bonds (the “Tax Code”), and interest on the 2009A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. For purposes of this paragraph and the succeeding discussion, “interest” includes the original issue discount on certain of the 2009A Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the 2009A Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the 2009A Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2009A Bonds; (b) limitations on the extent to which proceeds of the 2009A Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2009A Bonds above the yield on the 2009A Bonds to be paid to the United States Treasury. The Agency will covenant and represent in the 2009A Indenture that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2009A Bonds from gross income and alternative minimum taxable income under such federal income tax laws. Bond Counsel’s opinion as to the exclusion of interest on the 2009A Bonds from gross income and alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Agency to comply with these requirements could cause the interest on the 2009A Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the Agency and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

With respect to 2009A Bonds that were sold in the initial offering at a discount (the “Discount Bonds”), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as “original issue discount” for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income and alternative minimum taxable income under the conditions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 15 and December 15 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income and alternative minimum taxable income under the conditions described in the preceding paragraphs and will be added to the owner’s basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at

maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2009A Bonds. Owners of the 2009A Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2009A Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2009A Bonds may be sold at a premium, representing a difference between the original offering price of those 2009A Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2009A Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2009A Bonds. Owners of the 2009A Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2009A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2009A Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2009A Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2009A Bonds or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2009A Bonds. Owners of the 2009A Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2009A Bonds. If an audit is commenced, the market value of the 2009A Bonds may be adversely affected. Under current audit procedures, the Service will treat the Agency as the taxpayer and the Owners may have no right to participate in such procedures. The Agency will covenant in the Indenture not to take any action that would cause the interest on the 2009A Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the Agency, the Underwriter, the Financial Advisor, Bond Counsel or Special Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the 2009A Bonds.

### **State Tax Exemption**

In the opinion of Bond Counsel, the 2009A Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

### **RATING APPLIED FOR**

The Agency has applied to Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc. (“S&P”) for a rating on the 2009A Bonds. No rating has been received as of the date of this Official Statement; however, the Agency expects to receive a rating prior to the pricing of the 2009A Bonds. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

There is no assurance that such ratings will continue for any given period of time after they are received or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Other than the Agency’s obligations under the Disclosure Certificate, neither the Agency nor the Financial Advisor has undertaken any responsibility either to bring to the attention of the owners of the 2009A Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2009A Bonds.

### **INDEPENDENT AUDITORS**

The basic financial statements of the City of Las Vegas Redevelopment Agency, Nevada, a component financial reporting unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2008 included hereto as Appendix A, have been audited by KPMG, LLP, Los Angeles, California, independent certified public accountants, to the extent and for the period indicated in their report thereon.

The audited basic financial statements of the Agency, including the auditors report thereon, are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. Accordingly, the Agency has not requested consent from its auditors. Since the date

of its report, KPMG LLP has not been engaged to perform and has not performed any procedures on the basic financial statements addressed in that report and also has not performed any procedures relating to this Official Statement.

### **FINANCIAL ADVISOR**

NSB Public Finance, Las Vegas, Nevada, is serving as financial advisor to the Agency in connection with the 2009A Bonds. See “INTRODUCTION--Additional Information” for contact information for the Financial Advisor. NSB Public Finance has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the Agency, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by NSB Public Finance respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

### **UNDERWRITING**

Stone & Youngberg LLC. (the “Underwriter”) is purchasing the 2009A Bonds pursuant to a Bond Purchase Agreement between the Agency and the Underwriter at a price of \$\_\_\_\_\_, which is equal to the par amount of the 2009A Bonds, less original issue discount of \$\_\_\_\_\_, and less underwriting discount of \$\_\_\_\_\_. The Underwriter is committed to take and pay for all of the 2009A Bonds if any are taken.

The initial public offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing said securities into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

### **OFFICIAL STATEMENT CERTIFICATION**

The preparation of this Official Statement and its execution and distribution have been duly authorized by the Agency.

CITY OF LAS VEGAS REDEVELOPMENT  
AGENCY

By: \_\_\_\_\_  
Acting Finance Director

## APPENDIX A

### AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF LAS VEGAS REDEVELOPMENT AGENCY, NEVADA FOR THE YEAR ENDED JUNE 30, 2008

**NOTE:** The audited basic financial statements of the Agency included in this Appendix A have been derived from the Agency's CAFR. *Inclusion of the Agency's audited basic financial statements does not indicate that any revenues of the Agency, other than the 2009A Revenues, are available to pay debt service on the 2009A Bonds.*

Further, the table of contents, introductory section, individual fund budgetary statements, and capital asset schedules referred to in the auditor's report attached hereto has purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the Agency. The auditor's separate report on internal controls also has been excluded purposely from this Official Statement.

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**KPMG LLP**  
Suite 2000  
355 South Grand Avenue  
Los Angeles, CA 90071-1568

## **Independent Auditor's Report**

The Honorable Chairperson, Members of the Board,  
and Executive Director  
City of Las Vegas Redevelopment Agency:

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Las Vegas Redevelopment Agency (Redevelopment Agency), a component financial reporting unit of the City of Las Vegas, Nevada, as of and for the year ended June 30, 2008, which collectively comprise the Redevelopment Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Redevelopment Agency's management. Our responsibility is to express opinions on these 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 Redevelopment 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, assessing the accounting principles used and 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Las Vegas Redevelopment Agency as of June 30, 2008, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General and Special Revenue Funds for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2009 on our consideration of the Redevelopment 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 the 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.

Management's discussion and analysis on pages 7 through 14 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Redevelopment Agency's basic financial statements. The introductory section, individual fund budgetary comparison financial statements for the Debt Service and Capital Projects funds, and the capital assets schedules are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such individual fund budgetary comparison financial statements and capital assets schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

KPMG LLP

January 27, 2009

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The information presented in the "Management's Discussion and Analysis" is intended to be a narrative overview of the City of Las Vegas Redevelopment Agency (Agency) financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the accompanying basic financial statements.

The City of Las Vegas Redevelopment Agency is a component unit of the City of Las Vegas, Nevada. Separate financial information for the Agency is required to fulfill a trust indenture requirement and requirements of Nevada State law.

### Financial Highlights

The assets of the City of Las Vegas Redevelopment Agency exceeded its liabilities at the close of fiscal year ended June 30, 2008, by \$63,113,911 (*net assets*). Of this amount, \$19,238,310 (*unrestricted net assets*) may be used to meet the Agency's on-going obligations to citizens and creditors.

- The Agency's total net assets increased by \$10,878,704 in fiscal year ended June 30, 2008.
- As of the close of the current fiscal year, the City of Las Vegas Redevelopment Agency's governmental funds reported combined ending fund balances of \$20,702,656, a decrease of \$1,304,778 in comparison with the prior year. Approximately 54.5 percent of the ending fund balance, \$11,287,768, is *available for spending* at the government's discretion (*unreserved undesignated fund balance*).
- At the end of the current fiscal year, the unreserved undesignated fund balance for the general fund was \$2,978,439.
- The City of Las Vegas Redevelopment Agency's total debt decreased by \$3,625,785 (13.6 percent) (net of premiums, discounts and amortized debt refunding costs) during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Las Vegas Redevelopment Agency's basic financial statements. The City of Las Vegas Redevelopment Agency's basic financial statements comprise three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental financial information and the Auditors' Compliance Section in addition to the basic financial statements themselves.

**Agency-wide financial statements.** The *Agency-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the fiscal year's revenues and expenses are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus assets, liabilities and expenses are reported in these statements for some items that will result in cash flows in future periods.

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, revenues and expenses have 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes).

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The governmental activities of the City of Las Vegas Redevelopment Agency include general government and economic development and assistance. The City of Las Vegas Redevelopment Agency has no business-type activities.

The Agency-wide financial statements can be found on pages 15 and 16 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. The Agency has only governmental fund types.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the agency-wide financial statements. However, unlike the Agency-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 an agency's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Agency-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the agency-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provides a reconciliation on page 17 and 19 to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, debt service fund and the capital projects fund, all of which are considered to be major funds. Budgetary comparison information for the general fund and special revenue fund are also presented.

The governmental fund financial statements can be found on pages 17 through 21 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to have a full understanding of the data provided in the agency-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23-35 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, the report also present certain Supplemental Financial Information relating to the Agency's budget for its Debt Service and Capital Projects Funds. The individual schedules provide budget versus actual comparisons and can be found in the Supplemental Financial Information section on pages 37-38 of this report. Also, the section includes information on the Agency's capital assets used in operation on pages 39-40 of this report.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Agency-wide Financial Analysis**

Our Agency-wide analysis focuses on the net assets and changes in net assets for the Agency's governmental activities. A summary of the Agency's net assets is as follows:

**City of Las Vegas Redevelopment Agency  
Summary of Net Assets**

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Current and other assets	\$ 26,003,917	\$ 25,564,837
Capital assets (net of accumulated depreciation)	<u>64,725,292</u>	<u>56,095,876</u>
Total assets	<u>90,729,209</u>	<u>81,660,713</u>
Long-term liabilities	23,025,691	26,651,476
Other liabilities	<u>4,589,607</u>	<u>2,774,030</u>
	<u>27,615,298</u>	<u>29,425,506</u>
Net Assets:		
Invested in capital assets, net of related debt	41,699,601	29,444,400
Restricted	2,176,000	2,352,089
Unrestricted	<u>19,238,310</u>	<u>20,438,718</u>
Total net assets	<u>\$ 63,113,911</u>	<u>\$ 52,235,207</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$63,113,911 at June 30, 2008.

By far the largest portion of the City of Las Vegas Redevelopment Agency's net assets (66 percent) reflects its investment in capital assets (e.g., land, land improvements and buildings) less any related debt used to acquire those assets that are still outstanding. The City of Las Vegas Redevelopment Agency uses these capital assets to improve the economic opportunities within the Agency. Although the City of Las Vegas Redevelopment Agency's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Las Vegas Redevelopment Agency's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$19,238,310 may be used to meet the Agency's ongoing obligations to citizens and creditors.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

At the end of the current fiscal year, the City of Las Vegas Redevelopment Agency is able to report positive balances in all three categories of net assets, both for the Agency as a whole, as well as for its governmental-type activities.

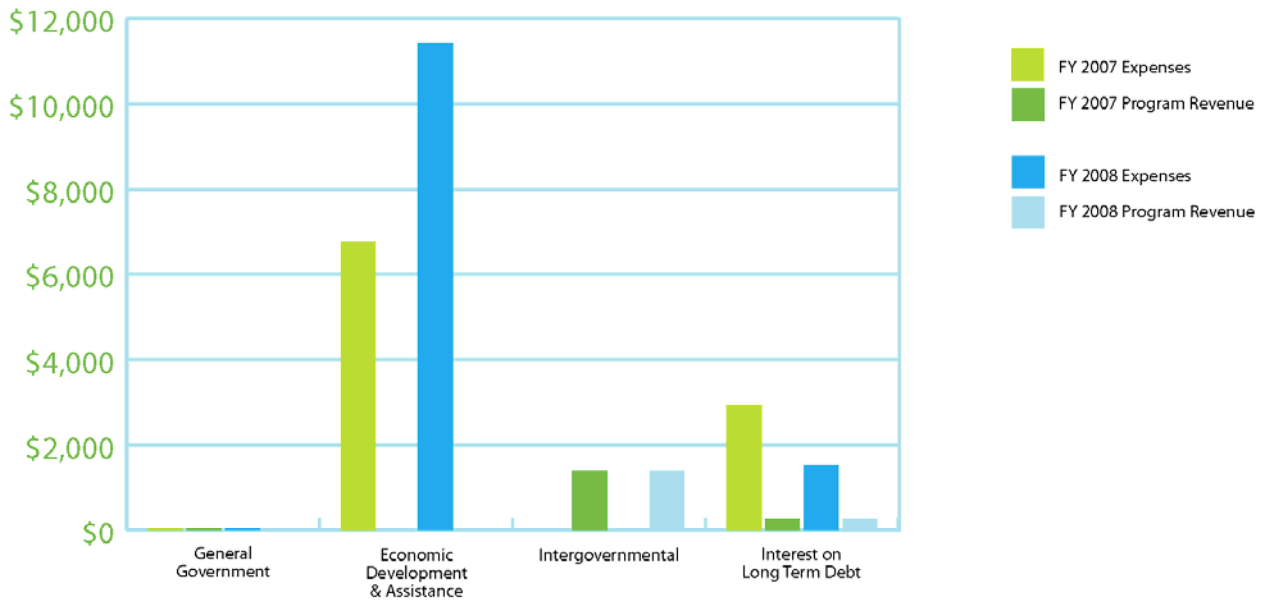
**Governmental activities.** Governmental activities increased the City of Las Vegas Redevelopment Agency's net assets by \$10,878,704 (20.8 percent). Key elements of this increase are as follows:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<b>City of Las Vegas Redevelopment Agency</b>		
<b>Summary of Activities</b>		
<b>For the Years Ended</b>		
Revenues:		
Program revenues:		
Charges for services	\$ 36,954	\$ 37,006
Operating grants and contributions	1,668,700	1,670,526
General revenues:		
Property taxes	21,445,299	17,171,833
Unrestricted investment earnings	721,386	892,202
Gain on disposal of assets		33,036
Total revenues	<u>23,872,339</u>	<u>19,804,603</u>
Expenses:		
General government	43,899	32,274
Economic development and assistance	10,019,957	5,370,124
Intergovernmental	1,400,000	1,400,000
Interest on long-term debt	1,529,779	2,950,931
Total expenses	<u>12,993,635</u>	<u>9,753,329</u>
Change in net assets	10,878,704	10,051,274
Net assets-July 1	<u>52,235,207</u>	<u>42,183,933</u>
	<u>\$ 63,113,911</u>	<u>\$ 52,235,207</u>

- Charges for services represent income from rentals of Agency property for \$21,300, fines for \$11,300 and refunds of \$4,354.
- The Agency received \$1,668,700 from the City of Las Vegas for debt service payments (see Note 8).
- The Agency had expenditures of \$3,864,638 for Housing Set-aside, \$1,400,000 to the City of Las Vegas Municipal Parking Fund, \$1,506,910 to the City of Las Vegas Redevelopment Agency Reimbursement Fund and incurred \$4,692,308 in project and operating costs. The Agency has adopted new market strategies for the development of the downtown area that should help increase revenues for investments and capital improvements. This long range planning strategy should help improve the Agency's financial position.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Expenses & Program Revenues –Governmental Activities (in thousands)**



CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

### Financial Analysis of Agency's Funds

As noted earlier, the City of Las Vegas Redevelopment Agency uses fund accounting to ensure and demonstrate compliance with finance-regulated legal requirements.

**Governmental funds.** The focus of the Agency's *governmental funds* 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, the *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2008, the City of Las Vegas Redevelopment Agency's governmental funds reported combined ending fund balances of \$20,702,656, a decrease of \$1,304,778 in comparison with the prior year. Approximately .6 percent of the fund balance, or \$1,203,368 constitutes *unreserved fund balance designated for redevelopment projects*. Approximately 55 percent of this amount, or \$11,287,768 constitutes *unreserved undesignated fund balance*, which is available for spending at the Agency's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) for land held for resale \$6,035,520, and (2) to pay debt service of \$2,176,000.

The general fund is the chief operating fund of the City of Las Vegas Redevelopment Agency. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,978,439.

During the current fiscal year, the fund balance of the City of Las Vegas Redevelopment Agency's general fund increased by \$175,706. The key factors in the increase was \$211,695 in investment earnings offset by \$1,506,910 in reimbursable costs paid to the City of Las Vegas, \$29,079 in net operating costs and \$1,500,000 in an operating transfer in from the special revenue fund.

The special revenue fund has an ending fund balance of \$7,238,888, a decrease of \$9,319,576 from the prior year. This decrease consists of \$9,270,054 in expenditures to capital outlay for the 5th Street School Rehab project and expenditures of \$2,150,162 for various economic development projects. The expenditures were offset from revenue of \$21,300 from rental of Agency property and \$834 from rebates. There was also an operating transfer in of \$2,000,000 from the debt service fund and \$78,506 from the capital projects fund.

The debt service fund has a total fund balance of \$10,485,329, with \$2,176,000 (21 percent) reserved for the payment of debt service. The remaining \$8,309,329 (79 percent) is unreserved and undesignated.

The capital projects fund balance was reduced to zero. The fund was closed out during fiscal year ended June 30, 2008 and \$78,506 of the fund balance was transferred to the special revenue fund and \$97,609 was contributed to the City of Las Vegas general fund.

### General Fund Budgetary Highlights

The general fund had an original budget in general government and economic development and assistance of \$4,785,605 for the fiscal year. The fund's actual expenditures were less than budgeted expenditures by \$1,834,796, mainly due to the economic development and assistance budget exceeding expenditures by \$1,819,195. This difference was primarily due to the Agency not making a budgeted contribution of \$1,700,000 to the City of Las Vegas industrial development special revenue fund.

### Capital Asset and Debt Administration

**Capital assets.** The City of Las Vegas Redevelopment Agency's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$64,725,292 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, equipment and construction in progress. The total increase in the City of Las Vegas Redevelopment Agency's investment in capital assets for the current fiscal year was approximately 1.5 percent. A summary of the Agency's capital assets follows:

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**City of Las Vegas Redevelopment Agency Capital Assets**

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Land	\$ 32,271,220	\$ 32,271,220
Land improvements (net of depreciation)	243,898	265,609
Buildings and improvements (net of depreciation)	19,140,452	19,747,491
Equipment (net of depreciation)	51,058	62,946
Construction in progress	<u>13,018,664</u>	<u>3,748,610</u>
Total	<u>\$ 64,725,292</u>	<u>\$ 56,095,876</u>

Major capital events during the fiscal year included the following:

- The Agency contributed \$9,270,054 to the construction in progress of the 5th Street building remodel.

Additional information on the City of Las Vegas Redevelopment Agency's capital assets can be found in Note 5 on page 31 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Las Vegas Redevelopment Agency had total bonded debt outstanding of \$23,025,691. The Agency's long-term debt is payable from ad valorem tax levied against the incremental assessed value for all taxable property within the redevelopment area.

**City of Las Vegas Redevelopment Agency Outstanding Debt  
Revenue Bonds and Loans Payable**

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Revenue bonds (net of original issue premiums and discounts and unamortized debt refunding costs)	<u>\$ 23,025,691</u>	<u>\$ 26,651,476</u>

The City of Las Vegas Redevelopment Agency's total debt decreased by \$3,680,000 (14 percent) (excluding premiums and discounts and unamortized debt refunding costs) during the current fiscal year. The reduction was due to scheduled debt service payments of the bonds.

The Agency's overall bond credit rating with Standard & Poor's is A.

State statutes limit the amount of general obligation debt the Agency may issue up to 20 percent of its total assessed valuation. The current debt limitation for the City of Las Vegas Redevelopment Agency is \$186,603,188 which is \$163,358,188 (excludes original issue premiums, discounts, and unamortized debt refunding costs) in excess of the City of Las Vegas Redevelopment Agency's outstanding general obligation debt.

Additional information on the City of Las Vegas Redevelopment Agency's long-term debt can be found in Note 6 on pages 31-33 of this report.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Economic Factors**

For fiscal year 2009 the incremental valuation (assessed value) of the Agency is \$1,633,123,870 with a tax rate of \$2.5712 apportioned to the Agency per \$100 of assessed value. The incremental valuation increased \$700,107,928 over 2008.

**Requests for Information**

The financial report is designed to provide a general overview of the City of Las Vegas Redevelopment 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 Department of Finance and Business Services Director, 400 Stewart Avenue, Las Vegas, Nevada, 89101.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES
Current assets:	
Cash and cash equivalents (Notes 1D and 4)	\$ 15,981,154
Receivables:	
Property taxes	728,637
Investment income receivable	24,930
Loans	836,534
Intergovernmental	6,209
Deferred charges	214,933
Restricted assets:	
Cash and cash equivalents (Note 4)	240,887
Investments (Note 4)	1,934,938
Investment income receivable	175
Land held for resale	6,035,520
Capital assets (net of accumulated depreciation) (Note 5)	64,725,292
Total assets	90,729,209
Current liabilities:	
Accounts payable	1,975,303
Contracts payable	1,017,560
Interest payable	55,320
Customer deposits (Note 7)	745,116
Intergovernmental payable	796,308
Noncurrent liabilities (Note 6):	
Due within one year	3,835,783
Due in more than one year	19,189,908
Total liabilities	27,615,298
Net assets:	
Invested in capital assets, net of related debt	41,699,601
Restricted for:	
Debt service (Note 6)	2,176,000
Unrestricted	19,238,310
Total net assets	\$ 63,113,911

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS (NOTE 8)	NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS
<u>Functions/Programs</u>				
Governmental activities:				
General government	\$ 43,899	\$	\$	(43,899)
Economic development and assistance	10,019,957	36,954		(9,983,003)
Intergovernmental (Notes 6 and 8)	1,400,000		1,668,700	268,700
Interest on long-term debt	1,529,779			(1,529,779)
Total governmental activities	12,993,635	36,954	1,668,700	(11,287,981)
General revenues:				
Property taxes				21,445,299
Investment earnings				721,386
Total general revenues				22,166,685
Change in net assets				10,878,704
Net assets - July 1				52,235,207
Net assets - June 30				\$ 63,113,911

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
CASH & CASH EQUIVALENTS (Notes 1D and 4) \$	3,578,407	\$ 4,246,103	\$ 8,397,531	\$ 16,222,041
INVESTMENTS (Note 4)			1,934,938	1,934,938
RECEIVABLES:				
PROPERTY TAXES			728,637	728,637
INTEREST	13,159	581	11,365	25,105
LOANS		836,534		836,534
DUE FROM OTHER GOVERNMENTS	4,194		2,015	6,209
LAND HELD FOR RESALE		6,035,520		6,035,520
TOTAL ASSETS	\$ 3,595,760	\$ 11,118,738	\$ 11,074,486	\$ 25,788,984
<b>LIABILITIES AND FUND BALANCES</b>				
LIABILITIES:				
ACCOUNTS PAYABLE \$	411	\$ 1,969,563	\$ 5,329	\$ 1,975,303
CONTRACTS PAYABLE		1,017,560		1,017,560
DEFERRED REVENUE			552,041	552,041
DUE TO OTHER GOVERNMENTS	616,910	147,611	31,787	796,308
CUSTOMER DEPOSITS (Note 7)		745,116		745,116
TOTAL LIABILITIES	617,321	3,879,850	589,157	5,086,328
FUND BALANCES:				
RESERVED FOR:				
LAND HELD FOR RESALE		6,035,520		6,035,520
DEBT SERVICE (Note 6)			2,176,000	2,176,000
UNRESERVED:				
DESIGNATED FOR PROJECTS		1,203,368		1,203,368
UNDESIGNATED	2,978,439		8,309,329	11,287,768
TOTAL FUND BALANCES	2,978,439	7,238,888	10,485,329	20,702,656
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,595,760	\$ 11,118,738	\$ 11,074,486	

Amount reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (Note 5)	64,725,292
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 2A)	(23,532,923)
Delinquent property taxes receivable are not available to pay for current-period expenditures and, therefore are deferred in the funds.	552,041
Unamortized debt refunding transactions used in governmental activities that are not a financial resource and therefore, are not reported in the funds.	666,845
Net assets of governmental activities (Page 15)	\$ 63,113,911

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>					
PROPERTY TAXES	\$	\$	\$ 21,470,211	\$	21,470,211
INVESTMENT EARNINGS	211,695		431,543	26	643,264
MISCELLANEOUS RENTALS		21,300			21,300
INTERGOVERNMENTAL (NOTES 6 AND 8)	1,400,000		268,700		1,668,700
REBATES AND REFUNDS	14,820	834			15,654
<b>TOTAL REVENUES</b>	<u>1,626,515</u>	<u>22,134</u>	<u>22,170,454</u>	<u>26</u>	<u>23,819,129</u>
<b>EXPENDITURES</b>					
CURRENT:					
GENERAL GOVERNMENT	43,899				43,899
ECONOMIC DEVELOPMENT AND ASSISTANCE	2,906,910	2,150,162	5,624,638	97,609	10,779,319
DEBT SERVICE:					
PRINCIPAL RETIREMENT			3,680,000		3,680,000
INTEREST AND FISCAL CHARGES			1,350,635		1,350,635
CAPITAL OUTLAY:					
ECONOMIC DEVELOPMENT AND ASSISTANCE		9,270,054			9,270,054
<b>TOTAL EXPENDITURES</b>	<u>2,950,809</u>	<u>11,420,216</u>	<u>10,655,273</u>	<u>97,609</u>	<u>25,123,907</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,324,294)</u>	<u>(11,398,082)</u>	<u>11,515,181</u>	<u>(97,583)</u>	<u>(1,304,778)</u>
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	1,500,000	2,078,506			3,578,506
TRANSFERS OUT			(3,500,000)	(78,506)	(3,578,506)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,500,000</u>	<u>2,078,506</u>	<u>(3,500,000)</u>	<u>(78,506)</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCE</b>	175,706	(9,319,576)	8,015,181	(176,089)	(1,304,778)
FUND BALANCES, JULY 1	2,802,733	16,558,464	2,470,148	176,089	22,007,434
<b>FUND BALANCES, JUNE 30</b>	<u>\$ 2,978,439</u>	<u>\$ 7,238,888</u>	<u>\$ 10,485,329</u>	<u>\$ 0</u>	<u>\$ 20,702,656</u>

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the Statement of Activities (page 18) are different because:

Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (page 18).	\$	(1,304,778)
Certain property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the fund.		(24,912)
Governmental funds report capital outlays 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. This is the amount by which capital outlay exceeds depreciation in the current period. (Note 2B)		8,629,416
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. (Note 2B)		3,680,000
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 governmental funds. (Note 2B)		<u>(101,022)</u>
Change in net assets of governmental activities (page 16).	\$	<u><u>10,878,704</u></u>

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ -
Investment earnings	379,952	379,952	211,695	(168,257)
Rebates and refunds			14,820	14,820
	<u>1,779,952</u>	<u>1,779,952</u>	<u>1,626,515</u>	<u>(153,437)</u>
Total revenues				
Expenditures:				
Current:				
General government	59,500	59,500	43,899	15,601
Economic development and assistance	<u>4,726,105</u>	<u>4,726,105</u>	<u>2,906,910</u>	<u>1,819,195</u>
Total expenditures	<u>4,785,605</u>	<u>4,785,605</u>	<u>2,950,809</u>	<u>1,834,796</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,005,653)</u>	<u>(3,005,653)</u>	<u>(1,324,294)</u>	<u>1,681,359</u>
Other financing sources (uses):				
Transfers in	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	
Total other financing sources (uses)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,505,653)	(1,505,653)	175,706	1,681,359
Fund balances, July 1	<u>2,779,753</u>	<u>3,678,374</u>	<u>2,802,733</u>	<u>(875,641)</u>
Fund balances, June 30	<u>\$ 1,274,100</u>	<u>\$ 2,172,721</u>	<u>\$ 2,978,439</u>	<u>\$ 805,718</u>

See accompanying notes to the basic financial statements.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Miscellaneous rentals	\$ 29,600	\$ 29,600	\$ 21,300	\$ (8,300)
Rebates and refunds			834	834
	<u>29,600</u>	<u>29,600</u>	<u>22,134</u>	<u>(7,466)</u>
Total revenues				
Expenditures:				
Current:				
Economic development and assistance	3,370,028	3,370,028	2,150,162	1,219,866
Capital outlay:				
Economic development and assistance	<u>13,500,000</u>	<u>13,500,000</u>	<u>9,270,054</u>	<u>4,229,946</u>
Total expenditures	<u>16,870,028</u>	<u>16,870,028</u>	<u>11,420,216</u>	<u>5,449,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,840,428)</u>	<u>(16,840,428)</u>	<u>(11,398,082)</u>	<u>5,442,346</u>
Other financing sources (uses):				
Transfers in	<u>2,078,500</u>	<u>2,078,500</u>	<u>2,078,506</u>	<u>6</u>
Total other financing sources	<u>2,078,500</u>	<u>2,078,500</u>	<u>2,078,506</u>	<u>6</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(14,761,928)	(14,761,928)	(9,319,576)	5,442,352
Fund balances, July 1	<u>16,013,629</u>	<u>16,013,629</u>	<u>16,558,464</u>	<u>544,835</u>
Fund balances, June 30	<u>\$ 1,251,701</u>	<u>\$ 1,251,701</u>	<u>\$ 7,238,888</u>	<u>\$ 5,987,187</u>

See accompanying notes to the basic financial statements.

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CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**1. Summary of significant accounting policies**

The basic financial statements of the City of Las Vegas Redevelopment Agency have been prepared in conformity with United States generally accepted accounting principles as applied to government units. 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. Reporting entity**

The City of Las Vegas Redevelopment Agency (hereafter referred to as the Agency) is a component unit of the City of Las Vegas, Nevada's financial reporting entity and is included in the comprehensive annual financial report of the City of Las Vegas, Nevada. The purpose of a separate Agency component unit financial report is to fulfill a trust indenture requirement and the requirements of the Nevada Revised Statutes (NRS).

On November 6, 1985, the City Council of the City of Las Vegas, acting pursuant to the provisions of the Nevada Community Redevelopment Law (NRS 279.382 to 279.680, inclusive), created by resolution the City of Las Vegas Redevelopment Agency. City Council members also serve as members of the Board of Directors for the Agency.

On March 5, 1986, the official Redevelopment Plan was adopted to facilitate redevelopment efforts for the downtown Las Vegas area.

**B. Agency-wide and fund financial statements**

The agency-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Agency. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support. The Agency engages only in governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Agency-wide financial statements (note that the Agency has no proprietary funds and fiduciary funds). Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

The Agency-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 a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**1. Summary of significant accounting policies (continued)**

**C. Measurement focus, basis of accounting and financial statement presentation (continued)**

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 *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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the Agency.

The Agency reports the following major governmental funds:

The *general fund* is the Agency's primary operating fund. It accounts for all financial resources of the agency, except those required to be accounted for in another fund.

The *special revenue fund* accounts for the Agency's expenditures associated with redevelopment projects.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term tax increment revenue debt of governmental funds.

The *capital projects fund* accounts for funds established for the extraordinary maintenance, repair or improvement of capital projects constructed from bond proceeds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the Agency-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources, as they are needed.

**D. Assets, liabilities and net assets**

1. Cash, cash equivalents and investments

Investments include short-term investments that are easily converted to cash and long-term investments with a maturity of more than three months when purchased. Investments are stated at fair value or amortized cost in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**1. Summary of significant accounting policies (continued)**

**D. Assets, liabilities and net assets (continued)**

1. Cash, cash equivalents and investments (continued)

The Agency reports investments at amortized cost if they have a remaining maturity at the time of purchase of one year or less. Fair value of investments is determined by using quoted market prices provided by a nationally recognized major financial institution.

The Nevada Revised Statutes (NRS) authorized the Agency to invest in obligations of the U.S. Government and its agencies, commercial paper, corporate bonds, mutual funds, repurchase agreements or other securities in which commercial banks may legally invest money.

2. Property taxes receivable

The Agency's primary source of revenue is ad valorem property tax. The Nevada Tax Commission must certify all tax rates on June 25, the levy date, and property is liened on July 1. Property taxes are levied in July and are payable to the County Treasurer in four equal installments during August, October, January and March. Apportionment of taxes by Clark County to the Agency is made in the calendar quarters of September, December, March and June.

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. This tax is applied to that portion of the assessed valuation of all taxable property in the redevelopment area, which is in excess of the amount of the assessed valuation as certified by the Clark County Tax Assessor for the 1986 fiscal year. For fiscal year 2008, the incremental valuation (assessed value) was \$933,015,942 with a tax rate of \$2.5719 apportioned to the Agency per \$100 of assessed value.

3. Loans

The Redevelopment Agency has loans receivable as follows:

- Office District Parking, Inc. for \$25,000
- City of Las Vegas Industrial Development Special Revenue Fund for \$811,534

The loans accrue interest at 2% per annum with principal and interest due when borrower and Agency mutually agree to the repayment of the note.

4. Intergovernmental receivables/payables

Intergovernmental receivables and payables represent current amounts due from or payable to the City of Las Vegas and other governmental agencies.

5. Deferred charges

Deferred charges represent bond issuance costs. In the governmental funds, issuance costs are recognized in the current period as expenditures. On the Agency-wide financial statements, the issuance costs are recorded as deferred charges and amortized.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**1. Summary of significant accounting policies (continued)**

**D. Assets, liabilities and net assets (continued)**

6. Restricted assets

Resources set aside for repayment of debt are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and are required by bond covenant to make up potential future deficiencies in debt service payments.

7. Land held for resale

Land held for resale is recorded at the lower of cost or estimated net realizable value.

8. Capital assets

Capital assets which include land, land improvements, buildings, building improvements, equipment and construction in progress are reported in the applicable governmental activities column in the Agency-wide financial statements. Capital assets are defined by the Agency as assets with an initial individual cost of \$5,000 or more 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 the estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and improvements, land improvements and equipment of the Agency are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Land Improvements	20
Equipment	3-10

9. Long-term obligations

In the Agency-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statements of net assets. Initial-issue bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Unamortized bond issuance costs, including underwriters' discounts, are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**1. Summary of significant accounting policies (continued)**

**D. Assets, liabilities and net assets or equity (continued)**

10. Net assets

In the Agency-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the Agency (such as creditors, grantors, contributors, laws and regulations of other governments). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Estimates

The preparation of financial statements in conformance with U. S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**2. Reconciliation of agency-wide and fund financial statements**

**A. Explanation of certain differences between Governmental Funds Balance Sheet and the Agency-wide Statement of Net Assets**

The Governmental Funds Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the Agency-wide Statement of Net Assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$23,532,923 difference is as follows:

Bonds and loans payable	\$ 23,245,000
Add: previously amortized original issue discount and premium (amortized over the life of the bonds to interest expense and fiscal charges)	447,536
Less: previously amortized deferred bonds issuance costs (amortized over the life of the bonds to interest expense and fiscal charges)	(214,933)
Add: Accrued interest payable	<u>55,320</u>
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 23,532,923</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**2. Reconciliation of agency-wide and fund financial statements (continued)**

**B. Explanation of certain differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Agency-wide Statement of Activities**

The Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the Agency-wide Statement of Activities. One element of the reconciliation explains that “governmental funds report capital outlays 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.” The details of this \$8,629,416 difference is as follows:

Capital outlay	\$ 9,270,054
Depreciation expense	<u>(640,638)</u>
Net adjustment to <i>increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 8,629,416</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.” The details of this \$3,680,000 difference is as follows:

Principal repayment:

Tax increment revenue bonds - Net adjustment to <i>increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 3,680,000</u>
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Another element of that reconciliation states that “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 governmental funds.” The details of this \$101,022 difference is as follows:

Amortization of bond premiums	\$ 78,122
Change in accrued interest	15,537
Amortization of defeasance costs	(111,140)
Amortization of bond issuance costs	(62,344)
Amortization of bond discounts	<u>(21,197)</u>
Net adjustment to <i>increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (101,022)</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**3. Stewardship and legal compliance**

**A. Budgetary information**

Budgets are adopted on a basis consistent with U. S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital projects and debt service funds. The budget is filed with the Nevada Department of Taxation, a branch of the state government charged with the responsibility to oversee local government finances. The Agency Board of Directors approves annual appropriated budgets by expenditure categories; however, expenditures for all governmental fund types are controlled at the function level as prescribed by law.

By the first Tuesday in February of each year, Agency staff submits appropriation requests to the City of Las Vegas' Financial Services Division for the preparation of an Agency budget to be effective the following July 1. The budget is prepared by fund, function and activity and includes information on the prior year, current year estimates and requested appropriations for the next fiscal year.

A tentative budget is submitted to the Nevada Department of Taxation by April 15. A public hearing is required on the third Tuesday of May and the final budget must be adopted by the Agency Board and filed with the Department of Taxation by June 1. For fiscal year 2008, management believes that the Agency complied with all legal mandates.

The Agency Board may amend or augment the annual budget following a public hearing. In any legislative year the State of Nevada Legislature increases the revenues of any local government, and such increase was not anticipated and included in the final budget, the local government may amend the final budget before August 15 and file such amended budget with the Department of Taxation increasing budgeted revenues and expenditures (NRS 354.599). An augmented budget is approved and filed when the total revenues and corresponding expenditures change. All budget appropriations lapse at the end of each fiscal year.

**4. Deposits and investments**

As of June 30, 2008, the Agency had the following investments:

<u>Investment Type</u>	<u>Book Value</u>	<u>Weighted-Average Maturity (Year)</u>
US Treasury	\$ 1,934,938	0.049
Money Market Fund	16,171,638	0.002
Total fair value	<u>\$ 18,106,576</u>	
Portfolio weighted-average maturity		0.051

Reconciliation of cash, cash equivalents and investments for government-wide financial statements:

Cash	\$ 50,403
Money market fund	16,171,638
Total cash and cash equivalents	<u>16,222,041</u>
Investments	<u>1,934,938</u>
Total cash and investments	<u>\$ 18,156,979</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**4. Deposits and Investments (continued)**

**Interest Rate Risk:** In accordance with its investment policy, the Agency manages its exposure to declines in fair value by limiting the weighted-average maturity of its investment portfolio to less than ten months.

**Credit Risk:** Statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies (i.e., FNMA, FHLB, etc.), repurchase agreements, certificates of deposit, money market mutual funds or other securities in which banking institutions may legally invest.

**Concentration of Credit Risk:** The Agency's investment policy allows for investments as follows (1) U.S. Treasury, money market funds and agencies, no limit; (2) Repurchase agreements, 20% of portfolio; (3) commercial paper, 20% of portfolio with a 10% per issue limit; (4) corporate notes, 20% of portfolio with a 25% per issue limit; and (5) certificates of deposit, \$100,000 per institution. To reduce the overall portfolio risks, the Agency will diversify its investments by security type and institution. With the exception of U.S. Treasuries and government agency securities, no more than 50% of the Agency's total investment portfolio will be invested in a single security type or with a single financial institution.

**Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency has a deposit policy for custodial credit risk requiring all money deposited with a bank, savings and loan, savings bank or credit union including checking accounts, savings accounts, NOW accounts, non-negotiable certificates of deposit, time deposits or similar type accounts provided by the financial institution in excess of the amount of federal insurance to be fully collateralized. As of June 30, 2008, the Agency had a cash balance per books of \$50,403 and a bank balance of \$55,403. The bank balance was not exposed to custodial credit risk because it was collateralized with securities held in the name of the Agency at a third party depository on behalf of the depository.

**Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's investments are registered and the securities are held by the Agency's agent in the Agency's name, minimizing the Agency's custodial credit risk.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**5. Capital assets**

Capital asset activity for the year ended June 30, 2008, was as follows:

Depreciation expense was charged to functions of the Agency as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 32,271,220	\$	\$	\$ 32,271,220
Construction in progress	3,748,610	9,270,054		13,018,664
Total capital assets not being depreciated	<u>36,019,830</u>	<u>9,270,054</u>	<u>-</u>	<u>45,289,884</u>
Capital assets being depreciated:				
Land improvements	434,211			434,211
Buildings and improvements	24,255,213			24,255,213
Equipment	118,884			118,884
Total capital assets being depreciated	<u>24,808,308</u>	<u>-</u>	<u>-</u>	<u>24,808,308</u>
Less accumulated depreciation for:				
Land improvements	(168,603)	(21,711)		(190,314)
Buildings and improvements	(4,507,722)	(607,039)		(5,114,761)
Equipment	(55,937)	(11,888)		(67,825)
	<u>(4,732,262)</u>	<u>(640,638)</u>	<u>-</u>	<u>(5,372,900)</u>
Total capital assets being depreciated, net	<u>20,076,046</u>	<u>(640,638)</u>	<u>-</u>	<u>19,435,408</u>
Governmental activities capital assets, net	<u>\$ 56,095,876</u>	<u>\$ 8,629,416</u>	<u>\$ -</u>	<u>\$ 64,725,292</u>

Depreciation expense is recorded in the Statement of Activities as follows:

Governmental activities:	
Economic development and assistance	<u>\$ 640,638</u>

**6. Long-term debt**

The Agency's long-term debt is payable from ad valorem property tax levied against the incremental assessed value for all taxable property within the redevelopment area. In addition and if necessary, the Agency receives \$1,400,000 from the City of Las Vegas parking fund per an agreement between the entities to be used for the repayment of principal and interest. As added security, \$2,176,000 has been deposited in a debt service reserve account with the Agency's trustee. The following schedule summarizes the changes in general long-term debt:

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**6. Long-term debt (continued)**

**A. Changes in long-term debt**

Governmental activities:	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due within one year
4.25 to 5.6% Tax Increment Insured Refunding Parity Lien Revenue Bonds Series 1995 A, due 6/1/09	\$ 6,630,000	\$	\$ (3,225,000)	\$ 3,405,000	\$ 3,405,000
5.25 to 6.25% Tax Increment Insured Refunding Parity Lien Revenue Bonds Series 1995 B, due 6/15/09	180,000		(85,000)	95,000	95,000
3.00 to 5.00% Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2004A, due 6/15/14	18,470,000		(170,000)	18,300,000	175,000
3.00 to 4.50% Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2004B, due 6/15/14	1,645,000		(200,000)	1,445,000	215,000
	<u>26,925,000</u>	-	<u>(3,680,000)</u>	<u>23,245,000</u>	<u>3,890,000</u>
Less deferred amounts for:					
Unamortized debt refunding costs	(777,984)		111,139	(666,845)	(111,141)
Original issue discounts	(42,394)		21,197	(21,197)	(21,197)
Original issue premiums	546,854		(78,121)	468,733	78,121
	<u>(273,524)</u>		<u>54,215</u>	<u>(219,309)</u>	<u>(54,217)</u>
Total long-term debt	<u>\$ 26,651,476</u>	<u>\$ -</u>	<u>\$ (3,625,785)</u>	<u>\$ 23,025,691</u>	<u>\$ 3,835,783</u>

In September 1997, the Agency entered into a Forward Delivery Investment Agreement with Lehman Brothers Special Financing Inc. and received \$3,026,000. This represents interest that would have been earned on the reserve funds for the 1989, 1994A, 1995A and 1995B bonds. In September 1998, the Agency canceled the portion of the Agreement associated with the 1989 and 1995A bond reserve funds at a cost of \$1,650,000. The portion of the Forward Delivery Agreement associated with the 1994 and 1995B bond reserve funds remains outstanding and will mature on June 14, 2014.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**6. Long-term debt (continued)**

**B. Defeasance of debt**

On December 1, 1989, the Agency placed \$14,065,459 of the \$35,000,000 long-term bond proceeds in trust to defease the outstanding December 1986 \$15,000,000 tax increment revenue long-term bonds. The 1986 bonds were defeased to relieve the Agency of restrictive covenants contained in that issue, resulting in the removal of the defeased debt from the Agency's financial statements. The outstanding balance on the defeased 1986 bonds is \$1,790,000 at June 30, 2008.

**C. Annual debt service requirements to maturity**

Annual debt service requirements to maturity for the Agency's bonds and loans at June 30, 2008, are as follows:

Year Ending June 30,	<u>Governmental Activities</u>		Total
	<u>Tax Increment Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 3,890,000	\$ 1,136,968	\$ 5,026,968
2010	3,515,000	924,750	4,439,750
2011	3,680,000	767,675	4,447,675
2012	3,875,000	585,975	4,460,975
2013	4,045,000	411,600	4,456,600
2014	4,240,000	210,650	4,450,650
	<u>23,245,000</u>	<u>4,037,618</u>	<u>27,282,618</u>
Unamortized portion of:			
Original issue premium	468,733		468,733
Original issue discount	(21,197)		(21,197)
Net total debt outstanding	<u>\$ 23,692,536</u>	<u>\$ 4,037,618</u>	<u>\$ 27,730,154</u>

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**7. Customer Deposits**

In prior years, the Stratosphere Corporation deposited \$4,295,000 with the Agency. This money, along with interest earned, has been used for the acquisition of property. Of this total \$3,903,134 has been spent, net of interest income, leaving a balance of \$391,866 at June 30, 2008. The excess money will be returned to Stratosphere Corporation. The Agency has other deposits of \$353,250 for other projects. At June 30, 2008, total customer deposits were \$ 745,116.

**8. Intergovernmental revenues**

The following schedule details intergovernmental revenues as of June 30, 2008:

From	To		Total
	General Fund	Debt Service	
City of Las Vegas	<u>\$ 1,400,000</u>	<u>\$ 268,700</u>	<u>\$ 1,668,700</u>

The City of Las Vegas gave the Agency \$1,400,000 of pledged revenue from parking meter fees and fines for debt service (See Note 6), and \$268,700 for principal and interest payment on the Series 2003B Tax Increment Subordinate Lien Revenue Refunding Bonds.

**9. Commitments and contingent liabilities**

The Agency is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Agency's financial position, changes in net assets or liabilities.

The Agency has entered into six tax increment subordinate lien notes as part of various owner participation agreements. The indebtedness represented by the notes have been allocated to the land and improvements and is payable solely and exclusively from a predetermined percentage of the Site Tax Increment received by the Agency on the parcels and shall not be 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 and subordinate to the lien of the Agency's preexisting debt and future debt, the potential future obligation of the Agency has not been reflected in the basic financial statements. The following summa-

- Simon/Chelsea Las Vegas Development, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2004, in the amount of \$1,837,360, payments starting June 30, 2004 and continuing for twelve years until March 5, 2016, interest at 7 percent beginning accrual July 1, 2004. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. On June 18, 2008, a second subordinate taxable tax increment subordinate Lien Note in the amount of \$756,095, was entered into with Simon/Chelsea Las Vegas Development, LLC. The note has payments starting June 30, 2008 and continuing for eight years until June 30, 2016, with interest at 7 percent beginning accrual June 18, 2008. Also, the percentage of site tax increment from which the note is paid is 41%, and all unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year the Agency received site tax increment revenue. No payments were made on the two notes during the current fiscal year. The combined outstanding balance at June 30, 2008 was \$2,568,768.

CITY OF LAS VEGAS REDEVELOPMENT AGENCY  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**9. Commitments and contingent liabilities (continued)**

- WMCV Phase I, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2005, in the amount of \$1,696,622, payments starting June 30, 2006 upon the payment of property taxes and continuing for twenty years until June 30, 2026, interest at 8.07 percent beginning July 1, 2005. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. The Agency made no payments on the note during the current fiscal year. The outstanding balance was \$1,835,539 at June 30, 2008.
- WMCV Phase I, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2006, in the amount of \$8,725,545, payments starting June 30, 2006 upon the payment of property taxes and continuing for nineteen years until June 30, 2025, interest at 8.04 percent beginning July 1, 2005. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. The Agency made no payments on the note during the current fiscal year. The outstanding balance was \$10,115,912 at June 30, 2008.
- WMCV Phase I, LLC Note – Taxable tax increment subordinate Lien Note entered into June 18, 2008, in the amount of \$14,268,157, payments starting June 30, 2008 upon the payment of property taxes and continuing for seventeen years until June 30, 2025, interest at 7.98 percent beginning June 30, 2008. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. The Agency made no payments on the note during the current fiscal year. The note payment was made during August 2008. The outstanding balance was \$14,301,415 at June 30, 2008, which includes \$33,258 of accrued interest.
- SP Sahara Development, LLC Note – Taxable tax increment subordinate Lien Note entered into June 30, 2008, in the amount of \$20,912,094, payments starting June 30, 2008 and continuing for nineteen years until June 30, 2027, interest at 7.09 percent beginning June 30, 2008. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. No payment was made on the note during the current fiscal year. The note payment was made during August 2008. The outstanding balance at June 30, 2008 was \$20,912,094.
- PH ASA, LLC Note – Taxable tax increment subordinate Lien Note entered into April 24, 2006, in the amount of \$995,510, payments starting June 30, 2006 and continuing for twenty years until June 30, 2026, interest at 7 percent beginning April 24, 2006. The percentage of site tax increment from which the note is paid is 41%. All unpaid principal and interest that remains due on the maturity date will cease to be owed and the Agency will owe no additional money after the maturity date. During the year, the Agency received site tax increment revenue. No payment was made on the note during the current fiscal year. The note payment was made during August 2008. The outstanding balance at June 30, 2008 was \$1,147,673, which includes \$152,163 of accrual interest.

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## APPENDIX B

### SUMMARY OF CERTAIN PROVISIONS OF THE 2009A INDENTURE

The following statements are summaries of certain provisions of the 2009A Indenture. These summaries do not purport to be complete and reference is made to the 2009A Indenture, copies of which are available from the sources listed in “INTRODUCTION--Additional Information.” All capitalized terms used herein without definition have the meanings specified in the 2009A Indenture.

When reading the summaries set forth below, potential investors also must keep in mind that in some instances the defined terms used in this document summary will differ slightly from the terms used in the body of this Official Statement.

#### Certain Definitions

As used in the 2009A Indenture, the following terms shall have the following meanings:

“Act” means the Nevada Community Redevelopment Law, consisting of NRS 279.382 to 279.680, inclusive, as from time to time amended and supplemented.

“Additional Parity Obligations” means additional obligations which have a lien on the Pledged Revenues that is on a parity with the lien thereon of the 2009A Bonds, as permitted under Section 2.12 of the 2009A Indenture. In the body of this Official Statement, Additional Parity Obligations issued pursuant to the 2009A Indenture are designated “Additional Parity Bonds.”

“Agency Improvements” means the undertakings and improvements to be accomplished with respect to the Redevelopment Area pursuant to the Redevelopment Plan by the Agency all as more fully described in the Redevelopment Plan and the Act, including the planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of the Redevelopment Area, and the provision of such residential, commercial, industrial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including:

- (a) recreational and other facilities appurtenant thereto;
- (b) the alteration, improvement, modernization, reconstruction or rehabilitation, or any combination thereof, of existing structures in a redevelopment area;
- (c) the provision for uses involving open space, such as:
  - (i) streets and other public grounds;
  - (ii) space around buildings, structures and improvements;
  - (iii) improvements of recreation areas; and
  - (iv) improvement of other public grounds;

(d) the replanning, redesign or original development of undeveloped areas where:

(i) the areas are stagnant or used improperly because of defective or inadequate layouts of streets, faulty layouts of lots in relation to size, shape accessibility or usefulness, or for other causes; or

(ii) the areas require replanning and assembly of land for reclamation or development in the interest of the general welfare because of widely scattered ownership, tax delinquency or other reasons;

“Agency Improvements” does not exclude the continuance of existing buildings or uses whose demolition and rebuilding or change of use are not deemed essential to the redevelopment and rehabilitation of the area.

“Agency Improvements” shall also include such other activities and undertakings as may be authorized by the Act and the Redevelopment Plan, subject to the limitations of the 2009A Indenture.

“Agency Representative” means the Person or Persons at the time designated to act on behalf of the Agency by a written certificate furnished to the Trustee containing the specimen signature of such Person or Persons and signed on behalf of the Agency by its Chairman, Vice Chairman or Secretary. Such certificate may designate an alternate or alternates.

“Assessor” means the tax assessor of the County and any successor thereto.

“Average Annual Principal and Interest Requirements” means the average of the sum of the principal of and interest on the Bonds or, to the extent required by the Indenture, Parity Obligations, to be paid during any Fiscal Year for the period beginning with the Fiscal Year after the date such computation is made and ending with the Fiscal Year in which any Bond last becomes due at maturity or by a redemption which has been irrevocably exercised. The computation period shall not include any Fiscal Year after all Bonds mature or are subject to a redemption which has been irrevocably exercised, notwithstanding the fact that Parity Obligations may mature or be subject to redemption in later Fiscal Years. There shall be excluded from the determination of the amount of principal and interest to be paid in any Fiscal Year interest which has been capitalized and principal and interest to the extent payable from an irrevocable deposit in trust of cash or Federal Securities.

“Base Value Certificate” means a certificate signed by the Agency Representative which certifies that the Property Tax Base amount is less than 25% of the assessed value of all taxable property within the Redevelopment Area as last certified by the Assessor.

“Bond Resolution” means the resolution adopted by the Agency authorizing the execution of the 2009A Indenture, the issuance, sale and delivery of the 2009A Bonds, and certain other matters.

“Business Day” means any day other than a Saturday, Sunday, legal holiday, or other day on which the New York Stock Exchange, the Federal Reserve Bank or banking institutions in the city in which the Trustee has its principal corporate trust office are authorized or required by law to close.

“Code” or “Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds, and applicable regulations and rulings presently or hereafter promulgated or proposed thereunder or under any predecessor thereto.

“Cooperation Agreement” means the Cooperation Agreement, dated December 4, 1985, between the City and the Agency, and any supplements or amendments thereto in accordance herewith

“Cost of the Agency Improvements” shall mean all costs and expenses incurred in connection with the completion of the Agency Improvements in accordance with the Redevelopment Plan and the Act, including but not limited to:

(i) all costs which the Agency shall be required to pay, under the terms of any contract or contracts, for the acquisition, construction and completion of the Agency Improvements;

(ii) obligations of the Agency incurred for labor and materials in connection with the acquisition, construction and completion of the Agency Improvements, including reimbursement to the Agency or the City for all advances and payments made prior to or after delivery of the Bonds;

(iii) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during the course of construction of the Agency Improvements;

(iv) all costs of engineering and architectural services, including the costs of the Agency for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper construction of the Agency Improvements;

(v) all administrative expenses of the Agency or the City in connection with the Agency Improvements, the Redevelopment Plan, the Act, or the Cooperation Agreement;

(vi) any sums required to reimburse the Agency or the City for advances made by either of them for any of the above items or for any other costs incurred and for work done by either of them which are properly chargeable to the Agency Improvements; and

(vii) the costs of issuance of the Bonds including costs of attorneys, financial consultants, and engineers, costs of printing, fees of the Trustee, and other costs of issuing the Bonds.

“Debt Service Fund” means the Trust Fund by that name established pursuant to Section 4.01 of the 2009A Indenture.

“Event of Default” means any occurrence or event specified in Section 8.01 of the 2009A Indenture and described in “Events of Default and Remedies” herein.

“Federal Tax Exemption Certificate” means the certificate concerning compliance with the requirements of the Code in relation to the Agency’s covenants under Section 5.08 of the 2009A Indenture (see “Tax Covenants - 2009A Bonds” below), to be delivered at the time of delivery of the 2009A Bonds, and including any supplements or amendments thereto.

“Fiscal Year” means the fiscal year of the Agency, which currently begins on July 1 of each year and ends on June 30 of next year.

“Governmental Obligations” means any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) Direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America;

(b) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Banks; Federal Farm Credit Banks; Export/Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Federal Financing Bank; or Small Business Administration; or any other agency or instrumentality of the United States of America (created by an Act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America; provided, however, that at the time of purchase or investment, such obligations are rated in the highest rating category of Standard & Poor's Corporation and Moody's;

(c) Repurchase agreements for obligations described in clause (a) or (b) of this definition; provided, however, that the Persons with which such agreements are made grant and assign to the Trustee, pursuant to then current regulations or other provisions of law, a security interest in obligations described in clause (a) or (b) above having a market value, established to the satisfaction of the Trustee, at least equal to the moneys invested in such repurchase agreements and which value is confirmed to the satisfaction of the Trustee not less often than monthly; and

(d) Evidences of ownership of proportionate interests in future interest and principal of obligations described in paragraph (a) or (b) of this definition where (i) a bank or trust company acts as custodian and holds the underlying obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (iii) the underlying obligations are held in a special account separate and apart from the general assets of the custodian, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian, or any Person to whom the custodian may be obligated.

“Indenture” or “2009A Indenture” means the 2009A Indenture of Trust, including the Exhibit thereto, and including any indenture supplemental thereto or any amendment thereof, from time to time entered into in accordance with the provisions thereof. See “Amendment of 2009A Indenture and Cooperation Agreement” below.

“Maximum Annual Debt Service” means, as of the date of calculation, an amount equal to the maximum annual principal and interest requirements due on the 2009A Bonds or, to the extent required by the 2009A Indenture, Additional Parity Obligations in any Fiscal Year.

“Original Purchaser” means Stone & Youngberg LLC, and its successors.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Bonds paid or deemed to be paid in accordance with the provisions of Article VII of the Indenture; and
- (c) Bonds in lieu of which others have been authenticated under Section 2.07 or Section 2.08 of the Indenture.

“Parity Obligations” means the 2003A Bonds and any Additional Parity Obligations.

“Permitted Investments” means any of the following which at the time are legal investments under the laws of the State for the moneys proposed to be invested therein:

- (a) Any Governmental Obligation;
- (b) Negotiable certificates of deposit issued by commercial banks or insured savings and loan associations including the Trustee and a state-licensed branch of a foreign bank, each of whose deposits are insured by the Federal Deposit Insurance Corporation (or any successor thereto); provided, however, that any such certificate of deposit shall not exceed the applicable amount of deposit insurance therefor;
- (c) Securities which have been expressly authorized as investments for redevelopment agencies, by any provision of Nevada Revised Statutes or by any special law; and
- (d) Money market mutual funds which:
  - (1) Are registered with the Securities and Exchange Commission;
  - (2) Are rated “AAA” by a nationally recognized rating service; and
  - (3) Invest only in securities which are Government Obligations or in repurchase agreements fully collateralized by such securities.

“Person” means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

“Pledged Property Tax Revenues” means, for each Fiscal Year, that portion of ad valorem property taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies within or overlapping the Redevelopment Area upon that portion of the assessed value of all taxable property within the Redevelopment Area which is in excess of the Property Tax Base Amount, all as calculated pursuant to NRS 279.676; provided, however, that such amount shall be reduced (i) by any lawful collection fee charged by

the County, (ii) by an amount equal to eighteen percent of the total revenue paid to the Agency in any Fiscal Year which shall be set aside and used by the Agency to increase, improve, and preserve the number of dwelling units in the City for low-income households as provided in NRS 279.685.

“Pledged Revenues” or “2009A Pledged Revenues” means (a) the Pledged Property Tax Revenues, and (b) all income from the investment and reinvestment of the Trust Funds.

“Property Tax Base Amount” means such amount as shall be certified by the Assessor on the assessment roll as (a) the assessed value of all taxable property within the Redevelopment Area last equalized prior to the adoption of the Redevelopment Plan or (b) with respect to any property added to the Redevelopment Area subsequent to the original adoption of the Redevelopment Plan, the assessed value of all taxable property so added to the Redevelopment Area last equalized prior to the adoption of the amendment to the Redevelopment Plan which added such property to the Redevelopment Area.

“Rebate Fund” means the Rebate Fund established pursuant to Section 4.01 of the 2009A Indenture. See “Rebate Fund” below.

“Redevelopment Area” means the Redevelopment Area described in the Redevelopment Plan.

“Redevelopment Plan” means the “City of Las Vegas Downtown Redevelopment Plan”, as amended from time to time in accordance with the Act and the Indenture.

“Registered Owner” or “Owner” of a Bond means the Person or Persons in whose name or names a Bond shall be registered on the records of the Agency kept for that purpose by the Trustee in accordance with the provisions of the Indenture.

“Reserve Fund” means the Trust Fund by that name established pursuant to Section 4.01 of the Indenture and described in “Reserve Fund” herein.

“Reserve Fund Insurance Policy” means any insurance policy, surety bond, letter or line of credit or similar instrument which is utilized in lieu of cash or investments in the Reserve Fund or a similar fund for any Additional Parity Obligations. Any such Reserve Fund Insurance Policy must be issued by an entity having a rating in one of the two highest rating categories assigned by any nationally recognized rating agency at the time such Policy is deposited in or credited to the Reserve Fund or any reserve fund relating to Additional Parity Obligations.

“Reserve Fund Requirement” means an amount equal to the lesser of ten percent (10%) of the spendable proceeds of the 2009A Bonds or Maximum Annual Debt Service of the 2009A Bonds.

“Special Record Date” means a special date fixed to determine the names and addresses of Registered Owners for purposes of paying defaulted interest on the Bonds on a special interest payment date, all as further provided in Section 2.02 of the Indenture.

“Subordinate Obligations” means additional obligations with a lien on the Pledged Revenues that is subordinate and junior with the lien thereon of the 2009A Bonds, as permitted under Section 2.12 of the 2009A Indenture.

“Trust Estate” or “2009A Trust Estate” means the rights, property and interests pledged and assigned by the Agency under the 2009A Indenture to the Trustee pursuant to the Granting Clauses of the 2009A Indenture. See “Pledge Securing the 2009A Bonds” below.

“Trust Funds” means the Debt Service Fund and the Reserve Fund.

“2003A Bonds” means the Agency’s Tax Increment Subordinate Lien Revenue Bonds (Fremont Street Project), Series 2003A.

“2003B Bonds” means the City of Las Vegas Redevelopment Agency, Tax Increment Subordinate Lien Revenue Refunding Bonds (Housing Project) Series 2003C, in the aggregate original principal amount of \$2,395,000.

### **Pledge Securing the 2009A Bonds**

Pursuant to the 2009A Indenture, the Agency pledges and assigns the following to the Trustee and its successors in trust and assigns forever, in order to secure the performance of the obligations of the Agency set forth in the 2009A Indenture:

First, the Pledged Revenues; and

Second, the Cooperation Agreement, subject to certain exceptions as set forth below, including all extensions and renewals of the term thereof, if any, together with certain rights, titles and interests of the Agency in and to the Cooperation Agreement, including, but not limited to, the present and continuing right to make claim for, collect, receive and receipt for any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Cooperation Agreement, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Agency under the Cooperation Agreement is or may become entitled to do; provided, however, that the Agency specifically excepts from such pledge, and the Trustee shall not be entitled to exercise any rights with respect to, the rights of the Agency under any development agreements to the proceeds of any sale or other disposition of any real estate by the Agency to any Person other than a governmental agency; and

Third, all moneys and securities from time to time held by the Trustee under the terms of the 2009A Indenture in the Trust Funds, except for moneys deposited with or paid to the Trustee for the redemption of less than all of the Outstanding Bonds, notice of the redemption of which shall have been duly given.

### **Creation and Character of Funds**

The 2009A Indenture creates and establishes the following funds:

(a) the Debt Service Fund, which shall constitute a Trust Fund and shall be held by the Trustee. Moneys in the Debt Service Fund shall be used only for the payment of

principal, interest and any prior redemption premium on the 2009A Bonds, except to the extent otherwise provided in the 2009A Indenture.

(b) the Reserve Fund, which shall constitute a Trust Fund and shall be held by the Trustee. Moneys in the Reserve Fund shall be used only for deposit to the Debt Service Fund and payment of the 2009A Bonds as provided in the 2009A Indenture (and described in “Reserve Fund” herein), except to the extent otherwise provided the 2009A Indenture.

(c) the Rebate Fund, which shall be held by the Trustee. Moneys in the Rebate Fund shall be used only as provided in Sections 4.05 and 5.08 of the 2009A Indenture (described in “Rebate Fund” herein). Moneys in the Rebate Fund shall not be subject to the lien of the 2009A Indenture to the extent that such moneys are required to be paid to the United States Treasury.

Moneys and investments in each of the funds shall be used only and exclusively as provided in the 2009A Indenture. All funds held by the Trustee under the 2009A Indenture shall be held for the benefit of the Agency. The Agency authorizes and directs the Trustee to apply the moneys in all such funds as set forth in the 2009A Indenture, which authorization and direction the Trustee accepts in the 2009A Indenture.

### **Flow of Funds**

The 2009A Pledged Revenues immediately upon receipt by the Agency shall be paid to the Trustee and applied as follows and in the following order of priority:

(1) The Pledged Revenues shall be deposited to the Debt Service Fund until the amount on deposit in the Debt Service Fund is sufficient (together with any moneys available therefor in the Debt Service Fund) to pay the principal, interest and any prior redemption premium coming due on the Series 2009A Bonds for the Fiscal Year.

(2) The remaining Pledged Revenues shall be deposited to the Reserve Fund, to the extent necessary to restore the total amount on deposit in the Reserve Fund to the Reserve Fund Requirement (subject to the provisions of Section 4.04 of the 2009A Indenture, described in “Reserve Fund” below). In the event a Reserve Fund Insurance Policy is held in the Reserve Fund which satisfies the Reserve Fund Requirement, Pledged Revenues shall be used to make any required payments to the entity which provides the Reserve Fund Insurance Policy.

(3) The remaining Pledged Revenues shall be deposited to the Rebate Fund to the extent, if any, necessary to comply with Sections 4.05 (Rebate Fund) and 5.08 (Tax Covenant) of the 2009A Indenture. Such deposits may be made, on the same dates as (but subsequent to) the deposits to the Debt Service Fund and the deposits (if any) to the Reserve Fund described in paragraphs 1 and 2 above, to the extent that the necessity of such deposits is apparent to the Agency on such dates; but such deposits shall in any event be made annually on the anniversary date of the delivery of the Series 2009A Bonds, as and to the extent provided in Section 5.08 (Tax Covenant) of the 2009A Indenture.

(4) Any Pledged Revenues remaining after the payments and deposits required by paragraphs 1, 2, and 3 above have been made shall be released from the lien of the 2009A Indenture (provided, however, that such releases may be effectuated at such other times

as may be required to pay fees, charges and expenses of the Trustee with respect to the Series 2009A Bonds and of trustees for Additional Parity Obligations).

Funds or accounts for Parity Obligations may be funded, and payments with respect to any Reserve Fund Insurance Policy may be made, ratably and concurrently (but not necessarily simultaneously) with the funds for the Series 2009A Bonds as provided above.

### **Reserve Fund**

There shall be deposited into the Reserve Fund proceeds of the Bonds as provided in the Indenture, and Pledged Revenues to the extent described in “Flow of Funds - 2009A Pledged Revenues” above. In the event that, on any principal or interest payment date for the Bonds, the amount on deposit in the Debt Service Fund shall be less than the amount coming due on the Bonds on such payment date (including amounts coming due by mandatory sinking fund redemption), an amount equal to such deficiency shall be transferred by the Trustee from the Reserve Fund to the Debt Service Fund and applied solely for the purpose of paying the principal and interest then coming due (including amounts coming due by mandatory sinking fund redemption)

The Agency may at any time substitute (i) cash or investments for a Reserve Fund Insurance Policy, (ii) a Reserve Fund Insurance Policy for cash or investments, or (iii) a Reserve Fund Insurance Policy for another Reserve Fund Insurance Policy so long as the amount on deposit in the Reserve Fund after substitution for cash or investments is at least equal to the Reserve Fund Requirement. Notwithstanding the foregoing, no Reserve Fund Insurance Policy shall be accepted by the Trustee for substitution for cash or investments unless the Trustee has received an opinion of nationally recognized municipal bond counsel acceptable to the Trustee to the effect that such substitution and the intended use by the Agency of the cash or investments to be released from the Reserve Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2009A Bonds.

Except as otherwise provided in Sections 4.05 (Rebate Fund) and 5.08 (Tax Covenant) of the Indenture, investment income or gain on moneys in the Reserve Fund shall be retained in the Reserve Fund to any extent necessary to restore the total amount on deposit in the Reserve Fund to the Reserve Fund Requirement; otherwise such investment income or gain on moneys in the Reserve Fund shall (except as otherwise provided in Sections 4.05 and 5.08) be deposited into the Debt Service Fund. The Trustee shall determine the valuation of the investments and other amounts then on deposit in the Reserve Fund annually, on the Business Day immediately prior to June 15 of each year, and at such other times as may be required pursuant to Article VI of the Indenture (described in “Investments” below), but nothing in the Indenture shall prevent the Trustee from making more frequent determinations of such valuation. Such determinations shall be made in accordance with the provisions of Article VI of the Indenture. If such pre-June 15 valuation reveals that the amount on deposit in the Reserve Fund is in excess of the Reserve Fund Requirement, such excess shall be immediately transferred to the Debt Service Fund. The Reserve Fund Requirement shall be recalculated after the payment of principal of the Bonds or any redemption of the Bonds. If amounts on deposit in the Reserve Fund shall, at any time, be less than the Reserve Fund Requirement, such deficiency shall be made up from the first available Pledged Revenues, after required deposits to the Debt Service Fund.

## **Rebate Fund**

There shall be deposited into the Rebate Fund investment income on moneys in any fund created under the 2009A Indenture to the extent directed by the Agency pursuant to Section 5.08 (Tax Covenant) of the 2009A Indenture; Pledged Revenues to the extent described in “Flow of Funds-2009A Pledged Revenues” above; and all other moneys received by the Trustee when accompanied by directions not inconsistent with the provisions described in this paragraph that such moneys are to be deposited into the Rebate Fund. The Trustee shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Federal Tax Exemption Certificate) at the times and in the amounts directed by the Agency pursuant to the 2009A Indenture. Upon receipt by the Trustee of an opinion of nationally recognized bond counsel acceptable to the Trustee to the effect that the amount in the Rebate Fund is in excess of the amount required to be on deposit therein pursuant to the provisions of the Federal Tax Exemption Certificate, such excess shall be transferred to the Debt Service Fund.

## **Investment of Moneys**

Any moneys held by the Trustee under the 2009A Indenture shall be invested or deposited by the Trustee, on direction of the Agency, in accordance with the provisions of this section. Any such investments or deposits shall be held by or under the control of the Trustee. The Trustee shall sell and reduce to cash a sufficient amount of such investments or deposits whenever the cash balance in any fund under the 2009A Indenture is insufficient to make a required payment from such fund, or otherwise upon the direction of the Agency.

The Agency covenants in the 2009A Indenture that moneys on deposit in any fund created thereunder, whether or not such moneys were derived from the proceeds of the sale of the 2009A Bonds or from any other sources, will be invested or deposited in compliance with the Agency’s covenants in Section 5.08 (Tax Covenant) of the 2009A Indenture. See “Tax Covenants” below.

All moneys held by the Agency under the 2009A Indenture shall be invested or deposited by the Agency in any lawful investments or deposits for funds of the Agency. All moneys held by the Trustee under the 2009A Indenture shall be invested or deposited by the Trustee, on direction of the Agency, in Permitted Investments. Except to the extent otherwise provided by the 2009A Indenture, obligations purchased as an investment or deposit of moneys in any fund or account created under the 2009A Indenture shall be deemed at all times to be a part of such fund or account, any interest accruing thereon and any gain realized from such investment or deposit shall be credited to such fund or account, and any loss resulting from any such investment or deposit shall be charged to such fund or account. In computing the amount in any fund or account, Permitted Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. A Reserve Fund Insurance Policy shall be valued at the amount available to be drawn thereunder. With respect to all funds and accounts except the Reserve Fund, valuation shall occur at least annually. The Reserve Fund shall also be valued at least annually on the Business Day immediately preceding June 15 of each year, except in the event of a withdrawal from the Reserve Fund, whereupon it shall be valued immediately after such withdrawal. Nothing in the 2009A Indenture prevents the Trustee from making more frequent determinations of valuation.

## **Tax Covenants**

In the 2009A Indenture, the Agency covenants for the benefit of the Registered Owners of the 2009A Bonds that it will not take any action or omit to take any action with respect to the 2009A Bonds, the proceeds thereof, any other funds of the Agency or the Agency Improvements if such action or omission (i) would cause the interest on the 2009A Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, or (ii) would cause interest on the 2009A Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2009A Bonds until the date on which all obligations of the Agency in fulfilling the above covenant under the Code and the law of the State have been met.

In addition, the Agency covenants in the 2009A Indenture that its direction of investments pursuant to Article VI of the 2009A Indenture (described in “Investments” above) shall be in compliance with the procedures established by the Federal Tax Exemption Certificate to the extent required to comply with its covenants contained in the foregoing provisions of this section and, to the extent required to comply with its covenants contained in the foregoing provisions of this section, the investment earnings on any moneys held by the Trustee or the Agency under the 2009A Indenture, or other Pledged Revenues, or other legally available moneys of the Agency, shall be deposited from time to time in the Rebate Fund for timely payment of all amounts due and owing to the United States Treasury. The Agency shall provide to the Trustee at least annually from the date of delivery of the 2009A Bonds a certificate of the Agency Representative to the effect that (i) all requirements of the 2009A Indenture with respect to the Rebate Fund have been met on a continuing basis, (ii) the proper amounts have been and are on deposit in the Rebate Fund, and (iii) timely payment of all amounts due and owing to the United States Treasury have been made. If the certifications required by either (ii) or (iii) above cannot be made, the certificate shall so state and shall be accompanied either by Pledged Revenues or other legally available moneys of the Agency, together with a direction to the Trustee to either deposit such moneys to the Rebate Fund or to pay such moneys over to the United States Treasury, as appropriate, or by directions to the Trustee to transfer investment income available in any fund held by the Trustee under the 2009A Indenture to the Rebate Fund or to the United States Treasury, as appropriate.

## **Other Covenants**

In the 2009A Indenture, the Agency makes numerous covenants for the benefit of the owners of the 2009A Bonds. Certain, but not all, of those covenants are described below.

Payment of Principal, Premium, if any, and Interest. The Agency covenants that it shall promptly pay the principal of, premium, if any, and interest on every 2009A Bond issued under the 2009A Indenture at the place, on the dates and in the manner provided therein and in said 2009A Bonds according to the true intent and meaning thereof, subject to the limitations stated in the 2009A Indenture (see “Limited Obligations” above). Instruments of Further Assurance. The Agency shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the

amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the 2009A Bonds.

Compliance With Cooperation Agreement. The Agency covenants and agrees that the Agency shall promptly notify the Trustee whenever the Agency shall have reason to believe that any material provision of the Cooperation Agreement shall have been violated by the Agency or any other party thereto. In the event of a material violation of the Cooperation Agreement, the Agency shall, in cooperation with the Trustee, diligently and promptly pursue all rights and remedies which the Agency may have as a result of any such violation. The Agency hereby grants to the Trustee the right to independently pursue all such rights and remedies if the Agency fails to do so or is unable to do so.

Books, Records, Accounts and Financial Statements. The Agency covenants and agrees that it shall at all times keep, or cause to be kept, proper and current books, records and accounts in which complete and accurate entries shall be made of all transactions relating to the Pledged Revenues. Such books, records and accounts, as well as all other records of the Agency relating to the Cooperation Agreement, shall be open to inspection at reasonable times by the Trustee, the Original Purchaser, and such accountants and other agents as any of them may designate. The Agency shall prepare or cause to be prepared, within one hundred eighty (180) days after the close of each Fiscal Year, a complete financial statement or statements for such year in reasonable detail covering the Pledged Revenues, certified by an independent certified public accountant or firm of certified public accountants selected by the Agency, and shall furnish a copy of such statement or statements to the Trustee, the Original Purchaser and to any Registered Owner upon written request therefor. Such financial statements may be combined with the financial statements of the City.

Disposition of Property. The Agency covenants and agrees that it shall not dispose of more than fifteen percent (15%) of the land area in the Redevelopment Area (except property not currently on the tax rolls or which is shown in the Redevelopment Plan as planned for public use, including without limitation property to be used for public streets, public off-street parking, sewage facilities, parks, easements or rights of way for public utilities or other similar uses) to public bodies or other Persons or entities whose property is exempt from ad valorem property taxes.

Protection of Security and Rights of Registered Owners of 2009A Bonds. The Agency covenants and agrees to preserve and protect the security for the 2009A Bonds, and the rights of the Registered Owners of the 2009A Bonds, under such instruments respectively, and to defend their rights thereunder under all claims and demands of all Persons. The Agency covenants and agrees to take no action which would result in Pledged Revenues required to be paid to the Trustee under the 2009A Indenture being withheld from the Trustee.

Maintenance of Existence. The Agency covenants and agrees to take no action to terminate its existence so long as any 2009A Bonds remain Outstanding.

Eminent Domain Proceedings. The Agency covenants and agrees that if all or any part of the Redevelopment Project should be taken from it, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, the net proceeds realized by the Agency therefrom shall be deemed to be Pledged Revenues.

Complete Redevelopment Project; Amendment to Redevelopment Plan; Compliance With Cooperation Agreement. The Agency covenants and agrees that the Agency shall diligently and in a sound and economical manner carry out and continue to completion, with all practicable dispatch, the Redevelopment Project in accordance with its duty so to do under and in accordance with the Act, the Redevelopment Plan and the Cooperation Agreement. The Redevelopment Plan may be amended, but no amendment shall be made unless the Agency shall have received an opinion of counsel to the Agency and acceptable to the Trustee to the effect that such amendment would not result in a failure of the Redevelopment Plan, as so amended, to comply with the requirements of the Indenture or adversely affect the security for the 2009A Bonds.

The Agency covenants and agrees that the Agency shall comply with the terms and provisions of the Cooperation Agreement from time to time in effect, and shall promptly notify the Trustee whenever the Agency shall have reason to believe that any provision of the Cooperation Agreement shall have been violated by the Agency or any other party thereto. In the event of a material violation of any provision of any of the Cooperation Agreement, the Agency shall, in cooperation with the Trustee, diligently and promptly pursue all rights and remedies which the Agency may have as a result of any such violation.

### **Discharge of Indenture**

If the Agency shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the Registered Owners of the 2009A Bonds, the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein, and if the Agency shall pay or cause to be paid to the Trustee all sums of money due or to become due to the Trustee, then these presents and the estate and rights granted by the 2009A Indenture shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the 2009A Indenture, and execute and deliver to the Agency such instruments in writing as shall be required to release the lien of the 2009A Indenture, and reconvey, release, assign and deliver unto the Agency any and all of the estate, right, title and interest in and to any and all rights or property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of the 2009A Indenture, except cash and securities held by the Trustee for the payment of the principal of, premium, if any, and interest on the 2009A Bonds.

Any 2009A Bond shall be deemed to be paid within the meaning of this section and for all purposes of the 2009A Indenture when (a) payment of the principal of and premium, if any, on such 2009A Bond, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the 2009A Indenture) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing in trust and irrevocably setting aside exclusively for such payment (A) moneys sufficient to make such payment, (B) Government Obligations (which shall not contain provisions permitting the redemption thereof at the option of the issuer) maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, or (C) a combination of such cash and Government Obligations, and (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to the 2009A Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. If 2009A Bonds for which an irrevocable deposit has been made as provided in clause (ii) above are to be redeemed prior to maturity at the Agency's option pursuant to the 2009A Indenture, the Agency

shall also have given to the Trustee irrevocable instructions to give notice of such redemption in accordance with the terms of the 2009A Indenture. At such times as a 2009A Bond shall be deemed to be paid under this section, as aforesaid, such 2009A Bond shall no longer be secured by or entitled to the benefits of the 2009A Indenture, except for the purposes of any such payment from such moneys and Government Obligations.

### **Certain Provisions Related to the Trustee**

Fees, Charges and Expenses of Trustee; Indemnification. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered under the 2009A Indenture and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services, and Pledged Revenues shall be applied thereto in the priority and manner provided by subparagraph (4) in “Flow of Funds - 2009A Pledged Revenues” above. Upon the occurrence of an Event of Default, but only upon the occurrence of an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of, premium, if any, and interest on any Bond upon the Trust Estate for the foregoing fees, charges and expenses incurred by the Trustee.

Merger. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Trustee under the 2009A Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the 2009A Indenture.

Resignation or Removal. The Trustee and any successor Trustee may at any time resign from the trusts created by the 2009A Indenture by giving 30 days’ written notice by first class mail (i) to the Agency, and (ii) to the Registered Owner of each 2009A Bond as shown by the registration records; provided that such resignation shall not take effect until the appointment of a successor trustee as discussed below.

The Trustee may be removed at any time by the Agency, in the event the Agency reasonably determines that the Trustee is not duly performing its obligations under the Indenture or by an instrument or concurrent instruments in writing delivered to the Trustee and to the Agency and signed by the Registered Owners (or by their attorneys in fact duly authorized) of at least a majority in aggregate principal amount of the Outstanding 2009A Bonds. No removal of the Trustee shall be effective until the appointment of a successor Trustee as discussed below.

In case the Trustee shall resign or be removed, a successor may be appointed by the Registered Owners of at least a majority in aggregate principal amount of Outstanding 2009A Bonds by an instrument or concurrent instruments in writing signed by such Registered Owners, or by their attorneys in fact duly authorized, a copy of which shall be delivered personally or sent by certified or registered mail to the Agency. In case of any such vacancy, the Agency may appoint a Trustee to fill such vacancy (or, if the Agency fails to make such appointment within a reasonable time, the predecessor Trustee may make such appointment) unless and until a different Trustee shall be appointed by the Registered Owners of the 2009A Bonds in the manner described above; and the Trustee so appointed by the Agency or the predecessor Trustee shall

immediately and without further act be superseded by the Trustee so appointed by the Registered Owners of the 2009A Bonds. Any successor Trustee appointed pursuant to the provisions described in this paragraph shall (i) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority, and (ii) have a reported capital and surplus of not less than \$50,000,000.

## **Events of Default and Remedies**

Events of Default. The occurrence of any of the following events constitutes an Event of Default pursuant to the 2009A Indenture.

(a) Default by the Agency in the due and punctual payment of interest on any 2009A Bond;

(b) Default by the Agency in the due and punctual payment of the principal of or premium, if any, on any 2009A Bond, whether at the stated maturity thereof, or upon proceedings for prior redemption thereof;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Agency set forth in the 2009A Indenture or in the 2009A Bonds and failure to remedy the same after notice thereof pursuant to the 2009A Indenture;

(d) The Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency, or of the whole or any substantial portion of its property.

Remedies. Upon the occurrence of an Event of Default, the Trustee may exercise its rights as a secured creditor with respect to the Trust Estate and may also pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding 2009A Bonds. If an Event of Default shall have occurred and be continuing and if requested to do so by the Registered Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding 2009A Bonds, and upon indemnification as set forth in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this section as the Trustee shall deem most expedient in the interests of the Registered Owners of the 2009A Bonds. No remedy conferred upon or reserved to the Trustee (or to the Registered Owners of the 2009A Bonds) by the terms of the 2009A Indenture is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Registered Owners of the 2009A Bonds under the 2009A Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and such right or power may be exercised from time to time as often as may be deemed expedient. No waiver of an Event of Default under the 2009A

Indenture, whether by the Trustee or by the Registered Owners of the 2009A Bonds, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Before taking any of the actions referred to above, the Trustee may require that a satisfactory instrument of indemnity be furnished for the reimbursement of all expenses which it may be caused to incur and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any such action.

Right of Registered Owners of Bonds to Direct Proceedings. Anything in the 2009A Indenture to the contrary notwithstanding, the Registered Owners of a majority in aggregate principal amount of the Outstanding 2009A Bonds shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the 2009A Indenture, or for the appointment of a receiver or any other proceedings under the 2009A Indenture, provided that such direction shall not be otherwise than in accordance with the provisions of law and of the 2009A Indenture.

Before taking any of the actions referred to above, the Trustee may require that a satisfactory instrument of indemnity be furnished for the reimbursement of all expenses which it may be caused to incur and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any such action.

No Registered Owner of any 2009A Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy under the 2009A Indenture, unless: (i) an Event of Default has occurred of which the Trustee has been notified as provided in the 2009A Indenture, and the Registered Owners of twenty-five percent (25%) in aggregate principal amount of the Outstanding 2009A Bonds shall have made written request to the Trustee and shall have offered to the Trustee reasonable opportunity either to proceed to exercise the powers granted in the 2009A Indenture or to institute such action, suit or proceeding in its own name, (ii) they have offered to the Trustee indemnity as provided in the 2009A Indenture, and (iii) the Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the 2009A Indenture, and to any action or cause of action for the enforcement of the 2009A Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owner of the 2009A Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the 2009A Indenture by its, his, her or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided herein and for the equal and ratable benefit of the Registered Owners of all Outstanding 2009A Bonds. However, nothing set forth in the 2009A Indenture shall affect or impair the right of any Registered Owner of any 2009A Bond to enforce the payment of the principal of, premium, if any, and interest on any 2009A Bond at and after the maturity thereof, or the obligation of the Agency to pay the principal of, premium, if any, and interest on each of the 2009A Bonds issued hereunder to the respective Registered Owners at the time, place, from the source and in the manner expressed in the 2009A Bonds.

Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Registered Owners of the Bonds under the 2009A Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, earnings, income, products and profits thereof, pending a determination of such proceedings, with such powers as the court making such appointment shall confer.

Application of Moneys in Default. All moneys received by the Trustee pursuant to any right given or action taken under the provisions described below shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities, and advances incurred or made by the Trustee, including attorney fees, be deposited in the Debt Service Fund and all moneys in the Debt Service Fund shall be applied as follows:

FIRST - To the payment to the Persons entitled thereto of all installments of interest then due on the 2009A Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the 2009A Bonds which shall have become due (other than 2009A Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the 2009A Indenture), with interest on such 2009A Bonds from the respective dates upon which they became due, and if the amount available shall not be sufficient to pay the 2009A Bonds in full, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto without any discrimination or privilege; and

THIRD - To be held for the payment to the Persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the 2009A Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity, and if the amount available shall not be sufficient to pay in full 2009A Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal and interest due on such date to the Persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions described above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Subject to the provisions of the 2009A Indenture concerning Special Record Dates for the payment of defaulted interest (see "THE 2009A BONDS--Payment Provisions" in this Official Statement), whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. Subject to the provisions of the 2009A Indenture concerning Special Record Dates for the payment of defaulted interest, the Trustee shall give such notice as it may deem

appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any 2009A Bond until such 2009A Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the 2009A Indenture or under any of the 2009A Bonds may be enforced by the Trustee without the possession of any of the 2009A Bonds or the production thereof in any trial or other proceeding relating thereto, any such suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Registered Owner of the 2009A Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the Registered Owners of the Outstanding 2009A Bonds.

Before taking any of the actions referred to above, the Trustee may require that a satisfactory instrument of indemnity be furnished for the reimbursement of all expenses which it may be caused to incur and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any such action.

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the 2009A Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Agency, the Trustee and the Registered Owners of the 2009A Bonds shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Waivers of Events of Default. The Trustee may, at its discretion, waive any Event of Default under the Indenture and its consequences and, notwithstanding anything to the contrary in the Indenture, shall do so upon the written request of the Registered Owners of (i) more than two-thirds (2/3) in aggregate principal amount of all Outstanding Bonds in respect of which an Event of Default in the payment of principal or interest, or both, exists, or (ii) more than two-thirds (2/3) in aggregate principal amount of all Outstanding Bonds in the case of any other Event of Default; provided, however, that there shall not be waived any Event of Default in the payment of the principal or interest on any Outstanding Bonds unless prior to such waiver or rescission, all arrears of principal and interest, and all fees and expenses of the Trustee in connection with such Event of Default or otherwise in connection with the performance of the Trustee's duties under the Indenture, shall have been paid or provided for. In case of any such waiver or rescission, then and in every such case the Agency, the Trustee and the Registered Owners of the 2009A Bonds shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Notice of Covenant Defaults; Opportunity of Agency to Cure Such Defaults. Notwithstanding anything to the contrary in the Indenture, no default described under paragraph (c) under "Events of Default" above shall constitute an Event of Default until actual notice thereof by registered or certified mail shall be given to the Agency by the Trustee or by the Registered Owners of not less than twenty-five percent (25%) in aggregate principal amount of all Outstanding 2009A Bonds and the Agency shall have had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said

default or caused said default to be corrected within the applicable period; provided, however, that if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Agency within the applicable period and diligently pursued until the default is corrected.

### **Amendment of Indentures and Cooperation Agreement**

Supplemental Indentures Not Requiring Consent of Registered Owners of 2009A Bonds. The Agency and the Trustee may, without consent of, or notice to, any of the Registered Owners of the 2009A Bonds, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission in the 2009A Indenture; (b) to grant to or confer upon the Trustee for the benefit of the Registered Owners of the 2009A Bonds any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Registered Owners of the 2009A Bonds or the Trustee; (c) to subject to the Indenture additional revenues, properties or collateral; (d) to modify, amend or supplement the Indenture or any indenture supplemental hereto in such manner as to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the 2009A Bonds for sale under the securities laws of any of the states of the United States of America; (e) to evidence the succession of a new Trustee under the 2009A Indenture; or (f) to make any other amendment to the terms and provisions of the 2009A Indenture as, in the judgment of the Trustee, is not adverse to the interests of the Registered Owners of the 2009A Bonds.

Supplemental Indentures Requiring Consent of Registered Owners of 2009A Bonds. Exclusive of supplemental indentures described in the prior paragraph, and subject to the terms and provisions described in this paragraph, and not otherwise, the Registered Owners of not less than two-thirds (2/3) in aggregate principal amount of the Outstanding 2009A Bonds shall have the right, from time to time, anything set forth in the 2009A Indenture to the contrary notwithstanding, to consent to and approve the execution by the Agency and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Agency for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions set forth in the Indenture or in any supplemental indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting:

(a) An extension of the maturity of the principal of, or the interest on, any 2009A Bond, or a reduction in the principal amount of, or any redemption premium on, or the rate of interest on, any 2009A Bond, or a privilege or priority of any 2009A Bond or 2009A Bonds over any other 2009A Bond or 2009A Bonds, or the deprivation of the Registered Owner of any 2009A Bond of the lien created by the Indenture on the Trust Estate, without the consent of the Registered Owner of each 2009A Bond adversely affected thereby; or

(b) A reduction in the aggregate principal amount of the 2009A Bonds required for consent to such supplemental indentures, or the creation of any lien on the Trust Estate or any part thereof which is prior or superior to the lien of the 2009A Bonds (except as described above with respect to the fees, charges and expenses of the Trustee upon an Event of Default), without the consent of the Registered Owners of all 2009A Bonds Outstanding.

If at any time the Agency shall request the Trustee to enter into any such supplemental indenture for any of the purposes described above, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by registered or certified mail to the Registered Owner of each 2009A Bond. Such notices shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Registered Owners of the 2009A Bonds. If, within 60 days or such longer period as shall be prescribed by the Agency following such notices, the Registered Owners of not less than two-thirds (2/3) in aggregate principal amount of the 2009A Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as provided in the 2009A Indenture, no Registered Owner of any 2009A Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Agency from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

Amendments, Etc. to Bond Resolution and Cooperation Agreement Not Requiring Consent of Owners of the 2009A Bonds. The Agency and the Trustee shall without the consent of or notice to the Owners of the 2009A Bonds consent to any amendment, change or modification of the Bond Resolution or the Cooperation Agreement, (a) required by the provisions of the Bond Resolution, the Cooperation Agreement or the 2009A Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission so long as such cure does not adversely affect the interests of the Owners of the 2009A Bonds, (c) to add additional rights acquired in accordance with the provisions of the Bond Resolution or the Cooperation Agreement, or (d) in connection with any other change therein which, in the judgment of Trustee, is not to the prejudice of Trustee or the Owners of the 2009A Bonds.

Amendments, Etc. to Bond Resolution and Cooperation Agreement Requiring Consent of Owners of the 2009A Bonds. Except for the amendments, changes or modifications as provided in the previous paragraph, neither the Agency nor the Trustee shall consent to any other amendment, change or modification of the Bond Resolution or the Cooperation Agreement without the giving of notice and the written approval or consent of the Owners of not less than 66-2/3% in aggregate principal amount of the 2009A Bonds at the time Outstanding given and procured as described in this section. If at any time the Agency shall request the consent of the Trustee to any such proposed amendment, change or modification of the Bond Resolution or the Cooperation Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner described above with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Owners of the 2009A Bonds. Nothing described above shall permit, or be construed as permitting, a reduction of the aggregate principal amount of 2009A Bonds, the Owners of which are required to consent to any amendment, change or modification of the Bond Resolution or the Cooperation Agreement or a reduction in, or a postponement of, the payments of Pledged Revenues, without the consent of the Owners of all the 2009A Bonds then Outstanding.

## APPENDIX C

### FORMS OF APPROVING OPINIONS OF BOND COUNSEL

[Closing date]

City of Las Vegas Redevelopment Agency  
400 Stewart Avenue  
Las Vegas, NV 89101

\$ \_\_\_\_\_  
City of Las Vegas Redevelopment Agency, Nevada  
Tax Increment Revenue Bonds  
Series 2009A

Ladies and Gentlemen:

We have acted as bond counsel to the City of Las Vegas Redevelopment Agency, Nevada (the “Agency”), in connection with the issuance of its Tax Increment Revenue Bonds, Series 2009A (the “Bonds”) pursuant to the Indenture of Trust dated as of March 15, 2009 (the “Indenture”) between the Agency and U.S. Bank National Association, as trustee. In such capacity, we have examined the Agency's certified proceedings and such other documents and such law of the State of Nevada and of the United States of America as we have deemed necessary to render this opinion letter. Except as otherwise expressly defined herein, capitalized terms used herein have the meanings ascribed to such terms in the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the Agency's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding, special, limited obligations of the Agency payable solely from the Pledged Revenues and from funds pledged therefor under the Indenture.

2. The Indenture creates a valid lien on the Pledged Revenues pledged therein for the security of the Bonds on a parity with the lien thereon of the Parity Obligations. The Indenture also creates a valid lien on the Debt Service Fund and the Reserve Fund. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues or on the Debt Service Fund and Reserve Fund created by the Indenture.

3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in

the Agency's certified proceedings and in certain other documents and certain other certifications furnished to us.

4. Under laws of the State of Nevada in effect as of the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State of Nevada or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the Agency pursuant to the Bonds and the Indenture are subject to the application of equitable principles, to the reasonable exercise in the future by the State of Nevada and its governmental bodies of the police power inherent in the sovereignty of the State of Nevada, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the adequacy, accuracy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or Nevada tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Las Vegas Redevelopment Agency, Nevada (the “Issuer”) in connection with the issuance of the City of Las Vegas Redevelopment Agency, Nevada, Tax Increment Revenue Bonds, Series 2009A, dated as of \_\_\_\_\_, 2009, in the aggregate principal amount of \$\_\_\_\_\_ (the “Bonds”). The Bonds are being issued pursuant to the Indenture of Trust dated as of March 15, 2009, between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”). The Issuer covenants and agrees as follows.

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of July 1, 2009, the MSRB’s required method of filing will be electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**SECTION 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer’s fiscal year of each year, commencing nine (9) months following the end of the Issuer’s fiscal year ending June 30, 2009, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other

than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be sent a notice in substantially the form attached as Exhibit “A” to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

(c) An update of the status of those redevelopment projects listed in Exhibit “C” hereto; the status of each project shall be identified as “Entitled,” “Permitted,” “Under Construction,” “Completed” or “Abandoned.” Once each of the projects listed in Exhibit “C” has been marked “Completed” or “Abandoned,” the Issuer will no longer be required to file an updated project list as part of its Annual Report.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall provide or cause to be provided, in a timely manner, notice of any of the following events with respect to the Bonds, if such event is material to the MSRB:

- (a) Principal and interest payment delinquencies;
  - (b) Non-payment related defaults;
  - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (e) Substitution of credit or liquidity providers or their failure to perform;
  - (f) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
  - (g) Modifications to rights of bondholders;
  - (h) Bond calls;
  - (i) Defeasances;
  - (j) Release, substitution or sale of property securing repayment of the Bonds;
- or
- (k) Rating changes.

Notwithstanding the foregoing, any notices provided pursuant to this Section prior to July 1, 2009 (and only notices provided prior to such date), shall be provided to any of the following: (i) the central post office known as DisclosureUSA, currently managed by the Municipal Advisory Council of Texas and located on the Internet at the website [www.DisclosureUSA.org](http://www.DisclosureUSA.org); (ii) the MSRB via its CDINet program, currently located on the Internet at the website <http://www.msrb.org/msrb1/cdi/cdi.asp>; or (iii) all of the Nationally Recognized Municipal Securities Information Repositories for purposes of the Rule, as recognized from time to time by the SEC and as currently listed on the Internet at the website [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm).

SECTION 6. Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Further, the Issuer's obligation to update the contents of Exhibit "C" hereto shall terminate as provided in Section 4(c) hereof.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: \_\_\_\_\_, 2009.

CITY OF LAS VEGAS REDEVELOPMENT  
AGENCY, NEVADA

By: \_\_\_\_\_  
Chairman

**EXHIBIT "A"**

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Las Vegas Redevelopment Agency, Nevada\_\_\_\_\_

Name of Bond Issue: Tax Increment Revenue Bonds, Series 2009A, dated as of \_\_\_\_\_, 2009, in the aggregate principal amount of \$\_\_\_\_\_.

CUSIP:

Date of Issuance: \_\_\_\_\_, 2009.

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.14 of the Indenture of Trust dated as of March 15, 2009, and the Continuing Disclosure Certificate executed on \_\_\_\_\_, 2009, by the Issuer. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_

CITY OF LAS VEGAS REDEVELOPMENT  
AGENCY, NEVADA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT “B”**

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

See page -iv- of this Official Statement

**EXHIBIT C**

**REDEVELOPMENT PROJECTS TO BE UPDATED**

**City of Las Vegas Redevelopment Agency  
Project Status Report**

PROJECT	LOCATION	DESCRIPTION	COMPLETED	UNDER CONSTRUCTION	PERMITTED	ABANDONED	ENTITLED
Project		Sq. Feet					
'A' Cab Taxi	1500 Searles	Taxi cab company administrative offices and dispatch center					X
2301 E. Sahara multi-tenant building	2301 E Sahara Ave	6,170 SF multi-tenant building (new); 4100 SF = restaurant 2070 SF = retail					X
2508 Cedar Ave (Restaurant & Laundromat)	2508 Cedar Ave	1700 SF Drive-Thru Restaurant & 1250 SF Laundromat (single building)					X
4 Charleston	4 E. Charleston Blvd	3 Urban Lounges (ground floor) w/ Office space (2nd floor) single building.			X		
521 S. 3rd St Office (new)	521 S. 3rd St	15,756 SF office building; Lobby = 1485 SF, Office = 8756 SF, Garage/Utility = 5515.					X
601 Fremont Entertainment Club	601 Fremont	Nightclub (14,500 SF).					X
717 S. 8th St. Conversion	717 S. 8th Street	1,495 sq. ft. Residential to Office Conversion					X
720 E. Charleston Office Building	720 E. Charleston Blvd.	Building remodel; Professional Office use			X		
721 S. 8th St - professional office	721 S. 8th St	Home to office conversion					X
7th Place	SWC 7th St and Chef Andre Rochat	5 story, 50,478 SF Mixed-Use Building w/ 7 residential units.					X
946 E. Sahara Retail Bldg.	946 E. Sahara	4,722 s.f. retail building					X
Ahern / Ace Hardware Rental/Retail Sales Development	NEC Bonanza & Clarkway	Bldg 1 = (30,000 SF retail, 30,000 SF Office, 40,000 SF Covered Storage) Bldg 2 = 60,000 SF Repair Shop.			X		
Ahern Commercial Development	SW corner of Bonanza and MLK	Retail - 19,000 SF, Office - 150,000 SF, Rest - 3,700 SF, Child Care - 4,500 SF					X
Ahern Rentals (Light Assembly and Auto Repair Garage)	SEC Bonanza & Clarkway	99,200 SF Light Industrial Facility and 13,800 SF Office Building.					X

**City of Las Vegas Redevelopment Agency  
Project Status Report**

PROJECT	LOCATION	DESCRIPTION	COMPLETED	UNDER CONSTRUCTION	PERMITTED	ABANDONED	ENTITLED
<b>Project</b>		<b>Sq. Feet</b>					
Allure (Sahara Ave. Condos) - Phase II	200 W. Sahara Ave.	Mixed-Use Development with 1300 room (300-hotel and 1,000 condo/hotel), 67,800 SF Non-Restricted Gaming Facility, 254,240 SF Commercial space and 40-Condominium Units)					X
Alpha Omega Strategies	1501 N. Decatur	461-unit Senior Citizen Apartment building, 40K SF market, two 4,500 SF shops, two fast food pads (86,150 SF total for all commercial) & a Fire Station.			X		
Anderson Dairy - Crystal Peaks Bottling Plant	1300-1438 N. Las Vegas Blvd	Expanding current operations into adjacent buildings for new water bottling operation		X			
Andre's Restaurant Expansion	401 S. 6th St.	Storage Addition & rezoning. 242 s.f.					X
Aquarius Apartments @ 3rd	1113-1121 S. 3rd St	Mixed-Use - Apartment - 238 units w/ ground floor commercial.					X
Aquarius Residences	SWC Charleston and 4th St (apt) and SEC Casino center and Coolidge (garage).	Mixed Use - Condo (w/ 58,000SF retail) and automated parking garage off-site (1500 stalls and 12,000 SF retail).					X
ARCO AM/PM	850 N. Decatur Blvd	Remove and Replace existing ARCO. 2,942 SF C-Store w/ Fuel Pumps (8).		X			
Arthaus South	SWC Casino Center Blvd and Utah	60-unit condominium (1st floor parking with 4 floors above)					X
Bell Trans Parking Garage and Auto Shop	2000 Industrial Rd.	Taxi/Trolley Parking Garage (1,208 stalls), Repair Garage and Maintenance Office (80,000 SF).		X			
Big Town Mechanical	1924-2000 Western Ave	54,206 SF building (new) includes office, warehouse and fabrication space.			X		
Blood Plasma Donor Center (Expansion)	611 N. Las Vegas Blvd.	2016 sf addition to existing 6545 sf suite					X
Blue Moon Resort	2601 Westwood Dr	Demo of existing motel and construction of new 100 room resort on-hold. SUP for bar within existing facility.					X

**City of Las Vegas Redevelopment Agency  
Project Status Report**

PROJECT	LOCATION	DESCRIPTION	COMPLETED	UNDER CONSTRUCTION	PERMITTED	ABANDONED	ENTITLED
Project		Sq. Feet					
Boulder Plaza - Agam Sculpture	Boulder St (Main & First)	18-foot tall 36 hexagonal glass columns.			X		
Campos Office Building (aka Bonanza State Office Building)	215 E Bonanza Rd	5 Story, 80,262 sq. ft. office building & 3 Story, 105,920 sq. ft. parking structure		X			
Central City Intermodal Transit Terminal (CCITT)	SEC 1st St and Bonneville Ave	2.75 acre site to include 18,000 SF terminal operation facility and office support. 1,800 SF bike station building.			X		
Chung Office Building (Addition)	910 E. Sahara Ave	684 SF addition to existing 4874 SF office building.					X
Cielo Vista	Washington/ Veteran's Memorial Dr.	Mixed-use					X
CIM - Lady Luck Hotel/Casino Renovation	221 N. 3rd Street	631 - Hotel rooms 43,000 SF - Gaming 50,000 SF - Retail					X
City Hall - New	NWC Clark & 1st St	CLV government office building - 303,085 s.f. with 1,900 s.f. of retail space on the 1st floor facing 1st Street.					X
Clark County Detention Center Building (Seismic Upgrade)	330 S Casino Center Blvd	Seismic upgrade for pipes and equipment and kitchen replacement within existing building.		X			
Codarini Office Building	2400 Hinkle Dr. (Eastern, south of Owens)	1,880 sf office building (new construction)			X		
Eighty on 4th	1211 So. 3rd St.	Condo/mixed-use w/3,257 sf commercial					X
El Cid (Conversion)	233 S. 6th St	330-Unit Assisted Living Apartment conversion.					X
El Cortez Ogden House Remodel	651 E Ogden Ave	Existing hotel (Ogden House) remodel. Interior demo, re-roof, 128 to 64 suite rooms. Exterior upgrades.		X			
El Nopal Mexican Grill	450 Fremont St. Ste. 117	Restaurant with Beer Wine Cooler on-sale			X		
Elite Condo Tower	SE corner of Casino Ctr & Gass Avenue	Condo Tower with 7,940 sq. ft. retail					X
Evolution (702 Group) Two towers	251 E. Charleston Blvd.	Mixed-use; Residential units & 7,000 sf of retail					X
Evolution (702 Group) Two towers	201-209 E. Charleston	Mixed-use; Residential units & 7,000 sf of retail					X

**City of Las Vegas Redevelopment Agency  
Project Status Report**

PROJECT Project	LOCATION	DESCRIPTION Sq. Feet	COMPLETED	UNDER CONSTRUCTION		ENTITLED
				PERMITTED	ABANDONED	
Flat Iron	NWC LV Blvd & 4th St.	Mixed-used condo development.				X
French Quarter Lofts	708 S. 6th Street	Condo Tower with 9,480 sq. ft. of Retail				X
Garces Venture	618 S. LV Blvd	Condo Tower				X
Gateway Las Vegas	NEC 4th & Charleston	Condo Tower w/ 3,370 SF of commercial uses including 1st floor Urban Lounge.				X
Gold Spike - Exterior Remodel	NWC Ogden and LV Blvd.	Pool & cabana addition to adjacent Gold Spike property (former Travel Inn)				X
Gold Spike (Interior Remodel)	400 E Ogden Ave	1st floor casino remodel and Fire Suppression System		X		
Golden Nugget Phase I	129 Fremont St.	Renovations - Pool, Race/Sports Book		X		
Golden Nugget - Phase III (Tower)	129 Fremont St.	600 room tower/expansion project		X		
Golden Nugget Phase II	129 Fremont St.	Casino and Events Center Expansion (43,000 SF)		X		
Grand Central Hotel	Grand Central Pkwy & Iron Horse Ct.	Hotel (2,500 units) with 260,000 SF convention space and 33,000 SF retail. 1,114 space parking garage 2-levels sub-terrain.				X
Grand Central Parkway (Fine)	SWC Bonneville @ Grand Central Pkwy	Hotel (670 units), Office (396,000 SF) plus condo units (146 Units) & retail space (69,000 SF).				X
Grand View Towers	I-15/Desert Inn	High-rise condos				X
Green Shack Retail Plaza	2524 Fremont St	28,354 SF Retail, Office and Banquet Facility.			X	
H.U.E. @ Arts Central (Saucy)	200 E. Charleston	Hi-Rise Condos with Boutiques & Art Galleries (14,750 sf retail)				X
Huntridge Shopping Center	1208 E. Charleston Blvd.	Renovation of existing structure 17,000 SF retail & 16,120 SF office. New 3,250 SF retail bldg and 3,050 SF drive-thru.				X
Isaiah Crossing (shopping center)	NEC Martin L King & Lake Mead	17,620 SF retail development & a 2,000 SF medical office bldg.				X
Kenny Law Office	SEC Clark Ave and 8th St	22,400 SF Office Building			X	
La Luna	450 Fremont St. suite 101	New restaurant in former Saloon tenant space at Neonopolis.			X	

**City of Las Vegas Redevelopment Agency  
Project Status Report**

PROJECT Project	LOCATION	DESCRIPTION		COMPLETED	UNDER CONSTRUCTION	PERMITTED	ABANDONED	ENTITLED
			Sq. Feet					
Las Vegas Corporate Center (was Ventura)	700 E. Charleston Blvd.	Office remodel of former 40,000 sf FBI building. Entitlements included addition			X			
Las Vegas Natural History Museum (addition)	900 N. Las Vegas Blvd	4,000 SF addition to existing museum (King Tut Exhibit)			X			
Las Vegas Rescue Mission	NEC Bonanza & F St.	Expansion of Existing Rescue Mission 10,700 s.f. bldg w/kitchen & 9 additional beds.			X			
Legal Aid Center of Southern Nevada	721 E. Charleston Blvd	35,000 SF office building (designing for LEED Gold), 2-levels of parking.						X
Luis Rojas Law Office	802 E. Bonneville	5,376 sf office (new bldg.)						X
Main Eleven (used to be Blokhaus)	NWC Main & Washington	Mixed-use w/31,000 s.f. of retail and 442 units						X
Main Street Tower	718 N. Main Street	Mixed-use development w/9,779 sf commercial						X
Mark Fine Development (Project Alta, LLC)	AltaMik	Residential Units; 27,000 sq ft retail						X
Max BRT (Road Construction)		Downtown Connector. BRT roadwork and station construction. Phase I & II			X			
Mazzarella Office Building	SW corner of 7th & Chef Andre Rochat Pl	23,613 sq. ft. office building						X
Meet Las Vegas	233 So. 4th St.	Building remodel, site improvements to existing 30,000 sf office and building			X			
Mixed-use Development	NW corner of Charleston & 10th St	One 14 Story and one 17 Story condo tower with 18,000 sq. ft. Commercial						X
Mob Museum aka Las Vegas Museum of Law Enforcement and Organized Crime	Stewart/3rd St.	Historical - 38,770 s.f.			X			
Monument Tower (previous Liberty Tower)	1801 S. LV Blvd.	Tower (Studio/1 bdrm) with 9,529 sq. ft. retail.						X
Moulin Rouge	900 W. Bonanza Rd	1,727-room hotel, 72,596 SF casino and 381,734 SF commercial space.						X
Murphy Office Building	SWC 6th & Garces	Office Building (new) 6,150 SF; 1st floor parking under building.				X		
Neon Heights	8th & Carson	Condo w/25,000 sf of commercial space.						X
Neon Heights - Sales Office	512 Fremont St	Sales Office - Mock-up units for Neon Heights project.			X			

**City of Las Vegas Redevelopment Agency  
Project Status Report**

PROJECT	LOCATION	DESCRIPTION	COMPLETED	UNDER CONSTRUCTION	PERMITTED	ABANDONED	ENTITLED
Project		Sq. Feet					
Neon Museum	Las Vegas Blvd & McBarlow	2,768 SF Museum including a park and outdoor sign yard.		X			
Nevada Power Downtown Substation (DN-1)		2.74 acre lot on northern limit of Mark Fine site.					X
Nevada Ready Mix	601 W. Bonanza	Concrete Silo					X
O'Rourke Office Building (and warehouse)	1700 Western Ave	3,645 SF Office & 3,915 SF Warehouse (7,560 total)			X		
Parking Lot (Burney Smith Site)	NWC N St and Adams Ave	Parking Lot for use by existing store to the West.		X			
Pawn Plus	212 S. Las Vegas Blvd	Tenant improvement to existing bldg. Interior and Exterior upgrades.		X			
Pearson Park	SWC of MLK and Carey Ave.	Public park (property owner Clark County)		X			
Philadelphia Apartments	231 W Philadelphia	Apartment Complex		X			
Renzi Towers	Gateway, So. Of	2 Towers					X
Roadway Inn (Addition)	1213 S. Las Vegas Blvd	Lobby addition (529 SF) to existing Hotel.			X		
Sarann Knight Apartments	900 W Monroe Ave	Demo of 68 units replaced with 82 units. Maintaining two buildings with a total of 32 units.		X			
Schifini Office Building	600 S Tonopah Dr	15,000 SF Office Building (Health Care) above 1st Level Parking (69 stalls).		X			
Searles Fourplexes	2380 Searles	50-unit fourplex development, 2&3 bedrooms					X
Solterra Lofts	NEC of 1st Street and Hoover Ave	Mixed-Use project with 5,000 SF ground floor commercial and 130 for-sale res. Units.					X
Solterra Towers	SEC 1st Street and Gass Ave	Mixed-Use project with 15,000 SF ground floor commercial and 700 for-sale res. Units.					X
Stan Hi	806 So. Las Vegas Blvd.	Condos w/21,500 s.f. of Commercial					X
Star Motel (rehab)	1418 S. 3rd St	Rehab existing motel (plumbing, gas, doors, windows) +1 addit'l unit.		X			
Stratosphere Amusement Ride (Base Jump)	2000 S. Las Vegas Blvd.	Controlled descent amusement ride on Stratosphere tower.					X

**City of Las Vegas Redevelopment Agency  
Project Status Report**

PROJECT	LOCATION	DESCRIPTION Sq. Feet	COMPLETED	UNDER CONSTRUCTION	PERMITTED	ABANDONED	ENTITLED
Stupak Community Center	250 W. Baltimore Ave	30,000 SF community center.		X			
The Ambassador	NWC Fremont & 10th Street	537 'for-rent' residential units with 28,791 SF retail space.					X
The Hive (7-11 Bldg)	SEC Fremont & Las Vegas Blvd	Nightclub & Burger Bar 1st floor - Construction of 2nd floor for add'l club space.					X
The Island Tower	4015 So. Maryland Parkway	Mixed-use tower; 64,800 SF Office, 29,000 SF Retail; 5,600 SF Rest, 1,117 parking stall Garage.					X
The Strand	611 S. Tonopah Dr	Residential Units & 3,946 sq. ft. Office					X
The View	Big Mama's Rib Site/Bonanza	Residential w/40,000 sq. ft. commercial					X
Towne Terrace Apartments	322 S. 7th St.	Existing Apartment bldg to condo conversion - sub terrain garage.					X
UP - Lou Ruvo Brain Institute, Parcel A1	496 S. Grand Central Pkwy	62,616 s.f. building medical research & treatment		X			
UP - Smith Center for the Performing Arts	Union Park	2,050 seat main hall and education center			X		
UP - World Jewelry Center	Union Park	225,000 s.f. retail & 815,000 s.f. office, 98 residential units + additional uses; Café, Health Club, Bank (1.350M sf total).					X
Urban Chamber of Commerce	1811, 1821 MLK	Office/Retail Complex (Office 18,250 SF, Retail 7,981, Total 26,231).			X		
Urban Lofts (Eastern Avenue)	Fremont & Eastern	Residential			X		
Urban Lofts (Fremont St. Loft)	Fremont & 19th St.	Residential		X			
Urban Lofts (Stewart/Mojave)	NWC Stewart & Mojave	56-unit Single Family Homes					X
Urban Lounge @ Tinoco's	123 E Charleston	4,274 SF Urban Lounge w/ a 1,900 SF patio.			X		
US Vets at the Meadow-Addition	525 E. Bonanza	Expansion of existing facility to include 110 additional units (single occupant) and office & kitchen.					X
Vegas Plaza (phase II)	NWC Eastern and Bonanza	Phase 2 = New 6423 SF pad building.			X		
Vegas Plaza (Shopping Ctr - CVIP)	2305 East Bonanza	VIP project			X		
Vegas Plaza (Smart & Final - CVIP)	2305 East Bonanza	VIP project			X		

**City of Las Vegas Redevelopment Agency  
Project Status Report**

PROJECT	LOCATION	DESCRIPTION Sq. Feet	COMPLETED	UNDER CONSTRUCTION	PERMITTED	ABANDONED	ENTITLED
Venue of Vegas	760 Fremont St	43,000 SF Tavern w/ Night Club & Banquet Facility.			X		
Verge	604 N. Main St.	296 Residential units & 33,400 sf commercial			X		
Wayward Properties Office Building	514 S. 7th St.	New 3688 s.f. office bldg.					X
Wet Ultra Lounge & Bar	450 Fremont St suite 150	12,000 SF tavern at Neonopolis			X		
Wine Gourmet & Goodies	625 S. Las Vegas Blvd.	Tenant improvement to existing bldg.					X
World Market Center Phase 4	NWC Grand Central Pkwy & Bonneville	1,162,255 SF Wholesale/Retail with 2 additional levels of parking garage.			X		
World View Towers (formerly Wall Street)	SEC of Wall St & Western Avenue	1,236 Residential Units and 62,417 SF of Commercial Space.					X

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## APPENDIX E

### BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the 2009A Bonds. The 2009A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2009A Bond certificate will be issued for each maturity of the 2009A Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of 2009A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2009A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2009A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2009A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2009A Bonds, except in the event that use of the book-entry system for the 2009A Bonds is discontinued.

To facilitate subsequent transfers, all 2009A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of

2009A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2009A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2009A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2009A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2009A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2009A Bond documents. For example, Beneficial Owners of 2009A Bonds may wish to ascertain that the nominee holding the 2009A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2009A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2009A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2009A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2009A Bonds will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2009A Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2009A Bond certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2009A Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.*

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2009A BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2009A BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The Agency and the Trustee may treat DTC (or its nominee) as the sole and exclusive owner of the 2009A Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the 2009A Bonds, giving any notice permitted or required to be given to registered owners under the Indenture, including any notice of redemption, registering the transfer of 2009A Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The Agency and the Trustee will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2009A Bonds under or through DTC or any DTC Direct Participant, Indirect Participant or other person not shown on the records of the Trustee as being a registered owner with respect to: the accuracy of any records maintained by DTC, any DTC Direct Participant or Indirect Participant regarding ownership interests in the 2009A Bonds; the payment by DTC, any DTC Direct Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the 2009A Bonds; the delivery to any DTC Direct Participant, Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to registered owners under the Authorizing Document, including any notice of redemption; the selection by DTC, any DTC Direct Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the 2009A Bonds; or any consent given or other action taken by DTC as a registered owner.

As long as the DTC book-entry system is used for the 2009A Bonds, the Trustee will give any notice of redemption or any other notices required to be given to registered owners of 2009A Bonds only to DTC or its nominee. Any failure of DTC to advise any DTC Direct Participant, of any DTC Direct Participant to notify any Indirect Participant, of any DTC Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2009A Bonds called for redemption or of any other action premised on such notice.

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## APPENDIX F

### ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in the City and Clark County. It is intended only to provide prospective investors with general information regarding the City's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City.

#### Population and Age Distribution

The table below shows the population growth of the City, the County and the State since 1970. Between 2000 and 2008, the City's population increased by 24.1%, the County's population increased by 43.0% and the State's population increased by 37.1% over the same time period.

<u>Population(1)</u>						
<u>Year</u>	<u>City of Las Vegas</u>	<u>Percent Change</u>	<u>Clark County</u>	<u>Percent Change</u>	<u>State of Nevada</u>	<u>Percent Change</u>
1970	125,787	--	273,288	--	488,738	--
1980	164,674	--	463,087	--	800,493	--
1990	268,330	--	741,459	--	1,201,833	--
2000	478,434	--	1,375,765	--	1,998,257	--
2005	569,838	--	1,796,380	--	2,518,869	--
2006	579,840	1.8%	1,874,837	4.4%	2,623,050	4.1%
2007	590,321	1.8	1,954,319	4.2	2,718,337	3.6
2008	593,528	0.5	1,967,716	0.7	2,738,733	0.8

(1) 1970, 1980, 1990 and 2000 are U.S. census figures which were effective April 1. 2005 through 2008 figures are estimated by the Nevada State Demographer as of July 1 of each year shown.

Source: U.S. Bureau of the Census; State Demographer.

The following table sets forth a comparative age distribution profile for the County, the State and the United States.

Age Distribution

<u>Age</u>	<u>Percent of Population</u>		
	<u>Clark County</u>	<u>State of Nevada</u>	<u>United States</u>
0-17	25.8%	25.3%	24.4%
18-24	8.5	8.7	9.8
25-34	15.3	14.7	13.4
35-44	15.4	14.8	14.2
45-54	13.4	13.8	14.5
55-64	10.8	11.2	11.0
65 and Older	10.8	11.5	12.7

Source: Trade Dimensions International, Inc. "Demographics USA 2008," County Edition.

**Income**

The following two tables reflect Median Household Effective Buying Income ("EBI") and also the percentage of households by EBI Groups. EBI is defined as "money income" (defined below) less personal tax and nontax payments. "Money income" is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veteran Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as "disposable" or "after-tax" income.

Median Household Effective Buying Income

<u>Year</u>	<u>Clark County</u>	<u>State of Nevada</u>	<u>United States</u>
2004	\$41,208	\$41,389	\$38,201
2005	42,168	42,322	39,324
2006	43,682	43,676	40,529
2007	45,135	45,041	41,255
2008	48,012	47,381	41,792

Source: Sales and Marketing Management, "Survey of Buying Power," 2004-2005 editions; and Trade Dimensions International, Inc. "Demographics USA, 2006-2008," County Edition.

Percent Of Households By Effective Buying Income Groups - 2008

<u>Effective Buying Income Group</u>	<u>Clark County</u>	<u>State of Nevada</u>	<u>United States</u>
Under \$24,999	20.4%	20.9%	26.8%
\$25,000 to \$49,999	31.8	32.0	33.3
\$50,000 to \$74,999	23.3	23.3	19.7
\$75,000 to \$99,999	13.7	13.4	10.9
\$100,000 – \$149,999	7.0	6.7	6.1
\$150,000 – or more	3.8	3.7	3.2

Source: Trade Dimensions International, Inc. "Demographics USA 2008," County Edition.

The following table sets forth annual per capita personal income levels of the Las Vegas-Paradise MSA (which is comprised of the County), the State and the United States.

Per Capita Personal Income(1)

<u>Year</u>	<u>Las Vegas/ Paradise MSA</u>	<u>Percent Change</u>	<u>State of Nevada</u>	<u>Percent Change</u>	<u>United States</u>	<u>Percent Change</u>
2002	\$29,805	--	\$30,739	--	\$30,821	--
2003	30,879	3.6%	31,802	3.5%	31,504	2.2%
2004	33,365	8.1	34,442	8.3	33,123	5.1
2005	36,893	10.6	37,370	8.5	34,650	4.6
2006	38,281	3.8	38,705	3.6	36,744	6.0
2007(2)	n/a	--	39,649	2.4	38,564	5.0

(1) Subject to periodic revisions.

(2) Preliminary estimate.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

### **Employment**

Beginning with the release of January 2005 data, the State of Nevada's Employment and Security Department ("DETR") began publishing labor force and industrial employment data using a new Bureau of Labor Statistics ("BLS") methodology. This new methodology introduces newly-defined metropolitan statistical areas ("MSA"). The Las Vegas MSA has been reconfigured to include Clark County only and is defined as the "Las Vegas - Paradise MSA." Historical data has been revised to reflect the reconstructed Las Vegas - Paradise MSA.

The Las Vegas - Paradise MSA average annual labor force summary as prepared by DETR is as follows:

Average Annual Labor Force Summary(1)

Las Vegas - Paradise MSA, Nevada (Estimates in Thousands)

<u>CALENDAR YEAR</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
TOTAL LABOR FORCE	836.9	873.4	917.4	953.6	999.3
Unemployment	38.5	36.4	38.4	45.9	67.1
Unemployment Rate (2)	4.6%	4.2%	4.2%	4.8%	6.7%
Total Employment (3)	798.4	837.0	879.0	907.7	932.2

(1) Subject to revision.

(2) According to the U.S. Department of Labor, Bureau of Labor Statistics, the U.S. average unemployment rates for the years 2004 through 2008 were 5.5%, 5.1%, 4.6%, 5.0%, and 7.2% respectively. The DETR attributes the increased unemployment rate primarily to the housing slowdown which very likely contributed to the weakness in the financial industry and the employment services sector as well.

(3) Adjusted by census relationships to reflect number of persons by place of residence.

Source: State of Nevada - Department of Employment, Training & Rehabilitation.

The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in the Las Vegas - Paradise MSA. In 2003, DETR (following a decision by the BLS) adopted the North American Industrial Classification System (“NAICS”) to report this information.

Establishment Based Industrial Employment(1)  
Las Vegas-Paradise MSA, Nevada (Clark County)  
(Estimates in Thousands)

Calendar Year	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Natural Resources and Mining	0.4	0.4	0.5	0.5	0.5
Construction	88.6	101.5	108.6	102.4	93.4
Manufacturing	23.4	25.0	27.1	26.8	26.5
Trade (Wholesale and Retail)	109.8	116.0	121.3	124.3	126.6
Transportation, Warehousing & Utilities	30.3	32.4	34.8	36.7	37.3
Information	10.3	10.4	11.0	11.5	11.1
Financial Activities	46.2	48.8	50.2	50.2	48.6
Professional and Business Services	95.9	106.1	115.2	115.5	112.5
Education and Health Services	54.1	57.6	60.1	63.5	66.4
Leisure and Hospitality (casinos excluded)	81.9	87.4	93.3	97.9	100.4
Casino Hotels and Gaming	165.8	174.9	178.4	174.6	172.5
Other Services	22.7	23.5	24.8	25.6	26.1
Government	<u>83.2</u>	<u>87.5</u>	<u>92.1</u>	<u>97.4</u>	<u>102.1</u>
<b>TOTAL ALL INDUSTRIES</b>	<u><b>812.7</b></u>	<u><b>871.6</b></u>	<u><b>917.3</b></u>	<u><b>926.8</b></u>	<u><b>924.0</b></u>

(1) Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

Source: State of Nevada - Department of Employment, Training & Rehabilitation.

The following table lists the firm employment size breakdown for Clark County (non-government worksites only). This firm size data is published annually by DETR using data from the third quarter of each year which represents the period least affected by seasonal factors.

Firm Employment Size Breakdown (1)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008(2)</u>
TOTAL NUMBER OF FIRMS	35,321	38,920	42,005	45,855	48,009	50,009
Less Than 10 Employees	25,257	28,148	30,510	33,711	35,502	37,482
10-19 Employees	4,538	4,825	5,162	5,532	5,698	5,830
20-49 Employees	3,403	3,659	3,875	4,001	4,138	4,090
50-99 Employees	1,137	1,235	1,337	1,436	1,477	1,471
100-499 Employees	838	884	937	997	1,018	959
500-999 Employees	83	103	111	93	106	110
1,000+ Employees	65	66	73	85	70	67

(1) Subject to revision.

(2) Information collected through 2nd Quarter 2008.

Source: State of Nevada - Department of Employment, Training & Rehabilitation.

The following table is based on unemployment insurance tax account numbers and is an estimate based on reported information. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

Clark County's Ten Largest Employers(1)  
3rd Quarter 2008

<u>Employer</u>	<u>Employment Range</u>
Clark County School District	30,000 - 39,999
Clark County	10,000 - 19,999
Wynn Las Vegas LLC	9,000 - 9,499
Bellagio, LLC	8,500 - 8,999
MGM Grand Hotel/Casino	8,000 - 8,499
Mandalay Bay Resort and Casino	7,000 - 7,499
Las Vegas Metropolitan Police	5,500 - 5,999
University of Nevada - Las Vegas	5,500 - 5,999
Caesars Palace	5,500 - 5,999
Mirage Hotel/Casino	5,000 - 5,499

(1) Based upon employment site. Includes part time and temporary employees. Some individual employers listed here may be owned by the same parent companies.

Source: State of Nevada - Department of Employment, Training & Rehabilitation.

### **Retail Sales**

The following table presents a record of taxable sales in the County and the State.

Taxable Sales(1)

<u>Fiscal Year(2)</u>	<u>County Total</u>	<u>Percent Change</u>	<u>State Total</u>	<u>Percent Change</u>
2004	\$28,286,186,597	--	\$38,505,761,784	--
2005	32,606,312,337	15.3%	44,192,447,817	14.8%
2006	35,745,051,299	9.6	48,581,095,724	9.9
2007	36,262,388,158	1.5	49,427,707,106	1.7
2008	35,930,373,796	(0.9)	48,196,848,945	(2.5)
July-Dec. 2007	\$18,199,464,552	--	\$24,574,527,043	--
July-Dec. 2008	16,851,215,899	(7.4)%	22,732,574,946	(7.5)%

(1) Subject to revision.

(2) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada - Department of Taxation.

### **Construction**

Construction valuation is a value placed on a project in order to determine permit and plans check fees. Construction valuation has no relationship to assessed valuation. Set forth

in the following table is a summary of the number and valuation of new single-family (including townhomes) building permits within the County and its incorporated areas.

**Residential Building Permits**  
(Values in Thousands)

Calendar Year	2004		2005		2006		2007		2008(1)	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value	Permits	Value
Las Vegas	6,198	\$ 869,737	4,270	\$ 549,751	2,998	\$ 386,419	2,406	\$ 319,664	1,092	\$ 262,902
North Las Vegas	6,287	847,023	6,889	1,038,382	3,990	633,934	2,346	336,718	907	215,858
Henderson	4,778	584,802	5,177	683,443	4,326	621,443	2,463	345,828	1,098	146,907
Mesquite	469	66,253	637	83,228	337	50,433	479	66,124	378	60,870
Unincorporated	14,535	1,478,808	13,755	1,848,316	10,022	2,270,947	6,102	2,818,856	2,676	619,447
Clark County										
Boulder City (2)	31	10,786	25	9,078	16	7,979	19	4,430	9	3,444
<b>TOTAL</b>	<b>32,298</b>	<b>\$3,857,409</b>	<b>30,753</b>	<b>\$4,212,198</b>	<b>21,689</b>	<b>\$3,971,155</b>	<b>13,815</b>	<b>\$3,891,620</b>	<b>6,160</b>	<b>\$1,309,428</b>

(1) As of December 31, 2008, except Boulder City's data is through October 31, 2008.

(2) Boulder City imposed a strict growth control ordinance effective July 1, 1979.

Source: Department of Building - Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County Development Services and Boulder City.

The following table is a summary of the total valuation of all building permits within the County and its incorporated areas.

Calendar Year	<u>Total Building Permits</u>				
	2004	2005	2006	2007	2008(1)
Las Vegas	\$1,771,426,190	\$1,517,709,030	\$1,662,736,850	\$1,085,621,651	\$ 715,859,589
North Las Vegas	1,016,287,996	1,311,961,499	881,272,586	906,339,931	468,943,518
Henderson	966,718,054	1,104,540,539	946,162,801	808,502,032	446,490,205
Mesquite	85,069,356	148,668,272	95,349,631	117,115,672	102,527,883
Unincorporated					
Clark County	3,562,835,573	4,221,262,482	4,877,842,956	6,840,305,524	4,219,999,765
Boulder City	25,663,458	20,067,637	29,721,714	14,317,325	10,346,374
<b>TOTAL</b>	<b>\$7,428,000,627</b>	<b>\$8,324,209,459</b>	<b>\$8,493,086,538</b>	<b>\$9,772,202,135</b>	<b>\$5,964,167,334</b>
<b>% Change</b>	--	12.07%	2.03%	15.06%	(38.97)%

(1) As of December 31, 2008, except Boulder City's data is through October 31, 2008.

Source: Department of Building - Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County Development Services and Boulder City.

## Gaming

General. The economy of the County and the State is heavily dependent upon a tourist industry based on legalized casino gambling. Gaming has been legal in Nevada since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three-member Gaming Control Board. All of the board and commission members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules, and collect gaming taxes due the State.

Gross taxable gaming revenues in the State have never declined from one fiscal year to the next except for fiscal year 2002 and 2008. The County's revenues also declined in 2002 and 2008. The County's gross taxable 2008 gaming revenue represents 84.0% of the State's total 2008 gaming revenue. The following table presents a five-year record of gross taxable gaming revenues and total gaming taxes collected on a State-wide basis and in the County.

Gross Taxable Gaming Revenue And Total Gaming Taxes (1)

Fiscal Year Ended	Gross Taxable Gaming Revenue (2)		% Change Clark County	State Gaming Collection (3)		% Change Clark County
	State Total	Clark County		State Total	Clark County	
	June 30					
2004	\$ 9,927,453,718	\$ 8,117,421,969	--	\$ 854,515,140	\$ 706,506,600	--
2005	10,609,819,932	8,742,377,274	7.70%	904,122,239	754,652,235	6.81%
2006	11,802,532,867	9,835,182,641	12.50	1,002,447,124	848,204,810	12.40
2007	12,220,971,425	10,234,777,728	4.06	1,036,688,550	880,339,709	3.79
2008	11,925,067,415	10,022,673,531	(2.07)	980,052,427	831,333,768	(5.58)
July 06 - Dec. 07	\$5,977,682,603	\$4,981,184,628	--	\$460,488,332	\$388,259,241	--
July 07 - Dec. 08	5,124,414,259	4,237,650,217	(14.93)%	403,597,651	341,013,833	(12.17)%

- (1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.
- (2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).
- (3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada - Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries and internet gaming. As presently operated, lotteries offer a considerably different gaming product than that offered in Nevada. The Agency cannot predict the impact of legalization of state lotteries and casino gaming in other states on the economy of the City, the County or the State.

California Gaming Measure. In 2000, California voters approved a constitutional amendment allowing Las Vegas-style slot machines and card games at tribal casinos within California. To date, California has signed and ratified compacts with 67 of the State's 107 Indian tribes. Each compact specifies the number of casinos and slot machines a tribe may operate. There currently are 57 tribal casinos operated by 56 tribes. It is not possible at this time to predict whether tribal casinos will negatively impact Agency or City revenues in the future.

**Tourism**

Tourism is an important industry in the County. Hoover Dam, Lake Mead, Mt. Charleston and other tourist attractions are in Clark County. Attractions such as the Great Basin, Grand Canyon, Yosemite, Bryce Canyon, Zion, and Death Valley National Parks are each within a short flight or day's drive of southern Nevada.

A reflection of the growth of tourism in southern Nevada is the increase in the number of hotel and motel rooms available for occupancy as shown in the following table. The area's hotels and motels have historically experienced higher occupancy rates than those on a national level.

Set forth in the table below is the Las Vegas Convention and Visitors Authority (“LVCVA”) Marketing Department’s estimate of the number of visitors to the Las Vegas Metropolitan Area since 2004. Las Vegas, as did most of the tourism industry, saw declines in tourism indicators in 2008 as the combined economic factors of housing crisis, frozen credit markets, volatile gas prices and increased unemployment translated to reduced consumer confidence and travel spending in much of the country.

Visitor Volume and Room Occupancy Rate  
Las Vegas Metropolitan Area, Nevada

Calendar <u>Year</u>	Total Visitor <u>Volume</u>	Number of Hotel/Motel <u>Rooms Available</u>	Hotel/Motel Occupancy <u>Rate(1)</u>	National Occupancy <u>Rate(2)</u>
2004	37,388,781	131,503	88.6%	61.3%
2005	38,566,717	133,186	89.2	63.1
2006	38,914,889	132,605	89.7	63.4
2007	39,196,761	132,947	90.4	63.2
2008	37,481,552	140,529	86.0	N/A

- (1) The sample size for this survey represents approximately 75% of the hotel/motel rooms available.  
(2) 2004 through 2007 – Smith Travel Research, Lodging Outlook.

Source: Las Vegas Convention and Visitors Authority.

The LVCVA is financed with the proceeds of hotel and motel room taxes in the County and its incorporated cities. A history of the room tax revenue collected is presented in the following table.

Room Tax Revenue(1)  
Las Vegas Convention & Visitors Authority, Nevada

Calendar <u>Year</u>	<u>Revenue</u>	Percent <u>Change</u>
2003	\$138,941,106	--
2004	164,821,755	18.63%
2005	193,136,789	17.18
2006	207,289,931	7.33
2007	219,713,911	5.99
2008(2)	196,094,167	--

- (1) Subject to revision. Room tax revenue represents a 5% tax allocated to the Las Vegas Convention & Visitors Authority; a total 9-11% room tax is assessed on all Clark County hotel/motel properties.  
(2) Through November 30, 2008. Represents a (4.63)% decrease from the same period in the prior year.

Source: Las Vegas Convention and Visitors Authority.

**Transportation**

Clark County, through its Department of Aviation, operates an airport system comprised of McCarran International Airport (“McCarran”) and a reliever airport in North Las Vegas. Other general aviation airports in the County include Jean Sport, Overton-Perkins Field,

and Henderson Executive Airport in Henderson. Boulder City Municipal Airport, which is not owned by the County, is located in the southeastern part of Clark County.

McCarran was the seventh busiest airport in North America and 14<sup>th</sup> busiest in the world, according to the year-end 2007 report from Airports Council International, in addition to being designated as an international port of entry. Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the southern Nevada economy. In 2007, McCarran completed the busiest year in its 60-year history, with approximately 47.7 million arriving and departing passengers. Passenger traffic was down in 2008. In addition to scheduled carriers, McCarran is served by supplemental, commuter and charter carriers and continuously updates its long-range plan to meet anticipated growth in airline passengers and aircraft operations by building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology.

McCarran International Airport Enplaned & Deplaned Passenger Statistics

<u>Calendar Year</u>	<u>Scheduled Carriers</u>	<u>Charter, Commuter &amp; Other Aviation</u>	<u>Total</u>	<u>Percent Change</u>
2004	38,621,383	2,820,148	41,441,531	--
2005	40,948,538	4,951,161	45,899,699	10.8%
2006	43,719,825	2,584,551	46,304,376	0.9
2007	45,231,266	2,497,148	47,728,414	3.1
2008	42,269,065	1,805,642	44,074,707	(7.7)

Source: McCarran International Airport website.

A major railroad crosses Clark County. There are nine federal highways in Nevada, two of which are part of the interstate system. Interstate 15, connecting Salt Lake City and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles area. Interstate 80 connects Salt Lake City with the San Francisco Bay area and passes through the Reno-Sparks area. Several national bus lines and trucking lines serve the State.

U.S. Highways 95 and 93 are major routes north from Las Vegas, through Reno and Ely, Nevada, respectively. South of Las Vegas, U.S. 95 extends to the Mexican border, generally following the Colorado River, and U.S. 93 crosses Hoover Dam into Arizona.

**Federal Activities**

Operations and facilities of the Federal Government in the State have been significant, beginning with Hoover Dam in the 1930's, an Army Air Force gunnery school (which later became Nellis AFB) during World War II, and the subsequent creation of the Nevada Test Site. Currently, the following federal activities are located in the County.

Hoover Dam. Hoover Dam, operated by the Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is still one of the world's largest hydroelectric installations with a capacity of more than 2,000,000 kilowatts. Hoover Dam also is a major tourist attraction in the County.

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the “Thunderbirds,” the world famous air demonstration squadron.

Nevada Test Site. The Nevada Test Site (“NTS”) was established in 1950 as the nation’s proving ground for nuclear weapons testing. In recent years, under the direction of the Department of Energy’s (DOE) Nevada Operations Office, NTS use has diversified into many other areas such as hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects that can best be conducted in this remote desert area. The NTS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles northeast of Las Vegas, the NTS is a massive outdoor laboratory and national experimental center. NTS comprises 1,350 square miles, surrounded by thousands of additional acres of land withdrawn from the public domain for use as a protected wildlife range and for a military gunnery range, creating an unpopulated area of some 5,470 square miles. Federal employees and independent contractors are employee at NTS.

Yucca Mountain. President Bush, on the Department of Energy’s recommendation, approved the suitability of Yucca Mountain (located near Las Vegas in Nye County) as a national nuclear repository for high level waste and spent fuel from nuclear power plants around the country. Several years ago the Governor exercised his Notice of Disapproval to the U.S. Congress (“Congress”); however, both houses of Congress voted to overrule the notice as a prerequisite to a submission of a license application to the U.S. Nuclear Regulatory Commission (“NRC”). A federal lawsuit filed by the State relating to the use of Yucca Mountain for storage has been dismissed. The Department of Energy is continuing its planning for Yucca Mountain, including addressing design and transportation issues. Due to budget constraints and regulatory issues, the timeline for opening the project has been delayed. If the NRC grants the licenses to proceed with the construction and operation of a monitored geologic repository at Yucca Mountain, it is currently expected that acceptance of radioactive materials would begin in 2020. It is unknown what if any changes the Obama administration will make with respect to Yucca Mountain.

## **Development Activity**

The Nevada Development Authority (“NDA”) is a nonprofit organization dedicated to the expansion and diversification of the entire southern Nevada community. Now in its fifth decade of service, NDA’s membership is comprised of hundreds of business-oriented individuals. NDA’s primary function is to provide information to companies considering relocation as well as to firms already doing business in southern Nevada. Nevada does not have corporate or personal income tax; inheritance or gift tax; unitary franchise on income; admission’s tax; inventory tax; chain-store tax; special intangible tax; or franchise tax, which attracts many businesses to the area.

Complementing the area’s emphasis on economic diversification are the numerous business incentives unique to the State of Nevada. Competitive wage rates, an expanding labor force, low out-bound freight transportation costs to other prominent southwestern markets and a graduated schedule for payment of sales and use tax on new capital

equipment combine to give business and industry an attractive advantage. The State also abates sales and use taxes on capital equipment for qualified relocating or expanding companies. Additional incentives include a customized job training program (Train Employees Now) as well as no corporate, personal or inventory taxes.

## **Utilities**

Electric utility services are provided to the vast majority of southern Nevada residents by Electricity is provided by NV Energy (formerly Nevada Power Company, a stand-alone subsidiary of Sierra Pacific Resources) with headquarters in the City. Natural gas is provided by Southwest Gas Corporation.

Embarq is the largest provider of local telephone service to the greater Las Vegas area, including the smaller communities of Blue Diamond, Boulder City, Cal-Nev-Ari, Cottonwood Cove, Goodsprings, Jean, Laughlin, Mt. Charleston, Nelson, Primm and Searchlight.

## **Water**

General. The major water purveyors in Clark County are: The Big Bend Water District, Boulder City, Henderson, the Las Vegas Valley Water District (the "LVVWD"), Nellis Air Force Base, and North Las Vegas. The LVVWD provides water service to the City of Las Vegas, the unincorporated urban areas of Clark County, Jean, Mt. Charleston, Blue Diamond, and Searchlight. The Big Bend Water District serves the Town of Laughlin. In addition, the Virgin Valley Water District serves the City of Mesquite and surrounding area, and the Moapa Valley Water District serves Logandale, Overton, Moapa and Glendale.

In July 1991, a regional water entity was created for southern Nevada. This new entity, the Southern Nevada Water Authority (the "SNWA"), was established in recognition of the need to address water on a regional basis rather than an individual purveyor basis. The members of the SNWA include the cities of Boulder City, Henderson, Las Vegas and North Las Vegas, the Big Bend Water District, Clark County Water Reclamation District (formerly Clark County Sanitation District), and the LVVWD. Among other things, this agency is addressing water resource management and water conservation on a regional basis; planning, managing and developing additional supplies of water for southern Nevada; and expanding and enhancing regional treatment and delivery capabilities. The LVVWD provides the management and staff for the SNWA.

The Southern Nevada Water System (the "SNWS") is a water supply system comprised of two water treatment plants and pumping and transmission facilities with an annual delivery capacity of approximately 750 million gallons per day (mgd). Water is treated after diversion from Lake Mead and the potable product is delivered to the SNWA water purveyors. As a result of legislative action in 1995, the SNWS was transferred from the Colorado River Commission (the "CRC") to the SNWA. The LVVWD, under a facilities and operations agreement with the SNWA, operates the SNWS for the benefit of all SNWA water purveyor member agencies.

The State's annual consumptive use right to Colorado River water is 300,000 acre-feet. This right was established pursuant to the Colorado River Compact, various federal laws and contracts and various court decrees. Consumptive use is the amount of water

withdrawn, less water that is returned to the river. The SNWA and its purveyor members' share of the State's annual Colorado River consumptive use right is about 272,000 acre-feet annually. In the twelve months ending in March 2008, the SNWA diverted approximately 473,898 acre-feet to consumptively use this amount, including approximately 17,585 acre-feet for water banking under the Southern Nevada Water Bank and approximately 7,000 acre-feet in the California water bank. The diversion figure takes into account the fact that the SNWA's members return water to the Colorado River system, thereby increasing the total amount of water available for delivery. The SNWA also has a contract right to unused and surplus Colorado River water when available as determined by the Secretary of the Interior. See "Seven Basin States Record of Decision" below.

In January 2001, the Secretary of the Interior (the "Secretary") approved the Colorado River Interim Surplus Guidelines (the "Guidelines"); the Guidelines were amended effective December 2007. The Guidelines are designed to reduce California's overuse of its 4.4 million acre-feet allocation of Colorado River water and will be used to determine the availability of "surplus" Colorado River water for use within the states of Arizona, California and Nevada. See "Seven Basin States Record of Decision" below. Water in excess of the State's allotment was available to SNWA in the years 1996-2004 and 2006; no excess was available pursuant to the Guidelines in 2005 and 2007, nor is any excess expected to be available during 2008.

SNWA Water Resource Plan, Drought Plan and Integrated Resource Management. As part of its mission, the SNWA maintains several key planning documents, including a Water Resource Plan and a Drought Plan. These documents summarize existing resources and options that reflect current conditions.

*Water Resource Plan.* The first SNWA Water Resource Plan, which provides a comprehensive overview of water resources and demands in southern Nevada, was adopted in 1996. The plan is reviewed annually and updated as needed. The 2008 Water Resource Plan represents the seventh revision. The SNWA Water Resource Plan provides a demand projection for southern Nevada for a 50-year period and outlines a portfolio of resource options to meet the projected demand. This resource portfolio includes local groundwater, as well as Nevada's 300,000 acre-feet basic Colorado River apportionment, surplus Colorado River water when available, wastewater reuse and other current and potential supplies.

In addition, the SNWA amended its agreement with the Arizona Water Banking Authority in 2004 to guarantee the availability of 1.25 million acre-feet of Colorado River water storage credits for Nevada's future use. Under the amended storage agreement, the SNWA is entitled to consumptively use up to 20,000 acre-feet annually in 2007 and 2008, up to 30,000 acre-feet annually in 2009 and 2010, and up to 40,000 acre-feet annually in 2011 and beyond. The amended agreement will remain in force until the SNWA uses all its storage credits or June 1 2060, whichever comes first. In 2004, the SNWA also entered into agreements with the Metropolitan Water District of Southern California ("MWD") and the federal Bureau of Reclamation to store a portion of the State's unused Colorado River water in southern California until it is needed; under those agreements, the State can recover up to 30,000 acre-feet per year from the storage account, with six months advance notice provided to MWD. The acquisition and use of Colorado River water remains one of the best and most cost-effective options to meet future demands in southern Nevada, surpassed only by conservation.

*Drought Plan.* The Colorado River Basin is experiencing one of the worst droughts on record, which impacts Lake Mead reservoir levels. Should the drought worsen and reservoir levels along the Colorado River decline low enough, the Lower Basin States (including Nevada) could see their basic apportionment of Colorado River water curtailed in some years. This shortage condition is the worst-case scenario on the river. As part of its response to these drought conditions, the SNWA and its member agencies have prepared the regional Drought Plan as a supplement to the SNWA Water Resource Plan. The original Drought Plan was amended in 2004, 2005 and April 2007.

The Drought Plan establishes stages of drought conditions (No Drought, Drought Watch, Drought Alert and Drought Critical). The Drought Plan clarifies the overall process for declaring drought stages. In determining whether the various drought stages exist, the SNWA Board will consider the Lake Mead water level projections from the Bureau of Reclamation in conjunction with the community's conservation achievements, projected water demands and other related factors. To date, measures restricting water demands have been developed for Drought Watch and Drought Alert. Those restrictions include watering restrictions, golf course watering budgets, more restrictive landscape development codes for new developments and water waste enforcement and fees. Restrictions for a Drought Critical stage will depend on resource needs at the time and will be developed to achieve the greatest level of water savings. Those restrictions will be defined and incorporated into the Drought Plan prior to any declaration of Drought Critical.

Local purveyors in the Las Vegas Valley (including the LVVWD) have enacted ordinances to support enforcement of the restrictions included in the Drought Plan and also have implemented rate increases to promote additional conservation and greater awareness of drought conditions. The drought stage currently is Drought Alert.

*Integrated Water Planning Process.* The SNWA is engaged in the development of additional in-state water resources. The development of these in-state resources will be a significant focus of the SNWA over the next decade. Currently, the SNWA is in the preliminary stages of planning and environmental compliance for the construction of necessary infrastructure to transport unused groundwater in Clark, Lincoln and White Pine counties to the Las Vegas Valley. Applications for various rights-of-way have been submitted to the appropriate Bureau of Land Management ("BLM") offices and technical analyses are underway. In September 2006, the SNWA participated in its first hearings before the State Engineer to consider the SNWA's applications for unappropriated groundwater in Spring Valley, Nevada. During those hearings, the SNWA presented its plan to convey groundwater from Lincoln and White Pine Counties to Clark County. In April 2007, the State Engineer approved a portion of the groundwater rights applications, enabling SNWA to develop a maximum of 60,000 acre-feet annually from the basin. To aid in the management of the Spring Valley, SNWA has begun to acquire a number of ranch properties, and the water rights associated with them; the ranches will be an essential tool in managing the overall groundwater system in Spring Valley. In the spring of 2008, the SNWA amended prior agreements with the Virgin Valley Water District and the Moapa Valley Water District ("MVWD") to implement the acquisition and development of Virgin Valley River water rights and Muddy River water rights and to provide for the development, treatment and transport of Coyote Spring Valley groundwater through the MVWD system.

*Seven Basin States Record of Decision.* On December 13, 2007, the Secretary of the Interior ("Secretary") signed a Record of Decision ("ROD") approving adoption of

“Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead.” The ROD is the result of a lengthy public process that began in 2005 when the Secretary requested input from the seven states of the Colorado River Basin (“Seven Basin States”) and other stakeholders regarding development of additional operational guidelines and tools to meet the challenges of the ongoing drought in the Colorado River Basin. During this process, the Bureau of Reclamation issued a Draft Environmental Impact Statement and a Final EIS that reflected comments from the Seven Basin States, general public and other interested parties.

The ROD approves and outlines specific interim Lower Basin shortage guidelines and coordinated management strategies for Lakes Powell and Mead under low reservoir conditions. Except for several operational refinements as a result of the public input, the approved guidelines and strategies substantially reflect a conceptual plan and subsequent comments developed by the Seven Basin States and submitted to the Secretary on February 3, 2006 and April 30, 2007, respectively. These guidelines and strategies, which are intended to remain in effect through 2036 regarding water supply and through 2026 regarding reservoir operating decisions, include:

- Establishment of discrete levels of shortage volumes associated with Lake Mead elevations to conserve reservoir storage and provide water users and managers in the Lower Basin with greater certainty to know when, and by how much, water deliveries will be reduced in drought and other low reservoir conditions;
- Coordinated operation of Lake Powell and Lake Mead determined by specified reservoir conditions that would minimize shortages in the Lower Basin and avoid the risk of curtailments in the Upper Basin;
- A mechanism to encourage and account for augmentation and conservation of water supplies, referred to as Intentionally Created Surplus (“ICS”), that would minimize the likelihood and severity of potential future shortages; and
- The modification and extension of the Interim Surplus Guidelines through 2025.

Other elements of the agreement relating to tributary and imported water will be in effect past the expiration of reservoir operating and water supply guidelines and strategies.

As approved and adopted, the new guidelines implement interim reservoir operations that are designed to minimize shortages in the Lower Basin and avoid the risk of curtailments in the Upper Basin through an operating strategy for Lakes Powell and Mead that strives to balance the water supply between these reservoirs, while maximizing their use. The guidelines replace the existing Interim Surplus Guidelines by extending the Interim Surplus Guidelines through 2025, with amendments that (a) remove the partial domestic surplus category (which was implemented in 2001), (b) limit domestic surpluses for the Metropolitan Water District, Arizona and the SNWA to 250,000 acre-feet, 100,000 acre-feet, and 100,000 acre-feet per year, respectively, during the years 2016 through 2025, and (c) implement shortage conditions when Lake Mead’s elevation is at 1,075 feet or lower. The guidelines also provide an opportunity for Lower Basin States to develop, store and access ICS water through extraordinary conservation efforts, tributary conservation, system efficiency projects or importation of non-Colorado River water into the mainstream of the Colorado River. In any one year, the creation

of extraordinary conservation ICS for California, Nevada and Arizona will be limited to 400,000 acre-feet, 125,000 acre-feet, and 100,000 acre-feet, respectively, while the maximum amount of extraordinary conservation ICS water that California, Nevada and Arizona can accumulate at any one time is limited to 1.5 million acre-feet, 300,000 acre-feet, and 300,000 acre-feet, respectively. These limits do not apply to other categories of ICS water available to Nevada.

With regard to shortage conditions, Arizona and Nevada have executed a Shortage Sharing Agreement premised upon the Secretary's reductions in deliveries with the United States of 333,000, 417,000 and 500,000 acre-feet per year based upon specific Lake Mead elevations. The Shortage Sharing Agreement between Arizona and Nevada is based on the assumption that the United States would also determine how it will reduce the quantity of water to Mexico during declared shortages.

The ROD also activates an existing agreement between the Seven Basin States ("Seven States Agreement") to diligently pursue interim water supplies, system augmentation, system efficiency and water enhancement projects within the Colorado River system, including the addition of new sources of supply to the Colorado River Basin (including but not limited to importation from outside the Colorado River Basin or desalination of ocean water or brackish water).

The SNWA believes that the ROD and associated guidelines are a major advancement in the management of Colorado River water resources with significant benefits to southern Nevada. The guidelines provide for the development of procedures that will allow Nevada's pre-compact tributary and imported groundwater water resources to be introduced, conveyed through and diverted from the Colorado River system. Ninety-five percent of this water would be recoverable and available during any shortage and could contribute to return flow credits. As the SNWA pursues development of available groundwater supplies within Nevada, these procedures would provide opportunity for the southern Nevada area to significantly extend the use of these resources. The guidelines also allow Nevada to participate in the implementation of system efficiency projects such as the Drop 2 Reservoir along the All American Canal in California and the Yuma Desalting Plant in Arizona, as well as future augmentation projects. Participation in the Drop 2 project will give Nevada access to a one-time supply of water (at least 400,000 acre-feet) that can be accessed in future years on an as-needed basis.

### **Clean Water Coalition**

The Clean Water Coalition (the "CWC") is a joint powers authority created in 2002 by cooperative agreements between the City of Las Vegas, the City of Henderson, the Clark County Water Reclamation District and the City of North Las Vegas (the "Members"). The purpose of the CWC is to carry out the Systems Conveyance and Operations Program ("SCOP"). SCOP encompasses the planning, design, financing, construction, and operation and maintenance of a regional system to transport highly treated wastewater effluent from the facilities of the Member agencies to the ultimate outfall location within the Colorado River system. The primary objective of the SCOP project is to improve water quality in Lake Mead at the point of discharge. The CWC is prohibited from performing any function that is being performed by a Member without the written consent of that Member.

Construction of the SCOP project currently is anticipated to cost approximately \$828 million. The County's Bond Bank has issued up to \$800,000,000 of special obligations on behalf of CWC (not more than \$200,000,000 may be outstanding at any time) to pay all or part of the cost of the SCOP project. The CWC special obligations are secured by and payable from regional fees comprised of sewer connection charges and sewer usage charges assessed by CWC (the "Regional Fees") and certain other CWC revenues. All of the Members have begun imposing Regional Fees. However, if the Regional Fees are inadequate, the Members are required to pay CWC's financial obligations in the following percentages: City of Las Vegas - 30%, Clark County Water Reclamation District - 46%, City of Henderson - 14%, and City of North Las Vegas - 10%. Each Member, in its sole judgment, determines the method of raising the funds needed to satisfy its obligations under the cooperative agreements.

## **Clean Air**

The County is subject to various clean air requirements imposed by the federal government and enforced by the U.S. Environmental Protection Agency ("EPA"). These include carbon monoxide, dust and ozone concerns. The County has submitted a clean air plan for the Las Vegas Valley serious carbon monoxide ("CO") nonattainment area and the EPA has issued a finding that the applicable standard has been met. The County must prepare a CO maintenance plan for EPA approval in order to be designated as a CO attainment area.

The County finalized and submitted a clean air plan to address PM10 (dust) concerns in the Las Vegas Valley in accordance with the Federal Clean Air Act on June 19, 2001 and has attained the PM10 standard and submitted a final report as required by EPA.

On April 30, 2004, the U.S. EPA published in the Federal Register nonattainment designations for the new 8-hour ozone standard, classifying Clark County as a Subpart 1 ozone nonattainment area. The classification requires Clark County to attain the 8-hour ozone standard no later than 2009. In December 2006, the District of Columbia circuit court vacated EPA's Phase I implementation rule, which contained the standards for Subpart 1 designated areas. The court's action remanded the rule back to EPA for further action. However, the County is currently in attainment with the ozone standard for the latest three-year average of the 4th highest reading (2004, 2005, 2006) and can demonstrate attainment through 2018. Therefore, the County is working with EPA on receiving a clean data finding and submission of an ozone maintenance plan. Clark County submitted the request to the EPA on June 7, 2007, and is awaiting their decision.

If the U.S. EPA disapproves a clean air plan, the County could face sanctions, including withholding federal funds for new transportation projects, and could include the diversion of federal funds to projects outside the Las Vegas valley until acceptable plans are approved. The County cannot predict the effect of a plan disapproval on highway and road projects or other possible effects of the withholding of federal funds or its effect on growth in the County. The nature and scope of these effects will depend, among other things, on the projects and the period of time for which funding is withheld.

## **Education**

Clark County School District provides public education services to the residents of the County and enrolls approximately 70% of all school children in the State; it is the fifth largest school district in the United States. Higher education is provided by the College of

Southern Nevada (a two-year institution), by Nevada State College in Henderson (a four-year institution) and by the University of Nevada, Las Vegas (a four-year university). All of these institutions are part of the Nevada System of Higher Education.

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**APPENDIX G**  
**FISCAL CONSULTANT'S REPORT**

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**KEYSER MARSTON ASSOCIATES™**  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

**FISCAL CONSULTANT REPORT  
DOWNTOWN LAS VEGAS  
REDEVELOPMENT PROJECT**

**Prepared for:**

**REDEVELOPMENT AGENCY OF THE  
CITY OF LAS VEGAS**

**March 3, 2009**

**FISCAL CONSULTANT REPORT  
DOWNTOWN LAS VEGAS REDEVELOPMENT PROJECT**

**Prepared for:**

**REDEVELOPMENT AGENCY OF THE  
CITY OF LAS VEGAS**

400 Stewart Avenue, 2<sup>nd</sup> Floor  
Las Vegas, Nevada 89101

**Prepared by:**

**Keyser Marston Associates, Inc.**

500 South Grand Avenue, Suite 1480  
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**March 3, 2009**

## 1. INTRODUCTION

Keyser Marston Associates, Inc. (KMA) has been retained as Fiscal Consultant to the Las Vegas Redevelopment Agency (the Agency) to prepare a projection of tax increment revenues for the Downtown Las Vegas Redevelopment Project (the Project Area). Under the provisions of the Nevada Community Redevelopment Law, Nevada Revised Statutes (NRS) Sections 279.382 to 279.685, the Agency was established on November 6, 1985 for the purpose of eliminating blight. On March 5, 1986, the Las Vegas City Council adopted the Redevelopment Plan for the Project Area. The Redevelopment Plan was further amended in February 1988, April 1992, November 1996, December 2003 and May 2006.

The Agency promotes and encourages the redevelopment of the Downtown Las Vegas urban core and surrounding commercial districts by working with developers, property owners and community associations to accomplish revitalization goals set forth in the Redevelopment Plan. To achieve these goals, the NRS authorizes the Agency to receive that portion of property tax revenue generated from the increase of the current year taxable values over the base year taxable values that existed at the time of adoption of the Project Area. This portion of property tax revenue is referred to as tax increment revenue. The NRS provides that the tax increment revenue may be pledged by the Agency for the repayment of Agency indebtedness.

This Fiscal Consultant Report has been prepared to reflect the tax increment revenues that would be allocable in FY 2008-09 and FY 2009-10, based upon reported Project Area assessed values for the respective fiscal years by the Clark County Assessor.<sup>1</sup> The projected taxable values and resulting tax increment revenues for the Project Area are based on assumptions determined by a review of the assessed value history of the Project Area; Agency-identified new developments proposed for the Project Area; and the property tax assessment and property tax apportionment procedures of Clark County.

## 2. REVIEW OF THE PROJECT AREA

The Project Area generally encompasses the greater Downtown Las Vegas area east of Interstate 15, south of Washington Avenue, north of Sahara Avenue and west of Maryland Parkway. The Project Area also includes the Charleston Avenue, Martin Luther King Boulevard and Eastern Avenue commercial corridors.

### 2.1 Redevelopment Plan Time Limits

The NRS requires that the Redevelopment Plan contain specific time limitations on the establishment of indebtedness, the redevelopment plan effectiveness and the collection of tax increment revenue to repay debt. NRS 279.438 provides that a redevelopment plan adopted before January 1, 1991, and any amendments to the plan, must terminate at the end of

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<sup>1</sup> FY 2008-09 based on the October 2008 reported roll and FY 2009-10 based on the preliminary January 2009 reported roll (prior to 1<sup>st</sup> quarter assessment appeal and tax roll adjustments to value made by the Assessor).

the fiscal year in which the principal and interest of the last maturing of the securities issued before that date concerning the redevelopment area are fully paid or 45 years after the date on which the original redevelopment plan was adopted, whichever is later. The following time limitations, as set forth in the Redevelopment Plan, are in effect for the Project Area:

Time Limit on Establishment of Indebtedness	March 5, 2016
Redevelopment Plan Effectiveness	March 5, 2031
Repayment of Indebtedness	March 5, 2031

## **2.2 Redevelopment Plan Dollar Limit**

NRS 279.676(2) provides that in a municipality whose population is 100,000 or more, in any fiscal year the total revenue paid to a redevelopment agency must not exceed an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 10% of the total assessed valuation of the municipality. If the revenue allocated to the Agency must be limited, the Agency shall estimate the allocation of tax increment revenues to the Project Area and any excess taxes must then be allocated to the respective taxing agencies. Based on the City of Las Vegas' FY 2008-09 assessed value of \$24,621,560,000<sup>2</sup> and a Citywide overlapping tax rate of \$3.2714 per \$100 assessed value, the tax increment limit threshold by which the Agency would be limited would equal \$80,547,000. By comparison, the projected tax increment in FY 2008-09 is estimated to be \$24,848,000.

## **2.3 Low and Moderate Income Housing Set Aside**

NRS 279.685 requires that an agency of a city whose population is 300,000 or more that receives tax increment revenue shall set aside not less than 15% of that revenue received on or before October 1, 1999, and 18% of that revenue received after October 1, 1999, to increase, improve and preserve the number of dwelling units in the community for low-income households. The set aside is used to increase, improve and preserve the number of dwelling units in the City for qualifying low and moderate income households. As of July 1, 2007, Clark County reports that the population of the City of Las Vegas was 603,093. Therefore, the tax increment projection shown on Table 8 deducts the 18% set aside for low and moderate income housing uses.

## **2.4 Property Tax Abatement**

In an effort to alleviate any financial burdens to homeowners resulting from the payment of rising property taxes, the State Legislature determined that year to year increases in such taxes exceeding 3% constituted an economic hardship. As a result, the Legislature enacted AB 489 in 2005 (NRS 361.4723) providing a partial abatement of property taxes and instituting a cap on growth on such property taxes. SB 509 was also approved in 2005,

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<sup>2</sup> Secured and unsecured assessed values per County Assessor website for FY 2008-09.

clarifying AB 489 with provisions for implementation and administration, as well as provisions for the distribution of the effect of tax abatements to redevelopment districts and the effect of abatements where overlapping tax rates increase.

Taxes on owner-occupied residential units (single-family homes, townhomes, condominiums or manufactured homes as the tax payer's primary residence in Nevada) are capped at 3% annual growth. If the tax calculated based on assessed value exceeds the allowable tax under the cap, an abatement is granted for the difference between the two. Residential properties containing rental units may also qualify for the 3% annual cap to the extent the rent on all units are at or below the fair market rent for the County, as most recently published by the Department of Housing and Urban Development (HUD). For most owner occupied properties, FY 2004-05 is the base year for applying the tax cap and calculating the abatement.

Increases in taxes for other properties (commercial, industrial, vacant land, mixed-use, non-owner occupied residential, and rental units whose rent exceeds the HUD guidelines) are capped based on a comparative formula which, ultimately, cannot exceed 8% annual growth. This cap would also apply to land, commercial buildings, business personal property, aircraft, etc. and caps taxes billed by the County Treasurer, not the assessed value determined by the County Assessor. If the tax calculated based on assessed value exceeds the allowable tax under the cap, an abatement is granted for the difference between the two.

Property taxes on new construction, newly created parcels, or property that experienced a change of use (a zoning change or manufactured home conversion, for example) will not qualify for the cap in the then current fiscal year, but could qualify to receive the 3% or 8% cap starting the following fiscal year. For parcels created after FY 2004-05 and designated as new parcels by the County Assessor, the base year would be the year the parcel was created and the abatement and tax cap would apply from that year forward.

Although the tax abatement is parcel based, in order to estimate an "order of magnitude" estimate of future tax abatements on a Project Area-wide basis, the tax increment revenue projection on Table 8 incorporates separate Project Area-wide projections based on the following parameters:

- Existing commercial assessed values (Table 8-1);
- Existing owner-occupied residential assessed values (Table 8-2);
- Projected new commercial assessed values (Table 8-3); and
- Projected new owner-occupied residential assessed values (Table 8-4).

The allowable rate of increase for properties other than owner occupied dwellings has been projected at 6%, or twice the 20-year average CPI increase (a percentage based on twice the CPI is one component of the cap formula that is assumed to govern for purposes of these projections).

## **2.5 Allocation of Tax Abatement for Redevelopment Projects**

NRS 361.4731 provides for allocation of the tax abatements in redevelopment project areas. On or before August 1, the County Treasurer determines for each parcel within the Project Area the property tax abatement. The tax abatement in a redevelopment project area must be shared, on a parcel-proportionate share of the base value for that property, between that portion borne by taxing entities receiving taxes from the frozen Base Year assessed value<sup>3</sup> and that portion borne by the taxing entities receiving the Tax Increment revenue (including the Agency).<sup>4</sup> The Project Area Base Year assessed value comprises 28.7% of the total reported value for FY 2008-09 and, therefore it is assumed, for purposes of this projection, that 28.7% of tax abatements are borne by the taxing entities receiving taxes from the frozen Base Year assessed value and that 71.3% of tax abatements are borne out of the Tax Increment revenue.

NRS 361.4731 further states that if the tax rate on the subject parcel exceeds the tax rate from the prior fiscal year by more than the permitted tax cap (3% or 8%), then the product of that excess multiplied by the parcel proportionate share of the base value would represent the abatement allocated to the taxing entities receiving taxes from the frozen Base Year assessed value. The balance of the tax abatement would be borne out of the Tax Increment revenue. The portion of the annual tax abatements borne out of the Tax Increment revenue is distributed between the Agency, and any other qualifying taxing entities, proportionate to their respective allocations.

## **3. REVIEW OF PROJECT ASSESSED VALUES**

### **3.1 Real Property**

Real property, as referred to in this Report, is defined to represent land, buildings and improvements which are not normally removable and mobile/manufactured homes that have been converted to real property. The Assessor estimates the land's taxable (full cash) value by considering its location, zoning, actual use, etc. Land values are estimated from market sales or other recognized appraisal methods. The taxable value of vacant land is determined by considering the use to which it may be lawfully put. The taxable value of improved land is determined by considering the use to which the improvements are being put. The taxable value of an improvement is the estimated replacement cost less depreciation at 1½

<sup>3</sup> Pursuant to NRS 279.676(1)(a).

<sup>4</sup> Pursuant to NRS 279.676(1)(b),(c), and (d).

percent per year to 50 years. The land value is added to the improvement's taxable value to arrive at the property's overall taxable value.

Property in Nevada is required to be reappraised (revalued) at least once every five years. Between reappraisal years, the values are adjusted each year by factors approved by the Nevada Tax Commission. Additional appraisals may occur when improvements are added, new structures are built or because of use or zoning changes. If a structure has been removed from the property and the Assessor's office is notified, the Assessor will delete the value from the assessment. Also, if on or after the lien date there was partial or total destruction of a real property improvement or personal property and the property was rendered unusable for not less than 90 consecutive days, the owner of the property may be entitled to an adjustment or credit.

NRS 361.225 requires that all property subject to taxation be assessed at 35% of its taxable value: Taxable Value x 35% Level of Assessment = Assessed Value.

### **3.2 Personal Property**

Personal property is defined to represent property not permanently affixed to land, such as aircraft, business equipment, agricultural equipment, billboards, etc., and mobile manufactured homes not converted to real property. For personal property, depreciation is based on life expectancy.

### **3.3 Project Area Values**

The Project Area assessed values are prepared by the County Assessor and are based on a July 1st property tax lien date. Each property assessment is assigned a unique parcel number which correlates to assessment maps prepared by the County Assessor. The corresponding assessed values for each parcel are then encoded to Tax Districts which are geographic subareas with common distribution of taxes and which are contained within the Project Area boundaries. Previously, the Project Area was represented by three Tax Districts (District numbers 203, 204 and 207). Commencing in FY 2008-09, the County Assessor created a new Tax District 212 to reflect the aggregated assessed values for the 750 acre Project Area amendment adopted in May 2006, as summarized on Table 1.

The County Assessor is responsible for the aggregation of the assessed values assigned to properties within the boundaries of the Project Area. In December of each year, Property Value Notice postcards are mailed to all real property owners for the tax roll that will be based on the upcoming July 1 lien date. The January aggregation of values shown on Table 1 represent the values as of the Property Value Notices. Petitions appealing the reported property values must be filed by January 15 to the County Board of Equalization (BOE) and taxpayer appeals are heard through February and March. The March aggregation of values shown on Table 1 reflect the values adjusted by the appeal petitions to the BOE, as well as any adjustments made

by the County Assessor for new construction, escaped assessments or roll corrections. An aggregation of value in March, as shown on Table 1, reflects additional County Assessor adjustments and updates prior to the preparation of Property Value Notices for the next tax lien date. An updated roll is then released in October reflecting Assessor adjustments.

In order to establish a static point of reference in the determination of historic and future tax increment revenues, as well as the identification of land uses by value and major property tax payers, KMA has relied upon the County Assessor's October 2008 aggregation of values for the current FY 2008-09. The reported assessed values of the Project Area for the 2008-09 fiscal year are as follows:

	<u>2008-09</u> <u>October Report</u>	<u>% Total</u> <u>Value</u>	<u>% of Base &amp;</u> <u>Increment</u>
Secured	\$1,770,897,743	87.8%	
Unsecured	<u>245,269,644</u>	<u>12.2%</u>	
Total Reported Value	\$2,016,167,387	100.0%	
Base Year Value	<u>(578,571,790)</u>		28.7%
Incremental Value	\$1,437,595,597		71.3%

For FY 2009-10, the preliminary aggregation of values, as reported in January 2009, has also been analyzed. The reported preliminary assessed values for the Project Area for the 2009-10 fiscal year are as follows:

	<u>2009-10</u> <u>January Report</u>	<u>% Total</u> <u>Value</u>	<u>% of Base &amp;</u> <u>Increment</u>
Secured	\$1,838,199,755	82.6%	
Unsecured	<u>387,961,958</u>	<u>17.4%</u>	
Total Reported Value	\$2,226,161,713	100.0%	
Base Year Value	<u>(578,571,790)</u>		26.0%
Incremental Value	\$1,647,589,923		74.0%

The County Assessor may annually revise the reported Base Year assessed values to the extent that real properties within the Project Area are acquired for uses by the State or by Native American reservation uses. In FY 2006-07, the Base Year assessed values were adjusted by the County Assessor due to such changes.

### **3.4 Historic Assessed Values**

Aggregated historic values of the Project Area are summarized on Table 1 covering fiscal years 2003-04 to 2009-10 (preliminary January report). The presentation compares the preliminary January, revised March and updated October reports of value published by the County Assessor over the course of each fiscal year. The change in incremental assessed values between the three reporting periods is shown on Table 1, as well as annual valuation change by reporting period (e.g. March 2003 vis-à-vis March 2004). The incremental assessed value increase over the five-year period for Tax Districts 203, 204 and 207 reflects a 367% increase between FY 2003-04 and FY 2008-09, representing an average annual assessed valuation gain of \$226.2 million per year (73.5% annual increase over the period).

### **3.5 Land Use Composition**

As shown on Tables 2-A and 2-B, KMA analyzed the composition of land uses within the Project Area in FY 2008-09 (October report) and FY 2009-10 (January report) using the County Assessor's tax roll land use classification system. As shown on Table 2-A, among the current FY 2008-09 assessed values, commercial retail uses constitute the largest land use category and represents 19.4% of the reported assessed value, followed by commercial hotel/casino uses representing 18.5%. Overall, commercial uses represent 59.6% of the reported Project Area assessed values. Various residential uses account for 17.7%.

For the preliminary FY 2009-10, summarized on Table 2-B, commercial retail uses increased to 20.7% of the reported assessed value and commercial hotel/casino uses represent 16.8%. Commercial use values are now 56.8% of the reported Project Area assessed values and various residential uses account for 14.6%. Unsecured values increased to 17.4% of the reported total (from 12.2% in October).

Based upon data accessed through Transamerica Intellitech/Metroscan, a determination of the parcel acreage by land use was also analyzed, based upon a total parcel acreage of 2,589 acres. The parcels designated with a commercial land use consisted of 1,144 acres, or 44% of the total acreage. Parcels designated with a residential land use consisted of 542 acres, or 21% of the total acreage.

### **3.6 Ten Largest Taxpayers**

The ten largest property owners in the Project Area were identified by KMA based upon a review of the 2008-09 and preliminary 2009-10 locally assessed real property secured tax rolls reported by the County Assessor. The aggregated secured assessed values of the identified ten largest tax payers are shown on Tables 3-A and 3-B for FY 2008-09 and FY 2009-10, respectively, and include the assessee name, property use, parcel count, assessed value,

percentage share of the total Project Area value and incremental value, and the anticipated amount of net tax to be paid (net of the abatement cap).

As summarized on Table 3-A, the ten identified tax payers represent 27.2%, or \$548,744,335 of the total Project Area assessed value for FY 2008-09. When compared against the incremental assessed value, the ten assesses represent 38% of the incremental value. The anticipated net property taxes represent 32.7% of the anticipated tax increment for FY 2008-09.

By comparison, the preliminary FY 2009-10 tax roll added the Juhl high-rise condominium project and the Streamline Tower condominium project to the preliminary tax roll. This resulted in a revised listing of the ten largest taxpayers (shown on Table 3-B), with the ten identified tax payers representing 30.6% or \$680,773,420 of the FY 2009-10 Project Area assessed value. The cluster represents 41.3% of the incremental assessed value and 50.44% of the anticipated tax increment for FY 2009-10. It should be noted that since the Juhl and Streamline Tower are condominiums, the concentration of value will eventually diminish as individual home owners acquire the residential units.

### **3.7 Assessment Appeals and County Adjustments**

Real property taxable values determined by the County Assessor may be subject to an appeal petition filed by the property owner prior to January 15 of each year. Personal property appeals must be filed no later than March 10. Assessment appeals are annually filed with the County BOE for a hearing and resolution in February and/or March. The resolution of an appeal may result in a reduction to the Assessor's original assessed value and an adjustment to the property tax bill of the property owner.

In filing a petition, the property owners must demonstrate that the County Assessor's determination of assessed value is not at taxable value or that the taxable value exceeds the full cash value. Therefore, the property owner must provide evidence that proves the market value of the property is less than the taxable value. Supporting evidence would demonstrate that recent sales of similar properties in the vicinity support a value less than the taxable value of the property; that adverse factors affecting the value have not been considered by the Assessor; that the fair economic income expectancy of the property does not justify the value; or that an error was made by the Assessor in computing the taxable value.

As shown on Table 4-1, the County Assessor previously identified 435 real property parcel adjustments for FY 2008-09, either due to an assessment appeal or a change in value made by the Assessor prior to the publication of the March aggregation of value. Of this total, 424 parcels were from the Allure condominium project, of which 329 were assessed to the developer (S P Sahara Development LLC) and 95 were assessed to individual condominium owners. The 13.8% reduction of the 329 parcels owned by the developer amounted to a valuation reduction of \$10,093,000. Overall, the real property values subject to a BOE or County Assessor adjustment totaled \$114,408,968, representing 5.6% of the total FY 2008-09

assessed value for the Project Area. The actual adjustments totaled to a reduction of \$25,739,511, or a 1.3% reduction to the January aggregation of Project-wide value.

As of this writing, the County Assessor and County BOE are in the midst of reviewing over 8,000 applications filed for FY 2009-10 prior to the March reporting deadline reflecting any adjusted tax roll values. This represents an unusually high number of assessment appeal filings (by comparison, in FY 2008-09 the County received 1,200 applications) and, therefore, our request for a parcel listing of appeals within the Project Area could not be fulfilled by the Assessor in a timely manner for inclusion in this Report.

Historic BOE or County Assessor valuation adjustments from previous fiscal years are shown on Tables 4-2 to 4-5, based upon historic information identified by the County Assessor. The historic adjustments resulting from either an assessment appeal or change in value made by the Assessor prior to the publication of the March aggregation of value is summarized below:

	<u>Parcels</u>	<u>January Reported</u>	<u>Adjusted Value</u>	<u>Change in Value</u>
FY 2008-09	435	114,408,968	88,669,457	(25,739,511)
FY 2007-08	23	37,957,785	18,760,818	(19,196,967)
FY 2006-07	132	37,695,441	14,669,081	(23,026,360)
FY 2005-06	20	19,794,800	12,149,777	(7,645,023)
FY 2004-05	29	46,791,439	27,704,785	(19,086,654)

### **3.8 Projected March 2009 Reductions to Value**

The reported FY 2009-10 values will be subject to County BOE and County Assessor reductions due to successful assessment appeal stipulations and other reductions to value deemed appropriate by the Assessor to reflect current market conditions. Prior to the release of the January 2009 report of value, the County Assessor had already made an adjustment to the land value in some markets of the County. Due to the unusually large number of appeals filed for FY 2009-10 and the economic downturn in the real estate market, the Assessor anticipates further reductions to value when the March 2009 report of value is released.

Since the County Assessor was not able to provide a parcel specific database of affected properties that would be reduced in the March 2009 tax roll, KMA projected a reduction to the reported FY 2009-10 assessed value (shown on Table 1) and incorporated a simplified resulting revenue impact in the tax increment projection (shown on Table 8).

To forecast the March 2009 valuation reduction, KMA reviewed the January to March value reductions experienced between FY 2003-04 and FY 2008-09 and found that a 13.5% reduction in incremental assessed value occurred between January 2004 and March 2004. For purposes of this forecast, a percentage reduction was applied to the reported improvement, personal property and exemption values of the January 2009 tax roll so that a

\$222.4 million reduction in assessed values results in a 13.5% reduction in incremental assessed value.<sup>5</sup>

A projected \$222.4 million reduction in value translates into a potential \$5.6 million gross tax increment revenue exposure in FY 2009-10 and is incorporated into the tax increment revenue projections shown on Tables 8-1 and 8-2. The revenue projection assumes that this fiscal impact will be allocated between the commercial and owner-occupied residential generated tax increment, proportionate to the reported assessed values in FY 2009-10. It is important to emphasize that this reduction is merely an illustrative forecast of one potential revenue scenario based upon an assumed incremental assessed valuation reduction target of 13.5%, since actual appeals data has not been accessible from the County. Therefore, this forecast is not based on specific parcels under an assessment appeal or based upon information provided by the County Assessor.

#### **4. TAX ALLOCATION AND DISBURSEMENT**

##### **4.1 Tax Rates**

Article 10, Section 2 of the State Constitution, limits the property tax rate to \$5 per \$100 of assessed value of the property being taxed. In the 1979 session, the State Legislature set the property tax rate at no more than \$3.64 per \$100 of assessed value, where it remains at the present time. In addition, the Legislature determined that \$0.02 of the statewide property tax rate of \$0.17 per \$100 of assessed value is not included subject to the \$3.64 per \$100 cap.

##### ***Legislatively Approved Overrides***

At various times, the Legislature has enacted additional property taxes to fund a number of particular programs on a statewide basis, such as the funding of medical treatment to indigent persons.

##### ***Voter Approved Overrides***

Pursuant to NRS 354.5982, a local government may exceed the limitations of NRS 354.59811 by proposing an additional property tax levy. The proposal must be placed on a general or special, but not primary election ballot. The question must state the proposed additional rate, the purpose, duration of the additional levy and an estimate of the

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<sup>5</sup> January 2009 land values were not reduced in this forecast since the County Assessor had indicated that the preliminary roll already reflected a reduction in land value.

amount of annual increase to the property tax bill for the owner of a new home with a fair market value of \$100,000. The duration of the levy, if approved, cannot exceed 30 years; and may be discontinued before it expires.

### **State Debt Rate**

Pursuant to AB371, an initial property tax of 5 cents per \$100 of assessed valuation was levied for state purposes. In the ensuing years, the rate has fluctuated somewhat, depending on the State's need to fund debt service on its capital improvements projects throughout the State. At the present time, the State debt rate is 15 cents per \$100 which is included in the statutory cap; and 2 cents, enacted by SB507 (2003), which is outside the cap.

### **4.2 Exclusion of Post 1996 Levies**

NRS 279.676, Section 1(c) and 1(d) excludes from the computation of tax increment revenues, the portion of taxes generated by levies approved by the voters on or after November 5, 1996. The portion of such taxes are to be paid to the respective taxing agencies for the repayment of the voter approved debt. As summarized on Table 5, for purposes of computing tax increment revenue, the FY 2008-09 tax rate of \$3.2714 per \$100 of assessed value has been reduced to eliminate voter approved levies for the City, police department and schools <sup>6</sup> to an anticipated tax rate of \$2.5428 per \$100 of assessed value. A subsequent projection of future tax rates based upon anticipated voter approved debt retirement is summarized on Table 5.

### **4.3 Allocation of Taxes**

Tax bills are prepared and mailed out by August 1 of each year. Property taxes are due on the third Monday in August. However, a property owner may elect to pay in installments if the property taxes on a given parcel exceed \$100. The State Legislature has established four tax installment due dates each fiscal year. The installment due dates are in August, October, January and March.

In Clark County, real property tax increment allocations typically are made in the middle of each month, starting in August. By October, approximately 37% of total real property tax increment revenue is allocated. By January, approximately 65% of the real property tax increment revenue is allocated. And by March, approximately 84% of the real property tax increment revenue is allocated. The balance of allocations are then made until the close of the fiscal year in June. Unsecured personal property is billed beginning in September and continues through April.

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<sup>6</sup> Future County School District voter-approved indebtedness was estimated by NSB Public Finance through FY 2015-16.

#### **4.4 Historic Computed Levy and Tax Receipts**

A comparison of computed tax levy to actual tax receipts was prepared by Agency staff based upon database information supplied by the County Assessor and County Treasurer. This staff comparison is summarized on Table 6 for the period beginning in FY 2003-04 through the present FY 2008-09 based on the Agency's analysis. The partial collections for the current FY 2008-09 (through February 2009) are shown for memo purposes only. For purposes of this comparison between FY 2003-04 through FY 2007-08, the March aggregation of assessed values have been used in the computation of annual tax levies. The tax rates, as identified by Agency staff, are factored against the incremental assessed values each year. The historic allocation ratio during the period from FY 2003-04 to FY 2007-08 exceeded the computed levy by 1.9% over the period. If the annual prior year redemption allocations were included in the tax receipt computation, the average allocation exceeded the computed levy by 3.7%.

### **5. TAX INCREMENT REVENUE PROJECTION**

#### **5.1 Tax Increment Revenues**

Property tax revenues in excess of the amount resulting from the assessed valuation shown on the tax roll for the base year value of the Project Area are referred to as tax increment. The base year for a project area represents the fiscal year in which taxable property was last equalized prior to the effective date of the ordinance approving the redevelopment plan for the Project Area.

The projections of tax increment revenues shown on Table 8 are based upon the preliminary FY 2009-10 secured assessed values reported by the County Assessor in January 2009, but modified in anticipation of value reductions to be reflected in the upcoming March report. The application of an assumed valuation growth factor on existing assessed values, plus anticipated values added from new developments identified by Agency staff (summarized on Table 7) results in the estimate of future project area values. Out of necessity to compute the AB 489 tax rebate, the projections were separated under the following criteria:

- Existing commercial assessed values (Table 8-1);
- Existing owner-occupied residential assessed values (Table 8-2);
- Projected new commercial assessed values (Table 8-3); and
- Projected new owner-occupied residential assessed values (Table 8-4).

Although the AB 489 tax abatement is parcel based, in order to estimate an "order of magnitude" estimate of future tax abatements on a Project Area-wide basis, the tax

increment revenue projections were formulated to aggregate the existing commercial (Table 8-1) and existing residential (Table 8-2) assessed values and to treat each aggregation as if they were single parcels (i.e. one residential parcel and one commercial parcel). The respective existing assessed values were assumed to increase a maximum of 4% per year commencing FY 2010-11 and the appropriate AB 489 formula was then applied to each aggregation to project future net tax increment (net of a projected tax rebate).

Increases in taxes for commercial properties (commercial, industrial, vacant land, mixed-use, non-owner occupied residential, and rental units whose rent exceeds the HUD guidelines) are capped at a maximum 8% annual growth. Based upon the FY 2009-10 data of the County Treasurer, 96% of the Project Area value is subject to the commercial property tax rebate formula cap. The Table 8-1 projection assumes that the cap will only be 6% instead of the maximum 8%, since a 6% tax cap represents twice the 20-year average CPI increase (a percentage based on twice the CPI is one component of the cap formula that is assumed to govern for purposes of these projections).

Approximately 4% of the FY 2008-09 value is subject to the residential owner-occupied rebate formula cap. Taxes on owner-occupied residential units (single-family homes, townhomes, condominiums or manufactured homes as the tax payer's primary residence in Nevada) are capped at 3% annual growth under AB 489. Therefore, the Table 8-2 projection reflects this 3% tax cap.

The approach to calculating net tax increment for new developments was treated differently given that value added from new developments would be added to the tax rolls in different fiscal years, resulting in a staggered base from which the tax rebate formula would be applied under the provisions of AB 489. These projections are summarized on Tables 8-3 and 8-4.

## **5.2 New Development Value Added**

New developments occurring in the Project Area have been identified by Agency staff for inclusion in the tax increment revenue projection. The projects included in the tax increment projection and their corresponding estimates of assessed value are presented on Table 7. The amount of new development values anticipated to be added to the future property tax rolls are assumed to be as of the July 1st lien date of each year and only include Agency-identified new developments under construction. The valuation estimates are based on cost estimates provided by Agency staff<sup>7</sup> and are adjusted by an inflationary cost-of-living factor of 4% prior to being enrolled in future year tax rolls.

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<sup>7</sup> Based upon historic Agency staff tracking of completed developments, the County Assessor's cost approach to estimating new construction taxable value has been approximately 55% of developer cost estimates. Therefore, for purposes of the projection, the taxable values shown on Table 7 represent 55% of the developers' projected taxable value, to which the County's 35% assessed value factor is then applied.

There are a number of other new development projects anticipated by the Agency that are currently in various stages of plan review. These projects have not been included in the Table 8 projection, but could add significant tax increment revenues to future years when they are completed.

### **5.3 Centrally Assessed Property Revenue**

Centrally assessed property is annually determined by the State Department of Assessment Standards (DOAS). There are three categories of property valued by the DOAS: (1) Utilities - companies having property of an interstate or inter-county nature, including electric, gas, distribution, telephone, airlines, railroads, and carlines; (2) Mines - improvements and personal property as valued by DOAS; and (3) Net Proceeds of Minerals - in lieu of a property tax on mineral ores, the value of the mineral ore is established after it is mined and processed.

During FY 2007-08 the Agency received over \$211,000 in centrally assessed property tax revenues. For purposes of this projection, it is assumed that the centrally assessed property tax allocation will be conservatively be \$200,000 per year in future years hereafter, as shown on the Table 8 projection.

### **5.4 Unsecured Personal Property Revenue**

Tax increment revenue generated from unsecured personal property represents a small part of the Agency's annual tax increment revenue. In FY 2007-08, the Agency received over \$1.9 million in personal property tax increment. For the FY 2008-09 projection shown on Table 8, the projection assumes that the Agency will receive \$1.7 million attributable to unsecured personal property tax increment, based upon prior year actual receipts.

### **5.5 No Growth Tax Increment Revenue Projection**

For comparative purposes, a "no growth" projection of the tax increment revenues has been prepared as Appendix Table A and does not assume any valuation growth from new developments or inflationary increases after FY 2009-10.

## 6. CAVEATS

The projections reflect assumptions based on KMA's understanding of the assessment and tax apportionment procedures employed by the County. The County procedures are subject to change as a reflection of policy revisions or administrative, regulatory or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections. These assumptions are based on existing State policies and are subject to future regulatory or legislative changes.

No assurances are provided by KMA as to the certainty of the projected tax increment revenues shown on Table 8. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, on-going Assessor roll adjustments, future filing of appeals, or the non-payment of taxes due. The accuracy or completeness of this analysis is based solely upon information provided by the County Assessor's office and Agency staff as of the date of the original review of said data by KMA.

Attachments

**Table 1**  
**Historic Project Area Assessed Values**  
**Las Vegas Redevelopment Project**  
**Las Vegas Redevelopment Agency**

	FY 2003-04			FY 2004-05		
	Jan Certified	Mar Update	Oct Update	Jan Certified	Mar Update	Oct Update
<b><u>I. Tax Districts 203-204-207</u></b>						
Secured:						
Land	380,630,096	376,251,606	375,928,226	381,812,853	379,666,810	379,029,383
Improvements	585,193,231	543,593,094	544,314,512	599,773,126	583,257,589	583,099,504
Personal Property	27,458,460	27,458,460	27,444,510	25,731,150	25,325,741	25,588,281
Exemptions	(326,983,497)	(327,678,165)	(328,882,121)	(336,047,767)	(334,962,990)	(342,223,367)
Secured Subtotal	666,298,290	619,624,995	618,805,127	671,269,362	653,287,150	645,493,801
Unsecured:	143,840,257	142,544,132	127,513,461	135,180,320	140,022,822	146,021,380
Total Reported Value	810,138,547	762,169,127	746,318,588	806,449,682	793,309,972	791,515,181
Less Base Year	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)
Incremental Value	355,762,216	307,792,796	291,942,257	352,073,351	338,933,641	337,138,850
<b><u>II. Tax District 212</u></b>						
Secured:						
Land						
Improvements						
Personal Property						
Exemptions						
Secured Subtotal						
Unsecured:						
Total Reported Value						
Less Base Year						
Incremental Value						
<b><u>III. TOTAL PROJECT AREA</u></b>						
Secured	666,298,290	619,624,995	618,805,127	671,269,362	653,287,150	645,493,801
Unsecured	143,840,257	142,544,132	127,513,461	135,180,320	140,022,822	146,021,380
Total Reported Value	810,138,547	762,169,127	746,318,588	806,449,682	793,309,972	791,515,181
Less Base Year	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)
Incremental Value	355,762,216	307,792,796	291,942,257	352,073,351	338,933,641	337,138,850
<b>IV. Month Change by Reporting Period</b>						
(Jan to Mar to Oct)		(47,969,420)	(15,850,539)	60,131,094	(13,139,710)	(1,794,791)
		-13.48%	-5.15%		-3.73%	-0.53%
<b>V. Annual Change by Reporting Period</b>						
(Jan to Jan, Mar to Mar, Oct to Oct)				(3,688,865)	31,140,845	45,196,593
				-1.04%	10.12%	15.48%

**Table 1**  
**Historic Project Area Assessed Values**  
**Las Vegas Redevelopment Project**  
**Las Vegas Redevelopment Agency**

	FY 2005-06			FY 2006-07		
	Jan Certified	Mar Update	Oct Update	Jan Certified	Mar Update	Oct Update
<b>I. <u>Tax Districts 203-204-207</u></b>						
Secured:						
Land	415,270,161	415,261,966	433,551,359	774,478,503	757,004,380	764,430,814
Improvements	699,288,883	691,915,147	691,883,995	803,124,566	797,141,512	794,701,216
Personal Property	32,807,223	36,626,079	24,445,975	33,648,271	36,196,876	36,073,245
Exemptions	(355,789,649)	(355,845,337)	(357,141,900)	(456,379,041)	(454,328,185)	(450,946,479)
Secured Subtotal	791,576,618	787,957,855	792,739,429	1,154,872,299	1,136,014,583	1,144,258,796
Unsecured:	155,705,508	150,526,213	140,773,886	152,920,681	152,920,681	158,210,761
Total Reported Value	947,282,126	938,484,068	933,513,315	1,307,792,980	1,288,935,264	1,302,469,557
Less Base Year	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)	(433,896,819)
Incremental Value	492,905,795	484,107,737	479,136,984	853,416,649	834,558,933	868,572,738
<b>II. <u>Tax District 212</u></b>						
Secured:						
Land						
Improvements						
Personal Property						
Exemptions						
Secured Subtotal						
Unsecured:						
Total Reported Value						
Less Base Year						
Incremental Value						
<b>III. <u>TOTAL PROJECT AREA</u></b>						
Secured	791,576,618	787,957,855	792,739,429	1,154,872,299	1,136,014,583	1,144,258,796
Unsecured	155,705,508	150,526,213	140,773,886	152,920,681	152,920,681	158,210,761
Total Reported Value	947,282,126	938,484,068	933,513,315	1,307,792,980	1,288,935,264	1,302,469,557
Less Base Year	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)	(433,896,819)
Incremental Value	492,905,795	484,107,737	479,136,984	853,416,649	834,558,933	868,572,738
IV. Month Change by Reporting Period (Jan to Mar to Oct)	155,766,945	(8,798,058) -1.78%	(4,970,753) -1.03%	374,279,665	(18,857,716) -2.21%	34,013,805 4.08%
V. Annual Change by Reporting Period (Jan to Jan, Mar to Mar, Oct to Oct)	140,832,444 40.00%	145,174,096 42.83%	141,998,134 42.12%	360,510,854 73.14%	350,451,196 72.39%	389,435,754 81.28%

**Table 1**  
**Historic Project Area Assessed Values**  
**Las Vegas Redevelopment Project**  
**Las Vegas Redevelopment Agency**

*Includes New District Value in TD 212*

	FY 2007-08			FY 2008-09		
	Jan Certified	Mar Update	Oct Update	Jan Certified	Mar Update	Oct Update
<b>I. <u>Tax Districts 203-204-207</u></b>						
Secured:						
Land	960,500,503	956,296,383	969,116,728	1,030,748,541	1,016,313,090	1,022,989,244
Improvements	935,675,709	919,399,044	903,551,307	1,096,976,435	1,085,661,270	1,097,174,292
Personal Property	33,302,283	33,302,283	33,131,032	38,754,691	38,754,691	38,622,467
Exemptions	(518,587,898)	(518,590,038)	(513,001,672)	(530,247,823)	(530,266,121)	(543,638,533)
Secured Subtotal	1,410,890,597	1,390,407,672	1,392,797,395	1,636,231,844	1,610,462,930	1,615,147,470
Unsecured:	196,201,275	193,205,190	196,862,066	255,693,263	250,732,668	245,268,990
Total Reported Value	1,607,091,872	1,583,612,862	1,589,659,461	1,891,925,107	1,861,195,598	1,860,416,460
Less Base Year	(433,896,819)	(433,896,819)	(433,896,819)	(433,896,819)	(433,896,819)	(433,896,819)
Incremental Value	1,173,195,053	1,149,716,043	1,155,762,642	1,458,028,288	1,427,298,779	1,426,519,641
<b>II. <u>Tax District 212</u></b>						
Secured:						
Land				93,083,871	93,083,471	92,805,814
Improvements				66,009,990	66,009,990	65,479,215
Personal Property				3,022,179	3,022,179	3,015,737
Exemptions				(5,809,860)	(5,809,460)	(5,550,493)
Secured Subtotal				156,306,180	156,306,180	155,750,273
Unsecured:				0	2,405	654
Total Reported Value				156,306,180	156,308,585	155,750,927
Less Base Year				(144,674,971)	(144,674,971)	(144,674,971)
Incremental Value				11,631,209	11,633,614	11,075,956
<b>III. <u>TOTAL PROJECT AREA</u></b>						
Secured	1,410,890,597	1,390,407,672	1,392,797,395	1,792,538,024	1,766,769,110	1,770,897,743
Unsecured	196,201,275	193,205,190	196,862,066	255,693,263	250,735,073	245,269,644
Total Reported Value	1,607,091,872	1,583,612,862	1,589,659,461	2,048,231,287	2,017,504,183	2,016,167,387
Less Base Year	(433,896,819)	(433,896,819)	(433,896,819)	(578,571,790)	(578,571,790)	(578,571,790)
Incremental Value	1,173,195,053	1,149,716,043	1,155,762,642	1,469,659,497	1,438,932,393	1,437,595,597
<b>IV. Month Change by Reporting Period</b>						
(Jan to Mar to Oct)	304,622,315	(23,479,010)	6,046,599	313,896,855	(30,727,104)	(1,336,796)
		-2.00%	0.53%		-2.09%	-0.09%
<b>V. Annual Change by Reporting Period</b>						
(Jan to Jan, Mar to Mar, Oct to Oct)	319,778,404	315,157,110	287,189,904	296,464,444	289,216,350	281,832,955
	37.47%	37.76%	33.06%	25.27%	25.16%	24.39%

**Table 1**  
**Historic Project Area Assessed Values**  
**Las Vegas Redevelopment Project**  
**Las Vegas Redevelopment Agency**

-17.72%  
*Forecasted*  
*Decline*

	FY 2009-10 Jan Certified	Mar Projected	Mar 2003 to Mar 2008 Change
<b>I. <u>Tax Districts 203-204-207</u></b>			
Secured:			
Land	879,714,551	879,714,551	
Improvements	1,286,400,346	1,058,446,000	
Personal Property	38,092,540	31,342,000	
Exemptions	(520,749,266)	(428,471,000)	
Secured Subtotal	1,683,458,171	1,541,031,551	
Unsecured:			
Total Reported Value	2,020,371,841	1,818,242,551	
Less Base Year	(433,896,819)	(433,896,819)	
Incremental Value	1,586,475,022	1,384,345,732	
<b>II. <u>Tax District 212</u></b>			
Secured:			
Land	91,232,555	91,232,555	
Improvements	66,854,345	55,008,000	
Personal Property	2,384,073	1,962,000	
Exemptions	(5,729,389)	(4,714,000)	
Secured Subtotal	154,741,584	143,488,555	
Unsecured:			
Total Reported Value	205,789,872	185,490,555	
Less Base Year	(144,674,971)	(144,674,971)	
Incremental Value	61,114,901	40,815,584	
<b>III. <u>TOTAL PROJECT AREA</u></b>			
Secured	1,838,199,755	1,684,520,106	
Unsecured	387,961,958	319,213,000	
Total Reported Value	2,226,161,713	2,003,733,106	
Less Base Year	(578,571,790)	(578,571,790)	
Incremental Value	1,647,589,923	1,425,161,316	1,131,139,597 367.50%
IV. Month Change by Reporting Period (Jan to Mar to Oct)	209,994,326	(222,428,607) -13.50%	
V. Annual Change by Reporting Period (Jan to Jan, Mar to Mar, Oct to Oct)	177,930,426 12.11%		226,227,919 73.50% avg per year

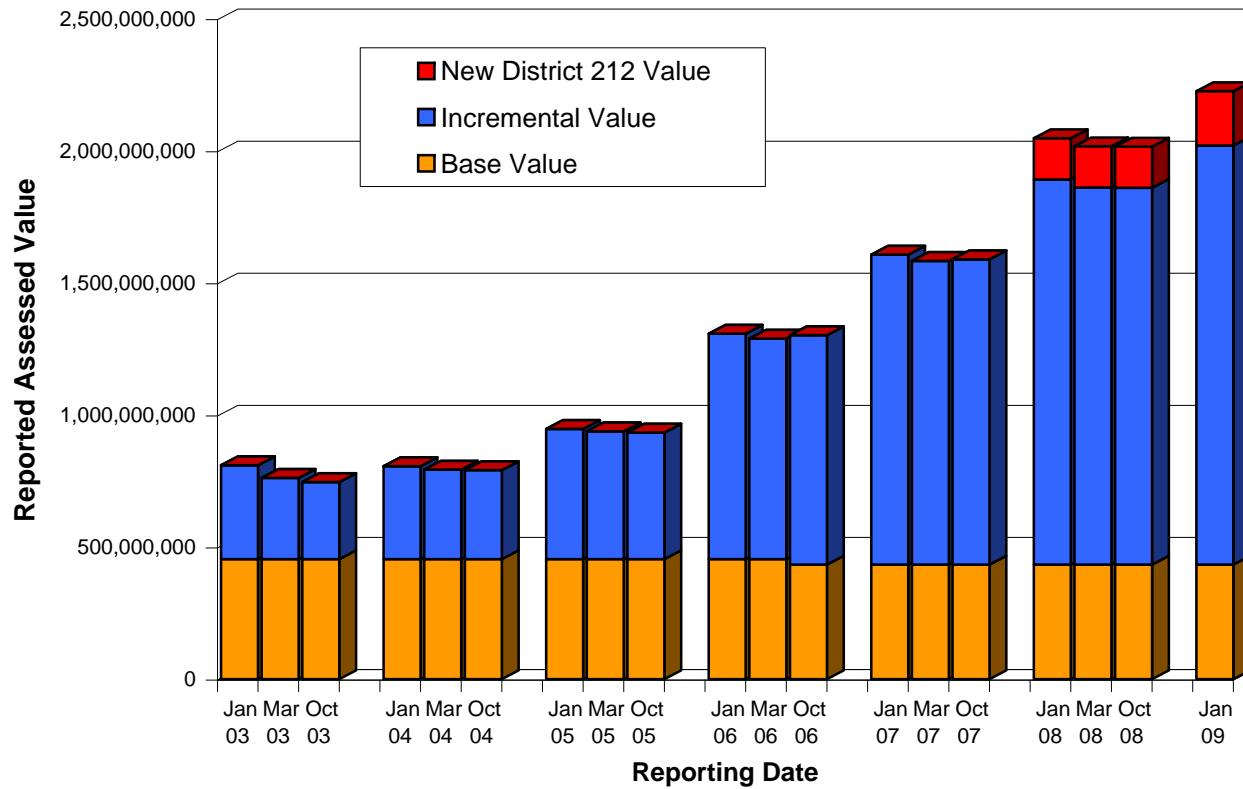
**Graph 1**

**Historic Project Area Assessed Values - As Reported FY 2003-04 to 2008-09**

**Las Vegas Redevelopment Project**

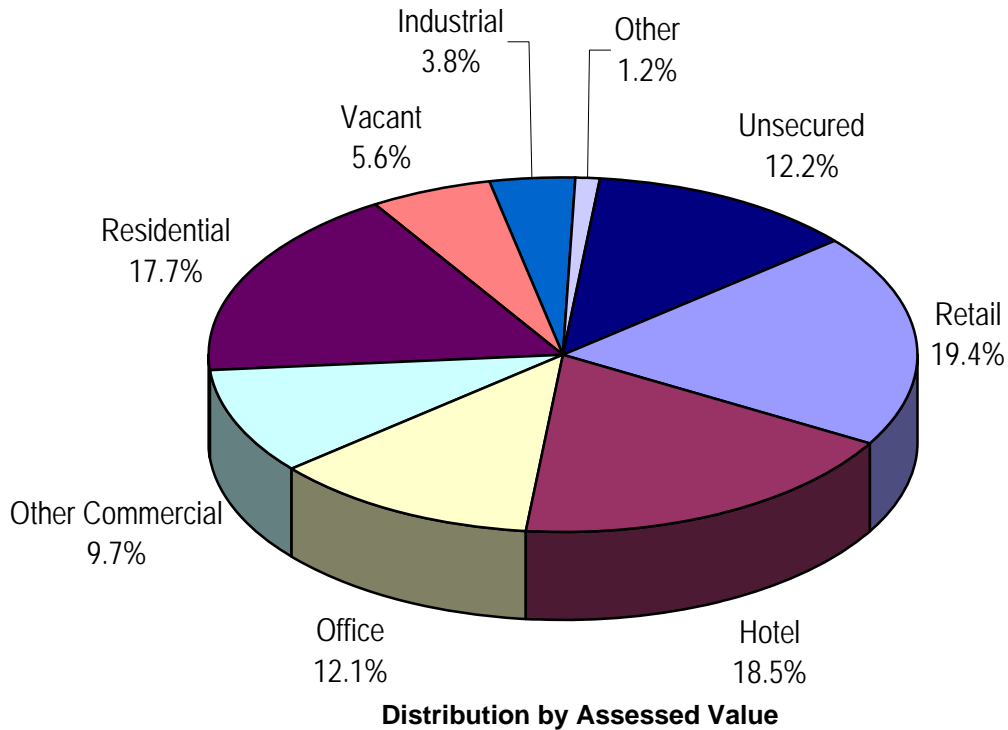
**Las Vegas Redevelopment Agency**

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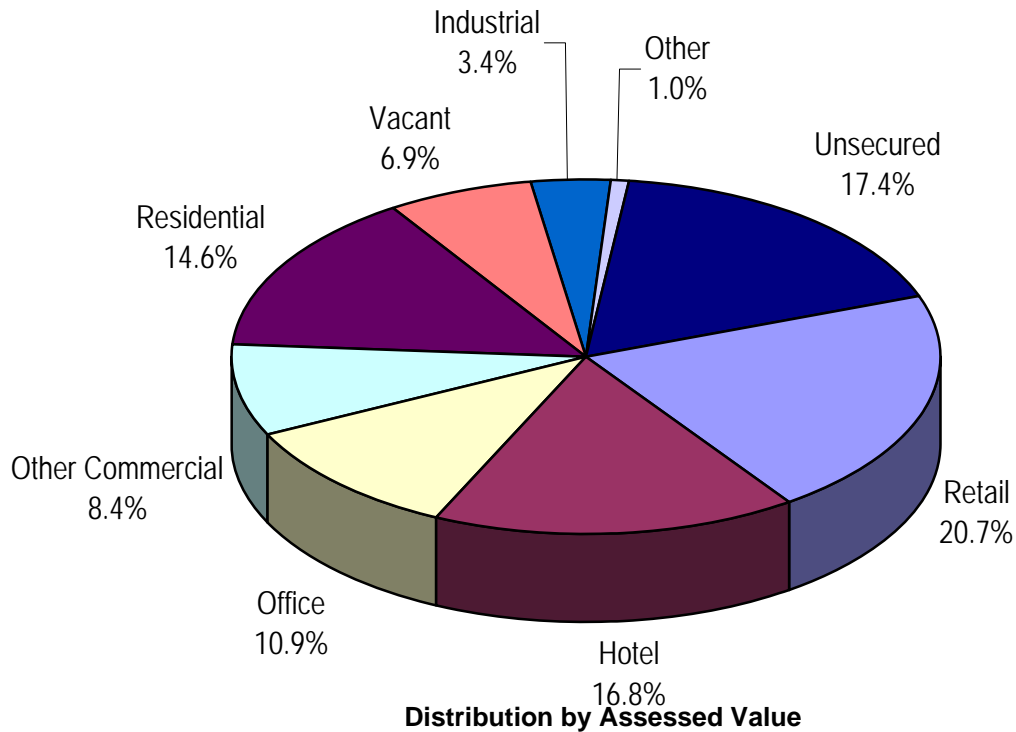
**Table 2-A**  
**Values by Use - FY 2008-09**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**

Land Use	Parcel Count		Parcel Acreage		Assessed Value	
	Count	%	Acres	%	Value	%
Commercial:						
1 Retail	546	8.5%	446.75	17.3%	390,582,784	19.4%
2 Hotel	103	1.6%	78.76	3.0%	372,620,039	18.5%
3 Office	518	8.0%	202.76	7.8%	243,762,796	12.1%
4 Other Commercial	589	9.1%	415.97	16.1%	194,671,367	9.7%
Residential:						
5 Multi-Family	2,007	31.2%	305.93	11.8%	282,678,780	14.0%
6 Single Family & Other	1,475	22.9%	236.08	9.1%	74,070,616	3.7%
7 Vacant	851	13.2%	392.38	15.2%	112,170,853	5.6%
8 Industrial	196	3.0%	198.58	7.7%	76,733,438	3.8%
9 Community Serving	130	2.0%	282.12	10.9%	7,606,441	0.4%
10 Miscellaneous	26	0.4%	30.10	1.2%	16,000,629	0.8%
11 Total Secured	6,441	100.0%	2,589.43	100.0%	1,770,897,743	87.8%
12 Unsecured					245,269,644	12.2%
<b>13 Totals</b>	<b>6,441</b>	<b>100.0%</b>	<b>2,589</b>	<b>100.0%</b>	<b>2,016,167,387</b>	<b>100.0%</b>



**Table 2-B**  
**Values by Use - FY 2009-10 (as of January 2009)**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**

Land Use	Parcel Count		Parcel Acreage		Assessed Value	
	Count	%	Acres	%	Value	%
Commercial:						
1 Retail	545	8.0%	446.59	17.2%	461,535,958	20.7%
2 Hotel	103	1.5%	78.76	3.0%	373,356,855	16.8%
3 Office	514	7.6%	202.76	7.8%	241,578,179	10.9%
4 Other Commercial	591	8.7%	415.97	16.1%	186,230,273	8.4%
Residential:						
5 Multi-Family	2,006	29.6%	305.93	11.8%	278,473,963	12.5%
6 Single Family & Other	1,475	21.8%	236.08	9.1%	46,449,389	2.1%
7 Vacant	1,197	17.7%	392.42	15.2%	152,924,871	6.9%
8 Industrial	196	2.9%	198.58	7.7%	76,218,620	3.4%
9 Community Serving	125	1.8%	282.12	10.9%	7,016,664	0.3%
10 Miscellaneous	26	0.4%	30.10	1.2%	14,414,983	0.6%
11 Total Secured	6,778	100.0%	2,589.31	100.0%	1,838,199,755	82.6%
12 Unsecured					387,961,958	17.4%
<b>13 Totals</b>	<b>6,778</b>	<b>100.0%</b>	<b>2,589</b>	<b>100.0%</b>	<b>2,226,161,713</b>	<b>100.0%</b>



**Table 3-A**

**Ten Largest Assesseees - Based on FY 2008-09 Secured Real Property Value (As Reported October 2008)**

**Las Vegas Redevelopment Project**

**Las Vegas Redevelopment Agency**

Assessee Name	Description and (Assessor Land Use)	No. of Parcels	2008-09 Secured Value	% of Total Project Value (1)	% of Total Increment Value (2)	2008-09 Net Tax Payable	% of Tax Increment Payable (3)
1 WMC II Associates LLC WMC III Associates LLC WMC V Phase 1 LLC WMC V Phase 2 LLC WMC V Phase 3 LLC	World Market Center (Commercial Retail)	6	161,595,132	8.01%	11.24%	2,865,765	11.53%
2 W2007 Stratosphere Land Propco W2007 Stratosphere Propco LLC	Stratosphere Hotel & Casino (Commercial Hotel)	76	114,464,862	5.68%	7.96%	1,234,564	4.97%
3 GNLV Corporation	Golden Nugget Hotel & Casino (Commercial Hotel)	7	74,016,551	3.67%	5.15%	1,404,887	5.65%
4 T-UPR LLC	Union Plaza Hotel & Casino (Commercial Hotel)	9	38,739,642	1.92%	2.69%	299,215	1.20%
5 SP Sahara Development LLC (4)	Allure Condominiums (Residential Multiple)	224	38,030,682	1.89%	2.65%	743,288	2.99%
6 California Hotel and Casino	California Hotel & Casion (Commercial Hotel)	9	30,851,287	1.53%	2.15%	545,317	2.19%
7 Simon Chelsea LV Development LLC	Las Vegas Premium Outlet Mall (Commercial Retail)	1	25,440,800	1.26%	1.77%	497,226	2.00%
8 MSW Inc.	Main Street Station Hotel & Casino (Commercial Hotel)	7	24,973,540	1.24%	1.74%	205,741	0.83%
9 Exber Inc.	Commercial Hotel	14	20,661,571	1.02%	1.44%	177,890	0.72%
10 T-L V C R L L C	Commercial Hotel	1	19,970,268	0.99%	1.39%	150,347	0.61%
TOTALS			548,744,335	27.22%	38.17%	8,124,240	32.70%

(1) Based upon reported FY 2008-09 Project Area assessed value of \$2,016,167,387.

(2) Based upon reported FY 2008-09 Project Area incremental assessed value of \$1,437,595,597.

(3) Based upon anticipated FY 2008-09 tax increment revenue of \$24,848,000.

(4) In February 2008 the Board of Equalization reduced the value of 329 parcels by \$10,093,650 (see Table 4). As of October 2008, 108 parcels have been reassessed to new assesseees.

**Table 3-B**

**Ten Largest Assesseees - Based on FY 2009-10 Secured Real Property Value (As Reported January 2009)**

**Las Vegas Redevelopment Project**

**Las Vegas Redevelopment Agency**

Assessee Name	Description and (Assessor Land Use)	No. of Parcels	2009-10 Secured Value	% of Total Project Value (1)	% of Total Increment Value (2)	2009-10 Net Tax Payable	% of Tax Increment Payable Jan 09 (3)						
1 WMC II Associates LLC WMC III Associates LLC WMC V Phase 1 LLC WMC V Phase 2 LLC WMC V Phase 3 LLC	World Market Center (Commercial Retail)	6	226,813,298	10.19%	13.77%	4,148,918	15.63%						
2 W2007 Stratosphere Land Propco W2007 Stratosphere Propco LLC								76	116,258,080	5.22%	7.06%	1,318,546	4.97%
3 GNLV Corporation													
4 Citymark Juhl LLC								344	50,040,725	2.25%	3.04%	978,016	3.68%
5 SP Sahara Development LLC													
6 Streamline Tower LLC	250	40,688,524	1.83%	2.47%	795,234	3.00%							
7 T-UPR LLC							9	38,961,759	1.75%	2.36%	315,824	1.19%	
8 California Hotel and Casino	9	31,401,563	1.41%	1.91%	571,569	2.15%							
9 Simon Chelsea LV Development LLC							1	30,080,230	1.35%	1.83%	587,901	2.21%	
10 MSW Inc.	7	24,780,986	1.11%	1.50%	211,496	0.80%							
TOTALS (4)								680,773,420	30.58%	41.32%	11,296,039	42.55%	

(1) Based upon reported FY 2009-10 Project Area assessed value of \$2,226,161,713.

(2) Based upon reported FY 2009-10 Project Area incremental assessed value of \$1,647,589,923.

(3) Based upon FY 2009-10 tax revenue of \$26,549,000 as aggregated from parcel by parcel data provided by the County Treasurer as of January 2009.

(4) Values do not include March 2009 BOE reductions of value as these were not made available by the County at the time of this analysis.

**Table 4-1**  
**Board of Equalization and Assessor Real Property Changes - February 2008**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**

Sorted by Parcel No.	Tax Dist	Assessee Name	Land Use	January Real Propty Value	Updated Real Propty Value	Change in Real Propty Value	
1	139-34-513-002	203	F A E C HOLDINGS WIRRULLA L L C	Comml Retail	14,713,740	4,620,000	(10,093,740)
2	162-04-815-xxx	203	ALLURE - S P SAHARA DEVELOPMENT L L C	329 condo parcels	73,025,880	62,932,230	(10,093,650)
3	162-04-815-xxx	203	ALLURE - INDIVIDUAL HOMEOWNERS	95 condo parcels	18,959,919	14,625,519	(4,334,400)
4	139-28-801-002	203	SEARS ROEBUCK & CO	Indl Storage	1,240,184	925,330	(314,854)
5	139-35-301-002	203	BIGELOW ROBERT T & DIANE M	Apartments	1,621,590	1,365,462	(256,128)
6	139-35-301-001	203	BIGELOW ROBERT T & DIANE M	Apartments	1,263,595	1,012,216	(251,379)
7	139-35-302-002	203	BIGELOW ROBERT T & DIANE M	Apartments	1,070,386	881,346	(189,040)
8	139-34-411-054	203	KASABASIC SPIRO & LAURA	Multi-Family	243,547	173,250	(70,297)
9	139-34-210-060	203	LAS VEGAS WEDDING BUREAU L L C	Comml Office	437,101	388,763	(48,338)
10	162-03-112-001	203	BULLOCK FAMILY TRUST ETAL	Comml Retail	1,170,890	1,138,655	(32,235)
11	139-34-713-004	203	PATT CHRISTINE J	Single Family	70,482	43,396	(27,086)
12	162-03-310-001	203	7-ELEVEN INC	Comml Retail	568,904	547,540	(21,364)
13	139-27-110-012	204	MONARREZ FAMILY TRUST	Vacant	22,750	15,750	(7,000)
Total Values 2008-09					<u>114,408,968</u>	<u>88,669,457</u>	<u>(25,739,511)</u>

**Table 4-2**  
**Board of Equalization and Assessor Real Property Changes - February 2007**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**

Sorted by Parcel No.	Tax Dist	Assessee Name	Land Use	January Real Propty Value	Updated Real Propty Total	Change in Real Propty Value	
1	139-34-610-006	203	LODGE MASONIC #32	Hotel	14,525,076	804,180	(13,720,896)
2	139-34-111-034	203	SAL SAGEV HOTEL CO INC	Hotel	4,578,839	3,669,697	(909,142)
3	139-34-610-039	203	BARDEN NEVADA GAMING L L C	Storage	1,484,803	641,677	(843,126)
4	139-34-210-065	203	BARDEN NEVADA GAMING L L C	Casino	1,033,725	391,673	(642,052)
5	139-34-210-066	203	CARSON PROPERTIES NEVADA L L C	Comml Office	3,702,252	3,248,577	(453,675)
6	139-34-610-041	203	BARDEN NEVADA GAMING L L C	Casino	823,305	525,008	(298,297)
7	139-34-610-008	203	BROOKS ALAN DOUGLAS ETAL	Comml Retail	680,821	391,673	(289,148)
8	139-34-210-081	203	CARSON PROPERTIES NEVADA L L C	Comml Office	2,263,807	1,991,063	(272,744)
9	139-34-610-037	203	BARDEN NEVADA GAMING L L C	Casino	566,995	320,838	(246,157)
10	139-35-301-002	203	BIGELOW ROBERT T & DIANE M	Apartments	1,598,919	1,373,653	(225,266)
11	139-34-610-007	203	DOKTER GARY R ETAL	Hotel	609,875	387,506	(222,369)
12	139-34-610-038	203	BARDEN NEVADA GAMING L L C	Casino	507,667	320,838	(186,829)
13	139-35-301-001	203	BIGELOW ROBERT T & DIANE M	Apartments	1,239,775	1,062,440	(177,335)
14	139-35-302-002	203	BIGELOW ROBERT T & DIANE M	Apartments	1,047,950	904,377	(143,573)
15	139-34-111-046	203	GHELFI SOPHIA ANN INCOME TRUST	Comml Retail	367,486	243,950	(123,536)
16	139-34-210-063	203	NOLEN 1983 TRUST	Hotel	205,800	133,335	(72,465)
17	139-34-610-040	203	FRENCH FAMILY L P	Hotel	205,800	133,335	(72,465)
18	139-34-111-048	203	GHELFI SOPHIA ANN INCOME TRUST	Comml Retail	206,545	137,200	(69,345)
19	139-34-210-060	203	LAS VEGAS WEDDING BUREAU L L C	Comml	435,584	367,500	(68,084)
20	139-28-801-002	203	SEARS ROEBUCK & CO	Storage	1,231,188	1,163,470	(67,718)
21	139-34-210-064	203	KRAMER JOHN A SR TRS	Comml Office	182,963	116,669	(66,294)
22	139-34-713-004	203	PATT CHRISTINE J	Residential	68,556	43,396	(25,160)
23	139-34-111-045	203	GHELFI SOPHIA ANN INCOME TR ETAL	Comml Retail	390,054	388,763	(1,291)
Total Values 2007-08					<u>37,957,785</u>	<u>18,760,818</u>	<u>(19,196,967)</u>

**Table 4-3**  
**Board of Equalization and Assessor Real Property Changes - February 2006**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**

	Sorted by Parcel No.	Tax Dist	Assessee Name	Land Use	January Real Propty Value	Updated Real Propty Total	Change in Real Propty Value
1	139-34-411-xxx	203	SOHO LOFTS - INDIVIDUAL HOMEOWNERS	89 Condo Parcels	14,711,725	3,797,325	(10,914,400)
2	139-34-411-xxx	203	SOHO LOFTS LLC	33 Condo Parcels	6,381,795	1,276,359	(5,105,436)
3	139-34-610-045	203	FREMONT ST EXPERIENCE PARKING	Parking	9,910,223	4,003,054	(5,907,169)
4	139-34-111-034	203	SAL SAGEV HOTEL CO INC	Hotel	4,616,370	3,669,698	(946,672)
5	139-35-402-001	203	BERKE ENTERPRISES LTD L P	Comml Office	307,951	229,604	(78,347)
6	139-34-713-004	203	PATT CHRISTINE J	Residential	65,331	43,397	(21,934)
7	162-04-607-006	203	CATALYTIC VENTURES INC	Comml Retail	161,215	140,016	(21,199)
8	162-03-310-011	203	STLOUIS SQUARE INC	Comml Retail	317,973	303,527	(14,446)
9	138-24-804-016	207	AUTOZONE INC	Comml Retail	449,350	436,188	(13,162)
10	139-34-111-046	203	GHELFI SOPHIA ANN INCOME TRUST	Comml Retail	245,502	243,950	(1,552)
11	139-34-111-045	203	GHELFI SOPHIA ANN INCOME TR ETAL	Comml Retail	390,064	388,763	(1,301)
12	139-34-111-048	203	GHELFI SOPHIA ANN INCOME TRUST	Comml Retail	137,942	137,200	(742)
Total Values 2006-07					37,695,441	14,669,081	(23,026,360)

**Table 4-4**  
**Board of Equalization and Assessor Real Property Changes - February 2005**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**

	Sorted by Parcel No.	Tax Dist	Assessee Name	Land Use	January Real Propty Value	Updated Real Propty Total	Change in Real Propty Value
1	139-34-111-022	203	SPEAKEASY GAMING FREMONT INC	Casino	7,566,635	4,025,412	(3,541,223)
2	139-34-510-003	203	HORSESHOE GARAGE	Parking	2,059,271	924,005	(1,135,266)
3	139-34-111-014	203	SPEAKEASY GAMING FREMONT INC	Casino	2,682,049	1,557,339	(1,124,710)
4	139-34-510-018	203	HENRY BRENT COMPANY	Hotel	1,208,049	508,049	(700,000)
5	139-34-710-037	203	NAME NOT FOUND	Comm'l Office	1,991,489	1,346,175	(645,314)
6	139-28-503-015	204	EDMOND TOWN CENTER L L C	Comm'l Retail	1,511,121	1,236,017	(275,104)
7	162-03-112-034	203	MONTEREY MOTEL CORP	Motel	329,447	226,401	(103,046)
8	162-04-806-001	203	BALTIMORE GARDENS L P	Apartments	438,025	401,569	(36,456)
9	162-03-411-012	203	B R E E S A PROPERTIES L L C	Apartments	1,008,180	980,000	(28,180)
10	139-29-715-002	207	PARCEL I L L C	Comm'l Retail	456,391	443,697	(12,694)
11	139-34-713-004	203	PATT CHRISTINE J	Residential	54,415	43,397	(11,018)
12	162-04-811-006	203	R J L LIMITED PARTNERSHIP	Apartments	61,824	50,909	(10,915)
13	162-04-811-005	203	R J L LIMITED PARTNERSHIP	Apartments	61,270	51,641	(9,629)
14	139-35-804-010	203	BARTSAS MARY 14 L L C	Vacant	38,878	31,102	(7,776)
15	162-04-811-011	203	S & F LIMITED PARTNERSHIP	Apartments	54,499	53,236	(1,263)
16	162-04-811-014	203	S & F LIMITED PARTNERSHIP	Apartments	54,488	53,236	(1,252)
17	162-04-811-015	203	S & F LIMITED PARTNERSHIP	Apartments	54,880	54,398	(482)
18	162-04-811-010	203	S & F LIMITED PARTNERSHIP	Apartments	54,751	54,398	(353)
19	162-04-811-013	203	S & F LIMITED PARTNERSHIP	Apartments	54,590	54,398	(192)
20	162-04-811-012	203	S & F LIMITED PARTNERSHIP	Apartments	54,548	54,398	(150)
Total Values 2005-06					<u>19,794,800</u>	<u>12,149,777</u>	<u>(7,645,023)</u>

**Table 4-5  
Board of Equalization and Assessor Real Property Changes - February 2004  
Las Vegas Redevelopment Project Area  
Las Vegas Redevelopment Agency**

Sorted by Parcel No.	Tax Dist	Assessee Name	Land Use	January Real Propty Value	Updated Real Propty Total	Change in Real Propty Value	
1	139-34-111-057	203	PETO FAMILY TRUST	Hotel	9,365,473	2,904,997	(6,460,476)
2	139-34-610-045	203	FREMONT ST EXPERIENCE PARKING	Parking	8,515,021	3,202,500	(5,312,521)
3	139-27-402-006	203	M S W INC	Hotel	5,578,857	3,783,304	(1,795,553)
4	139-34-111-064	203	CITY OF LAS VEGAS REDEVELOPMENT	Other	4,645,865	3,224,704	(1,421,161)
5	139-34-210-046	203	CITY OF LAS VEGAS	Parking	2,242,436	1,417,500	(824,936)
6	139-34-510-018	203	STEADFAST A M X I I L L C	Hotel	1,311,637	660,685	(650,952)
7	139-34-510-030	203	STEADFAST A M X I I L L C	Hotel	2,840,879	2,215,455	(625,424)
8	139-27-402-007	203	M S W INC	Hotel	1,560,292	1,045,275	(515,017)
9	139-34-111-054	203	B O G O L C	Comm Entertainment	394,555	118,125	(276,430)
10	162-03-411-012	203	B R E E S A PROPERTIES L L C	Apartments	1,244,467	994,826	(249,641)
11	139-27-802-001	203	CALIFORNIA HOTEL & CASINO	Casino Hotel	912,471	696,696	(215,775)
12	139-27-402-009	203	CALIFORNIA HOTEL & CASINO	Casino Hotel	2,828,006	2,648,319	(179,687)
13	162-03-112-034	203	MONTEREY MOTEL CORP	Motel	327,730	226,401	(101,329)
14	139-34-210-013	203	BIGELOW ROBERT R & DIANE FAM TR	Motel	425,702	361,340	(64,362)
15	139-27-402-003	203	M S W INC	Storage	390,408	326,592	(63,816)
16	139-34-210-012	203	BIGELOW ROBERT R & DIANE FAM TR	Motel	366,968	311,192	(55,776)
17	139-27-403-001	203	CALIFORNIA HOTEL & CASINO	Casino Hotel	139,475	91,476	(47,999)
18	139-35-301-001	203	BIGELOW ROBERT T & DIANE M	Apartments	838,927	802,222	(36,705)
19	139-35-301-002	203	BIGELOW ROBERT T & DIANE M	Apartments	942,521	905,816	(36,705)
20	139-35-302-002	203	BIGELOW ROBERT T & DIANE M	Apartments	613,291	576,586	(36,705)
21	139-34-210-011	203	BIGELOW ROBERT R & DIANE FAM TR	Motel	233,106	199,359	(33,747)
22	139-34-311-115	203	516 S 4TH INC	Comm Office	92,890	78,400	(14,490)
23	139-34-101-003	203	M S W INC	Storage	281,155	267,750	(13,405)
24	139-34-210-025	203	16 EAST LEWIS L L C	Parking	91,105	78,750	(12,355)
25	139-34-311-065	203	DAWSON JOSEPH & VERLA S FAM TR	Comm Office	75,352	63,455	(11,897)
26	139-34-311-068	203	SIX SIXTEEN SOUTH THIRD ST L L C	Comm Office	82,408	70,735	(11,673)
27	139-27-402-005	203	STATE OF NEVADA TRANS LEASOR	Hotel	144,901	136,112	(8,789)
28	139-27-402-002	203	M S W INC	Hotel	277,403	270,144	(7,259)
29	139-27-402-004	203	STATE OF NEVADA TRANS LEASOR	Hotel	28,138	26,069	(2,069)
Total Values 2004-05					<u>46,791,439</u>	<u>27,704,785</u>	<u>(19,086,654)</u>

Source information provided by Clark County Assessor  
Summarized by Keyser Marston Associates, Inc.  
Filename: Appeals 2008-07-14.xls: 2004: GSH

**Table 5**  
**Property Tax Rates**  
**Tax Increment Revenue Projection**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**

As Reported by Nevada Department of Taxation										Adjustments to Tax Rate (1)				Tax Rate for T.I. Projection
Fiscal Year	City Combined Tax Rate			Clark County	Special Districts	Schools	State	Tax Rate	County Fire Svc Area (2)	Las Vegas (3)	Las Vegas Metropolitan Police (4)	Schools DS (5)		
<i>actual</i>	2003-04	0.6765	0.0950	0.0081	0.6502	0.3845	1.3034	0.1700	3.2877		(0.0950)	(0.2000)	(0.2116)	2.7811
<i>actual</i>	2004-05	0.6765	0.0950	0.0077	0.6652	0.3824	1.3034	0.1700	3.3002		(0.0950)	(0.2000)	(0.2753)	2.7299
<i>actual</i>	2005-06	0.6765	0.0950		0.6575	0.3788	1.3034	0.1700	3.2812		(0.0950)	(0.2000)	(0.3787)	2.6075
<i>actual</i>	2006-07	0.6765	0.0950		0.6566	0.3787	1.3034	0.1700	3.2802		(0.0950)	(0.2000)	(0.4041)	2.5811
<i>actual</i>	2007-08	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.4020)	2.5744
<i>actual</i>	2008-09	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.4336)	2.5428
<i>projected</i>	2009-10	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.4508)	2.5256
	2010-11	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.4684)	2.5080
	2011-12	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.5035)	2.4729
	2012-13	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.5076)	2.4688
	2013-14	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.5112)	2.4652
	2014-15	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.5147)	2.4617
	2015-16	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.5222)	2.4542
	2016-17	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714		(0.0950)	(0.2000)	(0.5534)	2.4230
	2017-18	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2018-19	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2019-20	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2020-21	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2021-22	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2022-23	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2023-24	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2024-25	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2025-26	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2026-27	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2027-28	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2028-29	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2029-30	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703
	2030-31	0.6765	0.0950		0.6391	0.3724	1.3034	0.1850	3.2714	(0.0527)	(0.0950)	(0.2000)	(0.5534)	2.3703

(1) The computation of tax increment revenue, pursuant to NRS 279.676 Section 1(c) and 1(d), excludes the portion of the tax rates reflecting voter-approved debts approved on or after November 5, 1996. Tax increment derived from post-1996 levies are paid to the respective taxing agencies levying the tax rate and are not included in tax increment. Historic tax rates provided by Las Vegas Redevelopment Agency.

(2) Clark County Fire Service Area debt approved June 6, 1995, expiring June 30, 2017.

(3) City of Las Vegas voter-approved override approved November 7, 2000, expiring June 30, 2031.

(4) Las Vegas Metropolitan Police voter-approved override approved November 5, 1996, expiring June 30, 2027.

(5) Future County school districts' voter-approved indebtedness estimated through FY 2015-16 and provided by NSB Public Finance. Historic rates as provided by Redevelopment Agency staff.

**Table 6**  
**Historic Project Area Assessed Values and Tax Increment Allocations**  
**Las Vegas Redevelopment Project**  
**Las Vegas Redevelopment Agency**

	2003-04	2004-05	2005-06	2006-07	2007-08	Average 03-04 to 07-08	Partial <sup>3</sup> 2008-09
<u>Reported Value (March Report):</u>							
1 Secured:	619,624,995	653,287,150	787,957,855	1,136,014,583	1,390,407,672		1,770,897,743
2 Unsecured:	142,544,132	140,022,822	150,526,213	152,920,681	193,205,190		245,269,644
3 Total Reported Value <sup>1</sup>	762,169,127	793,309,972	938,484,068	1,288,935,264	1,583,612,862		2,016,167,387
4 Less Base Year <sup>1</sup>	(454,376,331)	(454,376,331)	(454,376,331)	(454,376,331)	(433,896,819)		(578,571,790)
5 Incremental Value <sup>1</sup>	307,792,796	338,933,641	484,107,737	834,558,933	1,149,716,043		1,437,595,597
6 Adjusted Tax Rate (Table 5)	2.7811%	2.7299%	2.6075%	2.5811%	2.5744%		2.5428%
7 Computed Tax Increment	8,560,025	9,252,549	12,623,109	21,540,801	29,598,290		32,081,370
8 Less Tax Abatement <sup>2</sup>	NA	NA	(1,202,315)	(5,869,236)	(8,578,091)		(9,133,744)
9 Net Property Tax	8,560,025	9,252,549	11,420,794	15,671,565	21,020,199		22,947,626
10 Net Tax Increment Received <sup>2</sup>	8,807,400	8,945,029	11,532,467	16,567,462	21,336,466		
11 Variance from Computed Levy	247,375	(307,521)	111,673	895,897	316,267		
12 % Variance Over/(Under)	2.9%	-3.3%	1.0%	5.7%	1.5%	1.9%	
13 Add Centrally Assessed <sup>2</sup>	129,362	58,846	124,313	133,451	221,694		
14 Add Prior Years & Other <sup>2</sup>	91,353	478,453	(172,929)	74,523	12,772		
15 Total Tax Increment Received	9,028,115	9,482,328	11,483,850	16,775,436	21,570,932		19,609,181
16 Variance from Computed Levy	468,090	229,778	63,056	1,103,871	550,733		
17 % Variance	5.5%	2.5%	0.6%	7.0%	2.6%	3.7%	

(1) Reflects only Taxing Districts 203, 204 and 207 through FY 2007-08. District 212 added by the County commencing FY 2008-09.

(2) Source information provided by Las Vegas Redevelopment Agency tax ledgers and staff estimates.

(3) Reflects the current FY 2008-09 allocation as of February 18, 2009 which is only a partial year allocation.

Source information from Las Vegas Redevelopment Agency and Clark County Assessor.

Prepared by Las Vegas Redevelopment Agency Finance staff.

Filename: Hist AV 2009-02-20.xls; Levy: 2/20/2009; GSH

**Table 7**

**Development Value Added  
New Developments  
Las Vegas Redevelopment Agency  
(000's Omitted)**

	Use of Developer Type	55% Cost Est <sup>1</sup>	Assessed Value Added	1 2010-11	2 2011-12	3 2012-13	4 2013-14
<b>I. UNDER CONSTRUCTION</b>							
1	RC	1,618	566	566	0	0	0
2	RC	1,925	674	674	0	0	0
3	RC	13,200	4,620	4,620	0	0	0
4	RC	12,650	4,428	4,428	0	0	0
5	RC	3,025	1,059	1,059	0	0	0
6	RC	5,224	1,828	1,828	0	0	0
7	RC	545	191	191	0	0	0
8	RC	82,500	28,875	14,438	14,438	0	0
9	RC	193	67	67	0	0	0
10	RC	2,970	1,040	1,040	0	0	0
11	RC	220	77	77	0	0	0
12	RC	660	231	231	0	0	0
13	RC	406	142	142	0	0	0
14	RC	5,519	1,932	1,932	0	0	0
15	RC	72	25	25	0	0	0
16	RC	27,500	9,625	4,813	4,813	0	0
17	RO	13,200	4,620	2,310	2,310	0	0
18	RC	660	231	231	0	0	0
19	RC	1,925	674	674	0	0	0
20	RC	83	29	29	0	0	0
<b>II. Commercial Real Property:</b>							
21	RC	160,894	56,313	37,063	19,250	0	0
22			4.00%	38,545	20,821	0	0
23			104.00%	38,545	60,908	63,344	65,878
24				967	1,520	1,581	1,644
25				0	0	0	0
26				967	1,520	1,581	1,644
<b>III. Residential Owner Occupied Real Property:</b>							
27	RO	13,200	4,620	2,310	2,310	0	0
28			4.00%	2,402	2,498	0	0
29			104.00%	2,402	4,997	5,197	5,405
30				60	124	129	135
31				0	(1)	(2)	(3)
32				60	124	128	131

(1) County's cost approach to value averages to 55% of typical developer valuation estimates.

(2) Subject to Agency TIF development tax sharing agreement.

Source: Las Vegas Redevelopment Agency

Filename: Projection 2009-03-03 final.xls: Dev: 3/3/2009: Pa

**Table 8 - Growth Scenario**  
**Tax Increment Revenue Projection**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**  
**(000's Omitted)**

		1	2	3	4	5	6	7	8	9
Plan Year	Fiscal Year	Existing Commercial Secured TI (Table 8-1)	Existing Owner Occ Secured TI (Table 8-2)	New Commercial Secured TI (Table 8-3)	Net Owner Occ Secured TI (Table 8-4)	Add Centrally Assessed Unitary	Add Unsecured Tax Increment	Total Tax Increment	Housing Set Aside -18%	Net After Housing
		23	2008-09	21,614	1,334			200	1,700	24,848
24	2009-10	19,732	763			200	1,700	22,395	(4,031)	18,364
25	2010-11	20,916	786	967	60	200	1,700	24,629	(4,433)	20,196
26	2011-12	22,171	810	1,520	124	200	1,700	26,525	(4,774)	21,750
27	2012-13	23,501	834	1,581	128	200	1,700	27,944	(5,030)	22,914
28	2013-14	24,912	859	1,644	131	200	1,700	29,446	(5,300)	24,146
29	2014-15	26,406	885	1,710	135	200	1,700	31,036	(5,587)	25,450
30	2015-16	27,991	911	1,778	139	200	1,700	32,720	(5,890)	26,830
31	2016-17	29,670	939	1,850	144	200	1,700	34,502	(6,210)	28,292
32	2017-18	31,450	967	1,924	148	200	1,700	36,389	(6,550)	29,839
33	2018-19	33,337	996	2,001	152	200	1,700	38,386	(6,909)	31,476
34	2019-20	35,338	1,026	2,081	157	200	1,700	40,501	(7,290)	33,211
35	2020-21	37,458	1,056	2,164	162	200	1,700	42,740	(7,693)	35,046
36	2021-22	39,705	1,088	2,250	166	200	1,700	45,110	(8,120)	36,990
37	2022-23	42,088	1,121	2,340	171	200	1,700	47,620	(8,572)	39,048
38	2023-24	44,613	1,154	2,434	177	200	1,700	50,278	(9,050)	41,228
39	2024-25	47,290	1,189	2,531	182	200	1,700	53,092	(9,557)	43,535
40	2025-26	50,127	1,225	2,633	187	200	1,700	56,072	(10,093)	45,979
41	2026-27	53,135	1,261	2,738	193	200	1,700	59,227	(10,661)	48,566
42	2027-28	56,323	1,299	2,847	199	200	1,700	62,568	(11,262)	51,306
43	2028-29	59,702	1,338	2,961	205	200	1,700	66,106	(11,899)	54,207
44	2029-30	63,284	1,378	3,080	211	200	1,700	69,853	(12,574)	57,280
45	2030-31	67,081	1,420	3,203	217	200	1,700	73,821	(13,288)	60,533
Totals		877,843	24,638	46,237	3,388	4,600	39,100	995,806	(179,245)	816,561

**Table 8-1  
Tax Increment Revenue Projection  
Las Vegas Redevelopment Project Area  
Las Vegas Redevelopment Agency  
(000's Omitted)**

		10	11	12	13	14	15	16	17
Existing Commercial Property									
Plan Year	Fiscal Year	Real Propty Secured Value at 104%	Secured Increment Over Base \$503,709	Representative Tax Rate	Secured Taxes As Assessed <sup>1</sup>	6% Cap Reduction	Forecast Mar 09 Adjustment (Table 1)	Secured Net Property Tax <sup>1</sup>	Pr Year Tax plus 6%
23	2008-09	1,672,261	1,168,552	2.5428%	30,210	(8,596)		21,614	
24	2009-10	1,765,951	1,262,241	2.5256%	31,879	(6,715)	(5,432)	19,732	
25	2010-11	1,836,589	1,332,879	2.5080%	33,429	(12,512)		20,916	20,916
26	2011-12	1,910,052	1,406,343	2.4729%	34,777	(12,606)		22,171	22,171
27	2012-13	1,986,455	1,482,745	2.4688%	36,606	(13,105)		23,501	23,501
28	2013-14	2,065,913	1,562,203	2.4652%	38,511	(13,600)		24,912	24,912
29	2014-15	2,148,549	1,644,840	2.4617%	40,491	(14,085)		26,406	26,406
30	2015-16	2,234,491	1,730,782	2.4542%	42,477	(14,486)		27,991	27,991
31	2016-17	2,323,871	1,820,161	2.4230%	44,103	(14,432)		29,670	29,670
32	2017-18	2,416,826	1,913,116	2.3703%	45,347	(13,896)		31,450	31,450
33	2018-19	2,513,499	2,009,789	2.3703%	47,638	(14,301)		33,337	33,337
34	2019-20	2,614,039	2,110,329	2.3703%	50,021	(14,684)		35,338	35,338
35	2020-21	2,718,600	2,214,891	2.3703%	52,500	(15,042)		37,458	37,458
36	2021-22	2,827,344	2,323,635	2.3703%	55,077	(15,372)		39,705	39,705
37	2022-23	2,940,438	2,436,729	2.3703%	57,758	(15,670)		42,088	42,088
38	2023-24	3,058,056	2,554,346	2.3703%	60,546	(15,933)		44,613	44,613
39	2024-25	3,180,378	2,676,668	2.3703%	63,445	(16,156)		47,290	47,290
40	2025-26	3,307,593	2,803,883	2.3703%	66,460	(16,334)		50,127	50,127
41	2026-27	3,439,897	2,936,187	2.3703%	69,596	(16,462)		53,135	53,135
42	2027-28	3,577,492	3,073,783	2.3703%	72,858	(16,535)		56,323	56,323
43	2028-29	3,720,592	3,216,883	2.3703%	76,250	(16,548)		59,702	59,702
44	2029-30	3,869,416	3,365,706	2.3703%	79,777	(16,493)		63,284	63,284
45	2030-31	4,024,192	3,520,483	2.3703%	83,446	(16,365)		67,081	67,081
<b>Totals</b>					1,213,202	(329,927)		877,843	

(1) For FY 2008-09 only, per Agency staff estimates, the tax increment revenue includes adjustments to account for exemptions and supplementals projected by the County.

**Table 8-2**  
**Tax Increment Revenue Projection**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**  
**(000's Omitted)**

		18	19	20	21	22	23	24	25
		Existing Owner Occupied							
Plan Year	Fiscal Year	Real Propty Secured Value at 104%	Secured Increment Over Base \$29,611	Representative Tax Rate	Secured Taxes As Assessed <sup>1</sup>	3% Cap Reduction	Forecast Mar 09 Adjustment (Table 1)	Secured Net Property Tax <sup>1</sup>	Pr Year Tax plus 3%
23	2008-09	98,305	68,694	2.5428%	1,871	(538)		1,334	
24	2009-10	72,856	43,245	2.5256%	1,092	(143)	(186)	763	
25	2010-11	75,770	46,159	2.5080%	1,158	(372)		786	786
26	2011-12	78,801	49,190	2.4729%	1,216	(407)		810	810
27	2012-13	81,953	52,342	2.4688%	1,292	(458)		834	834
28	2013-14	85,231	55,620	2.4652%	1,371	(512)		859	859
29	2014-15	88,641	59,030	2.4617%	1,453	(568)		885	885
30	2015-16	92,186	62,575	2.4542%	1,536	(624)		911	911
31	2016-17	95,874	66,263	2.4230%	1,606	(667)		939	939
32	2017-18	99,709	70,098	2.3703%	1,662	(695)		967	967
33	2018-19	103,697	74,086	2.3703%	1,756	(760)		996	996
34	2019-20	107,845	78,234	2.3703%	1,854	(829)		1,026	1,026
35	2020-21	112,159	82,548	2.3703%	1,957	(900)		1,056	1,056
36	2021-22	116,645	87,034	2.3703%	2,063	(975)		1,088	1,088
37	2022-23	121,311	91,700	2.3703%	2,174	(1,053)		1,121	1,121
38	2023-24	126,163	96,552	2.3703%	2,289	(1,134)		1,154	1,154
39	2024-25	131,210	101,599	2.3703%	2,408	(1,219)		1,189	1,189
40	2025-26	136,458	106,847	2.3703%	2,533	(1,308)		1,225	1,225
41	2026-27	141,916	112,305	2.3703%	2,662	(1,401)		1,261	1,261
42	2027-28	147,593	117,982	2.3703%	2,797	(1,497)		1,299	1,299
43	2028-29	153,497	123,886	2.3703%	2,936	(1,598)		1,338	1,338
44	2029-30	159,637	130,026	2.3703%	3,082	(1,704)		1,378	1,378
45	2030-31	166,022	136,411	2.3703%	3,233	(1,814)		1,420	1,420
Totals					46,000	(21,176)		24,638	

(1) For FY 2008-09 only, per Agency staff estimates, the tax increment revenue includes adjustments to account for exemptions and supplementals projected by the County.

**Table 8-3  
Tax Increment Revenue Projection  
Las Vegas Redevelopment Project Area  
Las Vegas Redevelopment Agency  
(000's Omitted)**

		26	27	28	29	30
		New Commercial Construction (see Table 6)				
Plan Year	Fiscal Year	Real Propty Secured Value at 104%	Representative Tax Rate	Secured Tax Based on AV	6% Cap Reduction	Secured Tax from New Comm
23	2008-09					
24	2009-10					
25	2010-11	38,545	2.5080%	967	0	967
26	2011-12	60,908	2.4729%	1,520	0	1,520
27	2012-13	63,344	2.4688%	1,581	0	1,581
28	2013-14	65,878	2.4652%	1,644	0	1,644
29	2014-15	68,513	2.4617%	1,710	0	1,710
30	2015-16	71,254	2.4542%	1,778	0	1,778
31	2016-17	74,104	2.4230%	1,850	0	1,850
32	2017-18	77,068	2.3703%	1,924	0	1,924
33	2018-19	80,151	2.3703%	2,001	0	2,001
34	2019-20	83,357	2.3703%	2,081	0	2,081
35	2020-21	86,691	2.3703%	2,164	0	2,164
36	2021-22	90,159	2.3703%	2,250	0	2,250
37	2022-23	93,765	2.3703%	2,340	0	2,340
38	2023-24	97,516	2.3703%	2,434	0	2,434
39	2024-25	101,416	2.3703%	2,531	0	2,531
40	2025-26	105,473	2.3703%	2,633	0	2,633
41	2026-27	109,692	2.3703%	2,738	0	2,738
42	2027-28	114,080	2.3703%	2,847	0	2,847
43	2028-29	118,643	2.3703%	2,961	0	2,961
44	2029-30	123,388	2.3703%	3,080	0	3,080
45	2030-31	128,324	2.3703%	3,203	0	3,203
Totals				46,237	0	46,237

**Table 8-4**  
**Tax Increment Revenue Projection**  
**Las Vegas Redevelopment Project Area**  
**Las Vegas Redevelopment Agency**  
**(000's Omitted)**

		31	32	33	34	35
		New Owner Occupied (see Table 6)				
Plan Year	Fiscal Year	Real Propty Assessed Value at 104%	Representative Tax Rate	Secured Tax Based on AV	3% Cap Reduction	Secured Tax from New Comml
23	2008-09					
24	2009-10					
25	2010-11	2,402	2.5080%	60	0	60
26	2011-12	4,997	2.4729%	124	(1)	124
27	2012-13	5,197	2.4688%	129	(2)	128
28	2013-14	5,405	2.4652%	135	(3)	131
29	2014-15	5,621	2.4617%	140	(5)	135
30	2015-16	5,846	2.4542%	146	(6)	139
31	2016-17	6,080	2.4230%	151	(8)	144
32	2017-18	6,323	2.3703%	157	(10)	148
33	2018-19	6,576	2.3703%	164	(11)	152
34	2019-20	6,839	2.3703%	170	(13)	157
35	2020-21	7,112	2.3703%	177	(16)	162
36	2021-22	7,397	2.3703%	184	(18)	166
37	2022-23	7,693	2.3703%	192	(20)	171
38	2023-24	8,000	2.3703%	199	(23)	177
39	2024-25	8,320	2.3703%	207	(25)	182
40	2025-26	8,653	2.3703%	216	(28)	187
41	2026-27	8,999	2.3703%	224	(31)	193
42	2027-28	9,359	2.3703%	233	(34)	199
43	2028-29	9,734	2.3703%	242	(38)	205
44	2029-30	10,123	2.3703%	252	(41)	211
45	2030-31	10,528	2.3703%	262	(45)	217
Totals				3,766	(378)	3,388

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Appendix A

No Growth Scenario  
Tax Increment Projection

Downtown Las Vegas Redevelopment Project  
Las Vegas Redevelopment Agency

**Appendix A - No Growth Scenario  
Tax Increment Revenue Projection  
Las Vegas Redevelopment Project Area  
Las Vegas Redevelopment Agency  
(000's Omitted)**

		1	2	3	4	5	6	7	8	9
Plan	Fiscal	Existing Commercial Secured TI (Table A-1)	Existing Owner Occ Secured TI (Table A-2)	New Commercial Secured TI NA	Net Owner Occ Secured TI NA	Add Centrally Assessed Unitary	Add Unsecured Tax Increment	Total Tax Increment	Housing Set Aside -18%	Net After Housing
Year	Year									
23	2008-09	21,614	1,334			200	1,700	24,848	(4,473)	20,375
24	2009-10	19,732	763			200	1,700	22,395	(4,031)	18,364
25	2010-11	20,916	786			200	1,700	23,602	(4,248)	19,354
26	2011-12	22,171	810			200	1,700	24,881	(4,479)	20,402
27	2012-13	23,501	834			200	1,700	26,235	(4,722)	21,513
28	2013-14	24,912	859			200	1,700	27,671	(4,981)	22,690
29	2014-15	26,406	885			200	1,700	29,191	(5,254)	23,937
30	2015-16	27,991	911			200	1,700	30,802	(5,544)	25,258
31	2016-17	29,670	939			200	1,700	32,509	(5,852)	26,657
32	2017-18	29,919	967			200	1,700	32,786	(5,901)	26,884
33	2018-19	29,919	996			200	1,700	32,815	(5,907)	26,908
34	2019-20	29,919	1,025			200	1,700	32,844	(5,912)	26,932
35	2020-21	29,919	1,025			200	1,700	32,844	(5,912)	26,932
36	2021-22	29,919	1,025			200	1,700	32,844	(5,912)	26,932
37	2022-23	29,919	1,025			200	1,700	32,844	(5,912)	26,932
38	2023-24	29,919	1,025			200	1,700	32,844	(5,912)	26,932
39	2024-25	29,919	1,025			200	1,700	32,844	(5,912)	26,932
40	2025-26	29,919	1,025			200	1,700	32,844	(5,912)	26,932
41	2026-27	29,919	1,025			200	1,700	32,844	(5,912)	26,932
42	2027-28	29,919	1,025			200	1,700	32,844	(5,912)	26,932
43	2028-29	29,919	1,025			200	1,700	32,844	(5,912)	26,932
44	2029-30	29,919	1,025			200	1,700	32,844	(5,912)	26,932
45	2030-31	29,919	1,025			200	1,700	32,844	(5,912)	26,932
Totals		635,778	22,383	0	0	4,600	39,100	701,861	(126,335)	575,526

**Appendix A-1 - No Growth Scenario  
Tax Increment Revenue Projection  
Las Vegas Redevelopment Project Area  
Las Vegas Redevelopment Agency  
(000's Omitted)**

		10	11	12	13	14	15	16	17
		Existing Commercial Property							
Plan Year	Fiscal Year	Real Propty Secured Value at 100%	Secured Increment Over Base \$503,709	Representative Tax Rate	Secured Taxes As Assessed <sup>1</sup>	6% Cap Reduction	Forecast Mar 09 Adjustment (Table 1)	Secured Net Property Tax <sup>1</sup>	Pr Year Tax plus 6%
23	2008-09	1,672,261	1,168,552	2.5428%	30,210	(8,596)		21,614	
24	2009-10	1,765,951	1,262,241	2.5256%	31,879	(6,715)	(5,432)	19,732	
25	2010-11	1,765,951	1,262,241	2.5080%	31,657	(10,741)		20,916	20,916
26	2011-12	1,765,951	1,262,241	2.4729%	31,214	(9,043)		22,171	22,171
27	2012-13	1,765,951	1,262,241	2.4688%	31,162	(7,661)		23,501	23,501
28	2013-14	1,765,951	1,262,241	2.4652%	31,117	(6,205)		24,912	24,912
29	2014-15	1,765,951	1,262,241	2.4617%	31,073	(4,666)		26,406	26,406
30	2015-16	1,765,951	1,262,241	2.4542%	30,978	(2,987)		27,991	27,991
31	2016-17	1,765,951	1,262,241	2.4230%	30,584	(914)		29,670	29,670
32	2017-18	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,450
33	2018-19	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
34	2019-20	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
35	2020-21	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
36	2021-22	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
37	2022-23	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
38	2023-24	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
39	2024-25	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
40	2025-26	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
41	2026-27	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
42	2027-28	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
43	2028-29	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
44	2029-30	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
45	2030-31	1,765,951	1,262,241	2.3703%	29,919	0		29,919	31,714
<b>Totals</b>					698,738	(57,528)		635,778	

(1) For FY 2008-09 only, per Agency staff estimates, the tax increment revenue includes adjustments to account for exemptions and supplementals projected by the County.

**Appendix A-2 - No Growth Scenario  
Tax Increment Revenue Projection  
Las Vegas Redevelopment Project Area  
Las Vegas Redevelopment Agency  
(000's Omitted)**

	18	19	20	21	22	23	24	25	
Existing Owner Occupied									
Plan Year	Fiscal Year	Real Propty Secured Value at 100%	Secured Increment Over Base \$29,611	Representative Tax Rate	Secured Taxes As Assessed <sup>1</sup>	3% Cap Reduction	Forecast Mar 09 Adjustment (Table 1)	Secured Net Property Tax <sup>1</sup>	Pr Year Tax plus 3%
23	2008-09	98,305	68,694	2.5428%	1,871	(538)		1,334	
24	2009-10	72,856	43,245	2.5256%	1,092	(143)	(186)	763	
25	2010-11	72,856	43,245	2.5080%	1,085	(299)		786	786
26	2011-12	72,856	43,245	2.4729%	1,069	(260)		810	810
27	2012-13	72,856	43,245	2.4688%	1,068	(234)		834	834
28	2013-14	72,856	43,245	2.4652%	1,066	(207)		859	859
29	2014-15	72,856	43,245	2.4617%	1,065	(180)		885	885
30	2015-16	72,856	43,245	2.4542%	1,061	(150)		911	911
31	2016-17	72,856	43,245	2.4230%	1,048	(109)		939	939
32	2017-18	72,856	43,245	2.3703%	1,025	(58)		967	967
33	2018-19	72,856	43,245	2.3703%	1,025	(29)		996	996
34	2019-20	72,856	43,245	2.3703%	1,025	0		1,025	1,026
35	2020-21	72,856	43,245	2.3703%	1,025	0		1,025	1,056
36	2021-22	72,856	43,245	2.3703%	1,025	0		1,025	1,056
37	2022-23	72,856	43,245	2.3703%	1,025	0		1,025	1,056
38	2023-24	72,856	43,245	2.3703%	1,025	0		1,025	1,056
39	2024-25	72,856	43,245	2.3703%	1,025	0		1,025	1,056
40	2025-26	72,856	43,245	2.3703%	1,025	0		1,025	1,056
41	2026-27	72,856	43,245	2.3703%	1,025	0		1,025	1,056
42	2027-28	72,856	43,245	2.3703%	1,025	0		1,025	1,056
43	2028-29	72,856	43,245	2.3703%	1,025	0		1,025	1,056
44	2029-30	72,856	43,245	2.3703%	1,025	0		1,025	1,056
45	2030-31	72,856	43,245	2.3703%	1,025	0		1,025	1,056
Totals					24,776	(2,207)		22,383	

(1) For FY 2008-09 only, per Agency staff estimates, the tax increment revenue includes adjustments to account for exemptions and supplementals projected by the County.

**APPENDIX H**  
**REDEVELOPMENT ARE TREND ANALYSIS**

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# REDEVELOPMENT AREA TREND ANALYSIS

February 2009

PREPARED FOR THE:



CITY OF LAS VEGAS  
REDEVELOPMENT AGENCY

PREPARED BY:



[www.rcg1.com](http://www.rcg1.com)

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February 18, 2009

Ms. Elizabeth N. Fretwell  
Executive Director of the Redevelopment Agency  
City of Las Vegas  
400 Stewart Ave., 8<sup>th</sup> Floor  
Las Vegas, NV 89101

*Re: Redevelopment Area Trend Analysis*

Dear Ms. Fretwell:

Restrepo Consulting Group LLC ("RCG") is pleased to submit this report to the City of Las Vegas/Redevelopment Agency ("the City") that provides an analysis of economic, demographic and real estate trends in the Las Vegas Redevelopment Area ("RDA") and the Las Vegas Valley ("the Valley").

The report analyzes current and anticipated trends in the RDA and the Valley, and discusses a variety of fundamental market and economic indicators driving the RDA and Valley's economies and development activity.

This report is comprised of the following components:

- I. Historical Trends Analysis
- II. 2009 Forecast

***Standard Assumptions***

This work scope was performed according to the "*Standard Assumptions & Limiting Conditions*" detailed in the attachment to this letter.

***Use & Nature of Report & Methodologies***

The distribution of the report is limited to the City. If the City intends to reproduce and distribute the report, it must be reproduced in its entirety. If it intends to include the report in a document used for the offering of securities, the City agrees: (1) to provide RCG with a representation letter; (2) that legal counsel will have advised it before the offering is made; (3) that the offering document complies with all applicable local (Clark County, City of Las Vegas jurisdictions and regional agencies), State of Nevada and federal legal requirements; and (4) that no reference will be made to our name in any promotional or offering materials without first furnishing us a draft of the materials and then obtaining our written consent.

The results of RCG's services under this engagement are the property of the City. Copies of all documents including writings and computer or machine-readable data, which describe or relate to the services performed pursuant to this consulting assignment, or the results thereof, are the property of the City and will be provided upon request. However, the City will not provide RCG's Inventions and Works to any third party or use the same for the benefit of any third party, except with the prior written consent of RCG.

The report is in the form of an Executive Summary, along with appropriate tables, graphs and maps. RCG is not responsible for statements or interpretations made by the City relating to the report.

Ms. Elizabeth N. Fretwell  
February 18, 2009  
Page 2

If you have any questions, please contact John Restrepo at 702-967-3188. Thank you for giving us the opportunity to assist you on this assignment.

Regards,

A handwritten signature in blue ink that reads "Restrepo Consulting Group LLC". The signature is written in a cursive, flowing style.

Restrepo Consulting Group, LLC

Attachment

**APPENDIX  
STANDARD ASSUMPTIONS & LIMITING CONDITIONS**

1. Restrepo Consulting Group LLC (“RCG”) prepared, from third-party information collected by RCG, as well as our internal econometric models and databases, this trend analysis for the RDA and the Valley.
2. The City is responsible for representations about its plans and expectations and for disclosure of significant information that might affect the ultimate realization of the analyses’ results.
3. The results of RCG’s analyses apply only to the effective date of our quarterly reports. The success of the City’s plans will be affected by many related and unrelated economic conditions within a local, regional, national and/or world context. We assume no liability for an unforeseen change in the economy. Accordingly, we have no responsibility to update our report for events and circumstances occurring after the date of our reports.
4. If our quarterly reports are reproduced by the City, they must be reproduced in their entirety and show RCG as the source, including RCG’s website – [www.rcg1.com](http://www.rcg1.com).
5. RCG will make no representation or warranty as to the accuracy or completeness of the third party information contained in our report, and shall have no liability for any representations (expressed or implied) contained in, or for any omissions from, our materials.
6. The working papers for this consulting assignment will be retained in RCG’s files and will be made available for your reference. We will be available to support the analyses, as required.
7. Any and all maps, charts or photographs that are incorporated into our reports are for illustrative purposes only, but are not guaranteed to be exact. Dimensions and descriptions are based on public records and/or information furnished by others and are not meant to be used as a reference in legal matters of survey.
8. The City’s business planning decisions are assumed to be implemented by competent management and are in responsible hands.
9. We did not perform an audit, review or examination or any other attest function (as defined by the AICPA) regarding any of the third-party historical market, gaming financial benchmarks or demographic information used or included in the report; therefore, RCG does not express any opinion or any other form of assurance with regard to the same, in the context of our reports.

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**SECTION I**

**HISTORICAL TRENDS ANALYSIS**

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### I. HISTORICAL TRENDS ANALYSIS

#### A. INTRODUCTION AND METHODOLOGY

This report has been prepared by Restrepo Consulting Group LLC (“RCG”) at the request of the City of Las Vegas (“the City”) to describe and analyze historical (2005-2008) and future (2009) economic, demographic and real estate trends in the Las Vegas Redevelopment Area (“RDA” or “Downtown”) and the Las Vegas Valley (“the Valley”). We have segmented the report into two sections as described below. The report is an overview of general economic and development trends. It is not meant to be an exhaustive analysis of detailed supply-demand, gaming revenue or real estate pricing patterns in the RDA and the Valley.

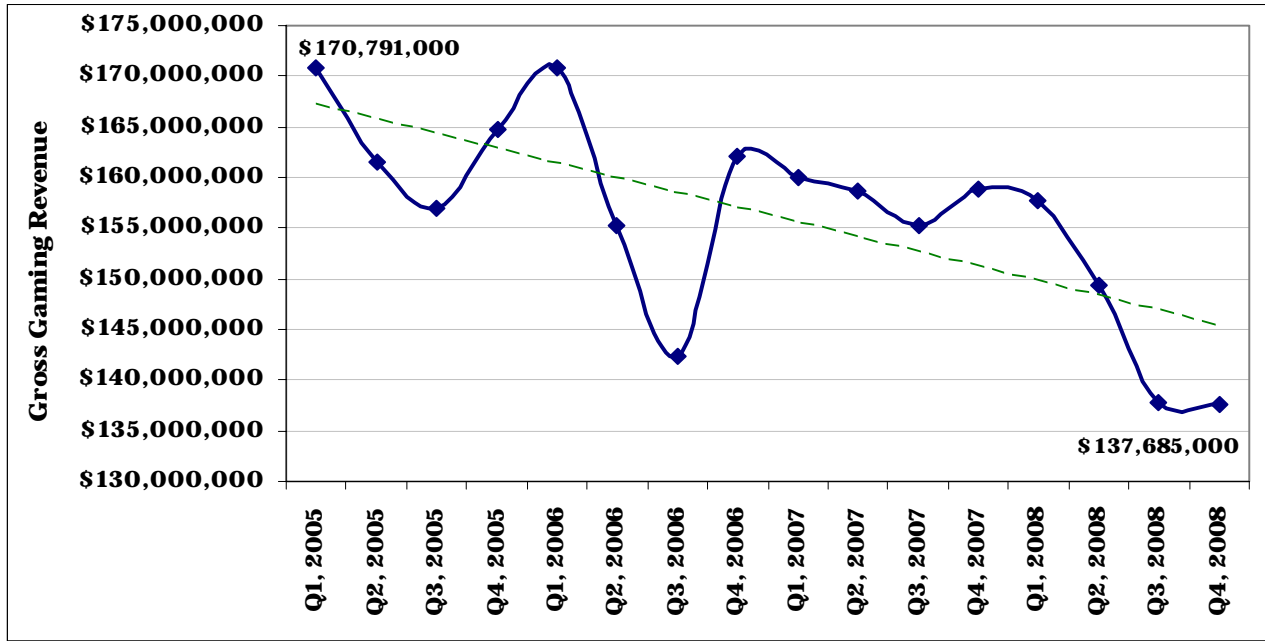
Section 1 of the report provides a historical context and analysis of these trends. This section includes a variety of fundamental market and economic indicators driving the RDA and Valley’s economies and development activity. The analysis herein is largely based on data currently provided by RCG to the City in a time series (4 years/16 quarters) of quarterly factsheets. Specifically, the trend data in this report are based on the information included in the *Quarterly Fact Sheets* produced by RCG for the RDA from Q1, 2005 through Q4, 2008, which include:

- Market data for the entire RDA area with the focus being on the Downtown
- Trends for Residential, Office, Retail and Industrial submarkets
- Residential information relative to the fiscal health of the RDA
- Gaming and other public and private revenues for the RDA downtown area

**B. GAMING AND TOURISM TRENDS**

***Downtown Trends***

**CHART I-1: DOWNTOWN HISTORICAL GROSS GAMING REVENUES, BY QUARTER**

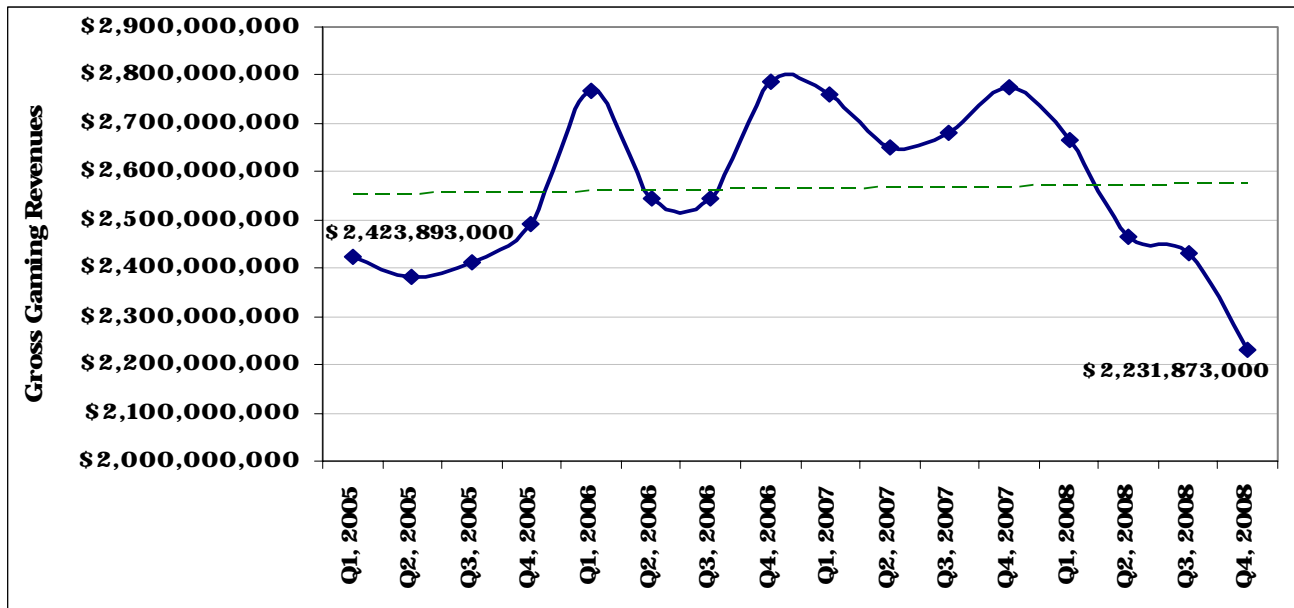


Source: LVCVA.

- Downtown’s gross gaming revenues were declining by 1.3 percent per quarter between Q1, 2005 and Q4, 2008 (“study period”).
- In Q4, 2008, Downtown’s gaming revenues totaled \$137,685,000, which represented the fourth quarter in a row in which gaming revenues declined.
- Downtown’s gaming revenues as a percent of Clark County revenues declined from 7 percent in Q1, 2005 to 6.2 percent in Q4, 2008.

**Clark County Trends**

**CHART I-2: CLARK COUNTY HISTORICAL GROSS GAMING REVENUES, BY QUARTER**

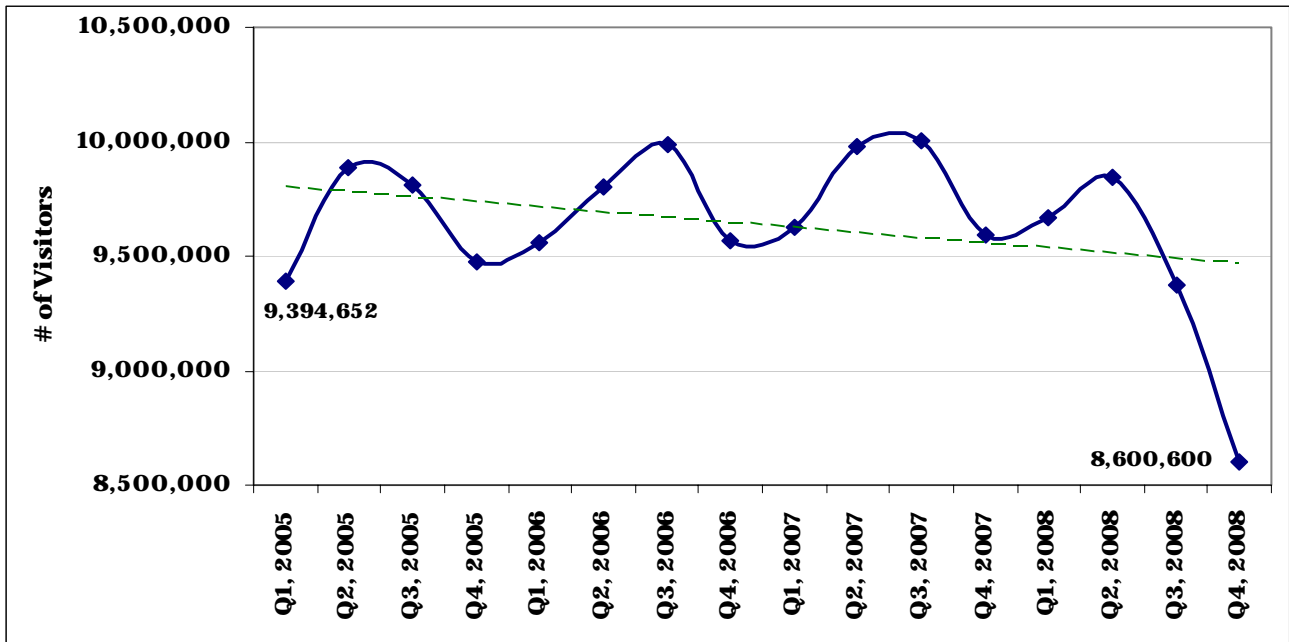


Source: LVCVA.

- Clark County’s gross gaming revenues declined slightly by 0.5 percent per quarter during the study period.
- In Q4, 2008, Clark County’s gaming revenues totaled \$2,231,873,000, which represented the fourth quarter in a row in which gaming revenues decreased.
- On an annual basis, Clark County’s gross gaming revenues in 2008 were approximately 9.9 percent lower than 2007 gaming revenues.
- Gaming revenues, county-wide, saw an upward trend starting in Q1, 2005, reached a peak of \$2,775,999,000 in Q4, 2007, and has since dropped significantly.

**Las Vegas Visitation Trends**

**CHART I-3: LAS VEGAS HISTORICAL VISITATION TRENDS, BY QUARTER**

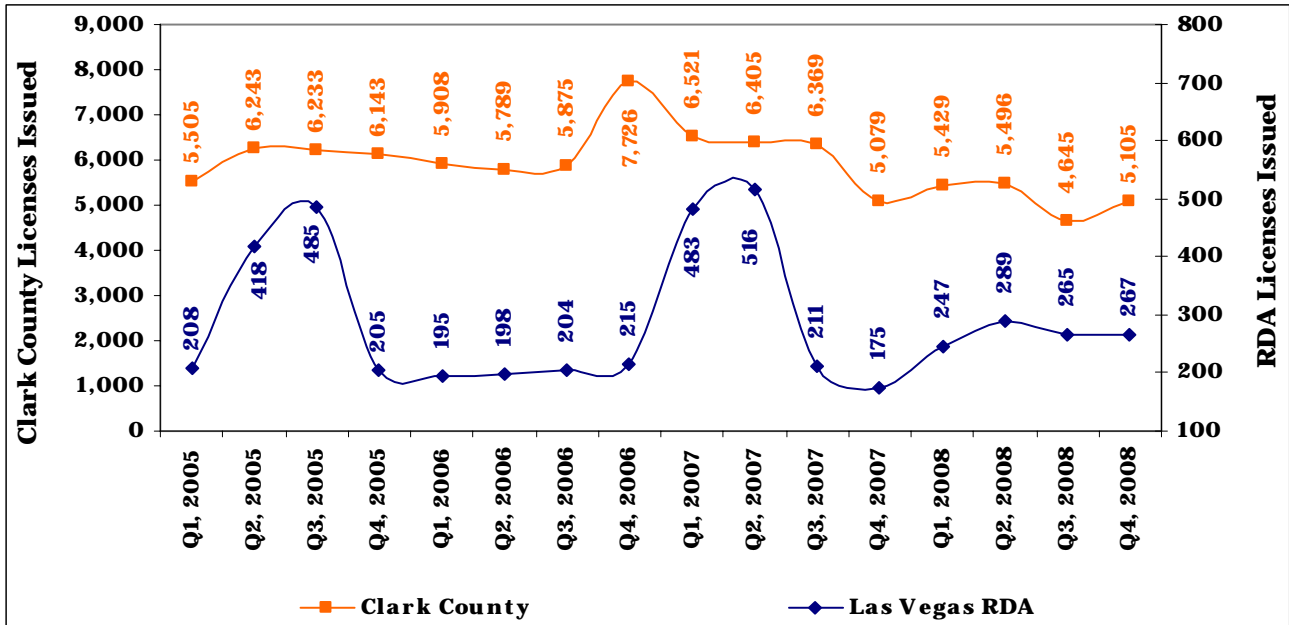


Source: LVCVA.

- During the study period, Las Vegas visitor volume declined by 0.6 percent per quarter, from 9,394,652 in Q1, 2005 to 8,600,600 in Q4, 2008.
- Visitation to Las Vegas in 2008 was down 4.4 percent when compared to 2007.

**C. BUSINESS LICENSE ACTIVITY**

**CHART I-4: RDA AND CLARK COUNTY BUSINESS LICENSES ISSUED, BY QUARTER**



Source: Various local jurisdictions.

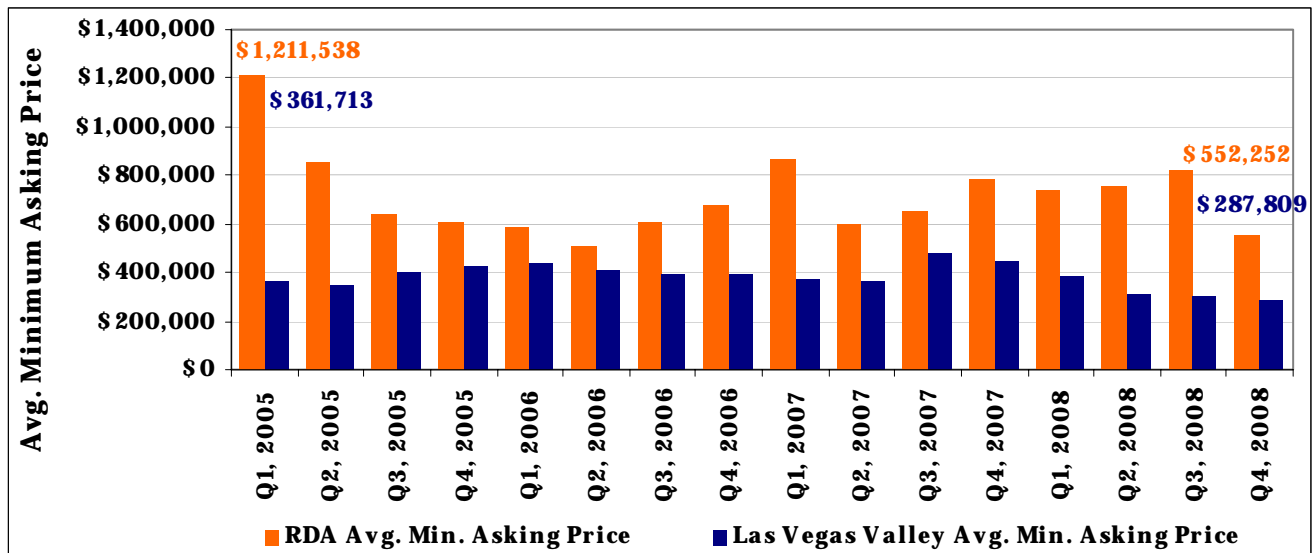
- Licenses issued for the RDA rose from 208 in Q1, 2005 to 267 in Q4, 2008. During the same period, Clark County’s licenses issued decreased from 5,505 in Q1, 2005 to 5,105 in Q4, 2008.
- Total active licenses in the RDA dropped slightly by 0.5 percent, from 6,007 in Q1, 2005 to 5,979 in Q4, 2008. Over the same period, total active licenses in Clark County jumped by 10.9 percent, from 108,578 in Q1, 2005 to 120,405 in Q4, 2008.

**D. RESIDENTIAL TRENDS**

**New For-Sale Housing**

**Average Minimum Asking Price**

**CHART I-5: RDA AND LAS VEGAS VALLEY AVERAGE MINIMUM ASKING PRICE, BY QUARTER**

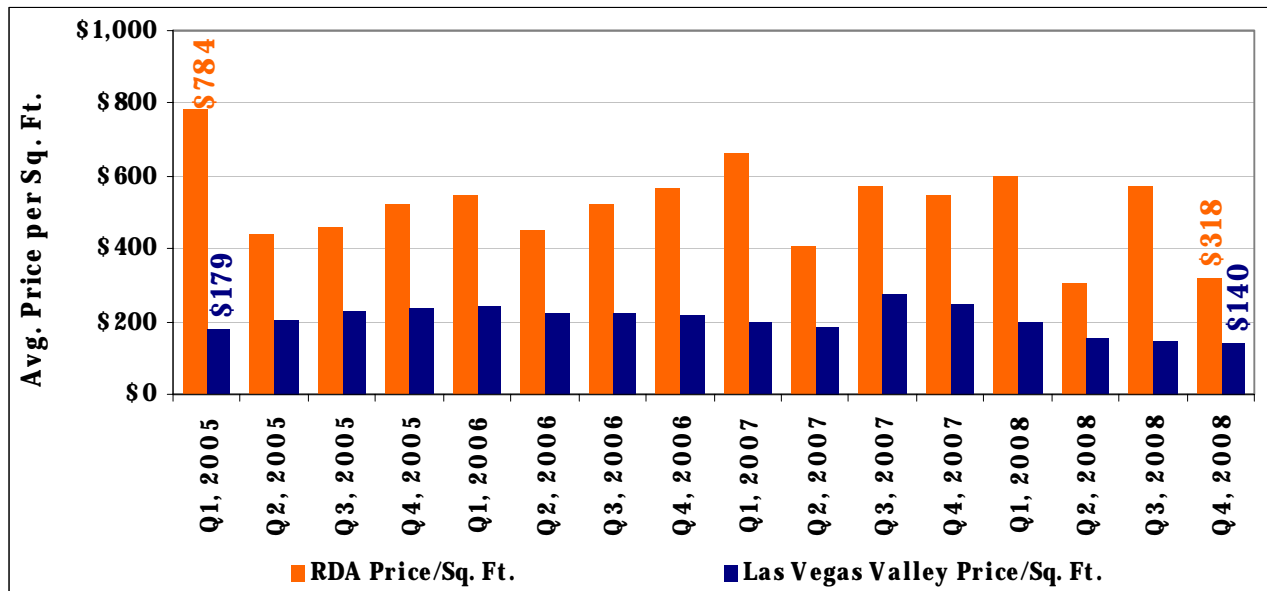


Source: Hanley Wood Market Intelligence. RCG.

- Downtown has not gone untouched by the economic recession that Southern Nevada and the nation are experiencing. During the study period, the RDA’s average minimum asking price for new housing declined by 4.8 percent per quarter, from \$1,211,538 in Q1, 2005 to \$552,252 in Q4, 2008. The significant decline seen in RDA prices during the last 4 years is principally due to the economic recession, the high rise nature of the residential projects built Downtown and the “froth” resulting from the over-hyped depth of the luxury high rise market in the Valley during the period.
- According to Hanley Wood Market Intelligence (“HWI”), as of 12/31/2008, minimum asking prices for Downtown high-rise projects ranged from \$350,000 (Newport Lofts) to \$779,000 (Streamline Tower) for regular units and from \$1,025,890 (Allure) to \$5,176,000 (Soho Lofts) for penthouses.
- The Valley’s average minimum asking price dropped by 1.4 percent per quarter, from \$361,713 in Q1, 2005 to \$287,809 in Q4, 2008. Unlike Downtown, most of the housing built around the Valley during the period was more traditional low rise single and multifamily units.

**Average Price per Square Foot**

**CHART I-6: RDA AND LAS VEGAS VALLEY AVERAGE PRICE PER SQ. FT., BY QUARTER**

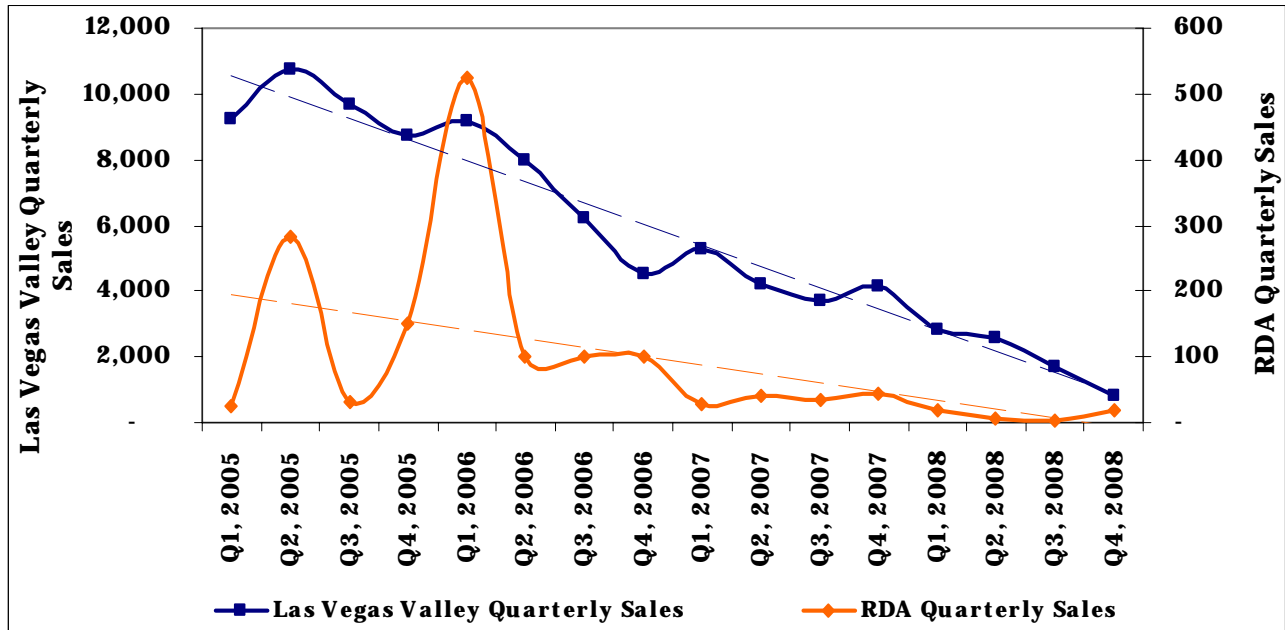


Source: Hanley Wood Market Intelligence. RCG.

- The RDA’s average price per square foot (“sq. ft.”) for new houses decreased by 5.5 percent per quarter, from \$784 in Q1, 2005 to \$318 in Q4, 2008. For the period, the Valley’s average price per sq. ft. dropped by 1.5 percent per quarter, from \$179 in Q1, 2005 to \$140 in Q4, 2008.

**Quarterly Sales**

**CHART I-7: RDA AND LAS VEGAS VALLEY QUARTERLY SALES, BY QUARTER**

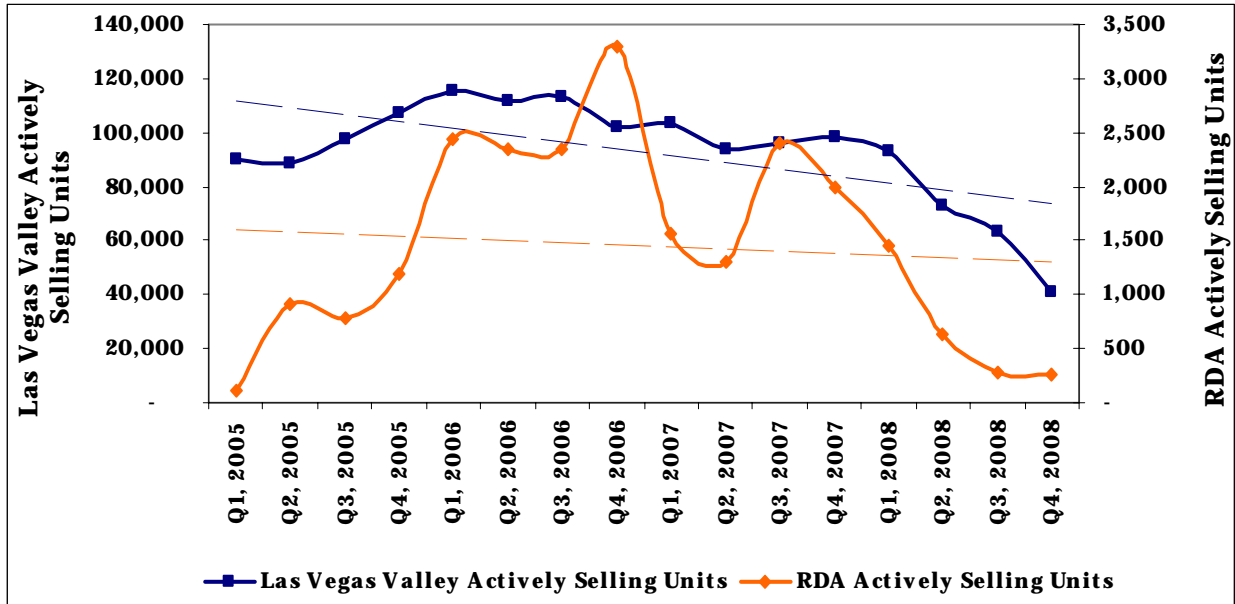


Source: Hanley Wood Market Intelligence. RCG.

- During the 16-quarter period, the RDA’s quarterly sales averaged 94 transactions. Quarterly sales in the RDA declined by 2 percent per quarter, from 25 in Q1, 2005 to 18 in Q4, 2008. Downtown experienced a peak of sales activity in Q1, 2006, with 526 sales that quarter.
- The Valley’s quarterly sales dropped by 14.3 percent per quarter, from 9,241 in Q1, 2005 to 788 in Q4, 2008. The Valley’s peak quarter was Q2, 2005 at just under 11,000 units.

**Actively Selling Units** (Projects that have released pricing and units are selling.)

**CHART I-8: RDA AND LAS VEGAS VALLEY ACTIVELY SELLING UNITS, BY QUARTER**

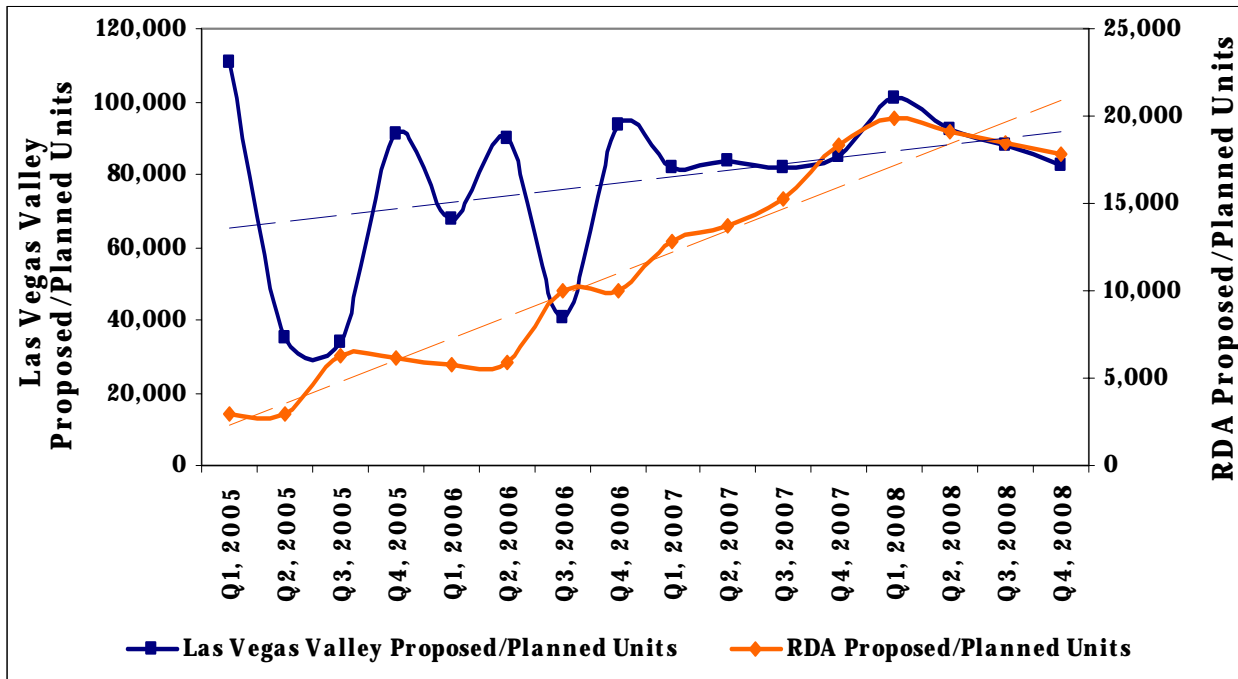


Source: Hanley Wood Market Intelligence. RCG.

- The RDA’s actively selling units rose from 120 in Q1, 2005 to 268 in Q4, 2008, or by 5.2 percent per quarter. The largest number of actively selling units in the Downtown area occurred in Q4, 2006 (3,292 units).
- The Valley’s actively selling units decreased by 4.8 percent per quarter, from 89,868 in Q1, 2005 to 40,964 in Q4, 2008.

**Proposed/Planned Units**

**CHART I-9: RDA AND LAS VEGAS VALLEY PROPOSED/PLANNED UNITS, BY QUARTER**

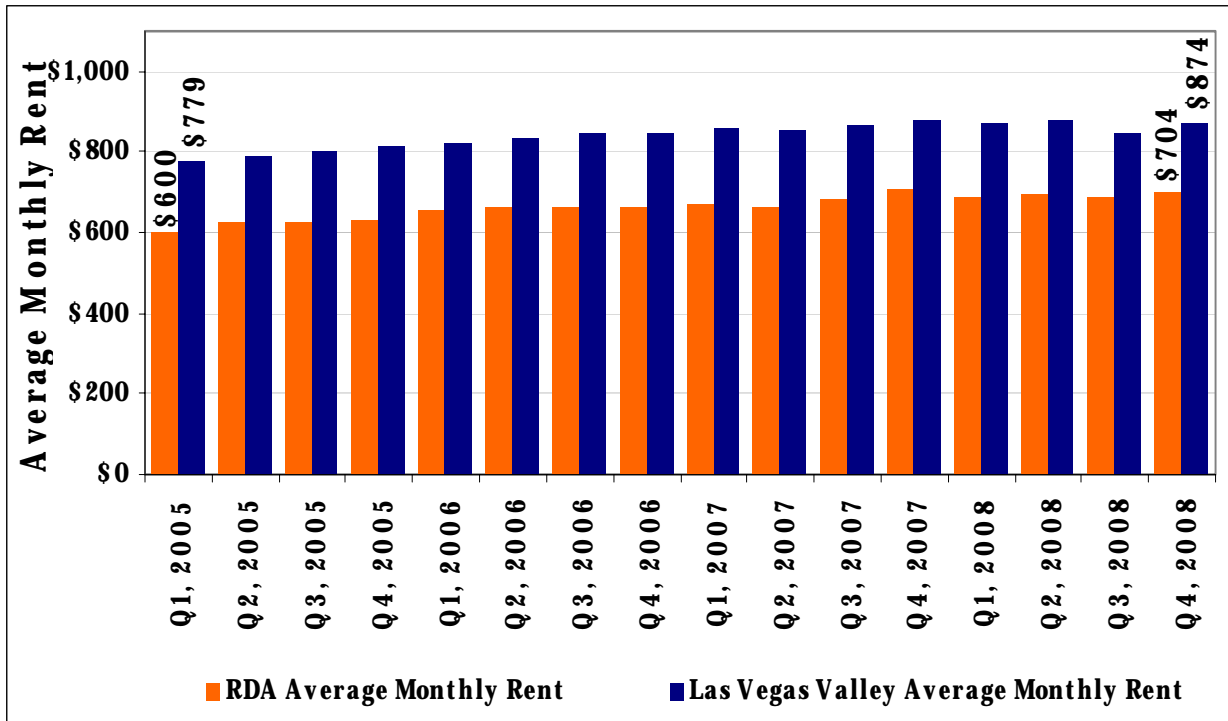


Source: Hanley Wood Market Intelligence. Salestraq. City of Las Vegas – Office of Business Development. RCG.

- Based on the data provided by the City of Las Vegas, HWI and Salestraq, the number of proposed/planned units in the RDA jumped from 2,990 in Q1, 2005 to 17,817 in Q4, 2008. The majority of units proposed in Downtown are attached units. This planned inventory demonstrates the continued interest by developers in the Downtown area. It provides an excellent opportunity for housing near major employment centers and entertainment clusters, like Downtown and the Las Vegas Strip despite the current recession. *Note: These data were time-adjusted by RCG to account for HWI's and Salestraq's data reporting lags.*
- During the same period, the Valley's proposed units plummeted by nearly 26 percent from 110,532 in Q1, 2005 to 82,230 units in Q4, 2008.
- These numbers show that Downtown continues to be an attractive housing option for Las Vegas residents and second homebuyers.

***Apartments***

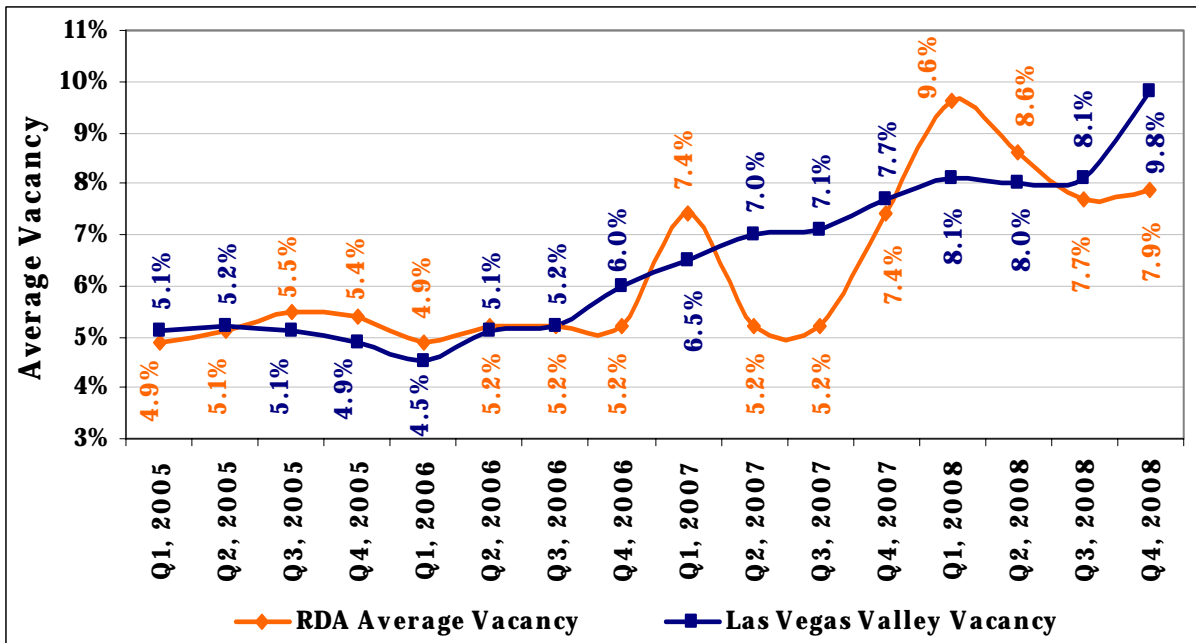
**CHART I-10: RDA AND LAS VEGAS VALLEY APARTMENT MONTHLY RENT, BY QUARTER**



Source: UNLV Center of Business and Economic Research. RCG.

- During the last 4 years, the average monthly apartment rent Downtown increased by \$104, or by 1 percent per quarter, from \$600 in Q1, 2005 to \$704 in Q4, 2008. This trend indicates a steady demand for rental housing in the RDA.
- The Valley’s average apartment monthly rent rose by \$95, or by 0.7 percent a quarter, from \$779 in Q1, 2005 to \$874 in Q4, 2008. A rising demand for rental housing is also one of the consequences of the recession, and the continuing wave of foreclosures that the Valley is experiencing.

**CHART I-11: RDA AND LAS VEGAS VALLEY APARTMENT VACANCY, BY QUARTER**



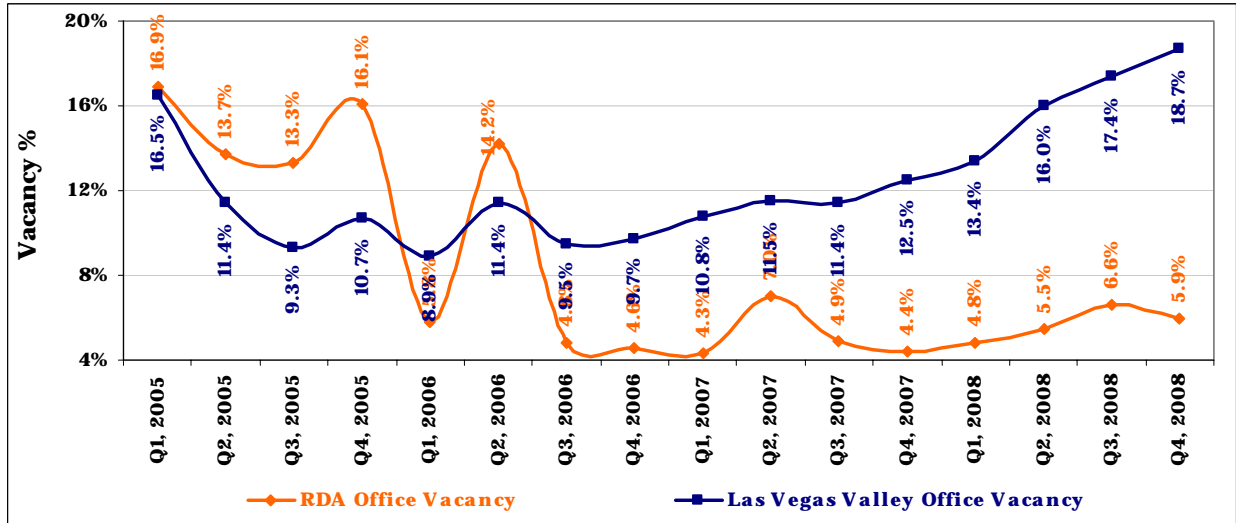
Source: UNLV Center of Business and Economic Research. RCG.

- During the 16-quarter period, the RDA’s apartment vacancy increased from 4.9 percent in Q1, 2005 to 7.9 percent in Q4, 2008.
- The Valley’s apartment vacancy rose from 5.1 percent in Q1, 2005 to 9.8 percent in Q4, 2008.
- Both the Downtown and Valley apartment markets have been adversely impacted by the recession and foreclosure crisis, which have added a large number of single family units to the rental stock.

**E. COMMERCIAL TRENDS**

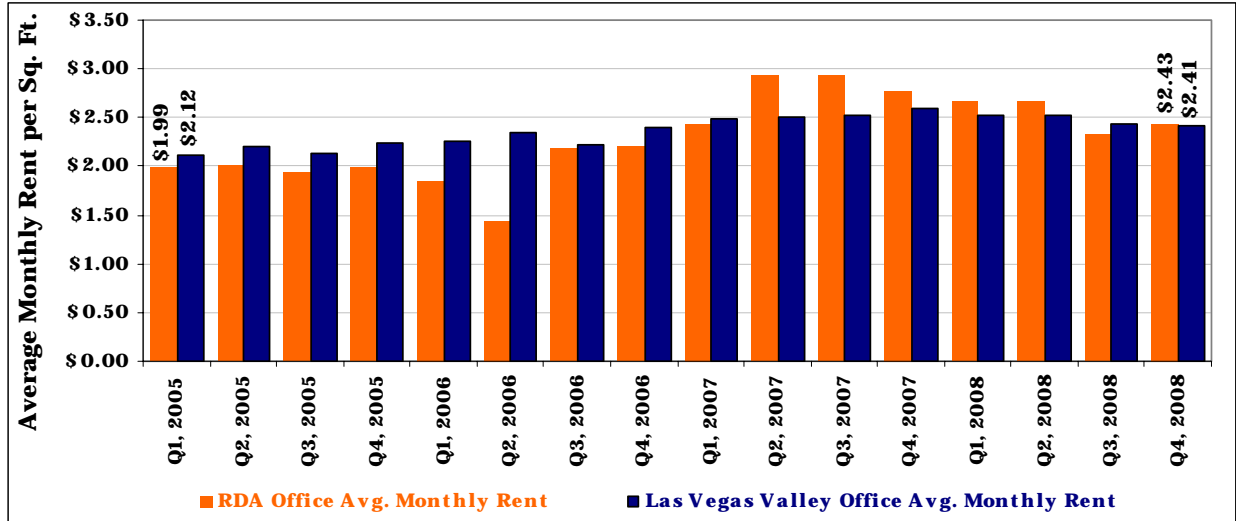
**Office Submarket**

**CHART I-12: RDA AND LAS VEGAS VALLEY OFFICE VACANCY RATE, BY QUARTER**



Source: Q4, 2008 Office Market Survey (RCG/Colliers International).

**CHART I-13: RDA AND LAS VEGAS VALLEY OFFICE AVERAGE MONTHLY RENT, BY QUARTER**



Source: Q4, 2008 Office Market Survey (RCG/Colliers International).

## **RDA TREND ANALYSIS**

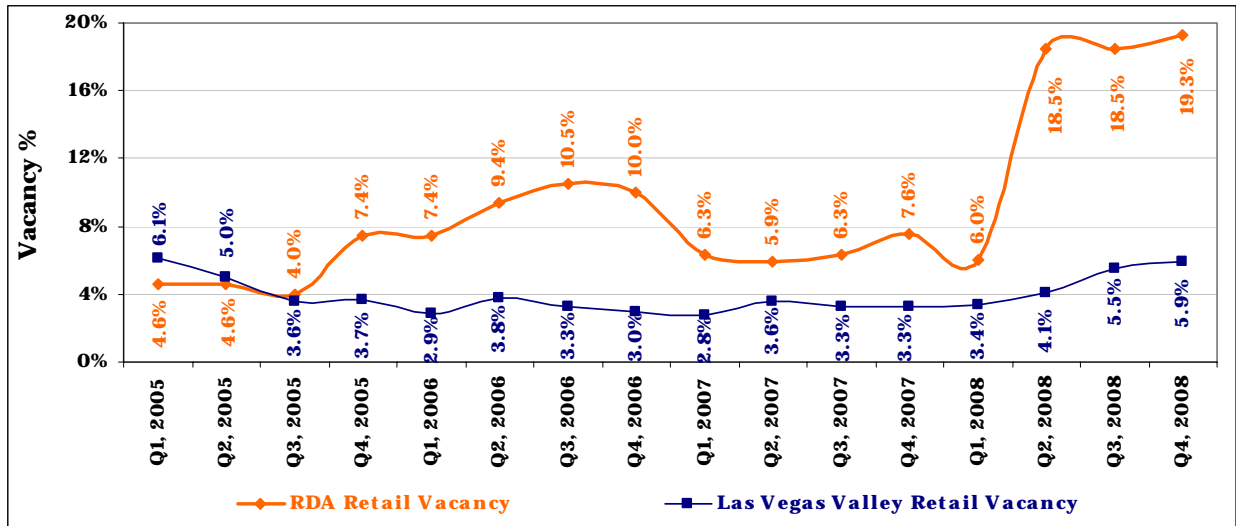
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- The RDA's speculative, multi-tenant office inventory jumped from 2,127,301 sq. ft. in Q1, 2005 to 2,527,844 sq. ft. in Q4, 2008, or by 18.8 percent. At the end of 2008, the RDA's office market represented 6.4 percent of the Valley's total office inventory.
- Speculative office employment in the RDA rose from 10,103 in Q1, 2005 to 13,587 in Q4, 2008, a difference of 3,484 new jobs.
- The RDA's office vacancy plummeted from 16.9 percent in Q1, 2005 to 5.9 percent in Q4, 2008. The average monthly lease rent per sq. ft. (full-service gross) spiked from \$1.99 to \$2.43, or by 21.9 percent. Clearly, the demand for office space in the Downtown area remains very strong because of the location of the Federal, state and local court system in the area, as well as, the location of Downtown at the Valley's core.
- The Valley's office vacancy increased from 16.5 percent in Q1, 2005 to 18.7 percent in Q4, 2008. The average monthly lease rent per sq. ft. (full-service gross) rose from \$2.12 to \$2.41 over the same period, a difference of 13.7 percent.

**NOTE: Commercial (office, retail and industrial) rents in this report are based on quoted published rents for the remaining available space in projects. Rents herein are not based on actual leases, which are typically kept confidential.**

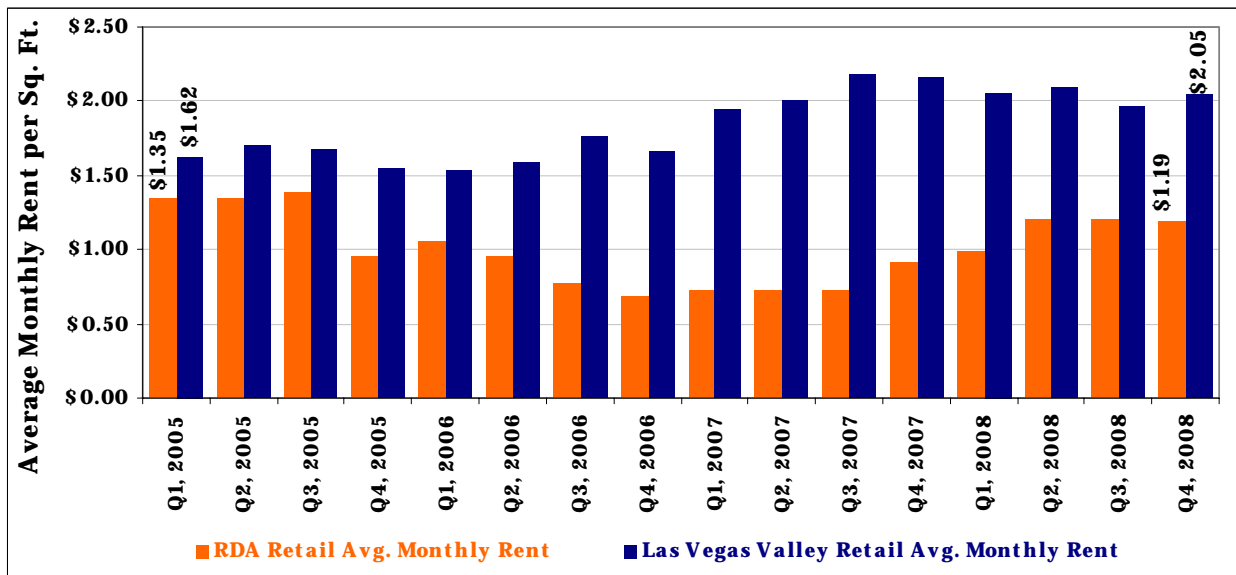
**Retail Submarket**

**CHART I-14: RDA AND LAS VEGAS VALLEY RETAIL VACANCY RATE, BY QUARTER**



Source: Q4, 2008 Retail Market Survey (RCG/Colliers International).

**CHART I-15: RDA AND LAS VEGAS VALLEY RETAIL AVERAGE MONTHLY RENT, BY QUARTER**



Source: Q4, 2008 Retail Market Survey (RCG/Colliers International).

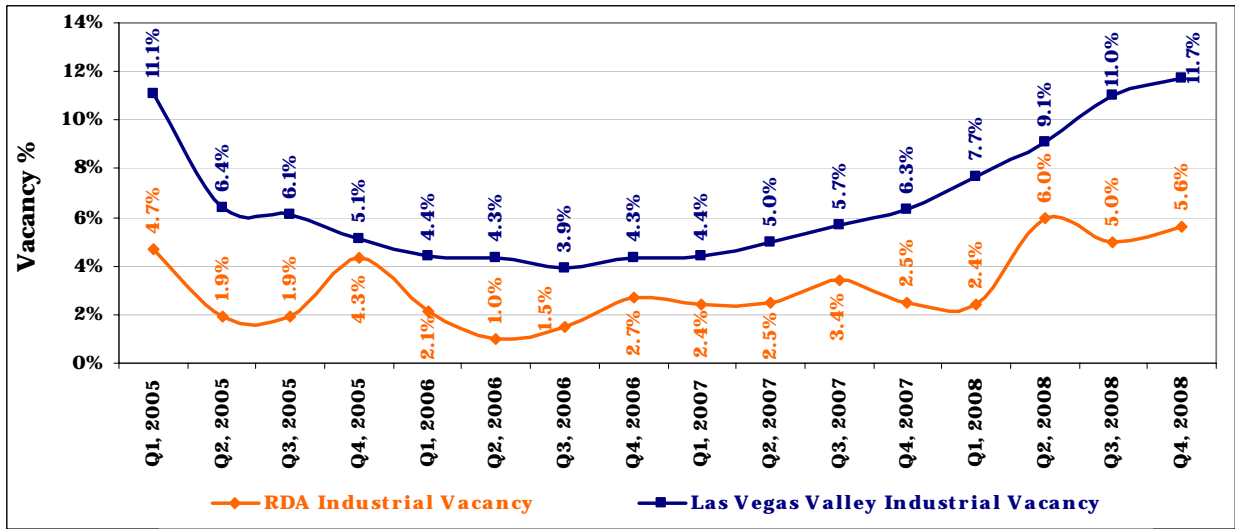
## RDA TREND ANALYSIS

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- Anchored retail center inventory in the RDA jumped from 628,988 sq. ft. in Q1, 2005 to 724,888 sq. ft. in Q4, 2008, or by 15.2 percent. This is a clear indication of the interest of retail developers regarding the future potential of Downtown as a thriving retail district. It also speaks well of the City's redevelopment efforts.
- At the end of 2008, the RDA's anchored centers represented 1.8 percent of the Valley's retail inventory.
- Retail employment in the RDA remained essentially stable over the 16-quarter period (approximately 1,300 employees).
- The current recession and a lack of quality retail space, the RDA had one of the Valley's highest vacancy rates for anchored strip centers at the end of 2008. The RDA's retail vacancy spiked from 4.6 percent in Q1, 2005 to 19.3 percent in Q4, 2008. The average monthly rent per sq. ft. (NNN) decreased from \$1.35 to \$1.19, or by 11.9 percent.
- Since the Las Vegas Premium Outlets mall is not classified as an anchored retail center, its numbers are not included in the RCG-CI quarterly surveys. If it were, it would dramatically lower the area's retail vacancy and increase the reported average rent substantially, because the project is virtually at full occupancy. Adding the mall, reduces the RDA Q4, 2008 retail vacancy to approximately 12 percent.
- The Valley's retail vacancy decreased from 6.1 percent in Q1, 2005 to 5.9 percent in Q4, 2008. The average monthly lease rent per sq. ft. (NNN) rose from \$1.62 to \$2.05 over the same period, or by 26.5 percent.

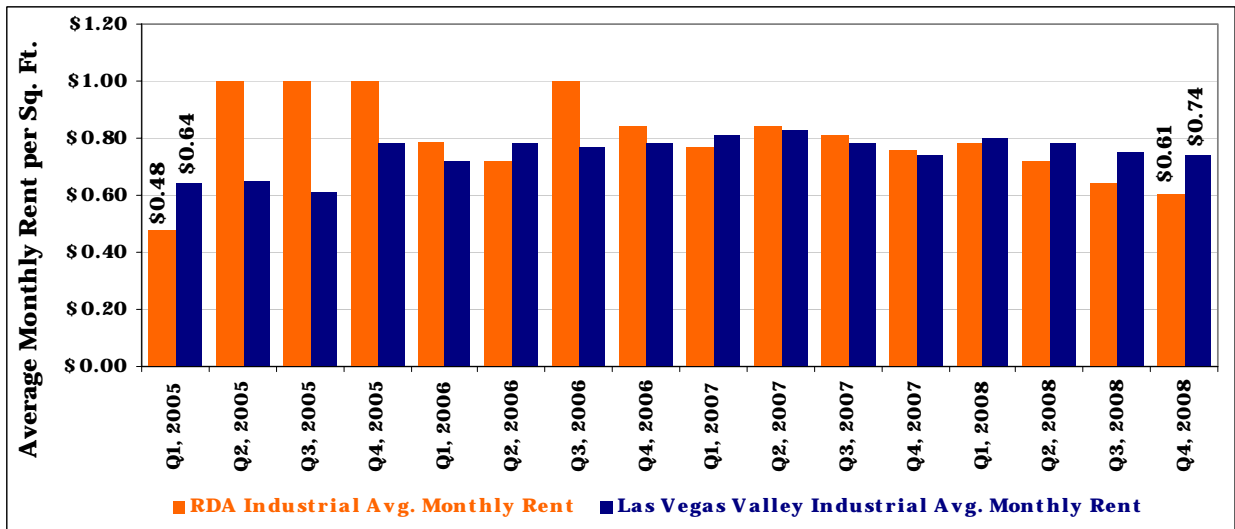
**Industrial Submarket**

**CHART I-16: RDA AND LAS VEGAS VALLEY INDUSTRIAL VACANCY RATE, BY QUARTER**



Source: Q4, 2008 Industrial Market Survey (RCG/Colliers International).

**CHART I-17: RDA AND LAS VEGAS VALLEY INDUSTRIAL AVERAGE MONTHLY RENT, BY QUARTER**



Source: Q4, 2008 Industrial Market Survey (RCG/Colliers International).

- The RDA experienced an incredible 234.2 percent rise in industrial inventory (from 1,477,722 sq. ft. in Q1, 2005 to 4,938,437 sq. ft. in Q4, 2008). During this period, industrial employment spiked from 3,130 to 8,473 employees, a difference of 170.7 percent.
- The RDA's industrial vacancy increased slightly from 4.7 percent in Q1, 2005 to 5.6 percent in Q4, 2008. The average monthly lease rent per sq. ft. (NNN) in the RDA rose from \$0.48 to \$0.61, or by 26.5 percent.
- The Valley's industrial vacancy moved from 11.1 percent in Q1, 2005 to 11.7 percent in Q4, 2008. The average monthly lease rent per sq. ft. (NNN) increased from \$0.64 to \$0.74 over the same period, or by 15.1 percent.

### **F. CONCLUSIONS**

The Valley and Downtown economies and real estate markets have evolved dramatically during the last 20 years. Today, Downtown remains an important gaming market in Clark County (6.2 percent of Clark County's gaming revenues at the end of 2008). The RDA's office and industrial markets have performed very well during the last 4 years compared to the Valley. This is most striking regarding the relative performance of the office market.

The anchored retail market in the RDA makes up only 1.8 percent of the Valley's total anchored retail inventory. Additionally, the quality of space Downtown (except for the outlet mall) is generally lower than what is seen in other areas of the Valley. Accordingly, Downtown is more susceptible to market fluctuations.

On the residential side, Downtown Las Vegas is positioning itself to receive a large share of the planned luxury condo developments (high-rise and mid-rise) potentially coming to the Valley. However, at this time, this market is in the doldrums, because of the recession, the collapse of the housing market in Southern Nevada and the unrealistic expectations of some developers and lenders regarding the depth of the luxury condo market.

**SECTION II**

**2009 FORECAST**

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### II. 2009 FORECAST

#### A. INTRODUCTION AND METHODOLOGY

This section of the report includes an analysis of future real estate trends that might influence RDA assessed property values which, in turn, could impact the amount of property taxes collected in the RDA.

RCG's analysis includes a one-year projection through the end of 2009. For the purposes of this analysis, historical data and trends were used to identify appropriate forecasting methods. A sensitivity analysis was employed to check the adequacy of various forecasting approaches and, if need be, to suggest an improved method. Once a method was identified which fit best with what RCG judged to be the most realistic and market-supportable forecast for 2009, it was employed to develop the forecasts herein.

The following techniques were used to generate forecasts for various variables of interest:

- Decomposition models<sup>1</sup>
- Exponential smoothing and moving averages
- Non-seasonal modeling techniques

There are various factors that influence assessed value of properties located in the RDA. In this section of the report, RCG analyzed the most relevant variables having a potential effect on the RDA's property values:

- Downtown's gaming revenues
- Home prices in the RDA
- Commercial real estate vacancy rates and lease rents

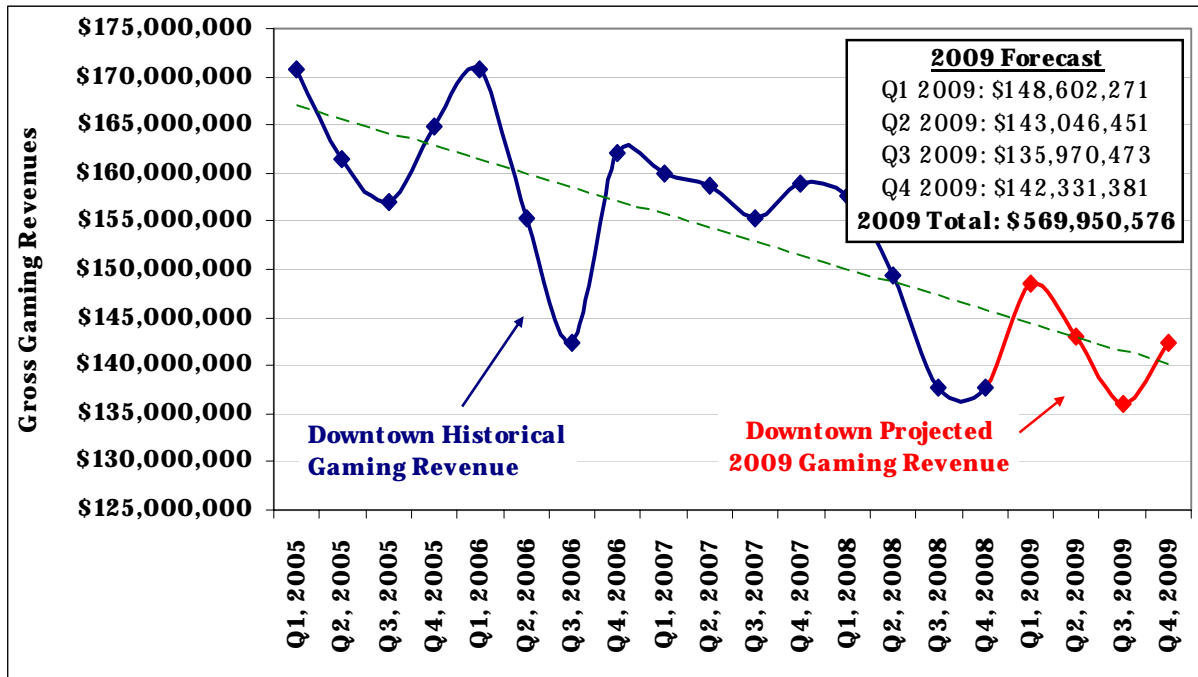
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<sup>1</sup> *Decomposition models are used to forecast time series that exhibit trend and seasonal effects.*

**B. GAMING AND TOURISM TRENDS**

***Downtown Trends***

**CHART II-1: DOWNTOWN HISTORICAL AND PROJECTED GAMING REVENUES, BY QUARTER**

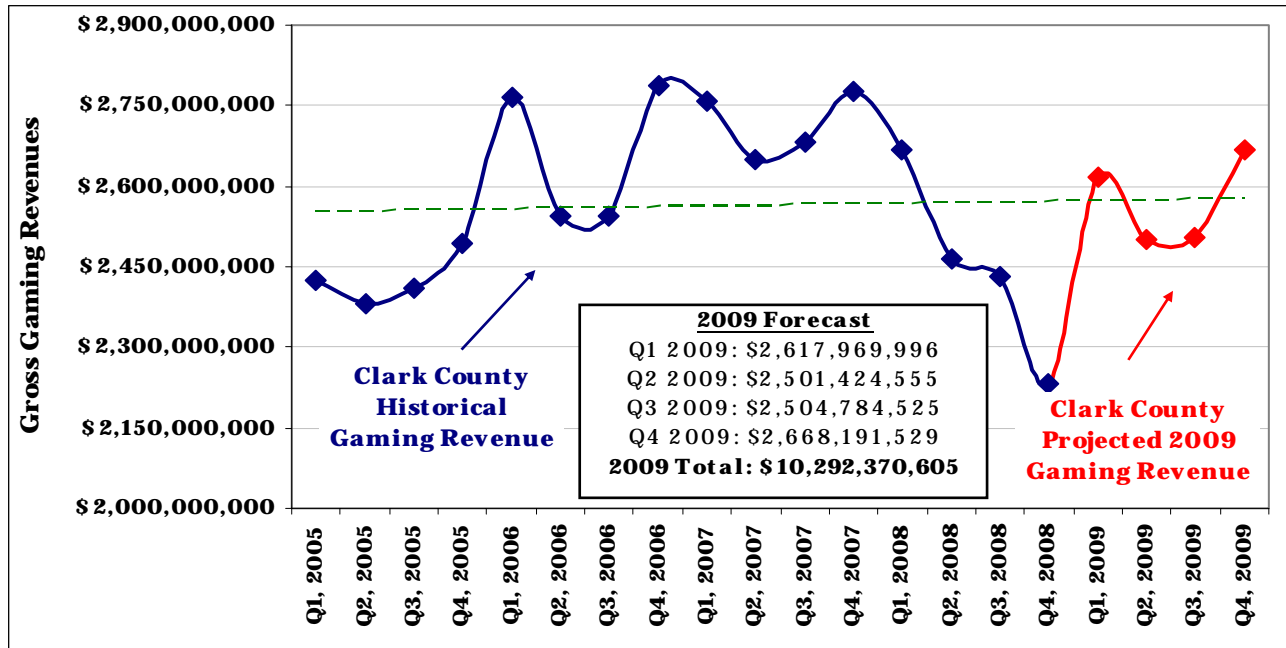


Source: LVCVA. RCG.

- RCG projects that in 2009 Downtown’s gaming revenues could total \$570 million, which would represent a 2.1-percent decline when compared to 2008 revenues.
- Additionally, Downtown’s share of gaming revenues as a percent of Clark County’s revenues is expected to be, on average, 5.5 percent in 2009.

**Clark County Trends**

**CHART II-2: CLARK COUNTY HISTORICAL AND PROJECTED GAMING REVENUES, BY QUARTER**

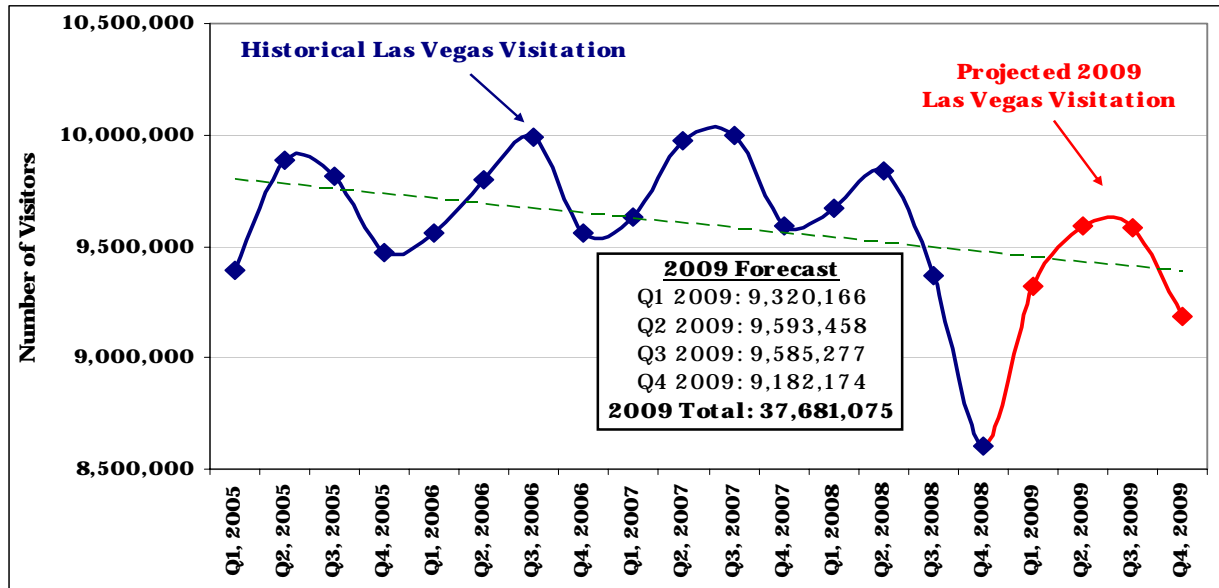


Source: LVCVA. RCG.

- RCG projects, that in 2009 Clark County’s gaming revenues could reach \$10.3 billion, which would represent a 5.1-percent rise over 2008 revenues. This expected increase is partially due to new market entrants (e.g., M Resort) and properties that will have their first full year of operations in 2009 (e.g., The Palazzo, Encore at Wynn, Aliante Station).
- The increase in gaming revenues from \$2,231,873,000 in Q4, 2008 to \$2,617,969,996 in Q1, 2009 is partially attributed to new properties that will have their first full quarter of operations (e.g., Encore at Wynn, Aliante Station) in Q1, 2009. Additionally, a relatively strong convention calendar in Q1, 2009 is expected to help gaming revenues at the beginning of 2009. However, it should be noted that projected Q1, 2009 gaming revenues are expected to be lower than for the same period in 2006, 2007 and 2008.
- Historical gaming revenues data exhibit seasonal fluctuations. The second and third quarters typically experience lower gaming revenues than the first quarter, whereas the fourth quarter tends to have slightly stronger revenues than the first quarter. RCG’s 2009 projections follow the same pattern.

**Las Vegas Visitation Trends**

**CHART II-3: LAS VEGAS HISTORICAL AND PROJECTED VISITATION TRENDS, BY QUARTER**



Source: LVCVA. RCG.

- RCG projects, that in 2009 Las Vegas visitor volume could reach 37.7 million visitors, which would represent a 0.5-percent increase over 2008 numbers.
- Conventions, scheduled to take place in Las Vegas in 2009, are expected to help 2009 visitation numbers. Additionally, 14,000 hotel rooms, slated to open in 2009 in Las Vegas (e.g., Fontainebleau Las Vegas, CityCenter, The Octavius Tower at Caesars Palace, M Resort), are expected to bring incremental visitors to Las Vegas.
- The following table shows how our 2009 forecast compares to historical 2005-2008 numbers:

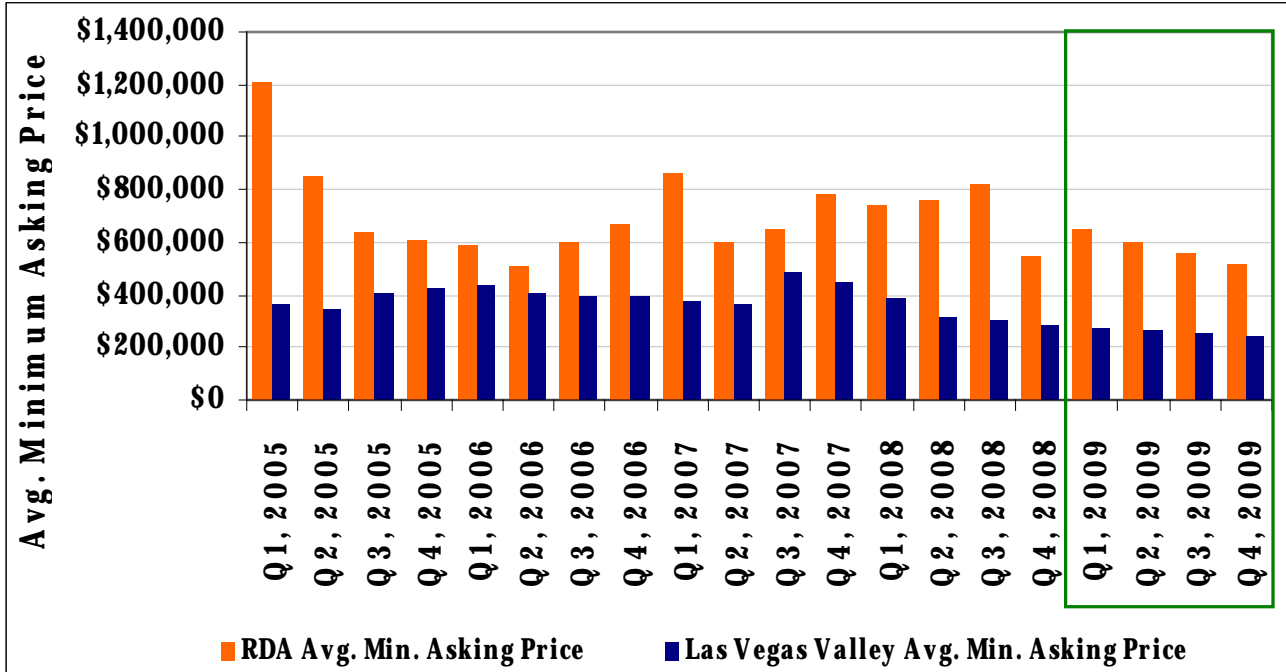
	2005	2006	2007	2008	2009 Forecast	Comments on 2009 Forecast
<b>Q1</b>	9,394,652	9,561,367	9,629,007	9,670,074	9,320,166	Q1 2009 is expected to be the weakest first quarter in the 5 years.
<b>Q2</b>	9,883,477	9,800,118	9,977,554	9,840,714	9,593,458	Q2 2009 is expected to be the weakest second quarter in the 5 years.
<b>Q3</b>	9,813,911	9,989,766	10,000,315	9,370,164	9,585,277	Q3 2009 is expected to be slightly higher than Q3 2008 but still below the 2005-2007 levels.
<b>Q4</b>	9,474,677	9,563,638	9,589,885	8,600,600	9,182,174	Q4 2009 is expected to be higher than Q4 2008 but still below the 2005-2007 levels.

**C. RESIDENTIAL TRENDS**

**New For-Sale Housing**

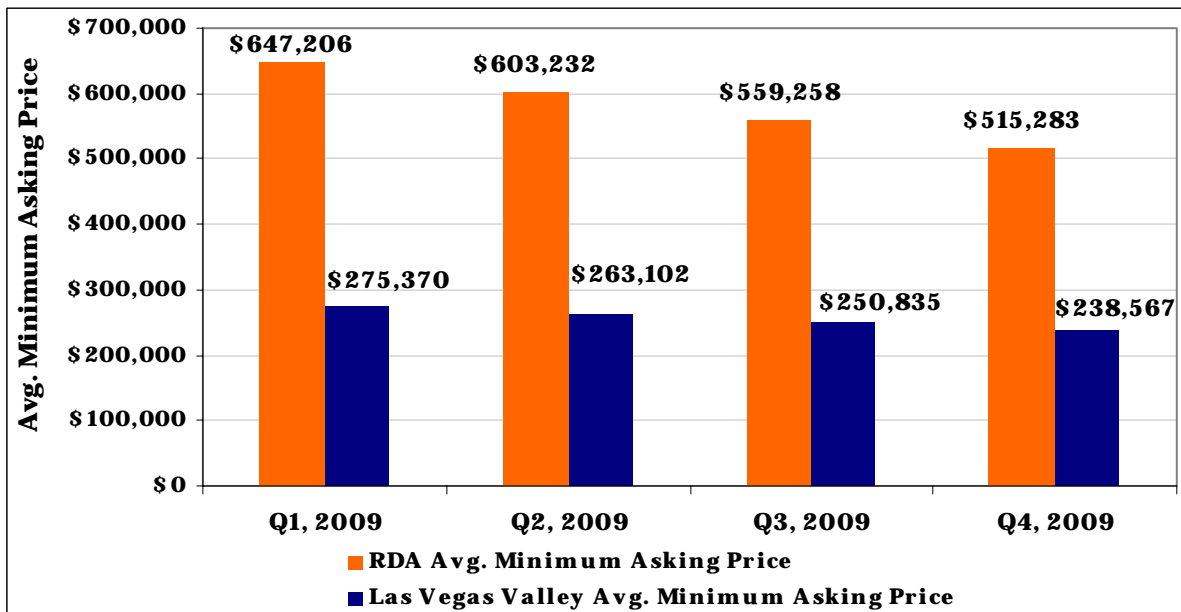
*Average Minimum Asking Price*

**CHART II-4: RDA AND LAS VEGAS VALLEY AVERAGE MINIMUM ASKING PRICE: HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



Source: Hanley Wood Market Intelligence. RCG.

**CHART II-5: RDA AND LAS VEGAS VALLEY AVERAGE MINIMUM ASKING PRICE:  
2009 FORECAST, BY QUARTER**

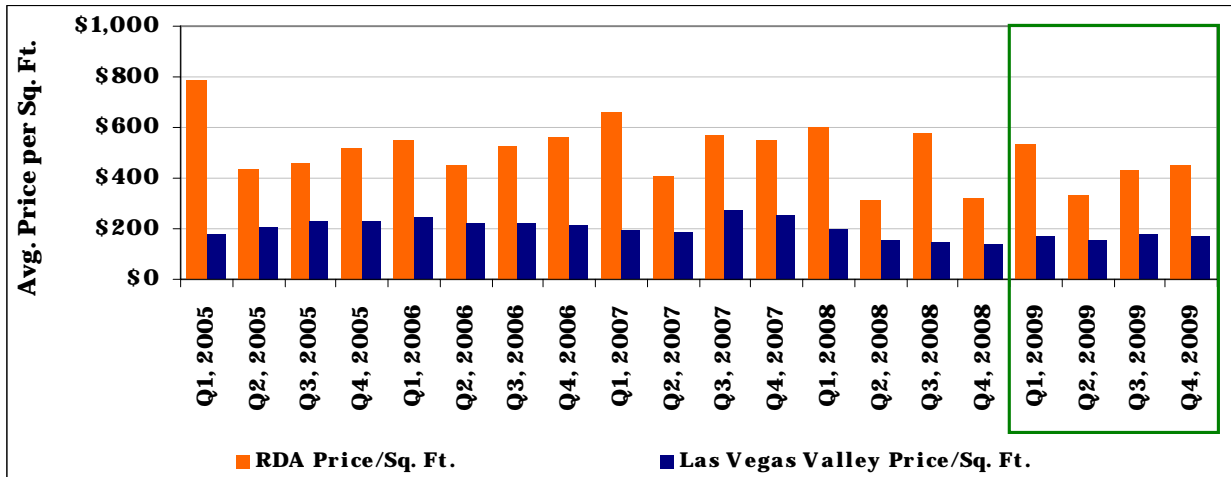


Source: RCG.

- It is our expectation that average asking prices for new homes in the Valley and in the RDA will continue to decline in 2009. Based on the analysis of historical residential trends and current market conditions, RCG estimates that the average asking price in the RDA is likely to drop from \$647,206 in Q1, 2009 to \$515,283 in Q4, 2009. This equates to a decline of 20 percent. This is a result of historical trends, especially what was experienced in 2008 and, secondarily, price changes in 2007. Again, the economic recession, the near shut down of credit and the collapse of the second home market are the primary culprits.

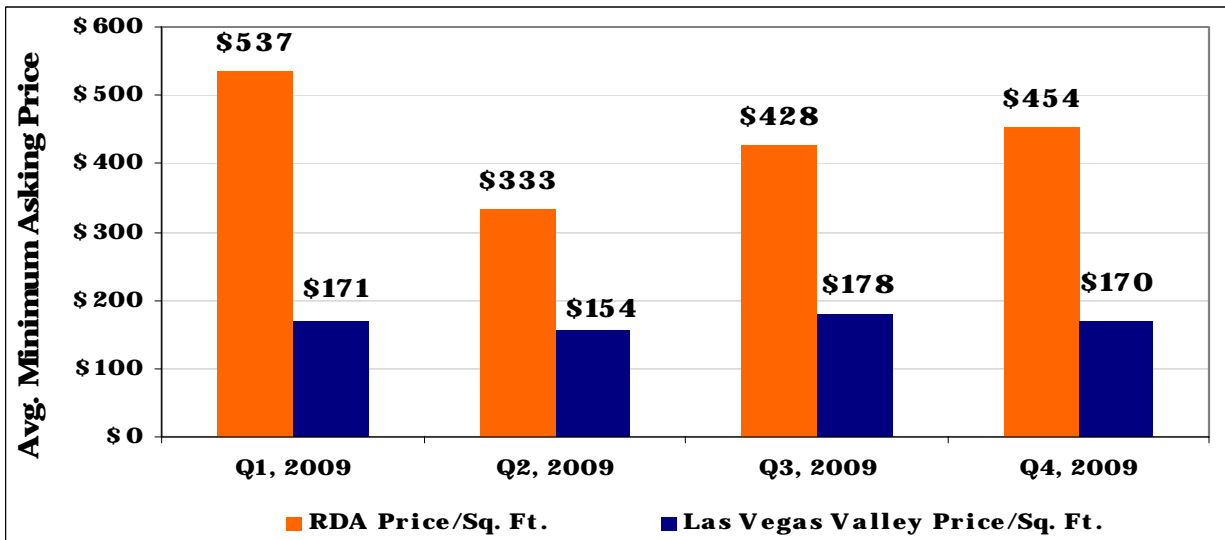
**Average Price per Square Foot**

**CHART II-6: RDA AND LAS VEGAS VALLEY AVERAGE PRICE PER SQ. FT. HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



Source: Hanley Wood Market Intelligence. RCG.

**CHART II-7: RDA AND LAS VEGAS VALLEY AVERAGE PRICE PER SQ. FT. 2009 FORECAST, BY QUARTER**

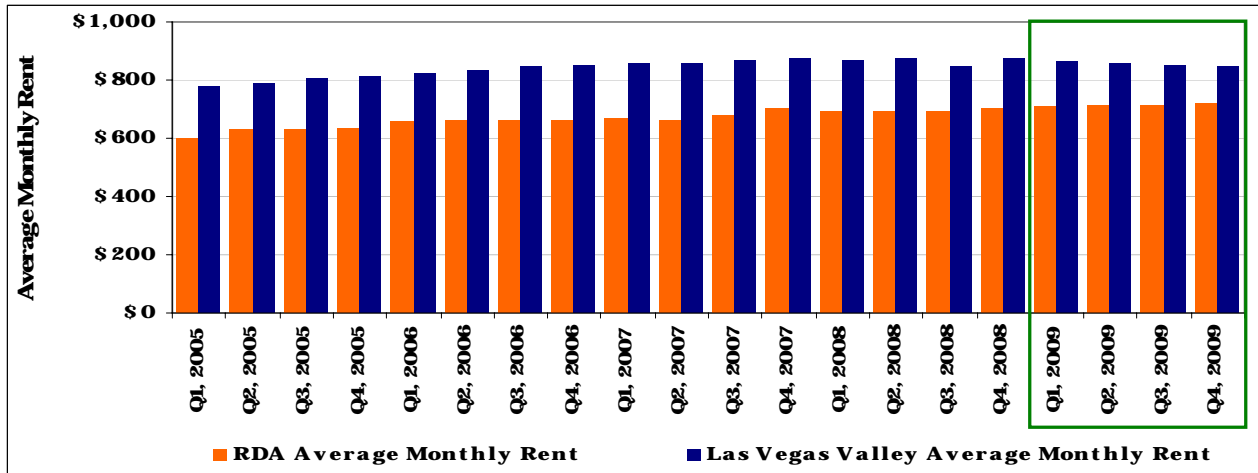


Source: RCG.

- As a result of the expected decline in average asking price, the price per sq. ft. for new homes in the RDA is estimated to drop from \$537 in Q1, 2009 to \$454 in Q4, 2009, a 15.5 percent decrease for the reasons noted above. The reason that per square foot prices declined less than total prices has largely to do with the average unit size dropping.

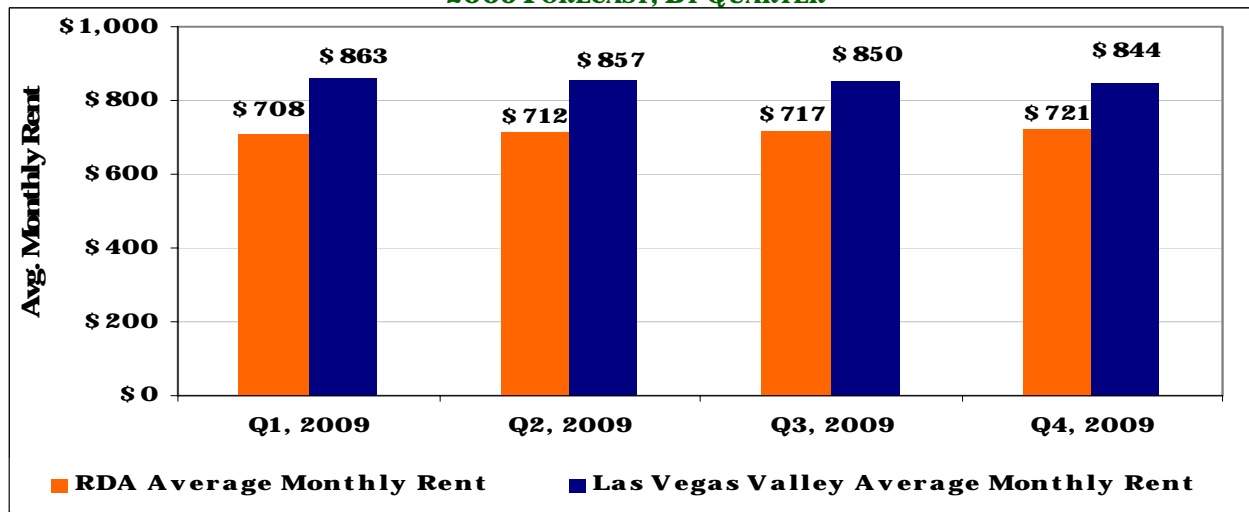
**Apartment**

**CHART II-8: RDA AND LAS VEGAS VALLEY APARTMENT MONTHLY RENT: HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



Source: UNLV Center of Business and Economic Research. RCG.

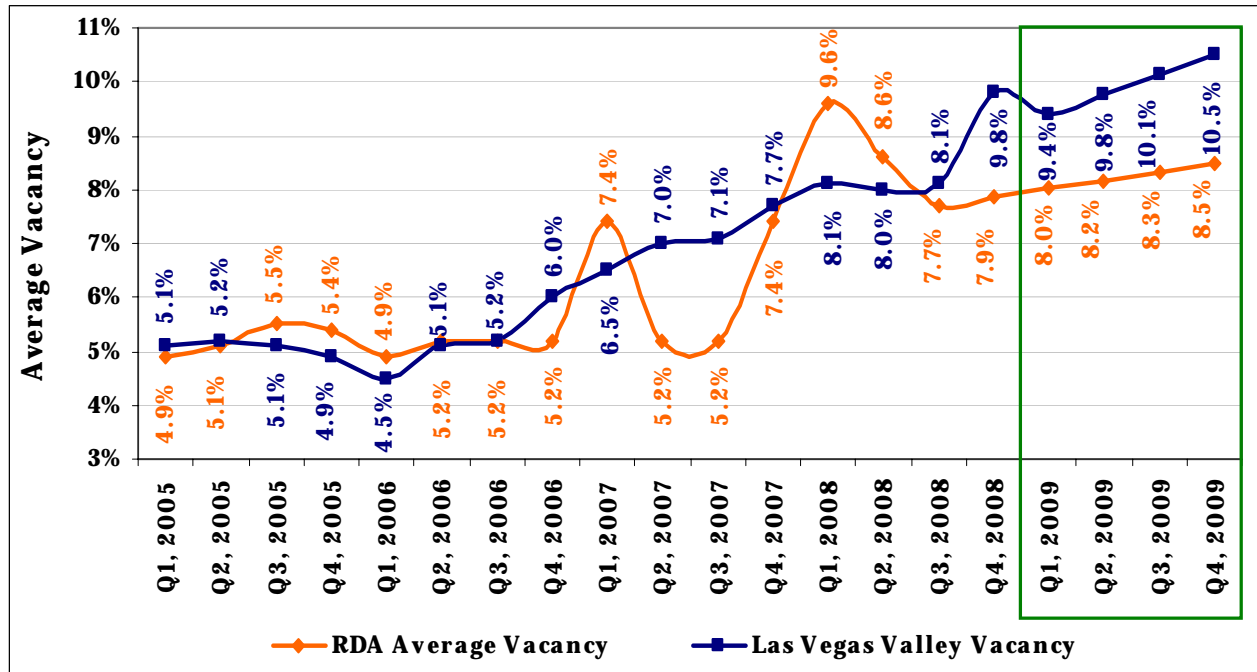
**CHART II-9: RDA AND LAS VEGAS VALLEY APARTMENT MONTHLY RENT: 2009 FORECAST, BY QUARTER**



Source: RCG.

- The RDA's average monthly apartment rent is projected to increase from \$708 in Q1, 2005 to \$721 in Q4, 2009 or by just under 2 percent, because of increased competition from single family home rentals.

**CHART II-10: RDA AND LAS VEGAS VALLEY APARTMENT VACANCY:  
HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



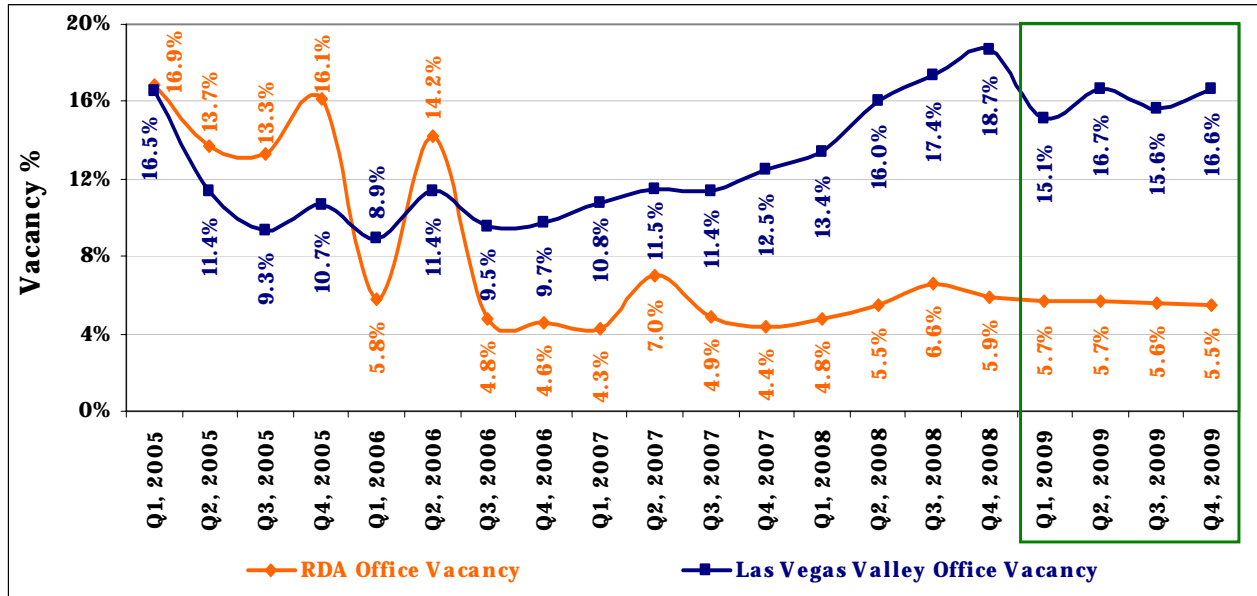
Source: UNLV Center of Business and Economic Research. RCG.

- Apartment vacancy in the RDA is anticipated to increase from 8 percent in Q1, 2009 to 8.5 percent in Q4, 2009. Again, because of increased competition from single family home rentals.

**D. COMMERCIAL TRENDS**

**Office Submarket**

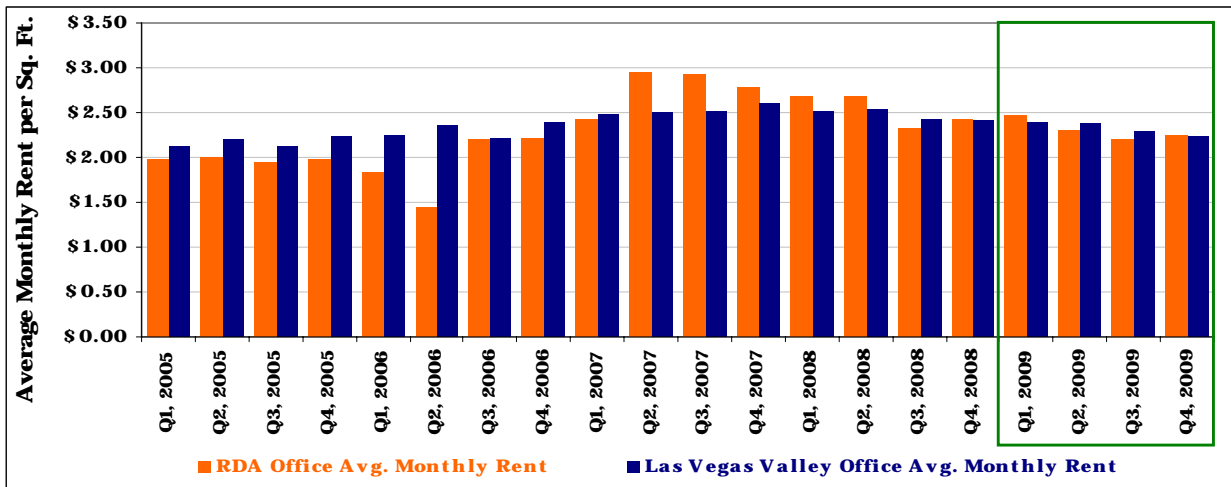
**CHART II-11: RDA AND LAS VEGAS VALLEY OFFICE VACANCY RATE: HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



Source: Q4, 2008 Office Market Survey (RCG/Colliers International).

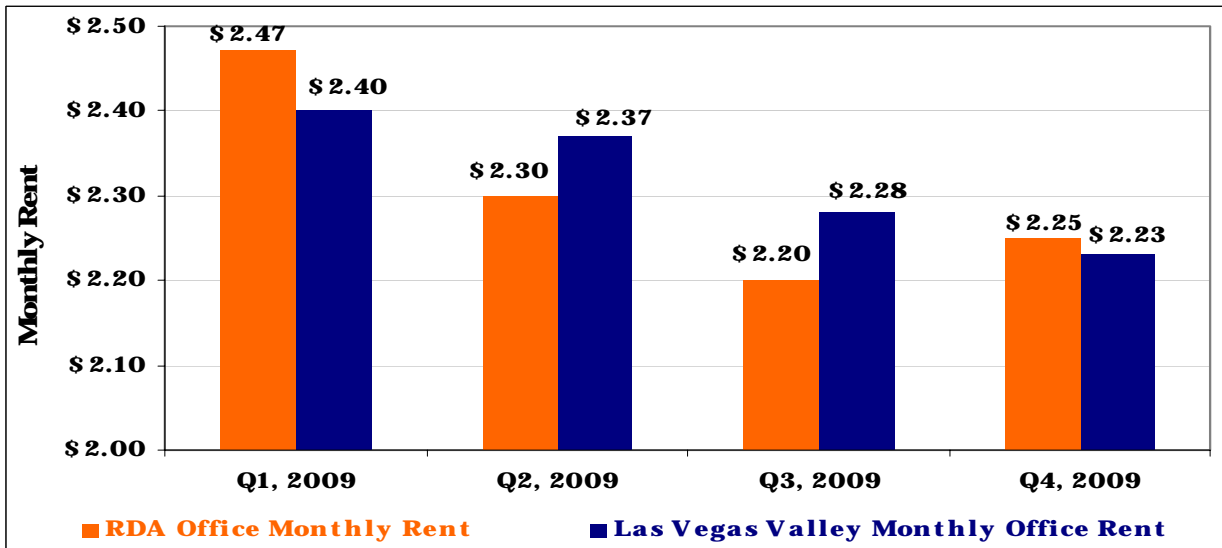
- The RDA’s office market is projected to experience a vacancy rate of 5.7 percent in Q1, 2009, down to 5.5 percent in Q4, 2009. This is a function of very tight office market conditions Downtown, because it is the seat of Federal, State and municipal court systems in the Valley, as well as, the centralized location of the RDA.
- Throughout 2009, the expected vacancy rate in the RDA office would remain relatively healthy and significantly lower than the Valley’s office vacancy.

**CHART II-12: RDA AND LAS VEGAS VALLEY OFFICE AVERAGE MONTHLY RENT: HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



Source: Q4, 2008 Office Market Survey (RCG/Colliers International).

**CHART II-13: RDA AND LAS VEGAS VALLEY OFFICE AVERAGE MONTHLY RENT: 2009 FORECAST, BY QUARTER**

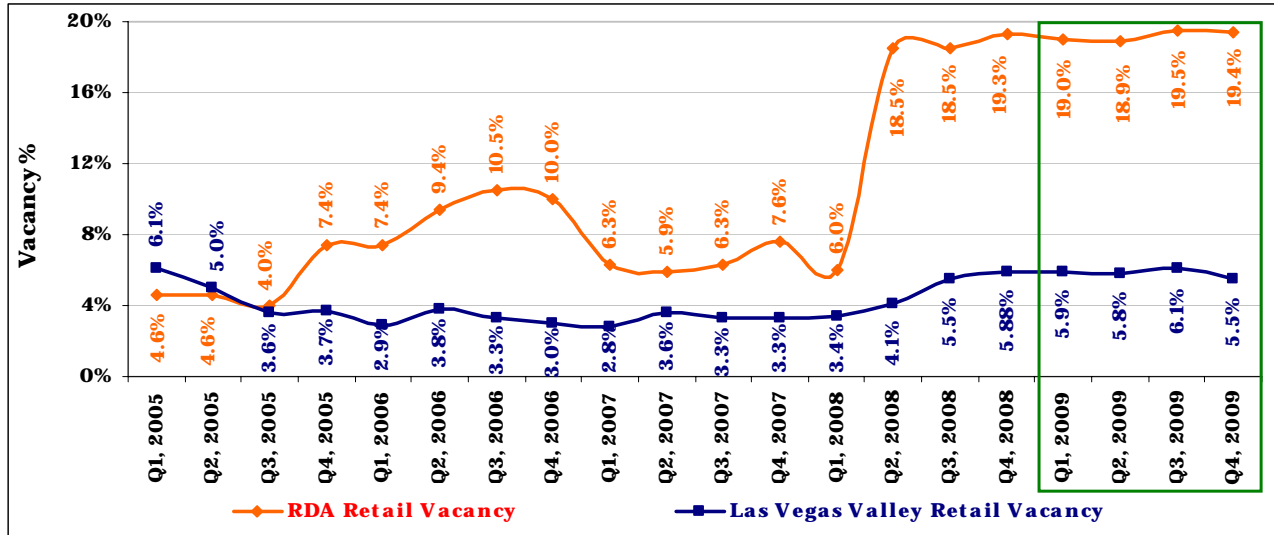


Source: RCG.

- In the coming months, the RDA’s office monthly rent per sq. ft. is projected to decrease from \$2.47 in Q1, 2009 to \$2.25 in Q4, 2009, largely because the obsolete nature of the remaining space.

**Retail Submarket**

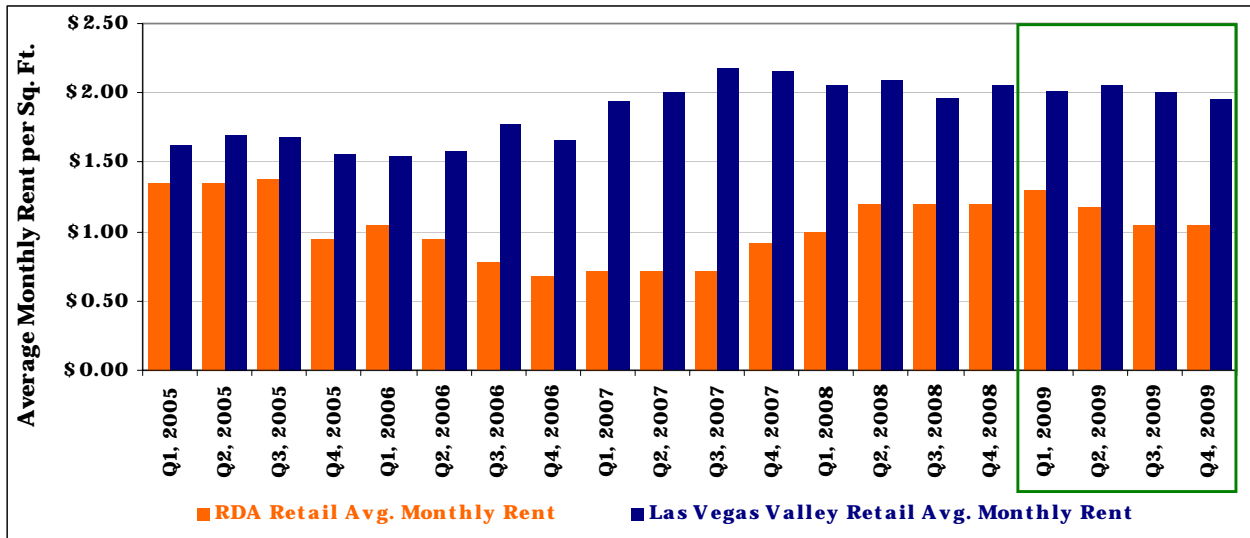
**CHART II-14: RDA AND LAS VEGAS VALLEY RETAIL VACANCY RATE: HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



Source: Q4, 2008 Retail Market Survey (RCG/Colliers International).

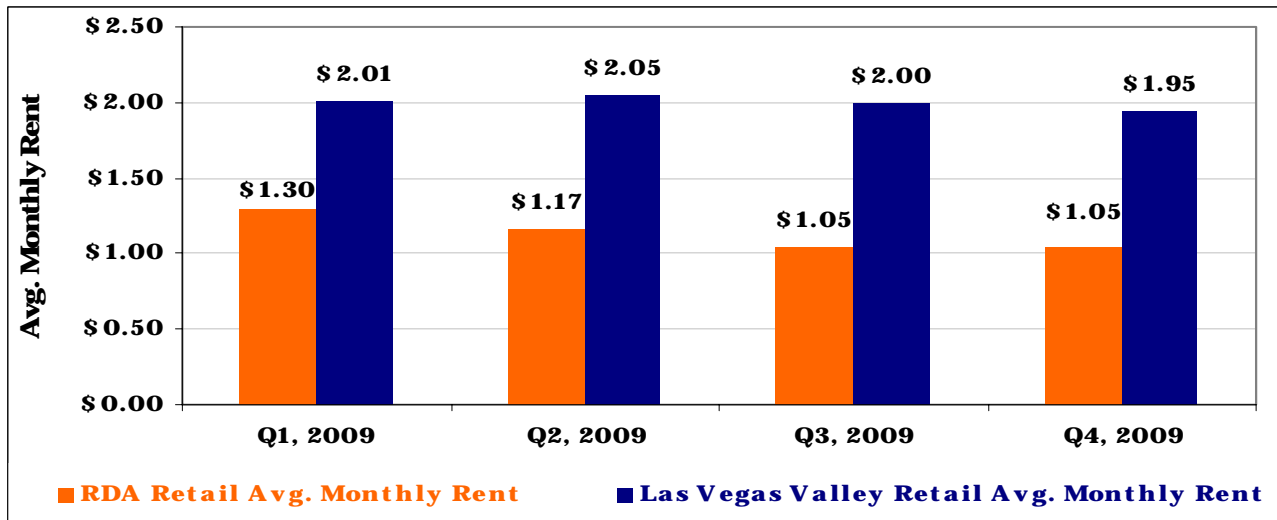
- The RDA’s retail market is projected to experience a vacancy rate of 19 percent in Q1, 2009 and 19.4 percent in Q4, 2009, not accounting for the Premium Outlet Mall. Adding the mall reduces the RDA retail vacancy to approximately 12 percent.
- Thus, throughout 2009, the expected vacancy rate in the RDA retail market would remain significantly higher than the Valley’s retail vacancy.

**CHART II-15: RDA AND LAS VEGAS VALLEY RETAIL AVERAGE MONTHLY RENT: HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



Source: Q4, 2008 Retail Market Survey (RCG/Colliers International).

**CHART II-16: RDA AND LAS VEGAS VALLEY RETAIL AVERAGE MONTHLY RENT: 2009 FORECAST, BY QUARTER**

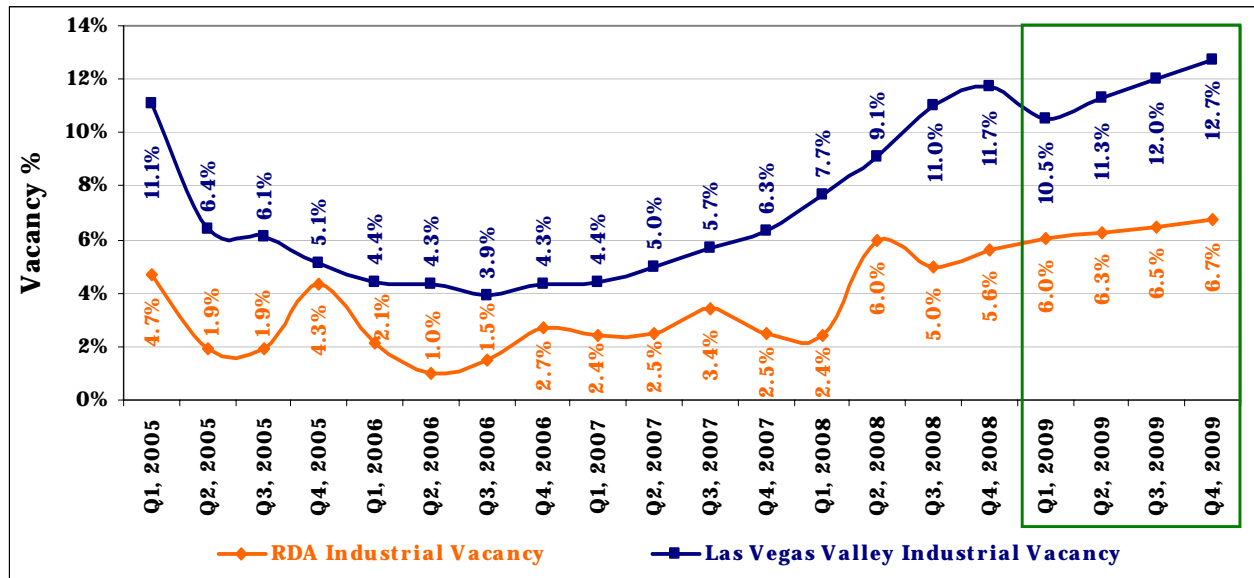


Source: RCG.

- Over the next four quarters, the RDA's retail monthly rent per sq. ft. is projected to drop from \$1.30 in Q1, 2009 to \$1.05 in Q4, 2009, largely because of the obsolete nature of the remaining space.

**Industrial Submarket**

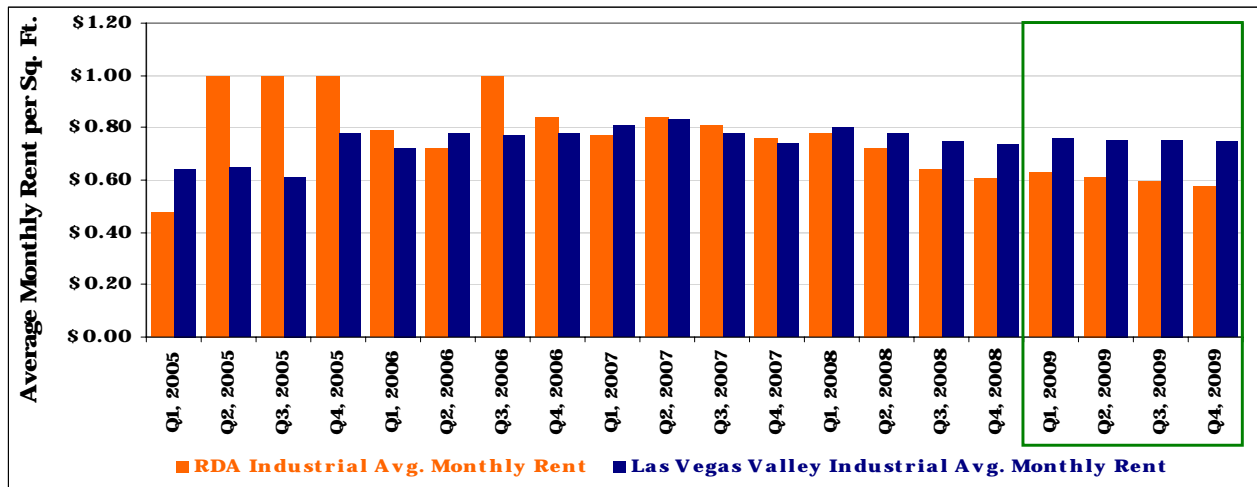
**CHART II-17: RDA AND LAS VEGAS VALLEY INDUSTRIAL VACANCY RATE: HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



Source: Q4, 2008 Industrial Market Survey (RCG/Colliers International).

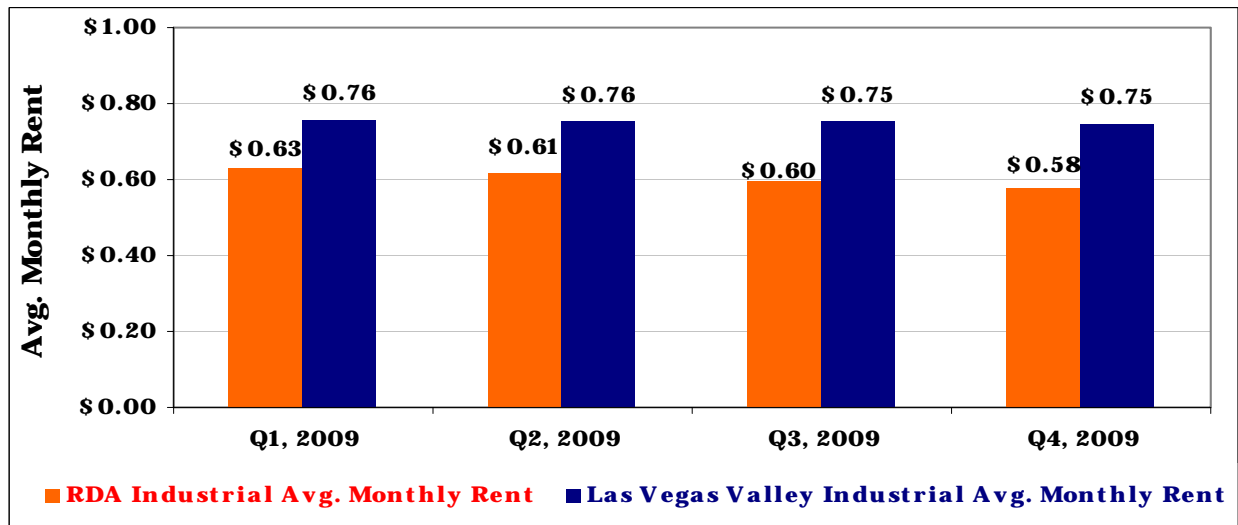
- The RDA’s industrial market is projected to experience a vacancy rate of 6 percent in Q1, 2009 and 6.7 percent in Q4, 2009.
- Throughout 2009, the expected vacancy rate in the RDA industrial market will likely remain lower than the Valley’s industrial vacancy, because of the scarcity of industrial space in the RDA combined with ongoing demand by gaming companies, the World Furniture Mart and other commercial users in the immediate area.

**CHART II-18: RDA AND LAS VEGAS VALLEY INDUSTRIAL AVERAGE MONTHLY RENT: HISTORICAL AND PROJECTED TRENDS, BY QUARTER**



Source: Q4, 2008 Industrial Market Survey (RCG/Colliers International).

**CHART II-19: RDA AND LAS VEGAS VALLEY INDUSTRIAL AVERAGE MONTHLY RENT: 2009 FORECAST, BY QUARTER**



Source: RCG.

- Over the next four quarters, the RDA's industrial monthly rent per sq. ft. is projected to decrease from \$0.63 in Q1, 2009 to \$0.58 in Q4, 2009, largely because of the obsolete nature of the remaining space.

### E. CONCLUSIONS

The forecasts presented above represent point approximations, i.e., single parameter estimates, not ranges reflecting possible futures. RCG regards these estimates as probable outcomes, but not the only possible outcomes, based on the data analyzed and our professional judgment. The market for real estate is complex and challenging, especially in the current environment. Real estate investment and development are speculative, and returns and risk are influenced by many factors, such as the natural environment, socio-economic trends, market and business purchasing capability<sup>2</sup>. This is particularly true in the context of a relatively new and emerging redevelopment area like the RDA.

Forecasting the future performance of the Valley and RDA under the current economy is quite challenging. Overall, the Valley and RDA data analyzed herein suggest that the current economic situation is exerting further downward pressure on an already very weak economy. Consequently, RCG is expecting a very challenging 2009 for Nevada, in general, and Las Vegas Valley, in particular.

Current economic and market trends could change dramatically, if and when, the economic stimulus plan coming from Washington frees up credit, stabilizes housing prices and reverses job losses. At this time, we are not expecting to see any of the potential benefits of the plan to reach Southern Nevada until well into 2010.

Accordingly, the main findings of this report are as follows:

- Although Downtown's gaming revenues are projected to decline slightly in 2009, Downtown will still remain an important gaming market in Clark County (on average, 5.5 percent of the total Clark County market).
- The RDA's new home prices are expected to fall further; however, they will remain higher than the Valley average. The RDA's new home prices are anticipated to be, on average, 2.3 times above the Valley average. This is indicative of the type of residential projects built and being considered for the RDA (upscale condo product), combined with the relatively higher price of land in Downtown.
- In 2009, the RDA's office market will be characterized by relatively healthy demand and by a stable vacancy rate.

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<sup>2</sup> Liu, L., Zhao, E., Liu, Y. *Research into the Risk Analysis and Decision-Making of Real Estate Projects*. IEEE, 2007.

- The RDA's anchored retail market will continue to see rising vacancy rates and weakening demand, because of the free-fall in consumer confidence and spending.
- Finally, in 2009, the RDA's industrial market will experience some increases in vacancy rates, but will out perform the Valley averages.

Although 2009 will be a difficult year for the local economy, the RDA is well-positioned and well-located to recover faster than the Valley as a whole, at least as it relates to gaming activity and the commercial real estate markets. For 2009, the residential market in the RDA and the Valley will continue to see a decline in total prices and prices per square foot. This drop will be more severe in the RDA, because of the type of house product being built. It is our opinion that that luxury (high and mid-rise) condo market in the Valley, including the RDA, will have a longer recovery period than the general housing market.

Today and into the future, Downtown will be a locale of significant investment focus by the City. The area also continues to see significant interest by private developers and the general business community, despite the recession and frozen credit market. This private sector interest is clearly the result of its expectation regarding Southern Nevada's long-term potential, Downtown's role in the future of the region and the City's ongoing financial and institutional commitment to the area.

Due to its strategic location in the Valley, Downtown is, and will continue to be, a center of tourism activity, jobs and housing. Almost \$18 billion worth of projects are in various stages of planning and development in Downtown Las Vegas<sup>3</sup>. Additionally, the enduring commitment of the business community and the City to transform Downtown into a focal point of urban living and commerce will ensure that the area remains an integral part of Southern Nevada's future as the region's economy inevitably rebounds.

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<sup>3</sup> *Redevelopment Area 2008 Annual Report.*

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