

6th Comprehensive Annual Financial Report



Redevelopment Agency of the City of Fresno

A Component Unit of the City of Fresno



For Fiscal Year Ended
June 30, 2010

Redevelopment Agency of the City of Fresno

A Component Unit of the City of Fresno, California

6th Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2010

Prepared by
Redevelopment Agency
Finance Department

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Financial Officer

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO**

**FOR THE YEAR ENDED JUNE 30, 2010
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Introductory Section

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REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

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December 27, 2010

The Honorable Members of the Redevelopment Agency Board
Distinguished Citizens of the City of Fresno
Fresno, California

THE 6TH COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE REDEVELOPMENT AGENCY OF THE CITY OF FRESNO

I am pleased to submit to you the sixth Comprehensive Annual Financial Report (CAFR) of the Redevelopment Agency of the City of Fresno for the year ended June 30, 2010, with the Independent Auditor's Report. The CAFR has been prepared by the Agency in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Agency. I believe that the data, as presented, is accurate in all material respects, that its presentation fairly shows the financial position and the results of the Agency's operations as measured by the financial activity of its various funds and, that the included disclosures will provide the reader with an understanding of the Agency's financial affairs.

Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation has audited the basic financial statements and issued their unqualified (clean) opinion that the basic financial statements of the Agency for the year ended June 30, 2010, are fairly presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Independent Auditor's Report on the Basic Financial Statements is located at the front of the financial section of this report.

FINANCIAL REPORTING AND FORMATS

The Agency has prepared its CAFR using the financial reporting requirements as prescribed by GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments (GASB 34). This GASB Statement requires that Management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of a Management's Discussion & Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.



Our CAFR is divided into the following sections:

The Introductory Section includes information about the organizational structure of the Agency, project area activity, and information useful in assessing the Agency's financial condition.

The Financial Section is prepared in accordance with GASB 34 requirements by including the MD&A, the Basic Financial Statements including notes, and the Required Supplementary Information. Also included in this section is the Independent Auditor's Report on the Basic Financial Statements and schedules.

The **Statistical Section** includes tables containing historical financial data, debt statistics, and miscellaneous economic data of the Agency that is of interest to potential bond investors and other readers.

THE PROFILE OF THE AGENCY

The Agency's financial statements are included in the comprehensive annual report of the City of Fresno as a component unit because of the operational and financial relationship that exists between the City and the Agency. In March 1997, the City Council acting as the Agency Board adopted the restructuring of the Redevelopment Agency. The restructuring allowed the City Council to appoint an Executive Director of its choosing. In addition, the restructuring allowed any Council Member to be appointed Chair to the Redevelopment Agency by selection of Agency Board Majority.

In April 1997, the Redevelopment Agency adopted new By-Laws and entered into a cooperative agreement with the City of Fresno in order to establish a new approach for the redevelopment program that would have a more focused mission for carrying out its redevelopment objectives. All planning, engineering, project implementation and financial efforts were centralized under an Executive Director appointed by the Agency Board. The day-to-day business and staff operations for the Agency involve a combination of personnel that include full-time City personnel assigned through the Redevelopment Support Division, full-and part-time personnel hired by the Agency and several individuals and companies providing services on a contract basis. In 2000, the Agency entered into a multi-year contract with the Housing Authorities of the City and County of Fresno to administer the Agency's 20% Low and Moderate Income Housing Set Aside program.



The Agency's focus is on bringing about major projects and neighborhood improvements that will have a positive effect on the shape and future of Fresno's inner city neighborhoods, downtown and industrial areas. The Redevelopment Agency currently has 19 project areas encompassing a total of 14,034 acres.

THE PURPOSE OF REDEVELOPMENT

Redevelopment is a tool created by state law to assist local governments in eliminating blight, as well as to achieve the goals of development, reconstruction and rehabilitation of residential, commercial, industrial and retail districts. It is one of Fresno's most effective ways to breathe new life into deteriorated areas beset by a variety of social, physical, environmental and economic conditions which act as a barrier to new investment by private enterprise.

Redevelopment enables communities to grow inward, not just outward, and helps encourage new housing and businesses to locate within already developed areas. Redevelopment enhances and expands local businesses, renovates declining housing stock, and improves public infrastructure systems and facilities.



It helps reduce crime and long commutes, promotes affordable housing, and preserves the environment.

Redevelopment encourages new development, creates jobs and generates tax revenues in declining urbanized areas by developing partnerships between local governments and private entities. Without the initial investment from redevelopment agencies, many important community projects simply would not take place, leaving communities to suffer from deteriorations, crime, and poor economic and social conditions.

FINANCING REDEVELOPMENT

Tax increment is the primary source of revenue that redevelopment agencies have to undertake redevelopment projects. It is based on the assumption that a revitalized project area will generate more property taxes than were being produced before redevelopment. When a redevelopment project area is adopted, the current assessed values of the property within the project area are designated as the base year value. Tax increment comes from the increased assessed value of property over the base year value, not from an increase in tax rate. Any increases in property value, as assessed because of change of ownership or new development, will increase tax revenue generated by the property. This increase in property tax revenue is the tax increment that goes



to the Agency. A percentage of the increase in property tax revenue is shared with other jurisdictions in the project area. The shared amount is determined by pre-1994 negotiated agreements, post-1994 AB 1290 mandatory statutory pass through payments or a combination of both. In addition, California Redevelopment Law requires redevelopment agencies to set aside 20% of tax increment revenue to be used for low and moderate housing.

Current tax increment revenues are leveraged by issuing long term debt, including loans from the City, to raise capital to promote economic development within its project areas. The new projects constructed generate additional tax increment revenues which may only be captured to the extent that the Agency incurs indebtedness. Indebtedness includes bonds, notes, loans, advances, payments due under development agreements, owner participation agreements, and City loans. The Agency incurs debt based on future tax increments to fund redevelopment projects.



THE CITY AND ITS SERVICES

The City of Fresno (City) was incorporated in 1885, and is located in the Central San Joaquin Valley of California. The City's powers are exercised under the strong-Mayor form of government. Under this system, the Mayor serves as the City's Chief Executive Officer, and is responsible for appointing and overseeing the City Manager, recommending legislation, and presenting the annual budget to the City Council. The Mayor does not participate in Council deliberations, except by exercising veto power. The City Council serves as the legislative authority, and the Mayor serves as the executive authority. The City Council is represented by seven elected council members, one of whom is elected President by the Council for a term of one year. The President is the presiding officer of the Council and will fill any vacancy in the Office of the Mayor. The services provided by the City are the full range of services contemplated in the City Charter. These include public protection (police and fire), construction and maintenance of all public facilities (public works), parks and recreation, public health systems (water, sewer, community sanitation and solid waste utilities), development and planning, tax collection, transportation, and many others.



The City's CAFR includes the financial activities of the primary government, which encompasses several enterprise activities, as well as all of its component units and its one discretely presented component unit. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same governing board as the City or provide services entirely to the City. For reporting purposes, the operations of the Redevelopment Agency of the City of Fresno, and the Joint Powers Financing Authority

are blended with the City. The City of Fresno Cultural Arts Properties is discretely presented since it does not provide services exclusively or almost exclusively to the City. For reporting purposes, its operations are presented as a separate column on the government-wide financial statements.

THE CITY OF FRESNO'S GOVERNMENT, ECONOMY AND OUTLOOK

Fresno is the county seat of Fresno County and is the economic and cultural hub of the fertile Central San Joaquin Valley, a metropolitan region with more than 502,303 residents in the City proper, and over 953,761 in Fresno County. As of 2010, the population estimate has made Fresno the fifth largest city in California, the largest inland city in California, and the 36th largest in the nation. Fresno is located in the center of the wide San Joaquin Valley of Central California, approximately 200 miles north of Los Angeles and 170 miles south of the state capitol, Sacramento. The city is part of the Fresno-Clovis metropolitan area, which, with a population of 1,002,046 is the second largest metropolitan area in the Central Valley after Sacramento.

The name “Fresno” in Spanish signifies “ash tree” and it was because of the abundance of mountain ash or ash trees in the county that it received its name. The ash leaf is featured in the city's flag.

The first European settlers in the early 1800's found the Yokuts tribe living on the valley floor and in the foothills along the major rivers of the area, the San Joaquin and the Kings Rivers. The Monache Tribe lived further up the rivers. After the initial Spanish explorers came, others began to arrive including trappers and hunters. The county was part of the mining boom of California from its early years until the mid 1860's. Once gold fever subsided, the county experienced substantial growth in livestock raising and general farming and from there it made the transition to orchards and vineyards. Fresno began as a station for the Central Pacific Railroad in 1872 and was made the county seat in 1874. The County was much larger than it is today and included part of Tulare County, comprising its current area plus all of what became Madera County and parts of what are now San Benito, Kings, Inyo and Mono counties.



The economic base of Fresno County is predominantly agriculturally oriented since Fresno County is the number one agriculture-producing county in the United States. Grapes, cotton, cattle and calves, milk, tomatoes, plums, turkeys, oranges, peaches and nectarines, and alfalfa hay are among the largest income-producers and helped produce a gross farm income of \$5.4 billion in 2009. Industry related to agriculture, wholesale distribution, recreation, and tourism are the other components of the Fresno economy. Industries related to agriculture include processing of fresh fruit, nuts and citrus, farm machinery products, implements, and irrigation pumps are manufactured, along with wine, fertilizers, insecticides, sheet and bottle glass.



The City of Fresno currently has a land area of 112.35 square miles and has the power by State statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the Council. Fresno County encompasses approximately 6,017 square miles. The population of the County has grown by approximately 16% in the past ten years, and boasts more than 90 different nationalities. Over half of all county residents live in the City of Fresno, making it the largest city in the county. The 2000 Federal census showed that racial and ethnic diversity continues to be robust in the City, with all minority groups combined representing nearly a majority of the City's population.

Fresno serves as the economic hub of Fresno County and California's Central Valley. While the unincorporated area and rural cities surrounding Fresno remain predominantly tied to large-scale agricultural production; Fresno is unique in that it is home to many business incubators that serve as a resource hub for business entrepreneurs and new companies. Some of these incubators are found at



California State University, Fresno. Many of the businesses formed at the incubators have gone on to become internationally known in the business world. Some of the businesses involved range from environmental engineering to fashion designers. Urban/suburban Fresno has undergone significant economic transformation in recent years.

Fresno County's economy is led by Fresno's position as the hub for education, healthcare, government and professional services for the Central Valley. Construction employment rapidly expanded as well until the downturn in the housing market and the economy. Food processing has led the manufacturing sector with such notable companies as Sun-Maid, David Sunflower Seeds, Kraft Foods, Foster Farms Dairy, and Foster Farms Poultry Company. Distribution has many centers in the city, led by the 80 acre site of the Gap Pacific Distribution Center. Companies specializing in machinery manufacturing, medical devices and water technology are also present. Public sector employment is also a major contribution to the City's economy.

Fresno's location, very near the geographical centre of California, places the city a comfortable distance from several major recreation areas and urban centers in the state. Fresno is just 60 miles south of Yosemite National Park, and is the nearest major city to the park. Likewise, Kings Canyon National Park is 60 miles and Sequoia National Park is just 75 miles away.

State Highway 99 is a north-south freeway providing vehicular highway routes to the inland valley towns. This freeway carries large volumes of private and public commercial traffic. Railroad transportation within Fresno County consists of both the Union Pacific Railroad and the Burlington Northern – Santa Fe Railroad. These railroads provide freight service to Northern and Southern California. Amtrak provides passenger service from Fresno to Los Angeles and the San Francisco Bay area as well as Sacramento. Commercial air transportation files out of Fresno Yosemite International Air Terminal. Several large carriers, as well as several small commuter airlines provide service. These airlines provide both passenger and freight service.

Fresno has three large public parks, two located within the city limits and one on county land to the southwest. Woodward Park, located in North Fresno, adjacent to the San Joaquin River Parkway, features the Shinzen Japanese Gardens, numerous picnic areas, and several miles of trails. Roeding Park is located near Downtown Fresno and is home to the Chaffee Zoological Gardens and Rotary Storyland and Playland. Kearney Park is the largest of the Fresno region's park system and is home to the historic Kearney mansion and plays host to the annual Civil War Revisited, the largest reenactment of the Civil War on the west coast of the United States.



The climate in the Fresno area is considered to be mild, ranging from a yearly average minimum of 49.9 degrees to an average maximum of 76.2 degrees; however, summers can range from 80 to 110 degrees. Average annual precipitation is 9.86 inches, which comes principally in the months of November through April. Winters are generally mild with prevailing sunny weather. Snow is a rarity; the heaviest snowfall was 2.2 inches on January 21, 1962.



City of Fresno Fiscal Year 2011 Economic Conditions, Budgetary Impact and Budgetary Adjustments

As was the case with many cities in Fiscal Year 2010 throughout California as well as throughout the nation, the City of Fresno continued to experience significant budget shortfalls due to the economy. In November 2009, citing the need to address short-term budget challenges as well as long-term structural imbalances, a mid-year budget revision was implemented which called for \$27.8 million in reductions over 18 months. It was also cautioned at that time, that an additional \$4 to \$9 million in cuts could be required in fiscal year 2011 to balance the fiscal year 2012 budget.

Mayor Swarengin, in presenting the mid-year budget revision, noted that the major factors driving the need for the reductions was an \$18.2 million decrease in actual revenues and an \$8.6 million increase in projected expenses through 2011, primarily the result of retirement costs. The Mayor's mid-year plan included a staff reduction of 125 positions and a mandatory 40-hour furlough for eligible employees.

In addition to addressing the immediate and long-term budget challenges, the Mayor set as her priorities in preparing the proposed budget plan, the need to protect core services to the greatest extent possible, minimizing the impact to employees to the greatest extent possible and immediately beginning to develop it to address escalating retirement costs.

REDEVELOPMENT AGENCY'S BUDGET OVERVIEW FOR FISCAL YEAR 2010/2011

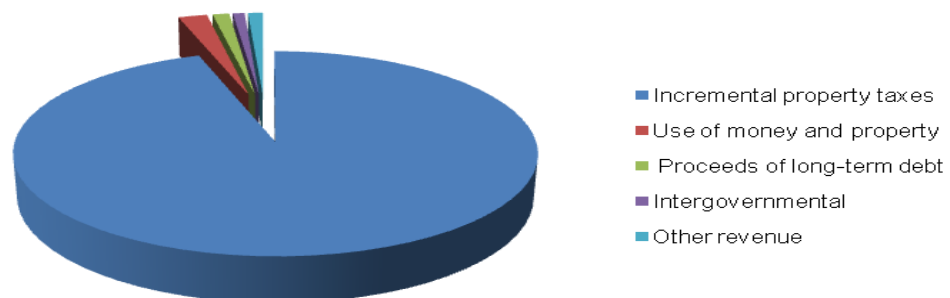
Incremental property tax is the single largest revenue source of the Redevelopment Agency. In general, the Agency's budget policy and practice is to conservatively estimate tax increment revenues to help ensure adequate funding for approved or anticipated projects and budgeted uses. The Agency's fiscal practices have enabled the continuation of project implementation through phasing, extension of time lines and cash flow management in the current economic climate of declining revenues and takes of redevelopment funds by the State of California.

Fiscal year 2010/2011 budgeted incremental property tax revenues for all project areas were projected to be consistent with actual 2009/2010 receipts based upon historical trends and the composition of the types of properties in the Agency's redevelopment areas. The Agency's redevelopment areas consist primarily of commercial and industrial properties and, as such, the effect on Agency revenues to date from the decline in housing market values has been moderated. Another factor contributing to the relative consistency of tax increment revenue is that the Agency is on the "Teeter Plan" with the County of Fresno. This means the Agency receives tax increment from the County based upon the tax levy rather than on actual collections; therefore, uncollected property taxes do not affect the Agency's revenue. The current downturn in property values, however, could reduce the future tax increment revenue if properties are reassessed or sold for less than the value on the tax roll. A significant reduction in tax increment would most likely be mitigated by the phasing of current projects and phasing or postponement of future projects based upon available funding.

In past years, the State of California has looked to redevelopment agencies to help relieve the State's education funding obligations by establishing an Educational Revenue Augmentation Fund (ERAF). Redevelopment agencies were required to shift a portion of their tax increment revenues to the State in fiscal years 2003 to 2006. There was no ERAF shift requirement in fiscal years 2007 through 2009. However, legislation ABX4-26 was passed in July 2009 requiring redevelopment agencies statewide to shift a total of \$2.05 billion to the State in fiscal years 2010 and 2011 to a Supplemental Educational Revenue Augmentation Fund (SERAF). The Agency's total share of this revenue shift was \$6,736,202 in fiscal year 2010 and will be \$1,386,865 in fiscal year 2011 for a total take of \$8,123,067. The Agency has addressed this significant reduction in available funding by extending the timing of current projects and postponing new and proposed projects.

The California Redevelopment Association (CRA) filed against the State contending that the SERAF take was unconstitutional. To date, the State has prevailed. Although the CRA continues to be actively engaged in litigation in the Third District Court of Appeal in order to invalidate ABX4-26 and block the unconstitutional transfer of \$2.05 billion in local redevelopment funds by the State, passage of Proposition 22 gives redevelopment agencies substantial additional protection from future State actions to take or shift local redevelopment funds.

FY 2010-2011 Estimated Revenues



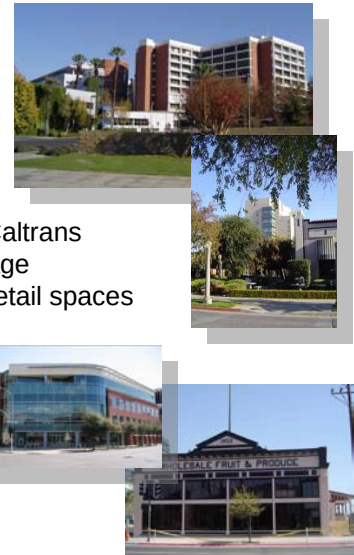
RECENT ECONOMIC DEVELOPMENT AND REDEVELOPMENT PROJECTS

The Redevelopment Agency continues to fulfill its objectives and goals by encouraging development, promoting public/private partnerships and improving neighborhoods. Increasing housing stock, especially in the downtown area, has been a major focus in recent years.

Over one billion dollars worth of improvements have taken place in Downtown Fresno over the past several years with a number of new development projects planned or proposed.

Major Construction in Downtown Fresno

- ◆ \$250 million Community Regional Medical Center
- ◆ \$30 million UCSF Medical Education Building
- ◆ \$130 million Federal Courthouse
- ◆ \$24 million State Fifth District Court of Appeals
- ◆ Chukchansi Park – 12,500 seat ballpark and entertainment facility
- ◆ \$18 million renovation of Guarantee Bank Building for IRS and INS
- ◆ \$48 million privately funded 11-story office building and parking for IRS and Caltrans
- ◆ \$35 million IRS Compliance Center – 6 story office building and parking garage
- ◆ \$30 million Civic Center Square – 225,000 square feet of class A office and retail spaces privately financed and constructed
- ◆ \$2.5 million rehabilitation of the historic Hobbs Parsons building
- ◆ \$7 million Holiday Inn renovation
- ◆ \$5 million Fresh & Easy Neighborhood Market
- ◆ \$15 million Warehouse Row / Ice House
- ◆ \$7 million 801 “R” Street – SBA offices
- ◆ \$2 million in Streetscape Improvements



Redevelopment of Santa Fe Railroad Depot

- ◆ \$7.35 million project created multi-modal transportation hub for downtown
- ◆ Links downtown restaurants and businesses with buses, taxis and AMTRAK
- ◆ Includes 775 parking stalls to accommodate additional downtown business



Downtown Housing and Mixed Use Projects

- ◆ \$6 million Vagabond Lofts project
- ◆ \$3.5 million H Street Lofts project
- ◆ \$10 million Iron Bird Lofts (Fulton Park Plaza) project
- ◆ \$6.9 million Fulton Village project
- ◆ \$2.3 million Mayflower Lofts project
- ◆ \$1.9 million Fultonia rehabilitation project
- ◆ \$4 million Broadway Lofts project



Industrial Business Parks

- ◆ Roeding Business Park
 - ❖ Incorporates 950 acres for industrial and commercial development
 - ❖ Completed park is expected to produce over 20,000 jobs
- ◆ South Van Ness
 - ❖ \$24 million Foundry Park



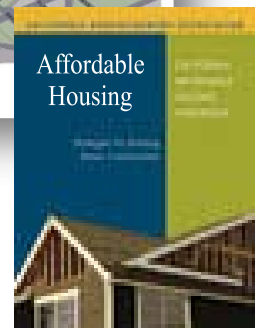
Street and Infrastructure Improvements

- ◆ \$26 million Agency-funded City infrastructure improvements since July 2004

MAJOR INITIATIVES AND ACHIEVEMENTS

The Redevelopment Agency's work program for fiscal year 2010 continued to concentrate on the implementation and follow-through of major projects and neighborhood improvements that will have a positive effect on the form and future of Fresno's inner city neighborhoods, downtown and industrial areas.

The objectives of the work program address high priority projects intended to extend the Agency's tools for blight removal and job creation into parts of the downtown, inner city neighborhoods, and industrial areas that had not been addressed before. Providing low and moderate housing is another important component of redevelopment and is required by California Redevelopment Law. The Agency has actively worked to create and advance several low and moderate housing projects in the past several years, particularly in Downtown, Lowell and Southwest Fresno in addition to implementing a number of major non-housing projects in all project areas.



Major achievements included:

- ◆ Vision 2010 Plan Implementation
 - ❖ Community Regional Medical Center Development
 - ❖ UCSF Medical Education Facility
 - ❖ Medical Office Buildings
 - ❖ Santa Fe Depot and Promenade
 - ❖ Federal Courthouse
 - ❖ Civic Center Square
 - ❖ Convention Center Parking Garage
 - ❖ Old Armenian Town Mixed Use Project
 - ❖ State Fifth District Court of Appeals Courthouse
 - ❖ Charter School
 - ❖ Downtown Stadium
 - ❖ Historic Chinatown Mixed Use Project
 - ❖ Amphitheater
 - ❖ Eaton Plaza
 - ❖ Lowell/Jefferson Housing
 - ❖ Uptown Cultural and Entertainment District Development and Streetscape
 - ❖ Federal, State, and County Downtown Office Developments
- ◆ Hope VI Neighborhood/Mixed Use Project
- ◆ Elm Avenue Corridor Blight Removal, Streetscape and Business Attraction
- ◆ Roeding Business Park Infrastructure, and promotion/marketing of sites
- ◆ Reconstruction of Golden State Boulevard
- ◆ Kings Canyon Streetscape Project
- ◆ Belmont Avenue Street Lighting and Streetscape Improvements
- ◆ Fresno Air Terminal Redevelopment Area Site Clearance and Environmental Remediation
- ◆ Increased participation in the Storefront Improvement Program
- ◆ Housing Rehabilitation, New Housing Infill and Neighborhood Improvements
- ◆ Supported industrial and commercial development in the five newest redevelopment areas; Airport Area Revitalization, Central City Commercial, Freeway 99/Golden State Blvd. Corridor, South Fresno Industrial, and Southeast Fresno

REDEVELOPMENT PROJECT AREAS AND HOUSING

GENERAL

California Redevelopment Association Award



In March 2010, the Agency received the California Redevelopment Association's prestigious "Special Citation" Award for "Miracle on Divisadero Street" that recognized on a statewide level the significant achievement created from the partnership forged between the Agency and Community Regional Medical Center. The 58 acre \$350 million project is the largest and longest term redevelopment project in Fresno County.

Downtown Fresno Property-Based Improvement District (PBID)

The Agency and Fresno Revitalization Corporation (FRC) supported the development of a downtown Fresno Property Based Improvement District (PBID) with funds and in-kind support. A PBID is a special benefit assessment district funded by a special assessment on real property within a specific geographic area. Property owners determine the level of services and improvements necessary to fit the needs of the commercial area. Downtown Fresno's PBID is a private-public partnership that will lead downtown revitalization by creating a strong advocacy position for the private sector, improve existing efforts for marketing, business recruitment and retention, cleanliness and safety, parking, and sponsoring special events. Since March 2009, the FRC, a 501(c)(3) non-profit agency which is staffed by the Agency, has acted as fiscal agent during the evaluation and formation phase until such time as the PBID is created. The City Council approved formation of the PBID on June 24, 2010, and the PBID will assume the management and accounting responsibilities for the organization as of January 1, 2011.



Environmental Assessment Project

The Agency has worked with the Environmental Protection Agency (EPA) to obtain their services for a study that will assist our community address brownfields sites. The EPA has agreed to facilitate community sessions focused on brownfields identification and remediation leading to strategies for site cleanup and reuse. The general focus of the study will be a two mile wide corridor along Freeway 99 between Belmont and Church Avenues to identify potential brownfields in the study area. In addition, the EPA has agreed to provide the Brownfield Revitalization Action Model, a training tool from which to assess the impacts of brownfields on public health with a goal of achieving positive, sustainable improvements in overall community health and development. The value of the EPA's assistance is approximately \$120,000 with no local cash match required. The EPA assistance will position the community to be competitive in obtaining future EPA planning, assessment and clean up grants of up to about \$200,000 each.



Industrial Redevelopment

To help address the need for shovel ready sites, the Agency identified its role as a catalyst to advance site availability through a multi-prong approach that includes; (1) selective strategic enhancement of critical infrastructure for underserved sites and areas; (2) advancing site availability through Owner Participation Agreements, Memorandums of Understanding and selective site acquisition; and (3) assisting owners with professional and technical development assistance. Consistent with the Agency's role and jurisdiction, efforts are directed toward infill sites within urbanized designated redevelopment areas.



The combination of these efforts have helped stimulate a wide range of industrial projects that includes over 921,100 square feet of building activity or expansions of existing manufacturers and distributors. In addition, various industrially-zoned parcels, totaling more than 500 acres, have moved closer to shovel readiness through added infrastructure, advancing entitlements or final preparation for actual sale or end-user occupancy.

Infrastructure and Street Improvements

To stimulate redevelopment, the Agency has actively sought strategic, cost-effective opportunities for public infrastructure improvements and has worked with the City, Flood Control District and other entities to leverage local resources and matching fund opportunities. The Agency has expended \$25,222,357 from July 1, 2004 to date to improve and construct new streets and infrastructure that became city owned assets. Included in this amount is \$2,958,921 incurred in FY 09/10. The Agency's investment has increased city asset values, reduced city expenditures, relieved demand on the general fund, upgraded and replaced aging infrastructure and stimulated new growth and development. In some instances, Agency participation filled a need or requirement to access state and federal funds.



Merger 1 and Merger 2 Project Area Plan Amendments and Five Year Implementation Plans

For the past several years, the Agency has worked with consultants, a variety of stakeholders, and taxing entities to update and extend the time limits of Merger 1 through plan amendments. In a joint Council and Agency Board public hearing on June 24, 2010, the Merger 1 plan amendments were approved. The amendments to Merger 1 plans extend crucial tools for redevelopment within its nine expiring plans that collectively cover most of the Downtown triangle and an area southeast of Freeway 99 to Jensen Avenue. The Five Year Implementation Plan for Merger 1 was also completed in fiscal year 2010.



In addition, the Agency retained Keyser Marston Associates, Inc. (KMA) and Jones & Stokes (JSA) to prepare major plan amendment updates to the two redevelopment plans in Merger 2; Southwest Fresno and Fruit/Church. In fiscal year 2010, JSA completed the Draft Subsequent Environmental Impact Report and KMA completed the Preliminary Report for the project. The Merger 2 plan amendments were approved in a joint Council and Agency Board public hearing on December 16, 2010.

Property Maintenance and Weed Control for Agency Properties

The Agency manages property maintenance and year-round weed control of Agency owned properties through a contract negotiated with the Fresno County EOC. The contract with EOC provides an additional benefit to the community by providing job skill training and environmental education to the young men and women of Fresno County.

Review of Development Entitlements Within Redevelopment Project Areas

Between July 1, 2009, and June 30, 2010, staff reviewed and made recommendations on 137 entitlements, comprised of: 24 Site Plan Review Applications; 56 Conditional Use Permit Applications; 10 Alcoholic Beverage Conditional Use Permit Applications; 6 Rezoning Applications; 3 Tentative Parcel Map Reviews; 4 Amendment Reviews; 2 Variance Applications; and 32 Plan Review and Sign Offs. Review of these entitlements has helped ensure their consistency and development in accordance with all adopted plan goals and design guidelines of both the Redevelopment Agency and the City of Fresno. Also, in association with the entitlement review process, staff addressed over 200 public inquiries and reviewed 44 applications through the Development Partnership Center.

Storefront Improvement Program (formerly Commercial Façade Improvement Program)

To encourage physical improvements to existing commercial buildings and maximize visual impact in older commercial districts and corridors, the Agency established the Storefront Improvement Program (SIP). The Agency's Storefront Improvement Loan Program offers matching funds to upgrade and renovate the façades of commercial buildings in an effort to enhance facades, raise property values and make businesses more successful. Funding for the loan program is on a first come first serve basis and is available to commercial property owners and tenants in all redevelopment project areas.





The Agency has actively marketed the Storefront Improvement Program through a marketing brochure, informational workshops, and architectural design assistance to property owners and tenants. In addition, the Agency continues to work with Council District staff, Downtown Association, Chinatown Revitalization Inc., Belmont Merchants Association and other groups to identify opportunities to increase participation in the program.

The Storefront Improvement Program continues to grow and benefit individual property and business owners and visually enhance commercial districts and corridors. In fiscal year 2010, eighteen businesses participated in the program for a total investment in storefront improvements of \$828,678; \$649,274 from private investment and \$179,404 matched by Agency funds. Through this program, the Agency has provided financial assistance to 144 business owners since 1997.

AIRPORT AREA REVITALIZATION



The Airport Area Revitalization Redevelopment Project Area, adopted in August 1999, incorporates 1,119 acres around the Fresno Yosemite International Airport. The focus of the redevelopment project area has been to eliminate blight and seek the reuse of underutilized areas adjacent to or in the vicinity of the Fresno Yosemite International Airport for commercial and industrial uses as identified in the City's General Plan. The new redevelopment project area was adopted with priorities concentrating on the retention and expansion of existing and new businesses in order to increase the availability of jobs.

Airport Area Revitalization Plan Amendment

The Agency retained Rosenow Spevacek Group (RSG) in fiscal year 2010 to prepare an amendment to the plan to extend time limits. In a joint City Council/Agency action, the amendment was approved in December 2010.

Street and Infrastructure Improvements

Carmen Avenue Street Reconstruction Project – Street improvements for a segment of Carmen Avenue between Backer and Sierra Vista Avenues were completed in fiscal year 2009. The offsite improvements helped to induce infill of 12 acres with 158,000 square feet of office warehouse and improved this older industrial neighborhood. In fiscal year 2010, reconstruction was completed on additional segments of Carmen Avenue, generally between Maple and Chestnut Avenues and improvements were made to address flooding issues on Home and Dearing Avenues. Offsite improvements included curbs, gutters, driveway approaches, and street paving in addition to extensive power and utility infrastructure relocation.



Clovis Avenue Overlay Project – The Agency funded new paving for Clovis Avenue between Garland and Shields Avenues. The City's Public Works Department has nearly completed this segment, as well as the adjoining segment from Shields to McKinley Avenues.

El Dorado Park Neighborhood

Since 2007, the Agency, City, California State University, Fresno, the United Wesley Methodist Church, and Stone Soup have been working with residents and property owners in the El Dorado Park Neighborhood to discuss plans and ideas to eradicate the multiple blighting factors of the area. After numerous meetings and charettes, a Specific Plan was developed to help guide the future development of the neighborhood. It was determined that the inclusion of the El Dorado Park Neighborhood into a redevelopment project area would help bolster the neighborhood with additional sources of revenue for future development and investment. The Agency retained Rosenow Spevacek Group (RSG) to prepare

an amendment to add the El Dorado Park Neighborhood to the Airport Area Redevelopment Plan or another existing Redevelopment Project Area Plan and the work is well underway.

Shields and Winery Property Acquisition

In fiscal year 2010, the Agency completed acquisition of long vacant properties at the southwest corner of Shields and Winery Avenues thereby creating an attractive 2.5 acre developable site when combined with the ten adjacent vacant parcels owned by the Airport. It is anticipated the site will be packaged for sale and development during fiscal year 2011.

CENTRAL CITY COMMERCIAL REVITALIZATION

In August of 1999, the City Council and Redevelopment Agency Board adopted the 809 acre Central City Commercial Revitalization Redevelopment Project Area. The concept has been to focus on blighted and underutilized areas that have been identified in the City's General Plan for commercial and industrial uses. The redevelopment project area was adopted with priorities on the retention and expansion of existing and new businesses in order to increase the availability of jobs.



Business Attraction and Retention

Belmont Corridor Planning Grant and Merchants Association – For the past several years, the Agency has worked with Belmont Avenue area businesses and property owners to develop a strategic plan to address the needs of the commercial district. Agency support led to a formalized Belmont Merchants Association (BMA) that was awarded a \$2,500 planning grant from Council of Fresno County Governments. Through an Agency funded Belmont Corridor study completed in fiscal year 2010, corridor issues, goals and implementation strategies have been identified.

Street and Infrastructure Improvements

In response to Belmont Corridor business and property owner concerns and priorities expressed in community meetings, the Agency agreed to provide funding for street light improvements along Belmont Avenue. This project was set out in two phases to ensure adequate funding. Phase 1 of the Belmont Street Lighting Project from Freeway 41 to Cedar Avenue was completed in fiscal year 2009. The Agency completed Phase 2 of the Belmont Street Lighting Project from Cedar to Chestnut Avenue in the current fiscal year. The two phase project added and updated street lights and undergrounded utility lines from Freeway 41 to Chestnut Avenue and leveraged the Agency's \$1.2 million investment with \$4 million from state public utility funds.

CONSOLIDATED LOW AND MODERATE INCOME HOUSING FUNDS

Administration and Loan Servicing

From July 1997 through June 2000, the City's Housing Department administered the Agency's Low and Moderate Income Housing Program under a contract with the Agency. A major component of the program consisted of loans for major and minor rehabilitation. Agency staff continues to work with the City's Housing and Finance Departments for the ongoing administration of the Agency's loan portfolio. The policies include a monthly report to the Agency with the loan balances of the portfolio and loan payments received. Although the Agency assumed administration of the housing program in July 2000, the Agency contracted with the City's Finance Department to provide ongoing billing and collection services for the outstanding loans. As of June 30, 2010, there are approximately 196 loans with a total loan balance in excess of \$7.4 million.

Community Housing Partnership Program (CHPP)

In June 2000, the Agency and the Housing Authorities of the City and County of Fresno developed the *Community Housing Partnership Program* (CHPP) and entered into a three year contract (with two option years) whereby the Housing Authorities assumed certain responsibilities on behalf of the Agency for the management of the Agency's housing program within and adjacent to the Agency's adopted redevelopment project areas.



During FY 2002-2003, the Council/Agency approved amendments to the contract with the Housing Authorities that extended the contract for three additional years beginning July 1, 2003, with the option to extend the agreement on an annual basis for up to two additional years. The fifth amendment to the contract between the Agency and Housing Authority was approved by the City Council/Agency Board on September 30, 2008.

The program involves a comprehensive, multi-year housing program within six core areas of the City based upon a “target area” approach that emphasizes minor and major rehabilitation as well as the infill of single family homes.



Major and Minor Rehabilitation and Boarded Up/Lot Purchase/Infill Housing Program

During fiscal year 2010, the Community Housing Partnership Program (CHPP), administered by the Housing Authorities, processed and completed rehabilitation of 65 homes and reconstructed two homes for low-income families. Since July 2000, 1,646 homes have received minor and major rehabilitation and approximately 25 homes have been built on vacant lots or reconstructed from boarded-up properties to provide infill housing for low-income families since the inception of the program.



Neighborhood Stabilization Program

In response to U.S. Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP) funding opportunities, the Agency and several other entities received allocations of the City's NSP funds in June 2009. In October 2009, the City Council approved the City's contract with the Agency that directed focused efforts on the Lowell, Jefferson and South Tower Neighborhoods.

The Program provided funding to acquire and rehabilitate abandoned or foreclosed properties that might otherwise become sources of blight. The program's objective was to stabilize neighborhoods affected by the high incidence of abandoned and foreclosed homes by facilitating the resale of these rehabilitated homes to eligible, owner-occupied, low, moderate and middle income families



The Agency purchased 15 homes through the NSP program. As of June 2010, three homes have been sold and two are in escrow. Construction on most of the remaining homes is substantially complete.

Neighborhood Stabilization Program - Canyon Crest Condominiums

In May 2010, the Fresno Revitalization Corporation (FRC), a 501 (c) (3) non-profit corporation and the non-profit arm of the Agency, purchased the foreclosed Canyon Crest property – a 118-unit apartment complex near the southwest corner of Tulare and First Streets at a cost of \$4,418,000. Acquisition of this property was funded through \$2,772,253 received from the City of Fresno's Neighborhood Stabilization Program (NSP) and a loan for \$1,937,796 carried by the seller. HUD's requirement that at least twenty-five percent of the total NSP funds received by the City of Fresno must be spent for multi-family units and address the housing needs of very low-income persons was well satisfied through the acquisition. The Agency provides all administrative, financial and technical support to the FRC in the acquisition and operation of the Property through several agreements. Once the affordability covenants are established, rehabilitation and repair work is completed and rental of the units has been stabilized, the property will be marketed for sale to a qualified affordable housing entity.

Lowell Housing Projects

The Agency is preparing renovation and site development plans for the house at 473 N. Glenn Avenue purchased in fiscal year 2009.

In addition to the NSP funded acquisitions and to support the focused effort on Lowell, Jefferson and South Tower, the Agency used housing set-aside funds to acquire the following properties in the area:

- A boarded up, small, single family home at 237 N. Park located across the street from Lowell Elementary that is in the process of being renovated.
- A blighted, boarded up four-plex at 329 N. College in the Lowell Neighborhood that is appropriate for demolition. The Agency plans to entitle a single family home on the site and solicit a builder and/or developer to finance and construct for sale to an income-qualified buyer.
- A single family home at 129 N. College to be renovated that is adjacent to an NSP-funded house at 137 N. College.

Parc Grove Commons

Construction of Park Grove Commons at Clinton and Fresno Streets began with a groundbreaking celebration on February 3, 2010. The Agency provided a no interest loan of \$500,000 from low- and moderate-income housing funds for the \$38 million, 215-unit multi-family housing development and will receive covenants on 16 low-income units in return for its contribution.



Downtown Housing and Mixed-Use Development

Over the past several years, the Agency has directed substantial resources to further the goal of downtown housing development. The following are downtown housing projects providing for various income levels that have been recently completed, are underway or planned with the assistance of the Agency:

- **Berkeley Block** - In fiscal year 2010, the Agency's continued assembly of land reached 80% of the Berkeley ½ block between Kern and Inyo Streets along the Fulton Mall with the acquisition of the property at 829 Fulton Mall.
- **Broadway Lofts Mixed-Use** - In May 2009, the Board approved an Owner Participation Agreement (OPA) with Reza Assemi for participation in the Broadway Lofts project, a mixed-use project at Broadway and Calaveras Street in the Fulton Redevelopment Project Area/Cultural Arts and Entertainment District. The agreement provides for \$750,000 in Agency assistance to the project. Construction is well underway for reuse and conversion of the historic building at 1625 Broadway Street into a mixed-use project that includes 22 residential lofts, five of which will be moderate income units.
- **Chinatown Lofts Mixed-Use Project** - In July 2009, the Agency Board approved a Disposition and Development Agreement (DDA) for a three-phase, mixed-use low-income housing and commercial development for approximately 200 affordable units on 1.5 acres at "F" and Mono Streets. The developer and Agency received \$4,000,000 in Proposition 1C Urban Infill funding from the State in June 2009. Following environmental issues raised by a neighboring property owner, the Agency and City prepared a detailed request for proposals and retained a consultant to prepare an Offsite Consequence Analysis (OCA) report. The OCA has been completed and shall be incorporated into the CEQA document for the Project as it works its way through the entitlement process once again.
- **Fulton Village** - In May 2010, a ground breaking ceremony was held for the Fulton Village mixed-use project near Fulton and Amador Streets. In December 2008, the Agency Board approved an OPA for a mixed-use project in the Cultural Arts District near Fulton and Amador Streets. The project consists of 61 units of housing: 48 market rate and 13 affordable units, and 4,500 square feet of commercial space. The Agency's contribution consists of a second trust deed loan for \$800,000 and a \$500,000 grant at completion of the development.

- **Iron Bird Lofts (formerly Fulton Plaza)** - Construction of Iron Bird Lofts was completed in December 2009. Through a Disposition and Development Agreement (DDA), the Agency contributed the land and provided \$1.2 million in gap financing in this 80-unit, \$10 million mixed-use development. The Agency received affordability covenants for 16 units. The project helps revitalize the Divisadero/Fulton entryway into the Uptown area in addition to providing mixed income infill housing.



- **Mayflower Lofts** - The Agency Board approved an OPA with Mayflower Lofts, LLC to facilitate the development of a mixed-income housing development in the long vacant three-story brick Mayflower building at 1417 Broadway. The project consists of 15 rental units with affordability covenants on eight of the units in consideration for Agency assistance through a \$400,000 low interest loan.



- **Met Museum RFQ** - In December 2009, the Agency and the City jointly issued a solicitation inviting qualified developers to submit qualifications and conceptual proposals to design and develop an infill project on about 2.5 acres bounded by Calaveras, Stanislaus, Fulton and Van Ness that excludes the Met Museum building but includes the parking lot north of Stanislaus across from the Museum building. Qualified Developers were required to have a sound and in-depth understanding of contemporary commercial retail, mixed-use and entertainment center development, as well as extensive experience in the design and construction of quality projects within downtown entertainment districts.



- Proposals were required to complement the architectural and cultural prominence of the Met Museum building. One proposal was received and is under evaluation by City and Agency staff in preparation for recommendation to the City Council.
- **The Fultonia** - Renovation of an existing two-story, 30,168 square foot building at 532-614 Fulton was completed in fiscal year 2010 through an OPA with the Developer. The building, constructed in 1950, was converted into a mixed-use project consisting of thirty-nine (39) residential units and ten (10) commercial units. This is the first multi-family project that the Agency has assisted with in the Freeway 99/Golden State Corridor/Fulton area. Under the OPA agreement with TFS Investments, the Agency provided funding assistance to the project in the form of a \$600,000 low interest loan and will receive covenants on eight low-income units at 60% of AMI and 31 moderate income units.

Southeast Fresno Infill Housing

Ventura and Seventh - In a joint effort to revitalize a blighted block on the south side of Ventura Street between Seventh and Eighth Streets, the Agency and the City Housing Department have proposed a new affordable housing project on the former Fresno Unified School District site located at 717 S. Seventh Street and an Agency-owned parcel at the corner of Seventh and Ventura Streets. The overall project site is 3.42 acres.

A new Request for Proposals was released in January 2010, and an Exclusive Negotiating Agreement (ENA) was approved with AMCAL Multi-Housing, Inc. AMCAL's conceptual proposal consists of between 60 to 90 units of senior affordable rental housing and commercial/retail.

Southwest Fresno Infill Housing

- **AMCAL/Summer Hill Place Apartments** - The Agency has owned about 3 acres of land generally at the northeast corner of "B" Street and San Benito Avenue and a parcel at Elm and Geneva Streets since the mid-1970's. In July 2009, the Agency Board approved a Disposition and Development Agreement (DDA) with AMCAL Multi-Housing Inc. for development of 49 low income units the three acre site. In September 2009, AMCAL was successful in obtaining State 9% Low Income Housing Tax Credits which had been unsuccessfully applied for at least 5 times prior. In March 2010, the community celebrated the groundbreaking for the development that is designed to serve low income families.
- **Annadale/Elm EAH Housing** - Through a negotiated agreement with Sequoia Health, the Agency received 7.5 acres of vacant land on Annadale Avenue, just west of Elm Avenue and selected EAH Housing as the developer. The proposed project would address the demand for affordable senior housing. The development would also be the first PACE (Program of All-inclusive Care for the Elderly) in the Central Valley. EAH has incorporated the PACE component into this project and is currently evaluating its project feasibility.



In fiscal year 2010, EAH acquired the sole single family home within the project footprint that caused the project site to be very inefficient and irregular. The Agency assisted the acquisition and will receive title to the property from EAH if the project does not move forward.

- **California and Fruit Avenues Brownfields Cleanup Grant** - The Agency and Housing Authority completed remediation of the long vacant two acre former service station site, 437 California, at the southeast corner of California and Fruit Avenues. The cleanup work consisted of installing and operating a vapor extraction system (groundwater monitoring wells, soil-vapor wells, air-spargers, catalytic oxidizer unit and granular activated carbon unit). The vapor extraction system was installed in March 2009, and the work completed in early 2010. Remediation and vapor extraction costs were covered by a state grant of approximately \$180,000.



The remediation of the adjacent two acre former auto dismantling site is well underway. The total cost of the cleanup work is estimated at \$285,000, funded by a \$200,000 Environmental Protection Agency (EPA) Brownfields Grant and \$85,000 from Agency set-aside funds. The cleanup of this two-acre Brownfields site, containing lead contaminants on the surface, will enable housing development in connection with the California Avenue Plan.

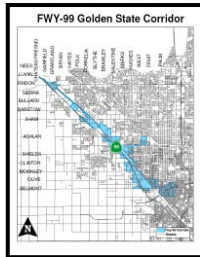


- **California Triangle** - The Community Housing Partnership Program (CHPP) has nearly completed the acquisition of properties in the project area referred to as the California Triangle, an area bounded by Kern, Waterman and California Streets within the Southwest GNRA Redevelopment Area. All residents in this area were relocated to improved housing. The project site consists of approximately three acres divided into a number of parcels. Once all of the acquisition is complete, the Agency will publish a Request for Qualifications (RFQ) seeking developers for a mixed-use or mixed-income housing project.



South Clara and North Estates Housing Project - In November 2008, the Agency Board approved the assignment of the Owner Participation Agreement (OPA) with Fresno West Coalition to Habitat for Humanity Fresno for development of eleven affordable single-family homes with 45 year covenants at Santa Clara and North Avenue. The Agency is assisting with development of a ponding basin and off-site infrastructure. The infrastructure work commenced in the summer of 2009 and was completed in November 2009. Habitat for Humanity Fresno (HFHF) broke ground and is well underway on the 11 single family home development at Clara and North Avenues.

FREEWAY 99-GOLDEN STATE BOULEVARD CORRIDOR



In July 2003, the City Council and Redevelopment Agency Board adopted the 2,790 acre Freeway 99-Golden State Boulevard Corridor Redevelopment Project Area. The focus of the redevelopment project is the elimination of blight and economic stagnation and the promotion of the redevelopment of underutilized industrial and commercial areas, and neighborhoods that were identified in the City's General Plan for industrial, commercial and residential uses within the project area. The redevelopment project area was adopted with priorities on the retention and expansion of existing and new businesses in order to increase the availability of jobs.

Golden State Boulevard Improvements

Phase II of the Golden State project was completed in fiscal year 2010 through the joint efforts of the Agency, Fresno Metropolitan Flood Control District (FMFCD) and the City of Fresno. The Agency provided approximately \$130,000 for the cost of the design work, FMFCD constructed the pipeline and the City resurfaced the street. This phase of the project alleviated flooding at Golden State Boulevard and Ashlan Avenue through installation of a storm drain pipeline to a permanent basin.

The Golden State Boulevard multi-year project is providing infrastructure and street improvements including new street pavement, curb and gutter, street lights, parkway landscaping and irrigation, and completion of the street drainage system for about 8,000 linear feet from the Freeway 99 exit to Shaw Avenue. The project was divided in three phases to ensure sufficient funding: Phase I was completed in fiscal year 2009 and improved the 2,000-foot segment between Swift Avenue and the Gettysburg Avenue alignment; Phase II, was completed this year and improved the 2,000-foot segment between Ashlan Avenue and the Freeway 99 exit; and, Phase III, the 4,000-foot segment between Gettysburg and Shaw Avenues, is expected to be completed in fiscal year 2011. At completion, improvements to the 8,000-foot segment of Golden State Boulevard between Ashlan and Shaw Avenues address traffic, safety and flooding issues, visually enhance the area and encourage new development.



Street & Infrastructure Improvements

Shaw and Polk Signalized Intersection - The Agency provided funds for the completed design and reconstruction plans for signalization at the intersection at Shaw and Polk Avenues. Construction is expected to commence during fiscal year 2011. The project improves traffic circulation and safety and facilitates redevelopment of the area.

McKinley Avenue Widening/Improvements - McKinley Avenue from Freeway 99 west to Marks Avenue is a gateway to the recent housing growth in the Fresno West area. Development on McKinley Avenue is a mixture of residential housing and commercial businesses along this corridor. The Agency funded design work that was completed in fiscal year 2010.

FRESNO AIR TERMINAL REDEVELOPMENT AREA

The Fresno Air Terminal Redevelopment Area plan was adopted in August 1988 to assist the City of Fresno with rebuilding and restructuring the 102 acre project area into a high quality, aviation-related business park and to address environmental issues associated with prior use of the Old Hammer Field. Environmental cleanup activity for the airport area continues to be a priority and the majority of the project area resources are allocated to this purpose.



MERGER PROJECT NO. 1—Central Area and South Van Ness Industrial Area

On June 30, 1998, the Council and Agency approved the Merger No. 1 Project for eight existing Project Areas in the City's Central Area (Central Business District, Chinatown, Convention Center, Jefferson, Mariposa, West Fresno I, West Fresno II and West Fresno III) and two new Redevelopment Projects for the Fulton and South Van Ness Industrial Areas. This Project provided for the financial merger of all ten of the above cited project areas; the updating of the redevelopment plans and extending the plan limits for the eight existing Project Areas; and adoption of redevelopment plans for the two new Project Areas. The plans were amended in fiscal year 2010 to extend the life of the plans and increase tax increment caps. In a joint public hearing on June 24, 2010, the City Council/Agency Board approved the plan amendments.



Merger Project No. 1 encompasses the majority of Fresno's traditional downtown area. Following is a Summary of Accomplishments for the ten Project Areas in Merger No. 1.

An indicator of the Agency's successful redevelopment efforts is reflected in tax increment growth. During the worst economic downturn since the great depression, the Downtown project areas realized an increase in property value. In fiscal year 2010, gross tax increment grew 5.07 % in the Central Business District project area and 2.24 % overall in the combined Merger 1 area. The combined increment for Downtown in fiscal years 2008 and 2009 increased approximately 13%. In fiscal year 2000, Merger 1's annual gross tax increment was \$2,647,111. In fiscal year 2010, the annual gross tax increment was \$6,246,051, an increase of 236%.



Another indication of successful redevelopment is absorption and vacancy rates. Downtown was one of only two areas in the Fresno/Clovis market that saw a positive net absorption of office space in 2009 with 88,528 net square feet absorbed. One of the largest leasing transactions, 17,400 square feet of privately owned space on the tax rolls, can be attributed to the Agency's active role to encourage government space leases in Downtown consistent with the GSA's Executive Order. In addition to having the highest net absorption, or largest amount of space leased after deducting space vacated, the Downtown had a lower office vacancy rate than other areas; an 8.83% rate compared with an overall rate of 14.11% for the Fresno/Clovis area. Both still fared better than the national average of 18%.

Central Business District

Broadway-Tuolumne Parking Lot

To serve and attract activity in the Downtown, the Agency is working to create 38 additional parking spaces on underutilized land at the southeast corner of Broadway and Tuolumne Streets. A Conditional use permit has been approved, and a site plan has been prepared, laying the groundwork for construction plans and specifications.

Storefront Improvement Program

In fiscal year 2010, the Agency invested \$32,907 in the renovations of 22 local storefronts in the Central Business District that was matched with an equal or greater amount by the property owners.

Chinatown Expanded

Business Attraction and Retention

The Agency promoted and provided assistance to attract, retain and expand business in Chinatown in the following ways:

Business Attraction - Fresno and E Streets - The Agency initiated a public/private partnership with the new owner/developer of property at the southwest corner of Fresno and "E" Streets, to enhance the entryway into Chinatown and the Downtown. This is a highly visible area located at Freeway 99 and Fresno's namesake street accessing Downtown. The project's exterior façade was designed to enhance the visual impact and recognize the history of the multi-cultural district.



The owner/developer is constructing 11,000 square feet of retail space with upscale landscape frontage and will dedicate an area for artwork complementary to Historic Chinatown.

In a "Call to Artists", requesting proposals that would be incorporated into the new business development site, 36 responses were received and reviewed by a panel of Chinatown and community participants. The panel selected a local artist to provide the artwork.

Chinatown New Year Parade - The Agency co-sponsored the Chinatown New Year Parade with Chinatown Revitalization, Inc., that was held on March 20, 2010.

Chinatown Community Cleanup Day - The Agency, through a partnership with Chinatown Revitalization, Inc., sponsored another successful "Chinatown Community Day" on September 13, 2009. The courtyard of the historic Bow-On-Tong Building on "F" Street was cleaned of debris and weeds.



Chinatown Revitalization, Inc. (CRI) - Agency staff continued meeting with CRI Executive Committee members on potential events in Chinatown. Financial reviews of the CRI's records for the past three years were also completed in this fiscal year.

Chinatown Community Meetings - Agency staff conducted meetings with the Chinatown Project Area Committee (PAC) to provide updates on the Merger 1 Plan Amendments. The PAC voted unanimously to recommend Council and Board approval of the amendments. In addition, Agency and City staff attended Chinatown community meetings to discuss various issues.

Historic Chinatown, LLC / Chinatown Mixed-Use Development

During fiscal year 2010, Historic Chinatown LLC focused primarily upon affordable housing proposing in a mixed-use development on Agency owned land in the block between "F" and "G", Mono and Inyo Streets. The Agency and developer successfully applied for a \$4 million Prop 1C Urban Infill Grant. This project is also described in the Consolidated Low and Moderate Income Housing Fund section.

Convention Center Area

Old Armenian Town Project and the Fifth District Court of Appeal

The entire ten acre Old Armenian Town site is largely assembled with only two parcels remaining to be acquired. To remove blight and facilitate redevelopment at Freeway 41 and "O" Streets, the Agency purchased properties at 2518-2522 Ventura Street at the southeast corner of Ventura and "P" Streets. This major entryway area is significant to Downtown, leading into Old Armenian Town, the 5th District Court of Appeal, Convention Center, the Santa Fe Depot, and other major developments.



Old Armenian Town Historic Properties

Pending relocation to their final receiver site, the five historic structures and their temporary storage at Santa Clara and “N” Streets are regularly monitored according to Brief 31 Guidelines - Mothballing Historic Buildings (National Park Service, U.S. Department of Interior). In accordance with a court ruling in June 2008, the five historic homes will be permanently sited at 450 “M” Street, (Santa Clara and “M” Street) the former Fresno Fire Department Headquarters site. In fiscal year 2010, a site plan for the placement of the five historic structures to their permanent site at 450 “M” Street received final approval from the City Planning and Development Department.



In fiscal year 2010, the construction documents for relocation and exterior renovations were completed and will now go to bid. The relocation and restoration is scheduled to be completed by June 2011.

After the Fresno Fire Department Administration offices relocated to the new 911 “H” Street site, the Agency and City initiated a transfer of title for the City owned site to the Agency. During the process, the California Regional Water Quality Control Board (CRWQCB) notified the City of Fresno of the need to close a pending file on the removal of a gasoline underground storage tank. The Agency contracted with an environmental firm in July 2009 to complete an approved work program and received a notice of completion on March 26, 2010. On April 15, 2010, the Agency Board approved the final transfer of title of 450 “M” Street property to the Agency.

Radisson Hotel/Uniwell

The Agency’s negotiated sale of the Agency-owned Convention Center Hotel land to Uniwell in November 2009 effectively cashed out an asset with no adverse effect on the project itself and with positive impact upon the City’s general fund during a time of declining revenues. The Agency offered the entire \$2.9 million in sale proceeds to the City which, along with the bond reserves, enabled the City to pay off the remaining 1996 Convention Center Certificates of Participation debt of \$3.725 million four years early, thus eliminating annual debt payments of \$1,051,000 from the City’s general fund.

Jefferson

Community Regional Medical Center Project

The expansion of the Community Regional Medical Center (CRMC) in Downtown Fresno, a 58-acre, \$350 million project, is the largest and longest-term redevelopment project ever undertaken in Fresno County.



The facility is the result of a unique, long-lasting partnership, first forged in 1995, involving CRMC, Fresno Redevelopment Agency, City of Fresno, County of Fresno, and the University of San Francisco (UCSF) Medical Program. The partnership between the Agency and CMC enabled siting of the \$30 million UCSF Medical Education and Research Center in Downtown Fresno. In recent years, these efforts have begun to bear fruit with the opening of several remarkable and essential community health care facilities:

- Since completing a 340,000-square-foot, six-story trauma and critical care building in 2007, CRMC has added a 52-bed Neuroscience Center of Excellence dedicated to brain and spine patients, a 50-bed cardiovascular unit with state-of-the-art monitoring equipment and private rooms, a 65-bed Level III neonatal intensive care unit for the most fragile newborns; an outpatient clinic; and a new parking garage.
- Utilizing a portion of the land contributed by the Agency for the multi-phase medical campus, Community Medical Center (CMC) opened the \$25 million, 79,534 square foot Deran Koligian Ambulatory Care outpatient clinic in March 2010.
- In September 2009, a \$24 million, 4-story, 82,000 square foot Medical Office Building was completed. The facility is connected by a sky bridge to the hospital and to a \$28 million, 6-deck 1,153 space parking structure.

- CMRC is an academic-affiliated medical center with more than 600 beds. Its 56,000 square-foot emergency department is the second-largest and busiest in California, and is home to the region's only Burn and Level 1 Trauma Center between Los Angeles and Sacramento. CRMC is the region's "safety net" hospital serving the indigent in the region through a contractual relationship with Fresno County. CRMC gives back approximately 15% of its operating expenses – historically about \$120 million a year – in charitable and unreimbursed services. Through a contractual relationship with the UCSF-Fresno Medical Education Program, approximately 200 doctors per year receive specialized advanced training at CRMC. UCSF has trained approximately one-third of the region's physicians.



Mariposa

Ice House/Warehouse Row

The Agency is providing assistance in various ways to help the successful adaptive reuse of the Ice House Building located at "P" and Mono Streets, including tenant referral and working with the developer to plan amenities such as proximate parking. An Owner Participation Agreement (OPA) is being negotiated with the Ice House/Warehouse Row developer. The project envisions an integrated business center that includes adaptive reuse of the three multi-story historic buildings, construction of new complementary buildings and parking facilities for the site, totaling about 133,000 square feet. Following a CEQA challenge, site plan approval was received in April 2010, and the project is prepared to move forward.



Tulare & "R" Streets – Fresh & Easy

A milestone achievement was reached with the January 2010 opening of the first grocery store in Downtown Fresno in over two and a half decades. The Agency induced Tesco Fresh & Easy Neighborhood Market, Inc to locate a \$4.5 million architecturally enhanced landmark building on Tulare Street, a major entryway to the downtown core. The Agency's participation included public improvements to Tulare Street, helping to benefit downtown circulation.



Storefront Improvement Program

In fiscal year 2010, the Agency provided financial assistance for the renovation of 23 storefronts in the Mariposa project area, including the Birdcage Building at 907 Santa Fe that is now owner-occupied professional office space after an extended period of vacancy. The Agency's total investment of \$56,294 for all of the storefronts was matched by \$631,071 in private investment.

South Van Ness Industrial Area

Business Retention and Attraction - Streetscape/Street Improvements

The multi-phase reconstruction project on Florence Avenue between Railroad and East Avenues has been completed. Offsite improvements included street lights, curbs, gutters, driveway approaches and street paving, in addition to extensive power and utility infrastructure relocation. To eliminate flooding issues experienced in this area, 18" to 36" storm drains were also installed. This infrastructure project induced the retention and expansion of Jain Irrigation, a leading micro irrigation manufacturer that has grown from about 40 to 200 employees. Improving the physical quality of the neighborhood encourages additional business development and expansion in this older industrial area.



Valley Foundry Park

Through a community facilities district, the Agency facilitated development of Valley Foundry Industrial Park. In addition to the original rehabilitated buildings, thirteen parcels have been created from the vacant land at the Valley Foundry Industrial Park. Of these parcels, twelve have been sold to users and eight have been fully developed for a total park assessed valuation of over \$24 million. Of the remaining vacant parcels, three were advanced with additional entitlements this past fiscal year, indicating emerging plans for final development. The park's total assessed value has increased more than \$20 million since the Owner Participation Agreement (OPA) was approved in 2001.

MERGER PROJECT 2–Fruit/Church and Southwest Fresno Redevelopment Project Areas

On October 20, 1998, the Council and Agency approved the Merger 2 Project for two existing redevelopment project areas in the City's southwest area (Fruit/Church and Southwest Fresno). This project provided for the financial merger of both of the above cited project areas, updated the redevelopment plans and extended the plan limits for the two project areas. The Merger 2 plans are in the process of being amended to extend the life of the plans and increase tax increment caps.



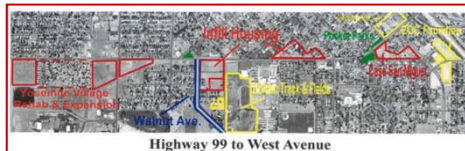
Following is a Summary of Accomplishments for the two Project Areas in Merger 2.

Fruit/Church Area

The Fruit/Church area was included in the Hope VI Project which is reported in detail in the following report for the Southwest Fresno GNRA.

Southwest Fresno GNRA

California Avenue Revitalization Plan (CAR)



The Agency has made significant progress in implementing and facilitating the "California Avenue Revitalization" (CAR) Plan. The CAR Plan includes fifteen significant projects along the California Avenue Corridor from Freeway 99 to West Avenue. To date, eight projects have been completed: Walnut Avenue Improvements, Casa San Miguel, Pocket Parks, HOPE VI

Master Plan Adoption, Lincoln School Improvements, Elm Crossing/Summer Hill, Edison Track and Edison Plaza Phase I – West Fresno Regional Center. The remaining seven are well underway: EOC Youth Center, California Triangle, California Avenue Brownfields, California Avenue Widening, Edison Plaza Phase 2, Walnut Avenue Realignment, and Yosemite Village.

California Avenue Improvements and Land Acquisition

The widening of California Avenue from Fruit to West Avenues was completed in fiscal year 2010. The Agency's early commitment of funds enabled the widening of this segment of California Avenue and fulfilled a requirement that allowed construction of the Community Enrichment Center; 53-home Sierra Pointe development, and the rehabilitation of 69 existing units in Yosemite Village. The Agency and City of Fresno identified California Avenue from Freeway 99 to West Avenue as a priority for funding for Tier 1 allocation in the Measure C Bond for street widening and improvements, and landscaped median islands.

California Walnut Mixed-Use/Edison Plaza Project

In February 2010, the Agency and community celebrated the opening of West Fresno Regional Center – the largest commercial project in West Fresno in over a decade and includes the area's first library. The Agency invested approximately \$7 million to assemble land and construct infrastructure improvements to support the two-phase mixed-use development on approximately 18 acres at California and Walnut Avenues. The first phase of the project was completed in fiscal year 2010 at a cost of \$12 million. This project provided needed health care services and library services to an underserved community through private development and the County of Fresno.



Tuolumne-Merced, "A"- "B" Street Alley Improvements

The Agency identified this blighted alley servicing both commercial and residential properties as a priority because it was discouraging commercial traffic and private investment. The Agency partnered with the City of Fresno to improve the alley conditions in southwest Fresno. The alley, bordered by Tuolumne and Merced Streets and "A" and "B" Streets, was cleaned of various debris, overgrown grass and weeds that had accumulated on the alley shoulders. Additionally, the alley shoulders were improved with concrete millings, providing for a drivable yet permeable surface to provide water percolation during rain storms. Various asphalt patching improvements were also placed to repair the street surface.

Workforce Housing Grant/Willow Bridge Improvement Project

In coordination with the City of Fresno, the Agency agreed to provide funding in fiscal year 2011 to widen the Willow Bridge crossing north of Jensen Avenue. The project was initially funded through the City's \$600,000 grant from the State Workforce Housing program grant, however to meet the State's June 2010 deadline, and retain the award in Fresno, the Agency helped shift the award to an alternative project in Southwest Fresno with the approval of the state.

ROEDING BUSINESS PARK

The Roeding Business Park Redevelopment Plan was adopted in August of 1996, to assist in the rebuilding and restructuring of the 954 acre project area into a high quality, business park. The project area was proposed for redevelopment due to the existing physical and economic blighting conditions. Existing incompatible land uses, a prevalence of lots of irregular form, shape and inadequate size, and insufficient infrastructure made the project area unattractive for development despite the area's close proximity to downtown Fresno, the Fresno Chandler Downtown Airport, and nearby freeways. Excessive vacant lots and a low level of building and property transfer activity indicated a weak demand for development.



Real Property Acquisition and Blight Removal

Progress was made in advancing the single largest industrial parcel in the Roeding Business Park Project Area to more "shovel-ready" status. This 66 acre, M-3 parcel is extensively covered in aged and blighted cotton storage structures. The owner has initiated the demolition and removal of more than 15 acres of non-functional structures and submitted new entitlement requests as an initial critical step in preparing the parcel for industrial development.



In addition, the Agency continued an agreement with the Central California Society for the Prevention of Cruelty to Animals (SPCA) for the use of a ponding basin on SPCA property. The purpose of the basin is to temporarily receive rain water runoff from Nielsen Avenue until the Fresno Metropolitan Flood Control District (FMFCD) constructs permanent drainage facilities to serve this area of the Roeding Business Park.

Infrastructure and Improvements

The Agency has continued in its role to facilitate the infrastructure improvements needed to stimulate and expand industrial and business development in the project area. The design work to update all telecommunications infrastructure with new fiber optic and other enhanced technology was completed in fiscal year 2010. Funding for the project was assisted through an Economic Development Infrastructure (EDI) grant of \$497,050. This major enhancement to the area's telecommunications infrastructure will serve the area around Dan Ronquillo Drive, between West and Hughes Avenues. Actual construction of these newly designed facilities will be phased for construction in future years.



Extensive discussions were also held with many industrial property owners during the past year to re-evaluate priorities for future infrastructure improvements and enhancements that would facilitate industrial development in future years. These meetings identified several other key needs in addition to completion of the telecommunications infrastructure already designed for future construction. Two needs were particularly noted.

1. Completion of the permanent branch of the flood control system was identified as a high priority so that valuable industrial land is no longer lost to temporary ponding basins and property can continue to be advanced to "shovel ready" status. The elimination of a temporary ponding facility serving a significant and strategically located area of the Roeding Business Park was made a high priority. The design to construct a pipeline project was completed in conjunction with the FMFCD, and cost estimates for an actual project were established.
2. The identification of alignment, design and construction of the frontage road south of Nielsen Avenue and between Marks and Hughes Avenues was identified as a priority.

The frontage road would provide critical internal access to a large land locked area of approximately 100 acres bounded by Nielsen Avenue on the north, Freeway 180 on the south, West Avenue on the east and Marks Avenue on the west. This frontage road is necessary before most property owners in this area can advance their property for industrial development.

Working with the City Public Works department, alignment of this critical piece of infrastructure was finalized in 2010 and plans have been initiated for the start of design work and property acquisition for the road alignment. The majority of this construction project will be funded through its designation as a Measure C project.

Property Value and Tax Increment Growth

Infrastructure improvements of \$12 million in the Roeding Business Park Project Area have helped stimulate and attract significant business development. Since the formation of the project area, gross tax increment revenue has grown from \$151,140 in fiscal year 1999 to \$895,297 in fiscal year 2010. Assessed values between 1999 and 2010 have increased from \$90,490,922 to \$156,820,952, a growth of approximately 173%.



SOUTH FRESNO INDUSTRIAL REVITALIZATION

The South Fresno Industrial Revitalization Redevelopment Plan was adopted in August 1999 for the purpose of rebuilding and restructuring the 1,378 acre project area to make it attractive for business attraction and retention. Objectives were to eliminate blighting influences and correct environmental deficiencies in the project area such as; small and irregular shaped lots, obsolete and aged buildings, unsafe and unhealthy buildings, vacant buildings and lots, depreciated property values and impaired investments, low lease rates, incompatible and uneconomic land uses, and inadequate or deteriorated public improvements, facilities, and utilities. One of the Agency's priorities is to strengthen the economic base by installing needed site improvements to stimulate development, business expansion, employment, and social and economic growth.



Street & Infrastructure Improvements

The Agency has continued to identify target areas for infrastructure improvements in order to stimulate infill industrial development and advance planned industrial projects to shovel ready status.

East Avenue Improvements - The public/private partnership for East Avenue improvements triggered retention and expansion of Utility Trailer Sales resulting in the addition of \$8.5 million of new value, including a new 45,000 square foot building, and almost doubling the number of employees to 70. During fiscal year 2010, the Utility Trailer Sales (UTS) site was completed to full build-out and the company met its obligations for all funded improvements under the established Memorandum of Understanding (MOU). Construction of onsite improvements adjacent to Utility Trailer consisting of curbs, gutters, paving, street lights, sidewalks and storm drain improvements on East Avenue from Dorothy to Annadale Avenues have been completed. The Agency's obligation under the MOU



moved forward with completion of the final design plans of Agency sponsored off-site improvements. The final segment of the East Avenue improvements from Dorothy to Annadale Avenues will be constructed in fiscal year 2011.

In addition to the UTS project, an agreement has been reached with an adjacent ten-acre property owner that will provide certain offsite improvements along East Avenue in exchange for advancing their parcel closer to shovel ready status. This draft MOU agreement will be executed in conjunction with the implementation of the planned improvements along East Avenue at Annadale Avenue.

East and North Avenue Improvements - Progress was made towards development of several significant industrial parcels located at the corner of East and North Avenues. A major industrial developer has finalized plans for off-site improvements needed by several intended users of a 40 acre parcel. These improvements would help induce the development of 26 acres of development and would advance the balance of the project site to further shovel ready status.

Additionally, a national company has identified a six acre site just to the north of the East and North Avenues intersection for a future plant and initiated negotiations for the development of an MOU. The company experienced delays in their development plans due to several environmental inquiries which were resolved to their satisfaction through the Agency's assistance.

Jensen and Cherry Avenue Improvements - Plans and specifications were prepared in fiscal year 2010 for improvements at the intersection of Jensen and Cherry Avenues anticipated to be constructed in the next fiscal year. The improvements were necessitated by development plans for expansion of a company located at this intersection. Design work was completed entitlements were submitted for a 24,000 square foot first phase office, testing and warehouse facility. A draft MOU agreement has been prepared for execution in fiscal year 2011.

SOUTHEAST FRESNO REVITALIZATION



The Southeast Fresno Revitalization Redevelopment Plan was adopted in August 1999 for the purpose of rebuilding and restructuring the 3,088 acre project area to make it attractive for business attraction and retention. Objectives were to eliminate blighting influences and correct environmental deficiencies in the project area such as; small and irregular shaped lots, obsolete and aged buildings, unsafe and unhealthy buildings, vacant buildings and lots, depreciated property values and impaired investments, low lease rates, incompatible and uneconomic land uses, and inadequate or deteriorated public improvements, facilities, and utilities. One of the Agency's priorities is to strengthen the economic base by installing needed site improvements to stimulate development, business expansion, employment, and social and economic growth.

Frank Chance Field Monument Sign

The original Frank Chance Field site at the southwest corner of Ventura and Cedar Avenues was nominated to the Local Historic Register in May 2009. The site is now occupied by the Sunnyside Car Wash. Working with the property owner and community members, the Agency provided funds for a monument recognizing this individual's importance in Fresno's history and the history of Baseball.



Real Property Acquisition and Blight Removal

Tenth and Ventura Project - In fiscal year 2010, the Agency completed assembly of the north side of Ventura Street between Tenth and Eleventh Streets and demolished the blighted structures at the corner of Ventura and Tenth Streets. The acquisition and demolition advances the Agency's goals for blight removal along a highly visible corridor and facilitates higher density land use consistent with the Southeast Fresno Revitalization Plan.

Street & Infrastructure Improvements

The Jensen and Willow Traffic Signalization project was completed this year. The construction comprised a signalized intersection, dedicated left turn lanes from Jensen Avenue onto Willow Avenue, loop detection, transition paving, and appropriate signage.

Storefront Improvement Program

During fiscal year 2010, the Agency assisted with the renovation of eighteen storefronts along Kings Canyon Road and Ventura Street including a prominent, well established gathering place on Ventura: Castillo's Mexican Restaurant. The Agency's total investment of \$51,359 for all of the storefronts was matched by \$102,719 in private investment.



Workforce Housing Grant/Willow Bridge Improvement Project

In coordination with the City of Fresno, the Agency agreed to provide funding in fiscal year 2011 to widen the Willow Bridge crossing north of Jensen Avenue.

The project was initially funded through the City's \$600,000 grant from the State Workforce Housing program grant, however to meet the State's June 2010 deadline, and retain the award in Fresno, the Agency helped shift the award to an alternative project in Southwest Fresno with the approval of the state.

OTHER FINANCIAL INFORMATION

Internal Controls

In developing and evaluating the Agency's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls were designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and, (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Agency's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.



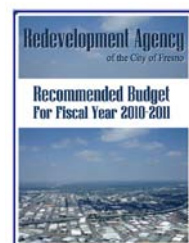
Budgetary Process

The Redevelopment Agency is required by Section 33606 of the California Health and Safety Code to adopt an annual budget containing all of the following information including all activities to be financed by the Low and Moderate Income Housing Fund:

- (a) The proposed expenditures of the agency.
- (b) The proposed indebtedness to be incurred by the agency.
- (c) The anticipated revenues of the agency.
- (d) The work program for the coming year, including goals.
- (e) An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program.

All expenditures and indebtedness of the agency shall be in conformity with the adopted or amended budget.

The Agency's Budget is an operating plan which identifies estimated costs and results in relation to estimated revenues. The Budget includes: (1) the programs, projects, and activities to be carried out during the fiscal year; (2) the estimated revenue available to finance the operating plan; and, (3) the estimated spending requirements of the operating plan. Activities of the Capital Projects, Debt Service and Low-and Moderate Housing Funds are included in the annual appropriated budget by redevelopment project area.



The budget is the result of a process wherein policy decisions by the Agency Board are made, implemented, and controlled. The Agency maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Agency Board. The approved budget serves as the foundation for the Agency's financial planning and control.

Budget to actual comparisons are not presented in the supplemental information since the Agency's budgets are project based, not fund based, as tax increment revenues generated in a project area are to be used solely within the project area per California redevelopment law.

The Agency also uses encumbrance accounting as another technique to accomplish budgetary control for all fund types. This consists of a commitment for expenditures that are earmarked for a particular purpose and are spent when funds become available. Certain year-end encumbrances that fulfill a spending commitment are carried forward and become part of the following year's budget. The Agency continues to meet its responsibilities in making sound financial management decisions, as demonstrated by the statements and schedules included in the financial section of this report.



Cash Management

The Agency's pooled temporary idle funds and deposits are invested pursuant to policies established by the governing board. The Agency seeks the preservation of capital, safety, liquidity and yield, in that order of priority. The Agency's policy addresses soundness of financial institutions holding our assets and the types of investments permitted by the California Government Code Section 53601. The Agency seeks to minimize credit and market risk while maintaining a competitive yield on its portfolio. Accordingly, the Policy permits investments in certificates of deposit, obligations of the U.S. Treasury and U.S. Government sponsored corporations and agencies, commercial paper, medium-term notes, banker's acceptances, repurchase and reverse repurchase agreements, mutual funds invested in U.S. Government, and Treasury obligations, and the State Treasurer's Investment Pool. The earned yield for the fiscal year 2010 was .107% as compared to fiscal year 2009 which was 1.163%.



All of the Agency's investments, which are categorized according to credit risk as defined by the Governmental Accounting Standards Board, are classified in the category of lowest risk. All categorized investments are held by a third-party custodian in the Agency's name.

With regard to investment style, the Agency employs a semi-active strategy in managing the portfolio. First, all prospective investments are reviewed from the standpoint of the risk of loss of principal. Once safety concerns have been addressed, all investments are purchased with the intention of holding them until maturity. They are purchased at a point in time and with a particular maturity date judged to be the most advantageous in terms of meeting the Agency's liquidity needs and maximizing the return on the portfolio.

However, as time passes and market conditions change, opportunities often arise in which funds can be repositioned into other assets offering even greater advantages to the portfolio. In these circumstances, one investment may be sold or swapped for another. Occasionally this may result in a capital gain from the sale and at other times it may result in a loss. In all cases however, the gains or losses combined with returns from the newly acquired investment result, in a net added return to the portfolio.



In March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* to address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The Agency's investments are not subject to custodial credit risk.

Risk Management

With certain exceptions, it is the policy of the City to use a combination of self-insurance and purchased commercial insurance against property or liability risks. The City believes it is more economically able to manage its risks internally and set aside funds as needed for estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations. The City maintains limited coverage for certain risks that cannot be eliminated. At this time, the City is engaged in an Owner-Controlled Insurance Program covering the wastewater treatment expansion. The Risk Management Division investigates and manages all liability claims and property losses, evaluates risk exposure and insurance needs, protects against contractual loss by reviewing and preparing insurance and indemnification portions of construction contracts, leases and agreements, emphasizes ongoing operational loss control, and purchases all insurance coverage for the City.

The City maintains general liability insurance with limits of liability of \$25 million. There is \$3.0 million of self-insurance retention (SIR). The City also maintains airport owners and operators' general liability insurance and aviation (Aircraft Liability) insurance, with limits of liability of \$60 million and \$25 million per occurrence, respectively. There is no deductible or self-insured retention.



Furthermore, the City maintains property insurance and boiler and machinery insurance, with total insured values of \$1,054,380,689 and limits of liability of \$1 billion and \$100 million per occurrence, respectively. There is a \$25,000 deductible. Finally, the City maintains Aviation (Aircraft Hull) insurance for its two helicopters and one airplane, with limits of liability of \$1.5 million for each helicopter and \$180,500 for the airplane. There is a \$30,000 in-motion deductible and \$500 not in-motion deductible for the helicopters. There are no physical damage deductibles for the airplane.

The City's Workers Compensation Program consists of \$2 million self-insured retention with purchased excess insurance layers up to the statutory limits. The Agency's Workers Compensation Program is through Oak River Insurance Company with coverage limits of \$1 million.

INDEPENDENT AUDIT

The Agency is required by California Community Redevelopment Law to undergo an annual Audit of the Agency's financial records, transactions and reports by an independent Certified Public Accounting (CPA) firm. These records, summarized in the Comprehensive Annual Financial Report (CAFR), have been audited by Certified Public Accounting firm, Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation. The Independent Auditor's Report on our current financial statements is presented in the Financial Section.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Redevelopment Agency of the City of Fresno for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2009. This was the fifth year that the Agency prepared a CAFR and the fifth consecutive year it has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the Redevelopment Agency must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.



A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

This 2010 Comprehensive Annual Financial Statement presents the Agency's stable financial condition made possible by our sound fiscal financial plan. It is adherence to this prudent fiscal policy that has helped the Agency maintain its service commitment to our citizens and to the programs and policies established by the Agency Board. We continue to be resolute in our financial discipline that has allowed us to manage through the current economic challenges. This continued course of action and the Agency's managerial leadership will guide us through the challenges that lie ahead.

I would like to express my appreciation to the staff of the Redevelopment Agency and the City of Fresno Finance Department for their cooperative efforts in responding to the many questions and requests for detailed information that accompanies each annual audit. Your invaluable contribution made the preparation of this report possible.

In addition, I would like to acknowledge the role of Brown Armstrong Paulden McCown Starbuck Thornburgh & Keeter Accountancy Corporation for their professional support in the preparation of the CAFR. Finally, I want to thank the Mayor, the City Council members and the City Manager for their continued interest, leadership and support of the Agency's operations.

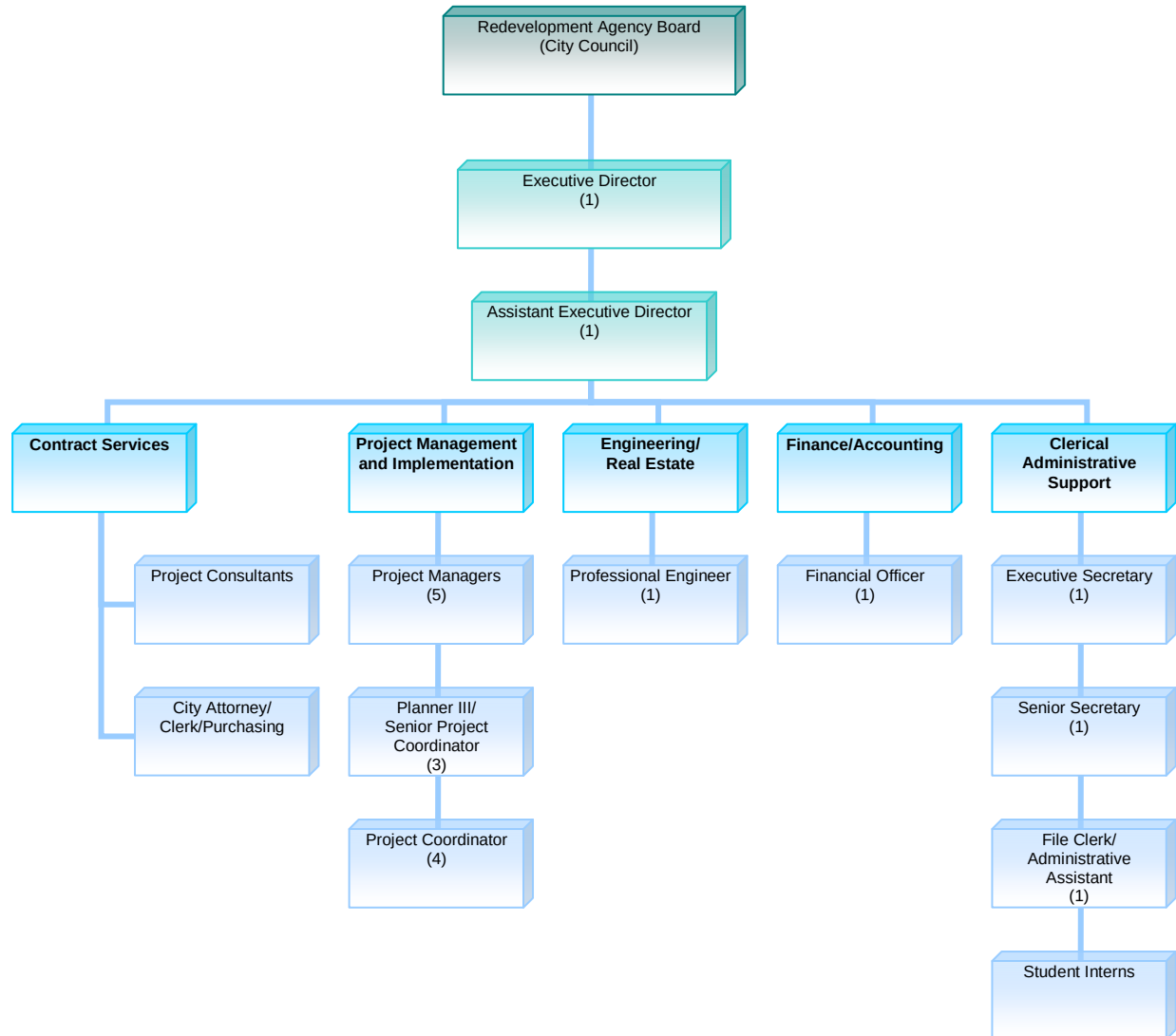
Respectfully submitted,

A handwritten signature in black ink that reads "Lora J. Kutka, CPA". The signature is written in a cursive, flowing style.

Lora Kutka, CPA
Financial Officer

Redevelopment Agency of the City of Fresno
A Component Unit of the City of Fresno

Organizational Chart



Redevelopment Agency of the City of Fresno
A Component Unit of the City of Fresno

Directory of Officials

Member	Term Expires
AGENCY BOARD	
Blong Xiong, District 1 – Vice-Chair	January 2011
Andreas Borgeas, District 2	January 2013
Cynthia Sterling, District 3	January 2011
Larry Westerlund, District 4	January 2013
Mike Dages, District 5	January 2011
Lee Brand, District 6 – Chair	January 2013
Henry T. Perea, District 7	January 2011

AGENCY OFFICIALS

Marlene Murphey, Executive Director
James Sanchez, Ex-Officio Attorney
Rebecca E. Klisch, Ex-Officio Clerk
Lora Kutka, Financial Officer

Elected officials as of June 30, 2010.

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Redevelopment Agency
of the City of Fresno, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Enen".

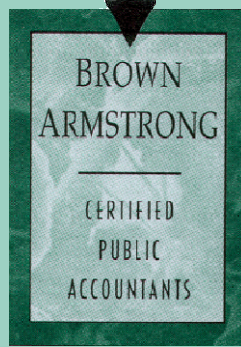
Executive Director

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Financial Section

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Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, CPA, MBA
Richard L. Halle, CPA, MST
Aileen K. Keeter, CPA



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of the
Redevelopment Agency
City of Fresno, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Fresno, California (Agency), a component unit of the City of Fresno, California, as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 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, each major fund, and the aggregate remaining fund information of the Agency as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2010 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
December 27, 2010

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

The following discussion provides a narrative overview and analysis of the financial activities of the Redevelopment Agency of the City of Fresno (Agency) for the fiscal year ended June 30, 2010. Readers are encouraged to consider the information presented here in conjunction with the Agency's financial statements, which begin on page 9.

Financial Highlights

- The liabilities of the Agency exceeded its assets at the close of the most recent fiscal year by \$49,215,795 net deficit.
- The Agency's net assets increased by \$1,339,066.
- As of the close of the current fiscal year, the Agency's governmental funds reported ending fund balance of \$60,561,728, a decrease of \$5,112,504 in comparison with the prior year.

Overview of the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

The government-wide financial statements report on the function of the Agency, which is to improve, rehabilitate and develop certain areas within the City by eliminating blight and encouraging private investment. These activities are primarily funded with incremental property tax revenue (tax increment) and intergovernmental revenues.

The government-wide financial statements can be found on pages 9 and 10 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.

Governmental Funds

The capital projects and debt service funds are governmental funds used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The Agency reports the following major governmental funds: Merger One, Merger Two and Housing Project capital projects funds and Merger One, Merger Two and Southeast Fresno debt service funds.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and *governmental activities*. The basic governmental fund financial statements can be found on pages 11-16 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-35 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets Governmental Activities June 30, 2010

	2010	2009
Assets:		
Current and other	\$ 64,015,074	\$ 69,783,502
Capital assets	1,549,582	1,703,392
Total assets	65,564,656	71,486,894
Liabilities:		
Long-term liabilities outstanding	62,922,179	73,174,049
Other liabilities	51,858,272	48,867,706
Total liabilities	114,780,451	122,041,755
Net assets (deficit):		
Invested in capital assets, net of related debt	(651,486)	(632,978)
Unrestricted	(48,564,309)	(49,921,883)
Total net assets (deficit)	\$ (49,215,795)	\$ (50,554,861)

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, liabilities exceeded assets by \$49,215,795 at the close of the most recent fiscal year, creating a negative net asset balance. The Agency has a deficit in unrestricted net assets due to the nature of redevelopment financing. The Agency incurs debt based on future tax increments to fund redevelopment projects. Therefore, redevelopment agencies often have a negative net asset balance as redevelopment agencies are structured to receive property tax revenue only when debts exceed available resources, i.e., cash and cash equivalents. In accordance with Generally Accepted Accounting Principles and Government Accounting Standards Board Statement 34, the government-wide statement of net assets reflects the Agency's total debt at year-end but the future tax increment revenue expected to be received for payment of the debt is not shown.

**Statement of Activities
Governmental Activities
For the Year Ended June 30, 2010**

	2010	2009
Revenues:		
General revenues:		
Incremental property taxes	\$ 22,064,725	\$ 22,143,924
Use of money and property	594,615	1,068,843
Lease income from the City	-	219,651
Intergovernmental	2,337,146	558,882
Grant revenue	2,850	-
Contributed capital	-	352,058
Forgiveness of indebtedness	1,511,174	-
Miscellaneous	230,184	97,100
Total revenues	26,740,694	24,440,458
Expenses:		
General government	15,771,849	5,906,717
Redevelopment	8,588,021	9,797,582
Interest and fiscal charges	1,489,845	3,919,849
Total expenses	25,849,715	19,624,148
Increase (decrease) in net assets	890,979	4,816,310
Net assets (deficit), beginning of year, as previously reported	(50,554,861)	(55,371,171)
Prior period adjustment	448,087	-
Net assets (deficit), beginning of year, as restated	(50,106,774)	(55,371,171)
Net assets (deficit), end of year	<u>\$ (49,215,795)</u>	<u>\$ (50,554,861)</u>

Governmental activities increased the Agency's net assets by \$1,339,066, thereby accounting for the total growth in the net assets of the Agency. The overall increase is primarily due to an increase in intergovernmental revenue. General government and redevelopment expenses for 2009 were restated to account for loss on sale of property in redevelopment expenses consistent with 2010 reporting. The Agency's primary source of revenue is property tax, referred to in the accompanying basic financial statements as "incremental property taxes". Property taxes allocated to the Agency are computed in the following manner:

- a. The assessed valuation of all property within each Agency project area is determined on the date of adoption of the Redevelopment Plan by a designation of a fiscal year assessment roll.
- b. Property taxes related to the incremental increase in assessed values after the adoption of the Redevelopment Plan are allocated to the Agency. Taxes on the "frozen" assessed valuation of the property are allocated to the City and other districts receiving taxes from the project area.

FUND FINANCIAL ANALYSIS

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's governmental funds are discussed below:

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, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of the end of the current fiscal year, the Agency's governmental funds reported an ending fund balance of \$60,561,728. The fund balance primarily represents the accumulation of incremental property tax and interest income in excess of expenditures. The fund balance is reserved for non-current receivables, deposits, property held for resale, debt service, capital projects and encumbrances.

	2010	2009	Total \$ Change	Total % Change
Revenues:				
Incremental property taxes	\$ 22,064,725	\$ 22,143,924	\$ (79,199)	-0.36%
Use of money and property	641,178	1,079,155	(437,977)	-40.59%
Lease income	2,960,043	1,044,651	1,915,392	183.35%
Intergovernmental	2,337,146	558,882	1,778,264	318.18%
Grant revenue	2,850	72,100	(69,250)	-96.05%
Gain on sale of property	995,141	-	995,141	100.00%
Other revenue	-	25,000	(25,000)	-100.00%
Total revenues	29,001,083	24,923,712	4,077,371	16.36%
Expenditures:				
General government	15,578,835	5,736,273	9,842,562	171.58%
Redevelopment	8,518,021	9,712,582	(1,194,561)	-12.30%
Debt service	10,196,731	3,844,714	6,352,017	165.21%
Total expenditures	34,293,587	19,293,569	15,000,018	77.75%
Excess (deficiency) before other financing sources	(5,292,504)	5,630,143	(10,922,647)	-194.00%
Contributed capital	-	352,058	(352,058)	-100.00%
Proceeds of long-term debt	180,000	692,474	(512,474)	-74.01%
Increase (decrease) in fund balance	\$ (5,112,504)	\$ 6,674,675	\$(11,787,179)	-176.60%

Explanation of Significant Variances:

- Incremental property taxes in the Merger One and Southeast Fresno major debt service funds and the Airport Area Revitalization, Central City, South Fresno Industrial, and non-major debt service funds increased 2.24%, 4.15%, 21.18%, 7.46%, and 8.56% respectively, due to higher property values from new development and property sales. These increases were offset by decreases in the Merger 2 major debt service fund and the Corridor 99, Airport, and Roeding non-major debt service funds resulting in an overall decrease in incremental property taxes of 0.36%. In the past three fiscal years, the decline in the housing market has had little impact on the Agency's revenue; partly due to the timing of revenue received and partly due to the composition of properties in its redevelopment areas. Property values are assessed on January 1 for the following fiscal year beginning July 1. The Agency receives two checks per year from the County; the first in February and the second in June. Therefore, the tax increment revenue for fiscal year July 1, 2009, through June 30, 2010, was based upon assessed values as of January 1, 2009. Another factor contributing to the minimal decrease in incremental property taxes relates to the types of properties in the project areas. The Agency's redevelopment areas consist primarily of commercial and industrial properties and, as such, have not yet been significantly affected by the decline in the real estate market.

- Use of money and property decreased \$437,977 in total for all funds combined. There was a \$279,273 decrease in interest income due to the continued reduction in interest rates as well as a decrease in cash in bank of \$3,890,637. The Agency was required to shift \$6,736,202 to the State of California for the Supplemental Educational Augmentation Fund (SERAF) which was paid from the debt service funds thereby reducing the revenue available to be transferred to the capital projects funds. In addition, parking revenues in the Merger One capital projects funds and loan repayments in the Housing capital projects funds decreased \$80,348 and \$21,300, respectively. Rental income in Merger One debt service funds decreased \$74,262 due to vacancies in the CMC Office Complex and rent credits. However, this decrease in rental income in the debt service fund was offset by an increase in rental income in the Merger One capital projects fund due to the Agency's acquisition of several properties with existing tenants.
- The increase of \$1,915,392 in lease income was primarily due to early retirement of the Convention Center 1996 Certificates of Participation (COP) in the Merger One debt service fund in April 2010.
- Intergovernmental revenues received from the City of Fresno were \$1,778,264 higher in 2010 than in 2009. UGM fees relating to infrastructure improvements paid in prior years in the non-major (Roeding Business Park) capital projects fund were \$1,187,027 in 2010, an increase of \$790,170 over fiscal year 2009. In addition to the UGM refunds, the City received the final draw on its California Infrastructure and Economic Development Bank loan and used the majority of the funds to reimburse the Agency \$504,055 for the infrastructure improvements in the non-major Roeding Business Park capital projects fund. The remaining amount for fiscal year 2010 consisted of \$646,064 in the Merger 2 (Southwest Fresno) capital projects fund from the City's Workforce Housing Grant as reimbursement for improvements to California Avenue. These increases were offset by a decrease in lease interest income received from the City for the 1996 Conference Center Refinancing Project in the Merger 1 (Convention Center) debt service fund due to the early retirement of the bonds and termination of the lease.
- Grant revenue decreased \$69,250 in 2010 due to progress of projects and timing of revenues. In fiscal year 2009, \$72,100 was received from the City of Fresno in the Merger 2 (Southwest Fresno) capital projects fund in reimbursement for Elm Avenue improvement costs incurred in prior years. In 2010, grant revenue consisted of a reimbursement \$2,850 from a \$200,000 Environmental Protection Agency (EPA) Grant for cleanup of a brownfields site in the Housing capital projects fund.
- The increase in gain on sale of property in fiscal year 2010 was due to the sale of land in the Merger 1 (Convention Center) capital projects fund to Uniwell and the sale of land to AMCAL in the (Southwest Fresno) Housing capital projects fund. While the Agency typically sells properties at a loss, gains were realized on the sale of these properties as the properties were acquired several decades ago when property costs were significantly lower.
- Other revenue decreased \$25,000 in 2010 due to a decrease in reimbursements from various developers pursuant to development agreements in the major Merger One (Chinatown) capital projects fund.
- General government expense increased significantly in 2010 in all debt service funds due to the requirement under AB 1389 for redevelopment agencies to shift tax increment revenues to the State of California for the Supplemental Educational Revenue Augmentation Fund (SERAF). No payment was required in fiscal year 2009; however, the Agency's SERAF share in 2010 was \$6,736,202. In conjunction with the state's AB 1389 reporting requirement, the Agency determined that additional pass through payments were due to several taxing entities as a result of Merger One and Merger Two plan amendments. These payments increased general government expenses in the Merger One and Merger Two debt service funds by \$1,831,181 and \$1,250,614, respectively.
- The decrease in redevelopment expenses was primarily due to completion of infrastructure projects in the Merger 1 (South Van Ness) capital projects fund and in the Corridor 99 and South Fresno Industrial non-major capital projects funds in 2009. Included in redevelopment expenses is the loss on sale of property in fiscal year 2009 of \$1,613,298 in the Merger 2 and Housing capital projects funds and write-down of \$2,147,692 in property held for resale in the Merger 1 (Convention Center) capital projects fund. Loss on sale of property is common for redevelopment agencies since property acquisition costs are generally higher than the sales price because acquisition costs include not only the purchase price of the property, but also legal fees, relocation, and demolition costs. The expectation is that any initial loss on sale of the property will be recovered from future tax increment received as new development takes place.

- Debt service expenses increased \$6,352,017 in 2010 due to the early retirement of the Convention Center 1996 Certificates of Participation (COP) in the Merger One debt service fund in April 2010 and the Agency's payment to the City for Merger One (Convention Center) advances. The Agency conveyed proceeds of \$2,855,000 received in fiscal year 2010 from sale of the fee interest in the Radisson hotel land to the City as a payment against advances. The combination of the Agency's payment to the City and the bond's reserve fund enabled the City to retire the 1996 COP four years early.
- The decrease in contributed capital is associated with the transfer of property from the City to the Agency in the Merger 1 (Chinatown) capital projects fund in fiscal year 2009.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2010, the Agency's investment in capital assets for its governmental activities was \$1,549,582 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements and equipment.

There were no major capital asset transactions during the current fiscal year.

Additional information on the Agency's capital assets can be found in Note 6 in the notes to the basic financial statements.

LONG-TERM DEBT

Agency loan proceeds of \$180,000 were received during fiscal year 2010 from the City of Fresno for the Southwest Fresno project area.

For additional information, see Note 7 in the notes to the basic financial statements.

ECONOMIC FACTORS

The Agency receives tax increment from the County based upon the tax levy rather than on actual collections, therefore, uncollected property taxes will not affect the Agency's revenue. The current downturn in property values, however, could reduce the future tax increment revenue if properties are reassessed or sold for less than the value on the tax roll. The Agency has generally been conservative in budgeting future tax increment to help ensure adequate funding for approved or anticipated projects. A significant reduction in tax increment would most likely be mitigated by the phasing of current and future projects based upon available funding.

SB 1096 was signed into law on August 5, 2004, requiring redevelopment agencies statewide to shift \$250 million in fiscal years 2005 and 2006 to the State's Educational Revenue Augmentation Fund (ERAF) as a way to reduce the State's 2004-2006 budget deficit. There was no ERAF requirement in fiscal years 2007, 2008 and 2009; however, legislation passed in July 2009 requires redevelopment agencies statewide to shift a total of \$2.05 billion to the State in fiscal years 2010 and 2011 to a Supplemental Educational Revenue Augmentation Fund (SERAF). The Agency's share of this revenue shift in fiscal year 2010 is \$6,736,202 and \$1,386,865 in fiscal year 2011.

For additional information, see Note 10 in the notes to the basic financial statements.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Officer, Lora Kutka of the Redevelopment Agency.

Basic Financial Statements

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**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2010**

ASSETS

Cash and investments	\$ 21,518,336
Restricted assets - cash and investments	2,729,120
Due from the City of Fresno	482,523
Advances receivable	826,712
Loans and notes receivable (net)	6,948,479
Property held for resale	31,295,767
Deferred charges	214,137
Capital assets, net of depreciation	<u>1,549,582</u>
Total assets	<u>65,564,656</u>

LIABILITIES

Accounts payable and accrued liabilities	460,696
Due to other governments	2,766,504
Security deposits	12,009
Interest payable	48,619,063
Long-term liabilities:	
Due within one year	1,028,008
Due in more than one year	<u>61,894,171</u>
Total liabilities	<u>114,780,451</u>

NET ASSETS (DEFICIT)

Invested in capital assets, net of related debt	(651,486)
Unrestricted	<u>(48,564,309)</u>
Total net assets (deficit)	<u><u>\$ (49,215,795)</u></u>

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Program expenses:	
General government	\$ 15,771,849
Redevelopment	8,588,021
Interest and fiscal charges	<u>1,489,845</u>
 Total program expenses	 <u>25,849,715</u>
 General revenues:	
Incremental property taxes	22,064,725
Use of money and property	594,615
Grant revenue	2,850
Intergovernmental	2,337,146
Miscellaneous	<u>230,184</u>
 Total general revenues	 <u>25,229,520</u>
 Special item - forgiveness of indebtedness	 <u>1,511,174</u>
 Change in net assets (deficit)	 890,979
 Net assets (deficit), beginning of year	 <u>(50,554,861)</u>
 Prior period adjustment	 448,087
 Net assets (deficit), beginning of year, restated	 <u>(50,106,774)</u>
 Net assets (deficit), end of year	 <u><u>\$ (49,215,795)</u></u>

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Capital Projects			Debt Service	
	Merger One	Merger Two	Housing Project	Merger One	Merger Two
ASSETS					
Cash and investments	\$ -	\$ 3,259,241	\$ 5,823,120	\$ 3,301,082	\$ 2,324,818
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	1,807,883	921,237
Receivables:					
Advances	-	-	826,712	-	-
Loans	44,163	-	1,019,789	3,511	-
Notes (net)	-	-	5,881,016	-	-
Lease interest	-	-	-	-	-
Due from other funds	6,582,661	-	-	-	-
Due from the City of Fresno	-	-	455,505	-	27,018
Net direct financing leases	-	-	-	-	-
Property held for resale	9,594,730	11,718,114	6,563,276	-	-
Total assets	<u>\$ 16,221,554</u>	<u>\$ 14,977,355</u>	<u>\$ 20,569,418</u>	<u>\$ 5,112,476</u>	<u>\$ 3,273,073</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ -	\$ 44,689	\$ 416,007	\$ -	\$ -
Due to other funds	9,366,888	-	-	-	-
Due to the City of Fresno	-	-	-	-	-
Due to taxing entities	-	-	-	1,489,890	1,029,042
Deferred revenue	-	-	-	-	-
Security deposits	-	-	-	12,009	-
Total liabilities	<u>9,366,888</u>	<u>44,689</u>	<u>416,007</u>	<u>1,501,899</u>	<u>1,029,042</u>
FUND BALANCES:					
Reserved for noncurrent receivables	44,163	-	6,900,805	3,511	-
Reserved for other assets	-	-	4,148,320	1,807,883	921,237
Reserved for property held for resale	9,594,730	11,718,114	6,563,276	-	-
Reserved for capital projects	-	3,045,472	838,878	-	-
Reserved for debt service	-	-	-	1,799,183	1,322,794
Reserved for encumbrances	101,053	169,080	1,702,132	-	-
Unreserved	(2,885,280)	-	-	-	-
Total fund balances	<u>6,854,666</u>	<u>14,932,666</u>	<u>20,153,411</u>	<u>3,610,577</u>	<u>2,244,031</u>
Total liabilities and fund balances	<u>\$ 16,221,554</u>	<u>\$ 14,977,355</u>	<u>\$ 20,569,418</u>	<u>\$ 5,112,476</u>	<u>\$ 3,273,073</u>

(Continued)

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>Debt Service</u>		
	Southeast Fresno	All Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 306,163	\$ 6,503,912	\$ 21,518,336
Restricted assets:			
Cash and investments with fiscal agents	-	-	2,729,120
Receivables:			
Advances	-	-	826,712
Loans	-	-	1,067,463
Notes (net)	-	-	5,881,016
Lease interest	-	-	-
Due from other funds	-	2,784,227	9,366,888
Due from the City of Fresno	-	-	482,523
Net direct financing leases	-	-	-
Property held for resale	-	3,419,647	31,295,767
	<u>-</u>	<u>3,419,647</u>	<u>31,295,767</u>
Total assets	<u>\$ 306,163</u>	<u>\$ 12,707,786</u>	<u>\$ 73,167,825</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 460,696
Due to other funds	-	-	9,366,888
Due to the City of Fresno	-	247,572	247,572
Due to taxing entities	-	-	2,518,932
Deferred revenue	-	-	-
Security deposits	-	-	12,009
	<u>-</u>	<u>-</u>	<u>12,009</u>
Total liabilities	<u>-</u>	<u>247,572</u>	<u>12,606,097</u>
FUND BALANCES:			
Reserved for noncurrent receivables	-	-	6,948,479
Reserved for other assets	-	-	6,877,440
Reserved for property held for resale	-	3,419,647	31,295,767
Reserved for capital projects	-	7,810,208	11,694,558
Reserved for debt service	306,163	930,605	4,358,745
Reserved for encumbrances	-	299,754	2,272,019
Unreserved	-	-	(2,885,280)
	<u>-</u>	<u>-</u>	<u>(2,885,280)</u>
Total fund balances	<u>306,163</u>	<u>12,460,214</u>	<u>60,561,728</u>
Total liabilities and fund balances	<u>\$ 306,163</u>	<u>\$ 12,707,786</u>	<u>\$ 73,167,825</u>

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - total governmental	\$ 60,561,728
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Depreciable	2,929,049
Accumulated depreciation on depreciable capital assets	(1,379,467)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Deferred charges	214,137
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Long-term obligations	(62,922,179)
Accrued interest payable	<u>(48,619,063)</u>
Net assets (deficit) of governmental activities	<u><u>\$ (49,215,795)</u></u>

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Capital Projects			Debt Service	
	Merger One	Merger Two	Housing Project	Merger One	Merger Two
REVENUES:					
Incremental property taxes	\$ -	\$ -	\$ -	\$ 6,246,052	\$ 3,666,889
Use of money and property	118,470	5,347	29,582	322,777	149,880
Lease income	-	-	-	2,843,388	116,655
Grant revenue	-	-	2,850	-	-
Intergovernmental	-	646,064	-	-	-
Gain on sale of property	720,902	-	274,239	-	-
Total revenues	839,372	651,411	306,671	9,412,217	3,933,424
EXPENDITURES:					
Current:					
General government	258,203	566,817	228,273	5,051,422	2,659,294
Redevelopment	2,849,291	1,316,465	2,088,162	-	-
Debt service:					
Principal repayments	-	-	-	7,311,340	575,000
Interest and fiscal charges	-	-	-	697,246	309,128
Total expenditures	3,107,494	1,883,282	2,316,435	13,060,008	3,543,422
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,268,122)	(1,231,871)	(2,009,764)	(3,647,791)	390,002
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	-	-	180,000
Transfers in	435,544	830,000	4,412,946	2,478,000	-
Transfers out	(2,478,000)	-	-	(1,684,756)	(1,563,378)
Total other financing sources (uses)	(2,042,456)	830,000	4,412,946	793,244	(1,383,378)
NET CHANGE IN FUND BALANCES	(4,310,578)	(401,871)	2,403,182	(2,854,547)	(993,376)
FUND BALANCES, BEGINNING OF YEAR	11,165,244	15,334,537	17,750,229	6,465,124	3,237,407
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-
FUND BALANCES (DEFICITS), END OF YEAR	\$ 6,854,666	\$ 14,932,666	\$ 20,153,411	\$ 3,610,577	\$ 2,244,031

(Continued)

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Debt Service</u>		
	<u>Southeast Fresno</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Incremental property taxes	\$ 3,024,108	\$ 9,127,676	\$ 22,064,725
Use of money and property	645	14,477	641,178
Lease income	-	-	2,960,043
Grant revenue	-	-	2,850
Intergovernmental	-	1,691,082	2,337,146
Gain on sale of property	-	-	995,141
	<u>3,024,753</u>	<u>10,833,235</u>	<u>29,001,083</u>
Total revenues			
EXPENDITURES:			
Current:			
General government	1,428,713	5,386,113	15,578,835
Redevelopment	-	2,264,103	8,518,021
Debt service:			
Principal repayments	-	1,127,088	9,013,428
Interest and fiscal charges	-	176,929	1,183,303
	<u>1,428,713</u>	<u>8,954,233</u>	<u>34,293,587</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,596,040</u>	<u>1,879,002</u>	<u>(5,292,504)</u>
OTHER FINANCING SOURCES (USES):			
Loan proceeds	-	-	180,000
Transfers in	-	5,550,027	13,706,517
Transfers out	<u>(1,804,821)</u>	<u>(6,175,562)</u>	<u>(13,706,517)</u>
Total other financing sources (uses)	<u>(1,804,821)</u>	<u>(625,535)</u>	<u>180,000</u>
NET CHANGE IN FUND BALANCES	(208,781)	1,253,467	(5,112,504)
FUND BALANCES, BEGINNING OF YEAR	514,944	10,758,660	65,226,145
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>448,087</u>	<u>448,087</u>
FUND BALANCES, END OF YEAR	<u>\$ 306,163</u>	<u>\$ 12,460,214</u>	<u>\$ 60,561,728</u>

See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

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

Net change in fund balances - total governmental	\$ (5,112,504)
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In the statement of activities the cost of assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$153,810 exceeded capital outlays in the current period.	(153,810)
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Governmental funds recognize revenues 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 year. However, in the statement of activities, revenues are recognized when earned regardless of when received. Revenues earned but not received within 60 days of the end of the fiscal year are as follows:

Change in interest revenue due from the City of Fresno	(46,563)
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The impact of the net investment in direct financing lease, as a result of the advance refunding, is recorded as a special item, and represents a reduction of net assets, as the revenue was previously recognized at the inception of the lease.	(3,725,000)
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Long-term debt provides current financials resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financials 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,235,398
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Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds.

Change in accrued interest	<u>(306,542)</u>
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Change in net assets of governmental activities	<u><u>\$ 890,979</u></u>
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See notes to the financial statements.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) *Reporting Entity*** – The Redevelopment Agency (Agency) of the City of Fresno was established pursuant to provisions of the Health and Safety Code of the State of California. Although a separate legal entity, the Agency is a component unit of the City for financial reporting purposes. The Agency's governing board is the City Council. The primary purpose of the Agency is to eliminate blighted areas within the City by encouraging development of residential, commercial, industrial, recreational, and public facilities.
- B) *Government-wide and fund financial statements*** – The government-wide financial statements (i.e., the statement of net assets and statement of activities) report information on all of the activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements, with the exception of interfund expenses provided and used, which are not eliminated in the process of consolidation. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

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*. All of the Agency's revenues are considered general revenues.

Separate financial statements are provided for governmental 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 government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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 imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures are recorded only when payment is due.

All major revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Such revenues include incremental property taxes, grants and contributions not restricted to specific programs, which are virtually unrestricted as to purpose of expenditure and revocable only for failure to meet prescribed compliance requirements, and lease income from the City of Fresno. All other revenue items, such as intergovernmental and miscellaneous are considered to be measurable and available only when cash is received by the Agency.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Agency reports the following major governmental funds:

Merger One Capital Projects Fund accounts for the acquisition, relocation, demolition, and sale of land for the Mariposa, West Fresno I, West Fresno II, Central Business District, Convention Center, Jefferson, Chinatown, Fulton/Uptown and South Van Ness projects, financed from the proceeds of bonds sold, loans from the City, and incremental property tax revenue.

Merger Two Capital Projects Fund accounts for the acquisition, relocation, demolition, and sale of capital facilities for the Southwest Fresno and Fruit/Church projects, financed from the proceeds of bonds sold, loans from the City, and incremental property tax revenue.

Housing Project Capital Projects Fund accounts for the activities of low-and-moderate-income housing. Pursuant to Health and Safety Code Section 33334.2, the Agency has designated twenty percent of its incremental tax allocation for the purpose of increasing the supply of low-and-moderate-income housing.

Merger One Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs related to the Merger One Capital Projects Fund.

Merger Two Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs related to the Merger Two Capital Projects Fund.

Southeast Fresno Debt Service Fund accounts for accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs related to the Southeast Fresno Capital Projects Fund.

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

D) *Assets, liabilities, and net assets or equity*

Cash and Investments –The Agency's investments are stated at fair value.

Cash and Investments with Fiscal Agents – Cash and investments held with fiscal agents are held with trustees in accordance with applicable guidelines set out in the debt indenture agreements for the Merger One and Merger Two Debt Service Funds.

Loans and Notes Receivable – Loans and notes receivable are recorded as receivable net of an estimated allowance for potentially uncollectable loans. In some instances amounts due from external participants are recorded with an offset to a deferred credit account. The balance of long-term loans receivable includes loans that may be forgiven if certain terms and conditions of the loans are met. For purposes of the Government-Wide Financial statements, long-term loans are not offset by deferred credit accounts.

Interfund Receivables/Payables – Short-term receivables and payables between funds are reported as “due from other funds” and “due to other funds,” respectively, in the governmental fund financial statements.

Capital Assets – Capital assets, which include buildings, are reported in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Assets are depreciated using lives of 20 years for buildings and 5 years for equipment.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Buildings of the Agency are depreciated using the straight-line method over 5-25 years related to the length of the related debt used to acquire the assets.

Property Held for Resale – Real property expected to be resold in the near future is recorded as “property held for resale” in both the statement of net assets and balance sheet. Property held for resale is reported at lower of cost or estimated realizable value at the date of a disposition and development agreement being executed.

Reserved Fund Balances – Reserves are portions of the fund balance that are not available for appropriation for expenditures under the current financial resources measurement focus or amounts that are legally segregated for specific future use. A summary of reported reserves at June 30, 2010, follows:

- **Noncurrent receivables** - The reserve for noncurrent receivables represents a segregation of a portion of the fund balance to indicate that assets equal to the amount of the reserve are related to certain long-term receivables and do not constitute “available spendable resources” since they are not a component of net current assets.
- **Other assets** – The reserve for other assets represents a segregation of a portion of fund balance to indicate that other assets do not represent expendable available financial resources.
- **Property held for resale** – The reserve for property held for resale represents a segregation of a portion of fund balance to indicate that property held for resale does not represent expendable available financial resources.
- **Debt service** - The reserve for debt service represents a segregation of a portion of fund balance for the debt service funds required to be reserved by agreement for repayment of principal and interest on long-term debt.
- **Capital projects** – The reserve for capital projects represents the remaining fund balance of the capital project funds required to be used for the project for which the fund was created.
- **Encumbrances** - The reserve for encumbrances represents purchase orders, contracts, and other commitments for the expenditure of monies in the capital projects funds.

Property Taxes – The Agency receives incremental property tax money from the County of Fresno, which is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property tax payments are levied in two equal installments; the first is generally due November 1, and delinquent with penalties after December 10; the second is generally due on February 1, and delinquent with penalties after April 10. Secured property taxes become a lien on the property on January 1. Property taxes on the unsecured roll are due on the March 1 lien date, and become delinquent if unpaid on August 31.

Property taxes are recognized as revenue in the fiscal year during which they are levied and collected, adjusted for any amounts expected to be collected more than 60 days after the fiscal year end.

Interfund Transfers In/(Out) - During the course of normal operations, the Agency has numerous transactions between funds, which are inflows and outflows from and to other funds that are not classified as interfund services provided and used, reimbursements or loans. Such transfers include transfers to debt service funds for debt payment, and transfers to various capital projects funds for the acquisition of capital assets, and other capital outlay expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – Vacation pay and holiday leave are payable upon termination or retirement. Vacation and holiday leave policies allow for the cashing out of 25% of the accumulated balances up to and including 48 hours once per fiscal year. Administrative leave is awarded at the rate of 60 hours at the beginning of the fiscal year for most Agency employees. This leave must be used or cashed within the fiscal year. Supplemental sick leave is awarded at the rate of 40 hours at the beginning of each fiscal year. The balance can only be used after other leave balances are exhausted pursuant to City policies, MOU's or Salary Resolutions. The balance is payable upon termination or retirement.

Encumbrances – The Agency utilizes an encumbrance system to assist in controlling expenditures. Under this system, governmental funds are encumbered when purchase orders, contracts and other commitments are signed or approved. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. All unencumbered appropriations lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balance.

Use of Estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Deficit fund equity**

The Airport Project capital projects fund had a deficit fund balance of \$247,171 as of June 30, 2010. The Agency anticipates that this deficit will be eliminated in fiscal year 2011 through receipt of tax increment revenues and intergovernmental revenues.

NOTE 3 – CASH AND INVESTMENTS**A. Authorized Investments**

The table below identifies the investment types that are authorized by the Agency's investment policy and California Government Code Section 53601. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the Agency's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
U.S. Treasury Securities	5 years	100%	--	None
U.S. Agency Securities	5 years	100%	--	None
State and Local Agency Obligations	5 years	100%	5%	None
Bankers' Acceptances	180 days	40%	--	None
Commercial Paper	270 days	40%	5%	A
Negotiable Certificates of Deposit	5 years	30%	--	None
Repurchase Agreements	1 year	None	--	None
Reverse Repurchase Agreements	92 days	20%	--	None
Securities Lending Agreements	92 days	20%	--	None
Medium Term Notes	5 years	30%	5%	A
Money Market Mutual Funds (that invest in allowable securities)	N/A	20%	10%	AAA
Collateralized Bank Deposits	5 years	None	--	None
Mortgage Pass-Through Securities	5 years	20%	--	AA
Time Deposits	5 years	None	--	None
County Pooled Investment Funds	N/A	None	--	None
Joint Powers Authority Pool	N/A	None	--	None
Local Agency Investment Fund	N/A	None	--	None

NOTE 3 – CASH AND INVESTMENTS (Continued)**B. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The Agency's investments are not subject to custodial credit risk.

C. Interest Rate and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Agency does not have a formal policy for managing its exposure to interest rate risk.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Agency does not have a formal policy for managing its exposure to credit risk. As of June 30, 2010, the Agency's investments and credit ratings are as follows:

	Credit Rating (S & P)	Maturity		Fair Value
		Under 30 Days	More than 5 Years	
Investment type				
Money Market Mutual Funds	AAA	\$ 1,829,893	\$ -	\$ 1,829,893
Repurchase Agreement	Not Rated	-	899,227	899,227
Total Investments				<u>\$ 2,729,120</u>

D. Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury Notes, mutual funds and external investment pools) that represent 5% or more of the total investments of the Agency are as follows:

\$899,227 in cash and investments with fiscal agent reported in the Merger Two Debt Service Fund is invested in a repurchase agreement issued by CDC Funding Corporation, maturing on July 31, 2018.

Cash and investments are reported in the basic financial statements as follows:

Cash and investments	\$ 21,518,336
Restricted assets:	
Cash and investments with fiscal agent	<u>2,729,120</u>
Total cash and investments	<u>\$ 24,247,456</u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash and investments consist of the following:

Deposits	\$ 2,765,788
Investments	<u>21,481,668</u>
Total cash and investments	<u>\$ 24,247,456</u>

The Agency maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the statement of net assets and the balance sheet as "cash and investments."

Cash and investments with fiscal agents are invested in "Permitted Investments" (as defined in the bond agreements) and are reported in the statement of net assets and balance sheet as restricted assets. Such permitted investments include: direct obligations of the U.S. Treasury, obligations of certain federal agencies not guaranteed by the U.S. Treasury, interest-bearing demand or time deposits, obligations of corporations, guaranteed investment contracts, repurchase agreements, money market funds, commercial paper, bonds or other obligations of any state or agency or local governmental unit.

NOTE 4 – LOANS AND NOTES RECEIVABLE

Loans and notes receivable comprise the following at June 30, 2010:

Debt Service Fund, Merger One:

Huntington Park Condominiums mortgage loan, interest at 8.25%, due in varying monthly installments through April 1, 2018, secured by a deed of trust on real property.	\$ 3,511
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Capital Projects Fund:

Merger One:

Jefferson - Receivable due from Community Medical Center for the purchase of 15 parcels, principal only annual payment of \$148,000, remaining balance due June 30, 2009.	44,163
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Housing Reserve:

Redevelopment loans to property owners, various rates of interest, due in varying monthly installments, both active and deferred, secured by deed of trust on real property, or unsecured.	773,284
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Southwest Fresno Housing:

Redevelopment loans to property owners, various rates of interest, due in varying monthly installments, both active and deferred, secured by deed of trust on real property, or unsecured.	169,527
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Jefferson Housing

Redevelopment loans to property owners, various rates of interest, due in varying monthly installments, both active and deferred, secured by deed of trust on real property, or unsecured.	<u>76,978</u>
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Total Loans Receivable	<u>1,067,463</u>
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Capital Projects Fund:

Housing Project - Housing Reserve

Note secured by deed of trust from Fulton Plaza, LLC, interest at 0%, principal due in annual installments of \$15,385 commencing on June 30, 2013.	400,000
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NOTE 4 – LOANS AND NOTES RECEIVABLE (Continued)

Note secured by deed of trust from Pyramid A-One, LLC for the "H" Street Loft Project, interest at 0%, principal due in annual installments of \$12,000 commencing on July 1, 2012.	300,000
Note secured by deed of trust from FFDA Properties, LLC for the Fulton Village Project, interest at 1%, principal and interest due in monthly installments of \$2,558 commencing on the date which is five years after the Certificate of Completion for the project.	800,000
Note secured by deed of trust from Reza Assemi for the Broadway Lofts Project, interest at 0%, principal due in monthly installments of \$1,806 commencing on the date which is ten years after the Certificate of Completion for the project.	650,000
Note secured by deed of trust from Mayflower Lofts, LLC for the Mayflower Lofts Project, interest at 2%, principal and interest due in monthly installments of \$1,488 commencing on the date which is ten years after the Certificate of Completion for the project.	200,000
Note secured by deed of trust from TFS Investments, LLC for the Fultonia Project, interest at 2%, principal and interest due in monthly installments of \$2,233 commencing on the date which is five years after the Certificate of Completion for the project.	600,000
Note secured by deed of trust from Parc Grove Commons II Limited Partnership, interest at 0%, payments due annually from residual receipts prior to the Maturity Date and in full upon the Maturity Date which is 55 years from the date of the project Certificate of Completion.	500,000
Housing Project - Southwest Housing	
Residual receipts note secured by deed of trust from Westgate Housing Associates, L.P. interest at 3%, principal and interest payments due in annual installments of \$12,755 commencing on May 15, 2004.	228,016
Residual receipts note secured by deed of trust from Martin Luther King Square, LLC interest at 3%, principal and interest payments due in annual installments of \$31,751 commencing on May 31, 2007.	500,000
Residual receipts note secured by deed of trust from AMCAL Summer Hill Fund, LP for the Summer Hill Project, interest at 3%, principal and interest payments due in annual installments from net available cash flow commencing on May 1, 2011.	2,000,000
Note secured by deed of trust from EAH Housing, Inc. for the Sequoia Village Project, interest at 0%, principal due on May 19, 2011, unless the project proceeds to a Disposition and Development Agreement (DDA) in which case this note shall be cancelled upon execution and approval of a new note for the unpaid balance plus any additional financial assistance.	203,000
Total Notes Receivable	<u>6,381,016</u>
Total Loans and Notes Receivable - Gross	7,448,479
Less: Allowance for Doubtful Accounts	<u>(500,000)</u>
Total Loans and Notes Receivable - Net	<u><u>\$ 6,948,479</u></u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Receivable Fund	Amount	Payable Fund	Amount
Merger One Capital Projects	\$ 6,582,661	Merger One Capital Projects	\$ 9,366,888
Other Nonmajor	2,784,227		
Total	<u>\$ 9,366,888</u>		<u>\$ 9,366,888</u>

All balances reported as “due to other funds” and “due from other funds” resulted from short-term loans to cover temporary fund cash shortages as of June 30, 2010, and are expected to be repaid early in fiscal year 2011.

Transfers Out:	Transfers In					Total
	Merger One Capital Projects	Merger One Debt Service	Merger Two Capital Projects	Housing Project Capital Projects	Other Nonmajor	
Merger One Capital Project	\$ -	\$ 2,478,000	\$ -	\$ -	\$ -	\$ 2,478,000
Merger One Debt Service	-	-	-	1,684,756	-	1,684,756
Merger Two Debt Service	-	-	830,000	733,378	-	1,563,378
Southeast Fresno	-	-	-	-	1,804,821	1,804,821
Other Nonmajor	435,544	-	-	1,994,812	3,745,206	6,175,562
Total	<u>\$ 435,544</u>	<u>\$ 2,478,000</u>	<u>\$ 830,000</u>	<u>\$ 4,412,946</u>	<u>\$ 5,550,027</u>	<u>\$ 13,706,517</u>

Funds were transferred into the Housing Project Capital Projects Fund as the required 20% set-aside to fund the Low/Mod Income Housing Fund.

Funds were transferred into the Merger One and Merger Two Capital Projects Funds from the respective Merger One and Merger Two Debt Service Funds and into the Southeast Fresno Capital Projects Fund from the Aggregate Remaining Funds in order to fund the administrative and redevelopment functions of the Agency.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Dispositions	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 2,855,000	\$ -	\$ -	\$ 2,855,000
Equipment	74,049	-	-	74,049
Total capital assets, being depreciated	2,929,049	-	-	2,929,049
Less accumulated depreciation				
Buildings	(1,181,500)	(139,000)	-	(1,320,500)
Equipment	(44,157)	(14,810)	-	(58,967)
Capital assets, net	<u>\$ 1,703,392</u>	<u>\$ (153,810)</u>	<u>\$ -</u>	<u>\$ 1,549,582</u>

Depreciation expense of \$153,810 was charged to the redevelopment function on the statement of activities.

NOTE 7 – LONG-TERM DEBT

Long-term debt at June 30, 2010, consists of the following:

Bonds/certificates of participation payable (including deferred amounts)	\$ 10,143,199
Loans payable	1,886,748
Capital lease obligations payable	2,201,068
Notes payable to the City of Fresno	9,448,417
Compensated absences	141,214
Retirement obligation	83,996
Pollution Remediation	155,000
Advances from the City of Fresno	38,862,537
	\$ 62,922,179

Bonds and Certificates of Participation Payable (Original Issuance)

The following is a description of the bonds and certificates of participation payable:

Merger One – Mariposa Project tax allocation refunding bonds, Series 2003, issued August 22, 2003, interest at 2% to 5.375% with varying annual principal installments ranging from \$80,000 to \$418,000 through February 1, 2023, interest due semi-annually, secured by a pledge of tax revenues. Proceeds were used to refund the Agency's 1993 Tax Allocation Bonds, Series A (Mariposa Redevelopment Project) in the Merger One Project Area.

Repayment of the bonds is payable solely from tax increment revenues allocated to the Redevelopment Agency's Mariposa Project Area. All the above revenues are pledged with the exception of the 20% dedicated Housing Set Aside Allocation. Revenues are pledged until the year 2023 for a total debt service of \$6,072,593. During fiscal year 2010, \$1,196,735 Mariposa Project Area tax increment revenue was recognized, while the 2010 debt service was \$425,754.

\$ 3,970,000

2001 Southwest Fresno tax allocation revenue bonds, issued March 1, 2001, interest at 4.0% to 5.25% with varying annual principal installments ranging from \$115,000 to \$535,000 through August 1, 2018, interest due semi-annually secured by a pledge of tax revenues. Proceeds were used for redevelopment purposes within the Agency's Merger Two Project Area and to repay a loan from the City of Fresno.

Repayment of the bonds is payable solely from tax increment revenues allocated to the Redevelopment Agency's Merger Two Project Area. All the above revenues are pledged with the exception of the 20% dedicated Housing Set Aside Allocation. Revenues are pledged until the year 2021 for a total debt service of \$8,463,584. During fiscal year 2010, \$3,123,213 Merger Two Project Area tax increment revenue was recognized, while the 2010 debt service was \$884,128.

6,130,000

Total Bonds and Certificates of Participation Payable (Original Issuance)

\$ 10,100,000

(Continued)

NOTE 7 – LONG-TERM DEBT (Continued)**Bonds and Certificates of Participation Payable (Original Issuance)** (Continued)

The following is a schedule of annual debt service requirements to maturity on the above as of June 30, 2010:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 815,000	\$ 495,684	\$ 1,310,684
2012	853,000	461,071	1,314,071
2013	886,000	423,884	1,309,884
2014	928,000	384,078	1,312,078
2015	971,000	337,528	1,308,528
2016-2020	4,462,000	888,039	5,350,039
2021-2023	1,185,000	136,013	1,321,013
	<u>\$ 10,100,000</u>	<u>\$ 3,126,297</u>	<u>\$ 13,226,297</u>

Loans Payable

The following is a summary of loans payable as of June 30, 2010:

Payable by the Agency to the California Infrastructure and Economic Development Bank (CIEDB) for funds loaned to the Agency under the Tax Allocation Loan Agreement for street and public utility improvements, principal and interest at a fixed rate of 3.53% due in semi-annual installments through 2033.

Repayment of the loan is payable solely from tax increment revenues allocated to the Redevelopment Agency's Roeding Business Park Project Area. All the above revenues are pledged with the exception of the 20% dedicated Housing Set Aside Allocation. Revenues are pledged until the year 2033 for a total debt service of \$2,912,416. During fiscal year 2010, \$895,297 Roeding Project Area tax increment revenue was recognized, while the 2010 debt service was \$116,990.

\$ 1,886,748

The following is a schedule of annual debt service requirements to maturity on the above as of June 30, 2010, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 51,261	\$ 65,697	\$ 116,958
2012	53,071	63,856	116,927
2013	54,944	61,950	116,894
2014	56,884	59,976	116,860
2015	58,892	57,932	116,824
2016-2020	327,150	256,394	583,544
2021-2025	389,115	194,236	583,351
2026-2030	462,817	118,333	581,150
2031-2034	432,614	31,205	463,819
	<u>\$ 1,886,748</u>	<u>\$ 909,579</u>	<u>\$ 2,796,327</u>

NOTE 7 – LONG-TERM DEBT (Continued)**Capital Lease Obligations**

Capital leases are used for financing purchase of buildings in the amount of \$2,855,000 reported in capital assets. The following is a summary of capital lease obligations payable as of June 30, 2010:

Payable to Nottoli C.M.C. \$2,569,500 starting January 1, 2001, principal and interest at fixed rate of 8.5% due in monthly installments of \$22,429.	\$ 1,980,961
Payable to Motschiedler, Michaelides & Wishon, LLP, \$285,500 starting January 1, 2001, principal and interest at fixed rate of 8.5% due in monthly installments of \$2,492.	<u>220,107</u>
	<u><u>\$ 2,201,068</u></u>

The following is a schedule of annual debt service requirements to maturity on the above as of June 30, 2010:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 76,747	\$ 184,147	\$ 260,894
2012	83,531	177,363	260,894
2013	90,914	169,979	260,893
2014	98,950	161,943	260,893
2015	107,696	153,197	260,893
2016-2020	699,257	605,211	1,304,468
2021-2025	<u>1,043,973</u>	<u>236,508</u>	<u>1,280,481</u>
	<u><u>\$ 2,201,068</u></u>	<u><u>\$ 1,688,348</u></u>	<u><u>\$ 3,889,416</u></u>

NOTE 7 – LONG-TERM DEBT (Continued)**Notes Payable to the City of Fresno**

The following is a summary of notes payable to the City as of June 30, 2010:

Payable by the Central Business District to the Parking Authority of the City of Fresno. Secured by and payable from the incremental property tax revenues of the redeveloped properties. Payments on the notes and related interest expenses are based on budgetary priority as approved by the Agency. Incremental property tax revenues will continue to be received during the period the debt remains outstanding. Because these notes do not have a set repayment schedule, they are not included in the schedule of future payments:

\$2,378,809 advance at October 30, 1969, bearing interest at 5%.	\$ 2,378,809
\$3,937,011 advance at July 15, 1968, bearing interest at 5%.	3,937,011
\$606,363 advance at December 1, 1964, bearing interest at 5%.	606,363
\$238,160 advance at November 1, 1961, bearing interest at 5%.	<u>238,160</u>
	<u>7,160,343</u>

Payable by the Redevelopment Agency Roeding Business Park Project to the City of Fresno from the incremental property taxes of the redeveloped properties. Principal and interest is due at completion of each project and, therefore, is not included in the schedule of future payments:

\$944,000 advance on February 8, 2001, principal and interest at variable rate of 5.88% to 5.61%.	223,662
\$621,000 advance on February 8, 2001, principal and interest at variable rate of 5.88% to 5.61%.	621,000
\$1,414,818 advance on December 16, 2004, and a \$28,593 advance on January 10, 2006, principle and interest at variable rate base upon the City of Fresno's pooled investment rate, fixed monthly.	<u>1,443,412</u>
	<u>2,288,074</u>
Total Notes Payable to the City of Fresno	<u><u>\$ 9,448,417</u></u>

NOTE 7 – LONG-TERM DEBT (Continued)Advances from the City of Fresno

The following are descriptions of the advances from the City:

	<u>Principal</u>	<u>Unpaid Interest Accumulated</u>	<u>Total</u>
Merger One:			
Mariposa Project - \$8,603,994 interest bearing advances from June 1980 through June 1997, bearing interest ranging from 0.0% - 8.31%.	\$ 8,473,930	\$ 2,999,889	\$ 11,473,819
West Fresno I Project - advances at June 30, 1992, bearing interest at 0.0% to 9.0%	700,000	1,396,586	2,096,586
West Fresno II Project - advances from October 27, 1976, through June 30, 1996, bearing interest at 6.06%.	4,455,777	2,431,661	6,887,438
Chinatown Expanded Project - \$1,017,200 interest bearing advances from June 1979 through June 1997, bearing interest at 5.49% - 8.0%.	917,794	1,486,730	2,404,524
Convention Center Project - \$9,614,569 interest bearing advances from July 1982 through June 2005, bearing interest at 4.5% - 8.5%.	7,066,817	4,834,280	11,901,097
Jefferson Project - \$6,890,916 interest bearing advances from June 1986 through June 2005, bearing interest at 4.5% - 8.53%.	7,288,067	5,972,023	13,260,090
Fulton Project - \$2,244,800 interest bearing advances from June 1988 through April 2001, bearing interest at 6.84%.	1,752,300	943,089	2,695,389
Central Business District - \$2,023,800 interest bearing advances from June 30, 1991, through April 2001, bearing interest at 4.8% - 7.82%.	1,452,941	375,474	1,828,415
South Van Ness Project - \$10,000 advance at June 30, 1988, bearing interest of 6.84%.	10,000	14,144	24,144
Total Merger One	<u>32,117,626</u>	<u>20,453,876</u>	<u>52,571,502</u> (Continued)

NOTE 7 – LONG-TERM DEBT (Continued)Advances from the City of Fresno (Continued)

	<u>Principal</u>	<u>Unpaid Interest Accumulated</u>	<u>Total</u>
Merger Two:			
Fruit/Church Project - \$21,000 advance at June 30, 1992, bearing interest at 6.42%.	2,196	2,256	4,452
Southwest Fresno Project - \$8,205,838 interest bearing advances from June 1978 through 1994, bearing interest at 0.0% - 6.0%.	<u>5,764,115</u>	<u>10,826,410</u>	<u>16,590,525</u>
Total Merger Two	<u>5,766,311</u>	<u>10,828,666</u>	<u>16,594,977</u>
Other Nonmajor Funds:			
Highway City Project - \$34,100 interest bearing advances from June 1988 through June 1994, bearing interest at 4.8% - 6.84%.	34,100	29,657	63,757
Pinedale Project - \$132,000 advance at June 30, 1988, bearing interest at 6.84%.	132,000	179,443	311,443
Airport Project - \$3,620,400 interest bearing advances from June 1989 through June 1991, bearing interest at 8.31% - 8.53%.*	109,400	139,868	249,268
Corridor 99 - \$50,000 advance at June 30, 1997, bearing interest at 6.0%.	50,000	39,000	89,000
Southeast Fresno Project - \$50,000 advance at June 30, 1997, bearing interest at 6.0%.	50,000	39,000	89,000
Roeding Business Park - \$1,603,100 interest bearing advances from March 1995 through May 1996, bearing interest at 5.49% - 6.0%.	<u>603,100</u>	<u>380,900</u>	<u>984,000</u>
Total Other Nonmajor Funds	<u>978,600</u>	<u>807,868</u>	<u>1,786,468</u>
Total All Funds	<u><u>\$ 38,862,537</u></u>	<u><u>\$ 32,090,410</u></u>	<u><u>\$ 70,952,947</u></u>

NOTE 7 – LONG-TERM DEBT (Continued)**Advances from the City of Fresno** (Continued)

The above advances are payable on demand and secured by and payable from the incremental property tax revenues of the redeveloped properties. Payments on the advances and related interest are based on budgetary priority as approved by the Redevelopment Agency. Incremental property tax revenues will continue to be received during the period the debt remains outstanding.

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and Certificates of Participation	\$ 14,607,000	\$ -	\$ (4,507,000)	\$ 10,100,000	\$ 815,000
Less deferred amounts: For issuance premiums/ (discounts)	54,462	-	(11,263)	43,199	-
	14,661,462	-	(4,518,263)	10,143,199	815,000
Loans Payable	1,936,262	-	(49,514)	1,886,748	51,261
Capital Lease Obligations	2,271,582	-	(70,514)	2,201,068	76,747
Note Payable to the City	10,168,755	-	(720,338)	9,448,417	-
Compensated absences	95,573	143,976	(98,335)	141,214	-
Pollution Remediation	85,000	70,000	-	155,000	85,000
Retirement obligation	95,642	-	(11,646)	83,996	-
Advances from City	43,859,773	180,000	(5,177,236)	38,862,537	-
Governmental activities long-term debt	<u>\$ 73,174,049</u>	<u>\$ 393,976</u>	<u>\$ (10,645,846)</u>	<u>\$ 62,922,179</u>	<u>\$ 1,028,008</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN**Plan Description**

The Agency contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer system that acts as a common investment and administrative agent for public agencies in the state of California. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 Main Street, Scully, California 55555.

The Agency's payroll for employees covered by the System for the year ended June 30, 2010 was \$1,025,418 for miscellaneous members with contributions of \$113,686 for covered payroll. Total payroll for Agency employees for the fiscal year was \$1,047,826. All full-time Agency employees are eligible to participate in CalPERS. Benefits vest after five years of service. Employees are eligible to retire at or after age 55 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2% percent of their highest annual salary for each year of service credit. CalPERS also provides death and disability benefits. These benefit provisions and all other requirements have been established by State statute and by specific agreement with the Agency.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

Agency employees pay the entire 7% required member contribution as the Agency does not pick up any portion of the contributions required of all miscellaneous employees. The rate is set by statute and therefore remains unchanged from year to year.

The Agency is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the Board of Administration which include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually, (b) projected salary increases of 3.55% to 14.45% depending on age, service and type of employment, 3.00% attributable to inflation, 3.25% attributed to payroll growth, and individual salary growth varying by duration of employment coupled with an assumed annual inflation growth and an annual production growth of 0.25%. The actuarial funding method is the Entry Age Normal Cost Method that produces level annual cost as a percent of pay in each year from the date of hire to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The actuarial accrued liability for active members is calculated as the portion of the total cost of the plan allocated to prior years.

Contribution Requirements and Contributions Made

The contributions were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of June 30, 2009.

Trend Information

Three years of trend information regarding annual contribution rates and annual pension costs is summarized as follows:

<u>Fiscal Year</u>	<u>Annual Contribution Rate</u>	<u>Annual Pension Cost APC</u>	<u>Percentage of APC Contributed</u>
6/30/2008	13.528%	\$ 116,221	100%
6/30/2009	11.740%	117,592	100%
6/30/2010	11.087%	113,686	100%

Retirement Obligation

The Agency contracted with CalPERS on November 1, 2000 to provide retirement benefits for its employees. The Agency's defined benefit plan with CalPERS is part of the Miscellaneous 2% at 55 Risk Pool. Effective with the June 30, 2003 valuation, risk pools were established for plans with less than 100 active members.

At the time of joining the risk pool, a side fund was created to account for the difference between the funded status of the pool and the funded status of the Agency's plan. The Agency's side fund valuation was \$83,996 as of June 30, 2009. The side fund is credited on an annual basis with the actuarial investment return assumption, currently 7.75%. A positive side fund will cause the Agency's required contribution rate to be reduced by the Amortization of the Side Fund. A negative side fund will cause the contribution rate to be increased. In the absence of subsequent contract amendments or funding changes, the Agency's side fund will be paid in full by June 30, 2013. The unfunded liability was a result of the Prior Service credited to four Agency employees from their date of hire to the contract date of November 1, 2000.

NOTE 9 – RISK MANAGEMENT

The Agency maintains a program of self and purchased excess insurance for health and general liability through the City's self-insurance program which is accounted for in an internal service fund of the City. The Agency purchases workers compensation insurance from a third party provider with coverage limits of \$1 million.

The City purchases commercial insurance for claims in excess of the coverage provided by the fund and for all other risks of loss for health claims in excess of \$250,000 and \$190,000, respectively. The City joined the California Joint Powers Insurance Authority (CJPIA), a public entity risk pool currently operating as a risk management and insurance program for various entities.

The City pays an annual premium to CJPIA for its general liability excess insurance coverage for claims over \$1,000,000.

The amount of settlements has not exceeded insurance coverage in each of the past three years.

NOTE 10 – SUPPLEMENTAL EDUCATION REVENUE AUGMENTATION FUND (SERAF)

In July 2009, trailer bill ABX4-26 was passed as part of the FY 2009-2010 state budget requiring redevelopment agencies to pay the State of California a statewide total of \$2.05 billion; \$1.7 billion in FY 2009-2010 and \$350 million in FY 2010-2011, to a Supplemental Education Revenue Augmentation Fund (SERAF) deposited with the County. On October 20, 2009, the California Redevelopment Association (CRA) filed a lawsuit against the state to prevent ABX4-26 from going into effect. The state prevailed in the lawsuit and the Agency's share of the SERAF was \$8,123,067. In fiscal year 2010, the Agency paid \$6,736,202 of the total SERAF. In fiscal year 2011, the Agency's SERAF payment will be \$1,386,865, which is due May 10, 2011.

NOTE 11 – POLLUTION REMEDIATION

The Agency currently has two active cases: 317 W. California, currently undergoing remediation through an EPA Brownfields grant and a former gas station site acquired from the City of Fresno in February 2009. Remediation of the property at 450 "M" Street has been completed and the case closed.

317 W. California - The Agency, in partnership with the Housing Authorities of the City and County of Fresno (HACCF), applied for and received a \$200,000 Environmental Protection Agency (EPA) hazardous substance cleanup grant to fund the cleanup of the brownfields located at 317 West California, the site of a former auto dismantling yard. This two-acre brownfields site contains lead contaminants on the ground surface. Cleanup of the site consists of obtaining the services of an environmental consultant to implement the cleanup work plan and the services of an environmental contractor to execute the brownfields cleanup. The \$200,000 grant requires an Agency match of 20% (\$40,000). The total cost of the cleanup work is estimated at \$285,000, of which \$85,000 will be funded by the Agency. Contract guidelines were established and award for a clean-up contract was approved by the agency Board in December, 2010. The cleanup work of this brownfields site is estimated to be completed by May 2011.

Chinatown - In fiscal year 2010, a business in Chinatown raised questions regarding the compatibility of uses between their operations and development of a proposed mixed-use low income housing project adjacent to their property. To facilitate the resolution of this dispute, all parties agreed to have an Offsite Consequence Analysis (OCA) completed. The Agency contracted with Oscar Larson & Associates to perform the analysis at a cost of \$74,000 and the final report was given to all parties in November, 2010. The preliminary report determined that ammonia is the only chemical studied that could pose an issue from the dairy operations. Potential mitigation measures proposed to address the ammonia issue would be applicable to the project construction only and would not be a responsibility of the Agency.

NOTE 11 – POLLUTION REMEDIATION (Continued)

The Agency acquired a former gas station site in the Chinatown project area from the City of Fresno in February 2009. The site consists of three parcels. One parcel has been cleared of any existing pollution problems and needs no further remediation. Of the other two parcels; one needs some additional testing to be cleared by the California Department of Toxic Substances Control (DTSC), while the second is in need of further testing and remediation. Updated Phase I environmental reports were developed and a bid package to provide environmental consultant services was prepared for this parcel. Testing results were received in July 2010. The preliminary cost estimate to remediate the property is approximately \$70,000. Following a resolution of the OCA issue, remediation of the property is anticipated to proceed in 2012 in conjunction with development of a proposed mixed-use low income housing project at this site.

450 “M” Street - Relocation of the City of Fresno Fire Department Headquarters at 450 “M” Street was a condition of the Disposition and Development Agreement (DDA) with the Old Armenian Town Master Developer for land assembly in Phase 1B. In April 2008, the Fresno Fire Department (FFD) moved its administrative and training center offices into the newly renovated Hobbs-Parsons Building located at 911 “H” Street. Site clearance of the .6 acre City owned parcel of the former FFD headquarters was completed by the Agency in December 2008. To comply with the terms of the DDA and the California 3rd District Court of Appeal ruling, the City of Fresno transferred title of the property to the Agency. Prior to the title transfer, a Phase I environmental report was conducted. The report indicated an existing open Underground Storage Tank (UST) case relating to an underground storage tank used for dispensing gasoline fuel at the site. Records indicated that the tank had been removed from the site in 1988 and reported to the Fresno County Community Health Dept (FCCHD).

In April 2009, the California Regional Water Quality Control Board notified the City of Fresno that an assessment for the presence of petroleum hydrocarbons in soil beneath the former tank’s location was required to complete the tank extraction project and close the existing case. In June 2009, on behalf of the City of Fresno, the Agency contracted with a consultant for necessary environmental testing and preparation of a workplan for contamination remediation and/or removal. Current status reports of the testing were provided by the consultant and a clean-up plan was required. The consultant prepared and implemented a clean-up plan on behalf of the Agency and the State entered a judgment of “No further action needed” in July 2010. All environmental issues related to this property have been completed.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The City of Fresno received funds from the U.S. Department of Housing and Urban Development’s (HUD) Neighborhood Stabilization Program (NSP). The Program provided funding to acquire and rehabilitate abandoned or foreclosed properties that might otherwise become sources of blight. The program’s objective was to stabilize neighborhoods affected by the high incidence of abandoned and foreclosed homes by facilitating the resale of these rehabilitated homes to eligible, owner-occupied, low, moderate and middle income families. A requirement of this program provided that at least twenty-five percent of the total NSP funds received by the City of Fresno must be spent for households earning less than 50% of the area median income.

With approval by the City Council, Agency Board and the board of the Fresno Revitalization Corporation (FRC), the non-profit arm of the Agency, the Agency negotiated the purchase of the Canyon Crest property, a 118-unit apartment complex near the southwest corner of Tulare and First Streets. The Canyon Crest property was acquired in May 2010 at a cost of \$4,418,000 and fulfilled the City’s NSP requirement for low income housing. Acquisition of this property was funded through \$2,772,253 received from the City of Fresno’s Neighborhood Stabilization Program (NSP) and a loan for \$1,937,796 carried by the seller. Conditions of the acquisition required that the FRC form a limited liability corporation, the FRC Canyon Crest LLC, to own the property and that the Agency guarantee the loan payable to the seller.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

The installment note dated May 28, 2010, carries an interest rate of 6.35% per annum. Interest only payments are due monthly commencing July 1, 2010, with a final balloon payment of all outstanding principal and all accrued and unpaid interest due and payable on November 30, 2012. The property is currently under renovation and once the repair work is completed and rental of the units has been stabilized, the property will be marketed for sale to a qualified affordable housing entity. The Agency's financial statements do not include an adjustment for the installment note since it is anticipated that the sale will occur prior to the due date of the balloon payment. Should the property not be sold prior to November 30, 2012, the loan would be paid from the Agency's 20% housing set aside funds.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

In the year ending June 30, 2009, expenses in the amount of \$448,087 for the Corridor 99 Capital Project fund were expensed incorrectly, as the expenses were to be capitalized as part of property held for resale. A prior period adjustment was made, to correctly capitalize the costs as property held for resale, resulting in an increase in fund balance and net assets of \$448,087 for the year ending June 30, 2010.

NOTE 14 – SPECIAL ITEM – FORGIVENESS OF DEBT

On October 1, 2009, the City Council/Agency Board approved an amendment to the Ground Lease Agreement and a Purchase and Sale Agreement between the Agency and Uniwell Fresno Hotel, LLC for the sale of the underlying fee interest in the land under the Radisson Hotel on Ventura Street for \$2.9 million. In conjunction with this action, a new 2009 Reimbursement Agreement between the Agency and the City of Fresno related to the Merger 1 Convention Center Project Area was approved.

Highlights of the 2009 Reimbursement Agreement include:

1. Payment by the Agency to the City of the net proceeds from the sale of the underlying fee interest in the land under the Radisson Hotel to the Lessee.
2. Reduction in the principal balance of Convention Center Project Area notes between the City and the Agency by the same amount.
3. Recalculation of Convention Center note balances using the City's pooled interest rate rather than a stated fixed rate.
4. Application of prior payments made by the Agency that were not credited against debt.
5. Consolidation of the remaining note balances into a new note.
6. Application of the above adjustments reduces the combined Convention Center note balances from \$19,604,902 to one note with a balance of \$11,693,517.

The combination of these transactions resulted in a decrease in interest and principal in the long term Convention Center debt fund of \$3,271,385 and \$1,511,174, respectively.

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Combining Statements

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**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Capital Projects					
	Pinedale Project	Airport Project	Roeding	Southeast Fresno	Corridor 99	Airport Revitalization
ASSETS						
Cash and investments	\$ 61,580	\$ 401	\$ 180,232	\$ 1,360,327	\$ 739,820	\$ 1,924,238
Due from other funds	-	-	-	-	1,784,227	-
Property held for resale	-	-	94,302	2,614,689	448,087	262,569
Total assets	<u>\$ 61,580</u>	<u>\$ 401</u>	<u>\$ 274,534</u>	<u>\$ 3,975,016</u>	<u>\$ 2,972,134</u>	<u>\$ 2,186,807</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Due to City of Fresno	\$ -	\$ 247,572	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>247,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:						
Reserved for property held for resale	-	-	94,302	2,614,689	448,087	262,569
Reserved for debt service	-	-	-	-	-	-
Reserved for capital projects	61,580	(247,171)	180,232	1,360,327	2,524,047	1,624,484
Reserve for encumbrances	-	-	-	-	-	299,754
Total fund balances	<u>61,580</u>	<u>(247,171)</u>	<u>274,534</u>	<u>3,975,016</u>	<u>2,972,134</u>	<u>2,186,807</u>
Total liabilities and fund balances	<u>\$ 61,580</u>	<u>\$ 401</u>	<u>\$ 274,534</u>	<u>\$ 3,975,016</u>	<u>\$ 2,972,134</u>	<u>\$ 2,186,807</u>

(Continued)

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>Capital Projects</u>		<u>Debt Service</u>		
	<u>Central City</u>	<u>S Fresno Industrial</u>	<u>Pinedale Project</u>	<u>Highway City</u>	<u>Airport Project</u>
ASSETS					
Cash and investments	\$ 746,326	\$ 560,383	\$ 10,868	\$ 5	\$ 1,436
Due from other funds	-	1,000,000	-	-	-
Property held for resale	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 746,326</u>	<u>\$ 1,560,383</u>	<u>\$ 10,868</u>	<u>\$ 5</u>	<u>\$ 1,436</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Due to City of Fresno	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:					
Reserved for property held for resale	-	-	-	-	-
Reserved for debt service	-	-	10,868	5	1,436
Reserved for capital projects	746,326	1,560,383	-	-	-
Reserve for encumbrances	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>746,326</u>	<u>1,560,383</u>	<u>10,868</u>	<u>5</u>	<u>1,436</u>
Total liabilities and fund balances	<u>\$ 746,326</u>	<u>\$ 1,560,383</u>	<u>\$ 10,868</u>	<u>\$ 5</u>	<u>\$ 1,436</u>

(Continued)

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Debt Service					
	Roeding	Airport Revitalization	Central City	S Fresno Industrial	Corridor 99	Total
ASSETS						
Cash and investments	\$ 187,245	\$ 3,059	\$ 31,668	\$ 263,698	\$ 432,626	\$ 6,503,912
Due from other funds	-	-	-	-	-	2,784,227
Property held for resale	-	-	-	-	-	3,419,647
Total assets	<u>\$ 187,245</u>	<u>\$ 3,059</u>	<u>\$ 31,668</u>	<u>\$ 263,698</u>	<u>\$ 432,626</u>	<u>\$ 12,707,786</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Due to City of Fresno	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,572
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,572</u>
FUND BALANCES:						
Reserved for property held for resale	-	-	-	-	-	3,419,647
Reserved for debt service	187,245	3,059	31,668	263,698	432,626	930,605
Reserved for capital projects	-	-	-	-	-	7,810,208
Reserve for encumbrances	-	-	-	-	-	299,754
Total fund balances	<u>187,245</u>	<u>3,059</u>	<u>31,668</u>	<u>263,698</u>	<u>432,626</u>	<u>12,460,214</u>
Total liabilities and fund balances	<u>\$ 187,245</u>	<u>\$ 3,059</u>	<u>\$ 31,668</u>	<u>\$ 263,698</u>	<u>\$ 432,626</u>	<u>\$ 12,707,786</u>

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Capital Projects					
	Pinedale Project	Airport Project	Roeding	Southeast Fresno	Corridor 99	Airport Revitalization
REVENUES:						
Incremental property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	97	141	-	2,040	3,784	3,164
Intergovernmental	-	-	1,691,082	-	-	-
Total revenues	97	141	1,691,082	2,040	3,784	3,164
EXPENDITURES:						
General government	-	13,225	46,254	108,099	254,500	305,998
Redevelopment	-	48,776	1,426	495,992	270,265	815,825
Debt service:						
Principal repayments	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	62,001	47,680	604,091	524,765	1,121,823
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	97	(61,860)	1,643,402	(602,051)	(520,981)	(1,118,659)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	63,000	100,000	1,200,000	750,000	1,200,000
Transfers out	-	-	(1,187,027)	-	-	-
Total other financing sources (uses)	-	63,000	(1,087,027)	1,200,000	750,000	1,200,000
NET CHANGE IN FUND BALANCES	97	1,140	556,375	597,949	229,019	81,341
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	61,483	(248,311)	(281,841)	3,377,067	2,295,028	2,105,466
PRIOR PERIOD ADJUSTMENT	-	-	-	-	448,087	-
FUND BALANCES, END OF YEAR	\$ 61,580	\$ (247,171)	\$ 274,534	\$ 3,975,016	\$ 2,972,134	\$ 2,186,807

(Continued)

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Capital Projects</u>		<u>Debt Service</u>		
	<u>Central City</u>	<u>S Fresno Industrial</u>	<u>Pinedale Project</u>	<u>Highway City</u>	<u>Airport</u>
REVENUES:					
Incremental property taxes	\$ -	\$ -	\$ -	\$ -	\$ 235,726
Use of money and property	1,252	2,226	17	-	13
Intergovernmental	-	-	-	-	-
Total revenues	<u>1,252</u>	<u>2,226</u>	<u>17</u>	<u>-</u>	<u>235,739</u>
EXPENDITURES:					
General government	80,050	157,225	-	-	139,783
Redevelopment	522,816	109,003	-	-	-
Debt service:					
Principal repayments	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>602,866</u>	<u>266,228</u>	<u>-</u>	<u>-</u>	<u>139,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(601,614)</u>	<u>(264,002)</u>	<u>17</u>	<u>-</u>	<u>95,956</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	500,000	550,000	-	-	-
Transfers out	-	-	-	-	(110,145)
Total other financing sources (uses)	<u>500,000</u>	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>(110,145)</u>
NET CHANGE IN FUND BALANCES	<u>(101,614)</u>	<u>285,998</u>	<u>17</u>	<u>-</u>	<u>(14,189)</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	847,940	1,274,385	10,851	5	15,625
PRIOR PERIOD ADJUSTMENTS	-	-	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 746,326</u>	<u>\$ 1,560,383</u>	<u>\$ 10,868</u>	<u>\$ 5</u>	<u>\$ 1,436</u>

(Continued)

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Debt Service					
	Roeding	Airport Revitalization	Central City	S Fresno Industrial	Corridor 99	Total
REVENUES:						
Incremental property taxes	\$ 895,297	\$ 2,695,384	\$ 1,085,563	\$ 1,770,280	\$ 2,445,426	\$ 9,127,676
Use of money and property	271	388	103	372	609	14,477
Intergovernmental	-	-	-	-	-	1,691,082
Total revenues	<u>895,568</u>	<u>2,695,772</u>	<u>1,085,666</u>	<u>1,770,652</u>	<u>2,446,035</u>	<u>10,833,235</u>
EXPENDITURES:						
General government	469,712	1,444,934	436,408	812,442	1,117,483	5,386,113
Redevelopment	-	-	-	-	-	2,264,103
Debt service:						
Principal repayments	1,127,088	-	-	-	-	1,127,088
Interest	176,929	-	-	-	-	176,929
Total expenditures	<u>1,773,729</u>	<u>1,444,934</u>	<u>436,408</u>	<u>812,442</u>	<u>1,117,483</u>	<u>8,954,233</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(878,161)</u>	<u>1,250,838</u>	<u>649,258</u>	<u>958,210</u>	<u>1,328,552</u>	<u>1,879,002</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	1,187,027	-	-	-	-	5,550,027
Transfers out	<u>(279,059)</u>	<u>(1,739,077)</u>	<u>(717,113)</u>	<u>(904,056)</u>	<u>(1,239,085)</u>	<u>(6,175,562)</u>
Total other financing sources (uses)	<u>907,968</u>	<u>(1,739,077)</u>	<u>(717,113)</u>	<u>(904,056)</u>	<u>(1,239,085)</u>	<u>(625,535)</u>
NET CHANGE IN FUND BALANCES	<u>29,807</u>	<u>(488,239)</u>	<u>(67,855)</u>	<u>54,154</u>	<u>89,467</u>	<u>1,253,467</u>
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	157,438	491,298	99,523	209,544	343,159	10,758,660
PRIOR PERIOD ADJUSTMENTS	-	-	-	-	-	448,087
FUND BALANCES, END OF YEAR	<u>\$ 187,245</u>	<u>\$ 3,059</u>	<u>\$ 31,668</u>	<u>\$ 263,698</u>	<u>\$ 432,626</u>	<u>\$ 12,460,214</u>

Statistical Section

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**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
STATISTICAL SECTION**

This section of the Redevelopment Agency's comprehensive annual financial report (CAFR) presents detailed information specific to the Agency's as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's financial health. As a component unit of the City of Fresno, required statistical information that relates to the City only can be found in the City's CAFR.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time. (Pages 43 to 46)

Revenue Capacity

These schedules contain information to help the reader assess the Agency's primary revenue source, the property tax. (Pages 47 to 72)

Debt Capacity

These schedules present information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future. (Pages 73 to 75)

Demographic and Economic Information

This schedule offers demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place. (Page 76)

Operating Information

These schedules contain information about the Agency's operations and resources to help the reader understand how the Agency's financial information relates to the services the Agency provides and the activities it performs. (Pages 77 to 81)

Sources:

Unless otherwise noted, the information in these schedules is derived from the basic financial statements or comprehensive annual financial reports for the relevant year. The Agency implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* in 2002; schedules presenting the government-wide data include information beginning in that year.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
FINANCIAL TRENDS
NET ASSETS
LAST NINE FISCAL YEARS
(In Thousands)**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ (119)	\$ (207)	\$ (273)	\$ (333)	\$ (355)	\$ (418)	\$ (479)	\$ (633)	\$ (651)
Unrestricted	<u>(43,176)</u>	<u>(61,769)</u>	<u>(63,110)</u>	<u>(64,234)</u>	<u>(70,908)</u>	<u>(61,220)</u>	<u>(54,892)</u>	<u>(49,922)</u>	<u>(48,564)</u>
Total governmental activities, net assets	<u><u>\$ (43,295)</u></u>	<u><u>\$ (61,976)</u></u>	<u><u>\$ (63,383)</u></u>	<u><u>\$ (64,567)</u></u>	<u><u>\$ (71,263)</u></u>	<u><u>\$ (61,638)</u></u>	<u><u>\$ (55,371)</u></u>	<u><u>\$ (50,555)</u></u>	<u><u>\$ (49,215)</u></u>

Source: Redevelopment Agency of the City of Fresno Annual Reports

Notes: Accounting requirements changed in 2002 due to GASB Statement 34

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
FINANCIAL TRENDS
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government	\$ 1,142,169	\$ 5,365,268	\$ 4,737,583	\$ 4,861,856	\$ 5,152,493	\$ 6,613,547	\$ 5,843,838	\$ 5,906,717	\$ 15,771,849
Redevelopment	8,154,662	4,942,684	8,751,056	6,909,436	16,964,874	5,941,304	8,057,211	9,797,582	8,588,021
Interest and fiscal charges	3,633,186	5,294,289	4,587,815	5,006,982	3,988,526	4,050,136	3,801,184	3,919,849	1,489,845
 Total governmental activities expenses	 12,930,017	 15,602,241	 18,076,454	 16,778,274	 26,105,893	 16,604,987	 17,702,233	 19,624,148	 25,849,715
 Total governmental net expenses	 (12,930,017)	 (15,602,241)	 (18,076,454)	 (16,778,274)	 (26,105,893)	 (16,604,987)	 (17,702,233)	 (19,624,148)	 (25,849,715)
 General Revenues and Other Changes in Net Assets									
Governmental activities:									
Incremental property taxes	6,310,866	9,125,270	11,042,505	13,055,207	14,768,911	17,547,137	21,101,863	22,143,924	22,064,725
Use of money and property	2,946,716	1,294,157	974,483	770,078	1,709,288	1,309,122	1,269,152	1,068,843	594,615
Lease income from the City	-	541,389	667,411	874,232	593,905	196,602	217,658	219,651	-
Contributed Capital	-	-	-	-	-	-	-	352,058	-
Intergovernmental	25,000	932,561	3,137,662	-	1,910,492	238,715	1,259,757	558,882	2,337,146
Miscellaneous	53,080	98,145	846,883	2,194,555	239,500	521,710	120,808	25,000	230,184
Grants	1,057,914	-	-	-	-	-	-	72,100	2,850
Special item	-	-	-	(1,590,000)	-	6,416,674	-	-	1,511,174
 Total governmental activities	 10,393,576	 11,991,522	 16,668,944	 15,304,072	 19,222,096	 26,229,960	 23,969,238	 24,440,458	 26,740,694
 Change in Net Assets									
Governmental activities	<u>\$ (2,536,441)</u>	<u>\$ (3,610,719)</u>	<u>\$ (1,407,510)</u>	<u>\$ (1,474,202)</u>	<u>\$ (6,883,797)</u>	<u>\$ 9,624,973</u>	<u>\$ 6,267,005</u>	<u>\$ 4,816,310</u>	<u>\$ 890,979</u>

Source: Redevelopment Agency of the City of Fresno Annual Reports

Notes: Accounting requirements changed in 2002 due to GASB Statement 34
Fiscal year 2008 expenses were restated to reclassify loss on sale of property as a redevelopment expense.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
FINANCIAL TRENDS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(In Thousands)**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental funds									
Reserved									
Capital projects funds									
Capital projects funds	\$ 4,896	\$ 5,273	\$ 4,267	\$ 5,427	\$ 6,712	\$ 9,410	\$ 9,011	\$ 5,620	\$ 11,694
Deposits	69	523	486	1,076	421	886	-	69	-
Encumbrances	6,799	10,097	9,315	4,771	901	836	696	2,400	2,272
Non-current receivables	5,089	4,600	3,293	2,380	2,562	2,206	7,332	5,901	6,945
Other assets	-	-	-	407	-	-	9,692	13,646	6,877
Property held for resale	20,476	24,926	29,535	32,317	27,225	33,098	32,977	33,633	31,296
Debt service funds									
Debt service funds	12,272	8,776	8,029	5,883	7,087	7,620	2,014	3,901	4,359
Non-current receivables	18,082	533	402	285	171	133	97	56	4
Unreserved									
Capital projects funds	(9,564)	(13,194)	(11,831)	(3,878)	(3,946)	(4,046)	(3,268)	-	(2,885)
Total all governmental funds	\$58,119	\$41,534	\$43,496	\$48,668	\$41,133	\$50,143	\$58,551	\$65,226	\$60,562

Source: Redevelopment Agency of the City of Fresno Annual Reports

Notes: Accounting requirements changed in 2002 due to GASB Statement 34
FY 08/09 balances were corrected to tie to the financials

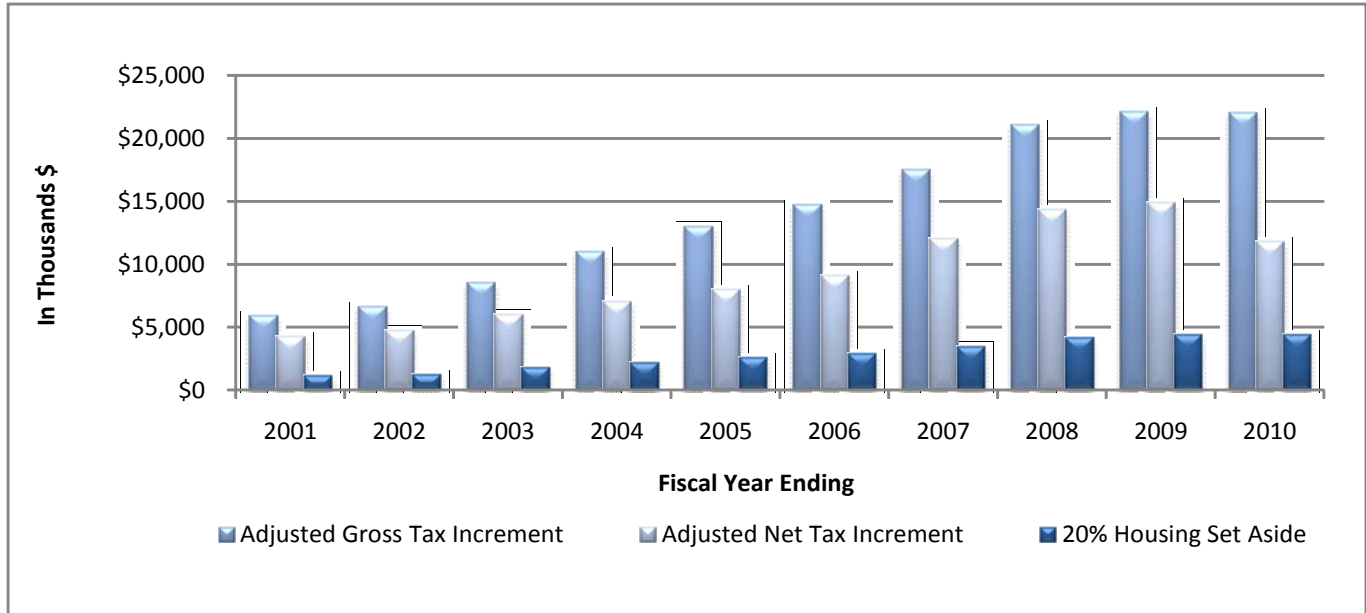
**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
FINANCIAL TRENDS
CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues									
Incremental property taxes	\$ 6,310,866	\$ 9,125,270	\$ 11,042,505	\$ 13,055,207	\$ 14,768,911	\$ 17,547,137	\$ 21,101,863	\$ 22,143,924	\$ 22,064,725
Use of money and property	1,294,329	1,316,133	994,545	829,978	1,748,540	1,411,649	1,280,361	1,079,155	641,178
Lease income from the City	806,873	2,812,330	2,312,411	2,018,022	1,146,583	1,165,689	1,215,543	1,044,651	2,960,043
Intergovernmental	25,000	651,711	3,137,662	-	1,910,492	238,715	1,259,757	558,882	2,337,146
Miscellaneous	53,080	98,145	406,587	2,194,455	239,500	521,710	120,808	25,000	-
Grants	90,100	-	-	-	-	-	-	72,100	2,850
Gain on sale of property	-	-	440,396	-	-	-	-	-	995,141
Special item	-	-	-	-	-	-	-	-	-
Total revenues	8,580,248	14,003,589	18,334,106	18,097,662	19,814,026	20,884,900	24,978,332	24,923,712	29,001,083
Expenditures									
Current:									
Administrative	449,905	3,147,109	3,016,404	2,418,220	2,365,092	2,648,002	3,027,504	2,978,707	2,827,811
County fees and pass throughs	553,264	1,372,782	1,721,179	2,443,636	2,679,469	2,017,635	2,480,318	2,757,566	12,751,024
Capital Projects:									
Redevelopment	8,154,662	4,803,684	8,612,056	6,770,436	16,964,874	5,941,304	4,648,585	8,099,284	8,518,021
Loss on sale of property	-	845,377	-	-	2,512	1,924,026	3,408,632	1,613,298	-
Debt service:									
Principal repayments	5,072,652	2,674,010	6,956,645	2,043,828	1,601,530	1,696,637	2,231,416	2,090,615	9,013,428
Interest and fiscal charges	2,244,385	2,022,302	2,123,029	1,963,273	1,644,103	1,322,419	1,455,071	1,754,099	1,183,303
Payment to refunded bond escrow agent	-	-	-	1,779,900	-	-	-	-	-
Total expenditures	16,474,868	14,865,264	22,429,313	17,419,293	25,257,580	15,550,023	17,251,526	19,293,569	34,293,587
Excess (deficiency) of revenues over (under) expenditures	(7,894,620)	(861,675)	(4,095,207)	678,369	(5,443,554)	5,334,877	7,726,806	5,630,143	(5,292,504)
Other Financing Sources (Uses)									
Premium on refunding bonds issued	-	-	-	81,210	-	-	-	-	-
Proceeds from refunding bonds issued	-	-	-	4,365,000	-	-	-	-	-
Payment to refunded bond escrow agent	571,777	-	-	4,134,776	-	-	-	-	-
Loan proceeds	-	1,456,177	6,057,171	(4,377,676)	908,996	675,237	681,398	692,474	180,000
Contributed capital	-	-	-	-	-	-	-	352,058	-
Transfers in	4,248,673	10,745,054	11,256,502	12,429,515	11,144,782	13,404,428	16,732,394	14,966,641	13,706,517
Transfers out	(4,248,673)	(10,745,054)	(11,256,502)	(12,429,515)	(11,144,782)	(13,404,428)	(16,732,394)	(14,966,641)	(13,706,517)
Total other financing sources (uses)	571,777	1,456,177	6,057,171	4,203,310	908,996	675,237	681,398	1,044,532	180,000
Net change in fund balances	\$ (7,322,843)	\$ 594,502	\$ 1,961,964	\$ 4,881,679	\$ (4,534,558)	\$ 6,010,114	\$ 8,408,204	\$ 6,674,675	\$ (5,112,504)
Debt service as a percentage of noncapital expenditures	729.39%	103.90%	191.65%	119.03%	64.34%	202.24%	66.93%	67.02%	65.45%
Debt service as a percentage of total expenditures	44.41%	33.50%	40.48%	33.22%	12.85%	47.08%	26.63%	19.93%	29.73%
Redevelopment expenses as a percentage of total expenditures	49.50%	34.26%	38.40%	38.87%	67.17%	29.64%	33.58%	41.98%	24.84%

Source: Redevelopment Agency of the City of Fresno Annual Reports

Notes: Accounting requirements changed in 2002 due to GASB Statement 34
Schedule was restated to reclassify loss on sale of property as an expenditure

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TAX INCREMENT REVENUE AND HOUSING SET ASIDE
LAST TEN FISCAL YEARS**



Fiscal Year Ended June 30	Adjusted Gross Tax Increment	% Increase	Adjusted Net Tax Increment	% Increase	20% Housing Set Aside	% Increase
2001	\$ 5,939,998		\$ 4,298,991		\$ 1,141,993	
2002	6,668,454	12.26%	4,781,499	11.22%	1,262,173	10.52%
2003	8,537,650	28.03%	6,044,958	26.42%	1,825,054	44.60%
2004	11,042,508	29.34%	7,112,827	17.67%	2,208,502	21.01%
2005	13,055,206	18.23%	8,000,529	12.48%	2,611,041	18.23%
2006	14,768,911	13.13%	9,135,660	14.19%	2,953,782	13.13%
2007	17,547,136	18.81%	12,020,074	31.57%	3,509,427	18.81%
2008	21,101,863	20.26%	14,401,172	19.81%	4,220,373	20.26%
2009	22,143,924	4.94%	14,957,574	3.86%	4,428,785	4.94%
2010	22,064,724	-0.36%	11,832,632	-20.89%	4,412,945	-0.36%

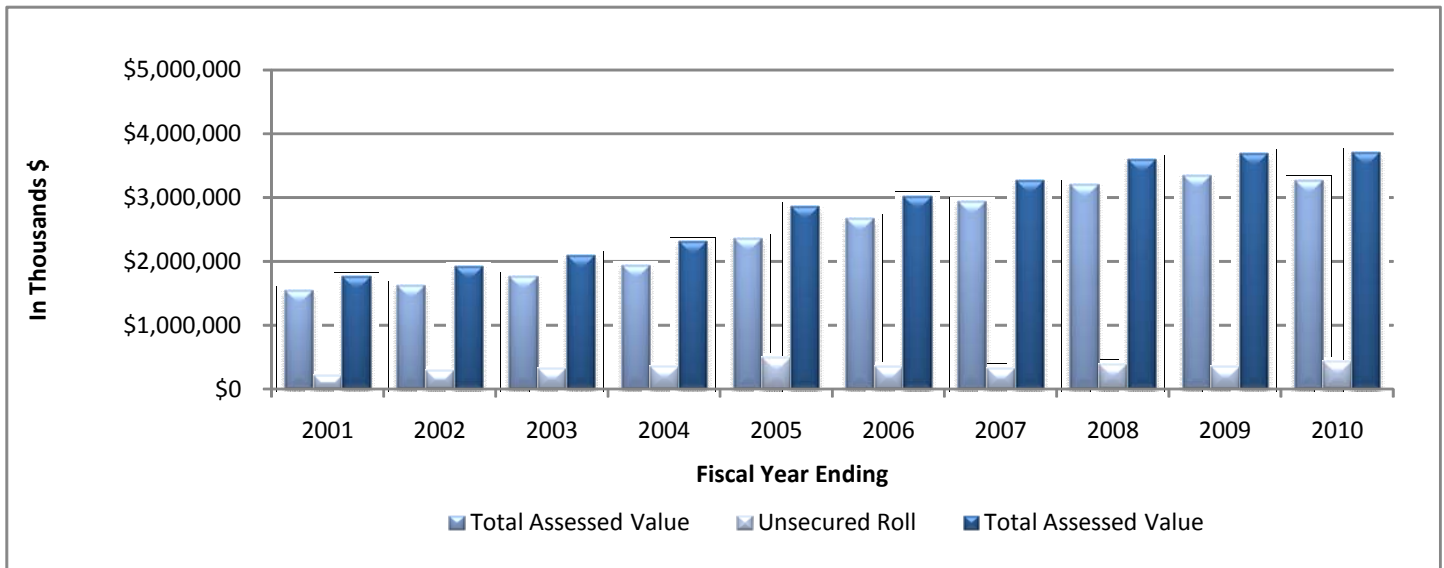
Sources: County of Fresno
Redevelopment Agency of the City of Fresno Annual Reports

Notes: Net tax increment is tax revenue after deducting mandatory County administrative fees, pass through payments to other taxing entities, Education Revenue Augmentation Fund (ERAF) payments and 20% Housing Set Aside.

FY 00/01 First year of increment for Airport Area Revitalization, South Fresno Industrial & Southeast Fresno
FY 01/02 First year of increment for Central City Commercial
FY 04/05 First year of increment for Corridor 99

FY 02/03 Net TI included ERAF payment of \$213,937
FY 03/04 Net TI included ERAF payment of \$361,380
FY 04/05 Net TI included ERAF payment of \$862,784
FY 05/06 Net TI included ERAF payment of \$949,449
FY 06/07 No ERAF payment
FY 07/08 No ERAF payment
FY 08/09 No ERAF payment
FY 09/10 Net TI included SERAF payment of \$6,736,202

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
DIRECT PROPERTY TAX RATES
LAST TEN FISCAL YEARS**



Fiscal Year	Secured Roll	Unsecured Roll	Total Assessed Value	County-Wide Property Tax Rate
2001	\$ 1,542,581,339	\$ 217,307,414	\$ 1,759,888,753	1.0%
2002	1,631,535,504	287,472,258	1,919,007,762	1.0%
2003	1,767,197,959	322,652,308	2,089,850,267	1.0%
2004	1,946,524,436	363,395,308	2,309,919,744	1.0%
2005	2,367,259,395	494,747,131	2,862,006,526	1.0%
2006	2,678,392,131	350,294,199	3,028,686,330	1.0%
2007	2,940,463,254	333,283,999	3,273,747,253	1.0%
2008	3,208,424,186	398,462,441	3,606,886,627	1.0%
2009	3,345,221,808	353,833,662	3,699,055,470	1.0%
2010	3,279,090,422	434,907,928	3,713,998,350	1.0%

The Direct Property Tax Rate for the Redevelopment Agency is 1% for all years. The Agency's incremental property tax revenue is based only on the incremental value of the 1% County-Wide property tax. The incremental rate is the difference between the assessed values as of the date the project area was established and the current values.

Source: County of Fresno

Notes: Four new project areas added in 2000. 2002 first year received incremental taxes for new areas.

One new project area added in 2003. 2005 first year received incremental taxes for new area.

On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$1.00 per \$100.00 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Net Tax Levy	Amount Collected	Percent of Collection of Net Tax Levy
2001	\$ 5,709,966	\$ 5,709,966	100.00%
2002	6,310,866	6,310,866	100.00%
2003	9,125,270	9,125,270	100.00%
2004	11,042,508	11,042,508	100.00%
2005	13,055,206	13,055,206	100.00%
2006	14,768,911	14,768,911	100.00%
2007	17,547,136	17,547,136	100.00%
2008	21,101,863	21,101,863	100.00%
2009	22,143,924	22,143,924	100.00%
2010	22,064,725	22,064,725	100.00%

Source: County of Fresno

Notes: Four new project areas added in 2000. 2002 first year received incremental taxes for new areas.

One new project added in 2003. 2005 first year received incremental taxes for new area.

In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is set forth in the Revenue and Taxation Code of the State of California (the "Law"). Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The county assumes the risk of delinquencies, in return for which it retains the penalties and accrued interest thereon. As the County of Fresno participates in the Teeter Plan for calculating tax increment due to the Agency, collections equal levies.

On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$1.00 per \$100.00 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
REVENUE CAPACITY
FROZEN BASE – CURRENT VALUE COMPARISONS
FOR THE TEN FISCAL YEARS ENDED JUNE 30, 2010

Project Area	Base Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Merger 1											
Central Business Dist	1960-1961										
Assessed Value		38,750,540	42,196,729	42,045,867	86,583,670	95,443,038	98,968,227	114,830,292	141,571,233	120,431,478	124,342,836
Frozen Base Value		40,801,518	40,801,518	40,801,518	40,801,518	40,801,518	40,801,518	40,801,518	40,801,518	40,801,518	40,801,518
Incremental Value		(2,050,978)	1,395,211	1,244,349	45,782,152	54,641,520	58,166,709	74,028,774	100,769,715	79,629,960	83,541,318
Chinatown	1985-1986										
Assessed Value		47,915,385	46,226,103	47,779,136	45,215,229	37,119,411	41,389,965	40,569,679	37,939,143	37,494,918	38,084,977
Frozen Base Value		19,235,920	19,235,920	19,235,920	19,235,920	19,235,920	19,235,920	19,235,920	19,235,099	19,235,099	19,235,099
Incremental Value		28,679,465	26,990,183	28,543,216	25,979,309	17,883,491	22,154,045	21,333,759	18,704,044	18,259,819	18,849,878
Chinatown/West Fresno Rehab	1965-1966										
Assessed Value		6,762,922	6,525,848	6,860,701	7,574,936	7,852,585	9,268,782	9,516,568	11,326,543	12,019,002	12,182,249
Frozen Base Value		5,637,240	5,637,240	5,637,240	5,637,240	5,637,240	5,637,240	5,637,240	5,637,240	5,637,240	5,637,240
Incremental Value		1,125,682	888,608	1,223,461	1,937,696	2,215,345	3,631,542	3,879,328	5,689,303	6,381,762	6,545,009
Convention Center	1981-1982										
Assessed Value		54,083,535	55,136,722	55,202,997	59,194,213	92,527,182	100,237,601	105,633,294	112,118,833	113,297,384	115,700,280
Frozen Base Value		22,620,009	22,418,359	22,418,359	22,101,752	21,952,247	21,952,247	21,952,247	21,905,251	21,905,251	21,905,251
Incremental Value		31,463,526	32,718,363	32,784,638	37,092,461	70,574,935	78,285,354	83,681,047	90,213,582	91,392,133	93,795,029
Fulton	1997-1998										
Assessed Value		62,175,714	68,565,263	72,278,571	72,543,269	75,342,561	79,029,671	94,950,031	100,171,014	96,248,300	109,567,183
Frozen Base Value		55,493,330	55,111,250	55,111,250	55,074,250	55,074,250	55,074,250	55,074,250	55,022,811	55,022,811	55,022,811
Incremental Value		6,682,384	13,454,013	17,167,321	17,469,019	20,268,311	23,955,421	39,875,781	45,148,203	41,225,489	54,544,372
Jefferson	1984-1985										
Assessed Value		57,846,307	59,134,127	57,203,867	57,935,572	74,528,636	106,335,509	94,013,506	107,377,426	104,707,182	95,384,420
Frozen Base Value		37,212,947	37,469,388	38,942,602	38,142,889	36,422,450	36,422,450	36,422,450	36,421,058	36,421,058	36,421,058
Incremental Value		20,633,360	21,664,739	18,261,265	19,792,683	38,106,186	69,913,059	57,591,056	70,956,368	68,286,124	58,963,362
Mariposa	1968-1969										
Assessed Value		77,024,972	79,490,382	81,452,983	89,023,583	89,141,221	96,316,479	127,220,178	143,069,763	137,224,056	129,527,790
Frozen Base Value		20,102,417	20,102,417	20,102,417	20,102,417	20,102,417	20,102,417	20,102,417	19,958,242	19,958,242	19,958,242
Incremental Value		56,922,555	59,387,965	61,350,566	68,921,166	69,038,804	76,214,062	107,117,761	123,111,521	117,265,814	109,569,548
South Van Ness	1997-1998										
Assessed Value		111,744,665	145,685,902	136,702,687	152,207,063	152,287,681	156,814,961	162,426,334	174,447,740	183,367,870	192,966,965
Frozen Base Value		100,538,603	141,681,196	141,681,196	141,681,196	141,681,196	141,681,196	141,681,196	141,593,962	141,593,962	141,593,962
Incremental Value		11,206,062	4,004,706	(4,978,509)	10,525,867	10,606,485	15,133,765	20,745,138	32,853,778	41,773,908	51,373,003
West Fresno #1	1964-1965										
Assessed Value		18,048,058	18,935,254	20,056,032	22,042,127	21,514,314	21,372,982	21,431,916	22,834,349	24,299,323	24,536,993
Frozen Base Value		2,690,835	2,690,835	2,690,835	2,690,835	2,690,835	2,690,835	2,690,835	2,690,821	2,690,821	2,690,821
Incremental Value		15,357,223	16,244,419	17,365,197	19,351,292	18,823,479	18,682,147	18,741,081	20,143,528	21,608,502	21,846,172
West Fresno #2	1963-1964										
Assessed Value		80,151,860	77,463,432	81,825,644	68,661,937	86,623,465	81,777,878	84,050,747	84,525,132	90,082,909	92,179,708
Frozen Base Value		2,044,928	2,044,928	2,044,928	2,044,928	2,044,928	2,044,928	2,044,928	2,044,928	2,044,928	2,044,928
Incremental Value		78,106,932	75,418,504	79,780,716	66,617,009	84,578,537	79,732,950	82,005,819	82,480,204	88,037,981	90,134,780

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
REVENUE CAPACITY
FROZEN BASE – CURRENT VALUE COMPARISONS (Continued)
FOR THE TEN FISCAL YEARS ENDED JUNE 30, 2010

Project Area		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Merger 2											
Fruit/Church	1971-1972										
Assessed Value		26,032,093	26,681,000	34,757,550	34,486,412	37,567,782	37,565,118	41,402,649	48,605,707	49,419,313	53,645,817
Frozen Base Value		1,819,392	1,819,392	1,819,392	1,819,392	1,819,392	1,819,392	1,819,392	1,819,392	1,819,392	1,819,392
Incremental Value		24,212,701	24,861,608	32,938,158	32,667,020	35,748,390	35,745,726	39,583,257	46,786,315	47,599,921	51,826,425
Southwest Fresno	1968-1969										
Assessed Value		192,456,768	203,957,108	211,411,325	217,462,771	235,002,822	262,006,135	298,891,895	346,871,736	357,159,431	319,885,465
Frozen Base Value		33,168,680	33,168,680	33,168,680	32,738,668	32,738,668	32,738,668	32,738,668	32,738,668	32,738,668	32,738,668
Incremental Value		159,288,088	170,788,428	178,242,645	184,724,103	202,264,154	229,267,467	266,153,227	314,133,068	324,420,763	287,146,797
Airport Area Revitalization	1998-1999										
Assessed Value		186,333,026	216,763,245	255,635,771	334,959,124	311,521,455	310,640,641	326,806,963	337,129,258	326,301,483	369,779,971
Frozen Base Value		117,190,815	117,190,815	117,190,815	117,168,836	117,129,361	117,129,361	117,129,361	117,129,361	117,129,361	117,129,361
Incremental Value		69,142,211	99,572,430	138,444,956	217,790,288	194,392,094	193,511,280	209,677,602	219,999,897	209,172,122	252,650,610
Central City Commercial	1998-1999										
Assessed Value		266,319,565	288,209,667	289,287,822	310,620,688	312,534,454	329,279,194	348,365,479	368,033,950	378,499,072	385,550,073
Frozen Base Value		287,264,784	285,244,555	285,244,555	284,646,534	284,612,217	285,223,366	285,223,366	285,223,366	285,223,366	285,223,366
Incremental Value		(20,945,219)	2,965,112	4,043,267	25,974,154	27,922,237	44,055,828	63,142,113	82,810,584	93,275,706	100,326,707
Corridor 99	2002-2003										
Assessed Value						422,647,502	492,136,157	558,098,175	616,225,720	639,712,562	612,230,460
Frozen Base Value						382,455,383	382,455,383	382,455,383	384,456,826	384,456,826	384,456,826
Incremental Value		-	-	-	-	40,192,119	109,680,774	175,642,792	231,768,894	255,255,736	227,773,634
Fresno Air Terminal	1987-1988										
Assessed Value		37,286,039	47,710,966	60,348,870	57,626,993	85,857,927	39,932,094	29,569,708	37,036,618	58,323,830	39,126,300
Frozen Base Value		14,864,289	14,864,289	14,864,289	14,864,289	14,864,289	14,864,289	14,864,289	14,864,289	14,864,289	14,864,289
Incremental Value		22,421,750	32,846,677	45,484,581	42,762,704	70,993,638	25,067,805	14,705,419	22,172,329	43,459,541	24,262,011
Roeding Business Park	1995-1996										
Assessed Value		95,195,306	97,858,312	104,978,949	107,637,198	106,914,153	121,806,190	131,495,502	151,314,681	151,856,922	156,820,952
Frozen Base Value		76,213,103	75,541,201	74,253,715	74,251,007	74,251,007	74,251,007	74,241,007	74,100,775	74,100,775	74,100,775
Incremental Value		18,982,203	22,317,111	30,725,234	33,386,191	32,663,146	47,555,183	57,254,495	77,213,906	77,756,147	82,720,177
South Fresno Industrial	1998-1999										
Assessed Value		113,636,247	137,621,450	159,509,271	167,734,630	217,148,204	215,152,084	233,136,641	257,623,086	284,000,256	297,059,955
Frozen Base Value		198,537,363	198,537,363	128,564,080	128,564,080	128,564,080	128,564,080	128,564,080	128,564,080	128,564,080	128,564,080
Incremental Value		(84,901,116)	(60,915,913)	30,945,191	39,170,550	88,584,124	86,588,004	104,572,561	129,059,006	155,436,176	168,495,875
Southeast Fresno	1998-1999										
Assessed Value		288,125,751	300,846,252	372,512,224	418,410,329	400,432,133	428,656,662	451,337,696	508,664,695	534,610,179	545,425,956
Frozen Base Value		298,658,273	297,554,287	266,595,922	266,440,422	266,406,872	266,406,872	266,406,872	266,008,435	266,008,435	266,008,435
Incremental Value		(10,532,522)	3,291,965	105,916,302	151,969,907	134,025,261	162,249,790	184,930,824	242,656,260	268,601,744	279,417,521
Total All Project Areas											
Assessed Value		1,759,888,753	1,919,007,762	2,089,850,267	2,309,919,744	2,862,006,526	3,028,686,330	3,273,747,253	3,606,886,627	3,699,055,470	3,713,998,350
Frozen Base Value		1,334,094,446	1,371,113,633	1,270,367,713	1,268,006,173	1,648,484,270	1,649,095,419	1,649,085,419	1,650,216,122	1,650,216,122	1,650,216,122
Incremental Value		425,794,307	547,894,129	819,482,554	1,041,913,571	1,213,522,256	1,379,590,911	1,624,661,834	1,956,670,505	2,048,839,348	2,063,782,228

Source: County of Fresno Auditor-Controller

Notes: Base year valuation changes as properties are placed into public ownership. The Agency receives property taxes on the incremental value (the amount of current value over the frozen base value).
The County maintains all tax allocation amounts and records.

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
REVENUE CAPACITY
SUMMARY OF ASSESSED VALUE, PROPERTY TAXES AND DEBT SERVICE BY PROJECT AREA
FOR THE TEN FISCAL YEARS ENDED JUNE 30, 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Merger Project No. 1</u>										
Central Business District										
Date Project Merged 8/6/1998										
Assessed Values	38,750,540	42,196,729	42,045,867	86,583,670	95,443,038	98,968,227	114,830,292	141,571,233	120,431,478	124,342,836
Property Taxes Received	-	18,499	20,670	502,621	598,489	637,875	809,569	1,099,451	867,458	912,029
Debt Service		18,499	20,670	102,483	175,983	175,107	141,131	140,381	141,981	140,931
Coverage		1.00	1.00	4.90	3.40	3.64	5.74	7.83	6.11	6.47
Chinatown Expanded										
Date Project Merged 8/6/1998										
Assessed Values	54,678,307	52,751,951	54,639,837	52,790,165	44,971,996	50,658,747	50,086,247	49,265,686	49,513,920	50,267,226
Property Taxes Received	299,210	275,860	269,658	245,234	157,508	220,050	210,134	197,591	196,746	199,761
Debt Service										
Coverage										
Convention Center										
Date Project Merged 8/6/1998										
Assessed Values	54,083,535	55,136,722	55,202,997	59,194,213	92,527,182	100,237,601	105,633,294	112,118,833	113,297,384	115,700,280
Property Taxes Received	347,552	377,841	362,695	425,406	772,510	856,477	915,019	986,231	998,862	1,023,773
Debt Service	278,042	294,693	311,600	296,041	309,064	250,000	-	-	420,000	-
Coverage	1.25	1.28	1.16	1.44	2.50	3.43			2.38	
Fulton										
Date Project Merged 8/6/1998										
Assessed Values	62,175,714	68,565,263	72,278,571	72,543,269	75,342,561	79,029,671	94,950,031	100,171,014	96,248,300	109,567,183
Property Taxes Received	72,333	144,756	185,826	188,216	219,392	259,436	431,765	488,930	445,848	590,346
Debt Service		60,610	68,831	68,831	142,331	141,781	141,131	140,381	141,981	140,931
Coverage		2.39	2.70	2.73	1.54	1.83	3.06	3.48	3.14	4.19
Jefferson										
Date Project Merged 8/6/1998										
Assessed Values	57,846,307	59,134,127	57,203,867	57,935,572	74,528,636	106,335,509	94,013,506	107,377,426	104,707,182	95,384,420
Property Taxes Received	227,911	235,233	133,696	143,808	346,901	694,296	557,434	698,871	664,582	559,288
Debt Service										
Coverage										
Mariposa										
Date Project Merged 8/6/1998										
Assessed Values	77,024,972	79,490,382	81,452,983	89,023,583	89,141,221	96,316,479	127,220,178	143,069,763	137,224,056	129,527,790
Property Taxes Received	625,353	649,482	674,087	753,017	757,953	836,422	1,171,239	1,345,069	1,280,591	1,196,735
Debt Service	422,594	421,894	425,894	326,177	329,486	242,361	424,811	426,798	426,754	425,754
Coverage	1.48	1.54	1.58	2.31	2.30	3.45	2.76	3.15	3.00	2.81
South Van Ness Industrial										
Date Project Merged 8/6/1998										
Assessed Values	111,744,665	145,685,902	136,702,687	152,207,063	152,287,681	156,814,961	162,426,334	174,447,740	183,367,870	192,966,965
Property Taxes Received	122,236	37,906	-	107,850	113,424	159,664	226,328	368,570	456,903	545,805
Debt Service										
Coverage										

REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
REVENUE CAPACITY
SUMMARY OF ASSESSED VALUE, PROPERTY TAXES AND DEBT SERVICE BY PROJECT AREA (Continued)
FOR THE TEN FISCAL YEARS ENDED JUNE 30, 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Merger Project No. 1 (continued)</u>										
West Fresno I										
Date Project Merged 8/6/1998										
Assessed Values	18,048,058	18,935,254	20,056,032	22,042,127	21,514,314	21,372,982	21,431,916	22,834,349	24,299,323	24,536,993
Property Taxes Received	166,234	174,765	187,970	208,392	203,754	202,326	202,917	218,138	233,857	236,456
Debt Service										
Coverage										
West Fresno II										
Date Project Merged 8/6/1998										
Assessed Values	80,151,860	77,463,432	81,825,644	68,661,937	86,623,465	81,777,878	84,050,747	84,525,132	90,082,909	92,179,708
Property Taxes Received	660,103	629,529	678,669	534,283	920,799	869,049	893,615	899,065	959,756	981,129
Debt Service	608,440	589,389	506,418							
Coverage	1.08	1.07	1.34							
<u>Merger Project No. 2</u>										
Fruit/Church										
Date Project Merged 11/16/1998										
Assessed Values	26,032,093	26,681,000	34,757,550	34,486,412	37,567,782	37,565,118	41,402,649	48,605,707	49,419,313	53,645,817
Property Taxes Received	259,081	263,864	349,798	347,183	381,271	374,688	421,365	507,530	494,938	543,676
Debt Service	218,503									
Coverage	1.19									
Southwest Fresno GNRA										
Date Project Merged 11/16/1998										
Assessed Values	192,456,768	203,957,108	211,411,325	217,462,771	235,002,822	262,006,135	298,891,895	346,871,736	357,159,431	319,885,465
Property Taxes Received	1,779,625	1,902,357	1,959,570	2,055,516	2,274,071	2,503,494	2,920,775	3,461,777	3,534,678	3,123,213
Debt Service	79,804	590,892	821,631	744,528	888,728	889,328	884,228	883,427	886,727	884,128
Coverage	22.30	3.22	2.38	2.76	2.56	2.82	3.30	3.92	3.99	3.53
Airport Area Revitalization										
Date Project Established 7/19/1999										
Assessed Values	186,333,026	216,763,245	255,635,771	334,959,124	311,521,455	310,640,641	326,806,963	337,129,258	326,301,483	369,779,971
Property Taxes Received	718,594	1,043,046	1,459,148	2,318,730	2,061,856	2,055,486	2,229,561	2,342,989	2,224,121	2,695,384
Debt Service										
Coverage										
Central City Commercial Revitalization										
Date Project Established 8/24/1999										
Assessed Values	266,319,565	288,209,667	289,287,822	310,620,688	312,534,454	329,279,194	348,365,479	368,033,950	378,499,072	385,550,073
Property Taxes Received	-	29,650	43,767	289,457	310,422	485,000	692,743	906,966	1,009,807	1,085,563
Debt Service										
Coverage										

**REDEVELOPMENT AGENCY OF THE CITY OF FRESNO
REVENUE CAPACITY
SUMMARY OF ASSESSED VALUE, PROPERTY TAXES AND DEBT SERVICE BY PROJECT AREA (Continued)
FOR THE TEN FISCAL YEARS ENDED JUNE 30, 2010**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Freeway 99-Golden State Blvd.										
Date Project Established 7/5/2003										
Assessed Values					422,647,502	492,136,157	558,098,175	616,225,720	639,712,562	612,230,460
Property Taxes Received					430,184	1,182,064	1,893,498	2,496,786	2,738,953	2,445,426
Debt Service										
Coverage										
Fresno Air Terminal										
Date Project Established 7/18/1988										
Assessed Values	37,286,039	47,710,966	60,348,870	57,626,993	85,857,927	39,932,094	29,569,708	37,036,618	58,323,830	39,126,300
Property Taxes Received	226,261	231,830	473,028	442,581	746,057	250,590	136,888	216,328	444,332	235,726
Debt Service										
Coverage										
Roeding Business Park										
Date Project Established 7/16/1996										
Assessed Values	95,195,306	97,858,312	104,978,949	107,637,198	106,914,153	121,806,190	131,495,502	151,314,681	151,856,922	156,820,952
Property Taxes Received	205,473	258,889	332,580	378,702	358,369	515,018	724,726	1,050,811	1,058,460	895,297
Debt Service					65,004	117,103	117,076	117,048	117,019	116,990
Coverage					5.51	4.40	6.19	8.98	9.05	7.65
South Fresno Industrial Revitalization										
Date Project Established 7/12/1999	113,636,247	134,621,450	159,509,271	167,734,630	217,148,204					
Assessed Values	-	730	510,130	431,079	943,771	215,152,084	233,136,641	257,623,086	284,000,256	297,059,955
Property Taxes Received						910,022	1,107,266	1,388,987	1,630,619	1,770,280
Debt Service										
Coverage										
Southeast Fresno Revitalization										
Date Project Established 7/12/1999										
Assessed Values	288,125,751	300,846,252	372,512,224	418,410,329	400,432,133	428,656,662	451,337,696	508,664,695	534,610,179	545,425,956
Property Taxes Received	-	36,629	1,483,978	1,670,432	1,458,475	1,756,954	2,002,295	2,427,773	2,903,413	3,024,108
Debt Service										
Coverage										

Sources:

Assessed values are from the County of Fresno
Property taxes and debt service are from Agency Annual Reports

Notes:

Coverage calculation is property taxes divided by debt service. Debt service consists of debt paid from tax increment funds and does not include debt obligations paid from other sources of revenue.

Merger One West Fresno III statistics are not shown as the project area has no tax increment revenue for the past ten years due to current values less than the frozen base values.

The 2002 assessed value for South Van Ness was changed. \$109,738,460 as originally reported did not include the unsecured values of \$35,947,442.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
CENTRAL BUSINESS DISTRICT**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	NGP Fresno LLC	\$ 62,254,843	50.07%	ASP San Diego LLC	\$ 30,317,527	31.77%
2	Scripps GSB II LLC	17,691,800	14.23%	AB Parking Facilities LLC	10,935,183	11.46%
3	Fresno Baseball Club LLC	16,218,600	13.04%	Skywing LLC	5,710,790	5.98%
4	Brisam Fresno LLC	5,846,700	4.70%	Fresno Park Tower LLC	2,837,678	2.97%
5	Fresno Park Tower LLC	4,660,090	3.75%	Lloyds Bank California	2,103,782	2.20%
6	Fresno Capital Fund	3,810,150	3.06%	Fresno Ball Park Lofts LLC	1,683,000	1.76%
7	Fresno Pacific Towers Inc	3,217,412	2.59%	A Partners LLC	1,615,515	1.69%
8	Longs Drugs	2,346,300	1.89%	Longs Drugs Stores California Inc	1,410,373	1.48%
9	Center Mall Court Investors	2,215,100	1.78%	Lee Dae S & Sook K Trustees	1,491,121	1.56%
10	Protek Lending Helm, LLC	2,063,400	1.66%	Ronald Patterson	1,077,204	1.13%
		<u>120,324,395</u>	<u>96.77%</u>		<u>59,182,173</u>	<u>62.01%</u>
	All Other Taxpayers	<u>4,018,441</u>	<u>3.23%</u>	All Other Taxpayers	<u>36,260,865</u>	<u>37.99%</u>
	Total	<u>\$ 124,342,836</u>	<u>100.00%</u>	Total	<u>\$ 95,443,038</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$124,342,836
2004-2005 based on Project Area taxable value of \$95,443,038

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
CHINATOWN**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	California Dairies Inc	\$ 24,300,949	48.34%	California Dairies Inc	\$ 24,251,409	53.93%
2	Smart & Final Inc	1,593,999	3.17%	Yorkshire Dried Fruit & Nuts Inc	1,300,000	2.89%
3	Tiara Investments LLC	1,379,569	2.74%	G L I Realty Company	1,124,689	2.50%
4	Stephen L Porter & Gary Beckman	1,270,000	2.53%	Union Pacific Railroad Company	1,071,260	2.38%
5	G L I Realty Company	1,175,700	2.34%	Smart & Final Inc	880,981	1.96%
6	Peyton Building LLC	1,132,100	2.25%	Gadah Shouman	706,710	1.57%
7	EIE Alpha LLC	990,139	1.97%	Cherta Farms Inc	703,100	1.56%
8	California First Bank	765,641	1.52%	California First Bank	443,800	0.99%
9	Josefina Ortiz	678,323	1.35%	Otani Properties	460,000	1.02%
10	Union Pacific Railroad Company	631,449	1.26%	Cheong Kei Wong & A Lam Tu	390,000	0.87%
		<u>33,917,869</u>	<u>67.48%</u>		<u>31,331,949</u>	<u>69.67%</u>
	All Other Taxpayers	<u>16,349,357</u>	<u>32.52%</u>	All Other Taxpayers	<u>13,640,047</u>	<u>30.33%</u>
	Total	<u><u>\$ 50,267,226</u></u>	<u><u>100.00%</u></u>	Total	<u><u>\$ 44,971,996</u></u>	<u><u>100.00%</u></u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$50,267,226
2004-2005 based on Project Area taxable value of \$44,971,996

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
CONVENTION CENTER**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	GL Bruno Associates Inc	\$ 43,725,428	37.79%	M L Street Properties	\$ 48,867,784	52.81%
2	Uniwell Fresno Hotel, LLC	19,316,459	16.70%	United Security Bank	1,570,922	1.70%
3	ML Street Properties	11,741,339	10.15%	Valley Lavosh Baking Company Inc	1,261,979	1.36%
4	United Security Bank	4,166,448	3.60%	Ellis Commercial Property LP	1,213,015	1.31%
5	Ellis Commercial Property LP	2,655,424	2.30%	Cooper & Hoppe	1,161,122	1.25%
6	Kern Virginia LLC	1,718,439	1.49%	Spalding G Wathen	1,087,747	1.18%
7	Spalding G Wathen	1,658,676	1.43%	Specfic Properties LLC	765,000	0.83%
8	Valley Lahvosh Baking Co	1,637,287	1.42%	Ronald Sawl	713,071	0.77%
9	Hugh & Amy Wilson Trustees	1,206,950	1.04%			
10	Joseph Cooper & Lisa Urrizola	1,147,182	0.99%			
		<u>88,973,632</u>	<u>76.90%</u>		<u>56,640,640</u>	<u>61.22%</u>
	All Other Taxpayers	<u>26,726,648</u>	<u>23.10%</u>	All Other Taxpayers	<u>35,886,542</u>	<u>38.78%</u>
	Total	<u>\$ 115,700,280</u>	<u>100.00%</u>	Total	<u>\$ 92,527,182</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$115,700,280
2004-2005 based on Project Area taxable value of \$92,527,182
2004-2005 has less than top ten taxpayers shown as information received from Fresno County Assessor was incomplete

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
FULTON**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Uptown Investments LP	\$ 7,857,289	7.17%	ASP San Diego LLC	\$ 4,519,480	6.00%
2	Eretz Fresno Skilled Nursing LLC	7,843,270	7.16%	1665 M Street LLC	3,516,400	4.67%
3	Pyramid A-One LLC	5,508,730	5.03%	Valley Burglar & Fire Alarm Company	3,489,122	4.63%
4	NGP Fresno LLC	4,578,805	4.18%	Encino Grande LLC	2,670,119	3.54%
5	Crocker Building Partners	3,275,113	2.99%	Union Pacific Railroad	2,632,272	3.49%
6	Encino Grande LLC	2,948,022	2.69%	Crocker Building Partners	2,190,000	2.91%
7	EIE Alpha LLC	2,855,758	2.61%	John S Foggy	1,961,650	2.60%
8	First States Investors 5000A LLC	2,598,860	2.37%	Fresno County Employees Credit Union	1,818,568	2.41%
9	Fresno County Employees Credit Unio	2,189,030	2.00%	ATC Building Company	1,653,959	2.20%
10	Fulton Park Plaza LLC	2,107,123	1.92%	Bank of America	1,567,462	2.08%
		<u>41,762,000</u>	<u>38.12%</u>		<u>26,019,032</u>	<u>34.53%</u>
	All Other Taxpayers	<u>67,805,183</u>	<u>61.88%</u>	All Other Taxpayers	<u>49,323,529</u>	<u>65.47%</u>
	Total	<u><u>\$ 109,567,183</u></u>	<u><u>100.00%</u></u>	Total	<u><u>\$ 75,342,561</u></u>	<u><u>100.00%</u></u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$109,567,183
2004-2005 based on Project Area taxable value of \$75,342,561

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
JEFFERSON**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Steve & Carol Rontell	\$ 6,402,328	6.71%	Nottoli CMC	\$ 1,400,000	1.88%
2	David & Linda Hovannisian	3,251,231	3.41%	Craig Greenwood	944,508	1.27%
3	Nottoli CMC	2,231,006	2.34%	BNSF Railway Company	927,323	1.24%
4	Pargold	2,062,400	2.16%	Jerry & Gail Saylor	669,808	0.90%
5	Hardeep Singh	1,524,531	1.60%	Sequoia Community Health Foundation	577,000	0.77%
6	John Ohanian	1,062,200	1.11%	Downtown Square Apartments LLC	513,600	0.69%
7	Claude & Irene Saiz	1,048,021	1.10%	Edward & Charmay Allred	500,000	0.67%
8	95th Avenue LLC	1,032,465	1.08%	Steve & Carol Rontell	491,055	0.66%
9	JCH Family Limited Partnership	908,639	0.95%	Anis Medical Supply Inc	423,824	0.57%
10	BNSF Railway Company	877,936	0.92%			
		<u>20,400,757</u>	<u>21.39%</u>		<u>6,447,118</u>	<u>8.65%</u>
	All Other Taxpayers	<u>74,983,663</u>	<u>78.61%</u>	All Other Taxpayers	<u>68,081,518</u>	<u>91.35%</u>
	Total	<u>\$ 95,384,420</u>	<u>100.00%</u>	Total	<u>\$ 74,528,636</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$95,384,420
2004-2005 based on Project Area taxable value of \$74,528,636
2004-2005 has less than top ten taxpayers shown as information received from Fresno County Assessor was incomplete.
2004-2005 top ten taxpayers were adjusted from originally reported. As a non-profit organization, St. John Victory Fellowship Church does not pay County property taxes.

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
MARIPOSA**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Tutelian Holdings LLC	\$ 19,623,101	15.15%	Civic Center Square Inc	\$ 10,836,204	12.16%
2	Civic Center Square Inc	14,756,537	11.39%	LQM Operating Partners LP	3,417,404	3.83%
3	Beverly Healthcare CA Inc	6,373,200	4.92%	Office Depot Inc	2,895,409	3.25%
4	Cornerstone Main Company	4,121,022	3.18%	Tutelian Holdings I LLC	2,840,000	3.19%
5	Bre/LQ Properties LLC	3,993,455	3.08%	Cornerstone Main Company	2,325,040	2.61%
6	Office Depot Inc	3,253,171	2.51%	BNSF Railway Company	1,945,812	2.18%
7	Vahan & Anoush Chamlian	2,889,646	2.23%	Roger and Brenda Bowman Trustees	1,535,370	1.72%
8	Harry & Ruth Moore Trustees	2,580,673	1.99%	Golden Bear Inc	1,428,682	1.60%
9	Fresno Dental Surgery Center Inc	2,166,800	1.67%	Michael & Charlene Knott	1,409,554	1.58%
10	Bowman Investments LP	2,020,857	1.56%	Hideki & Fusako Shimada Trustees	1,337,768	1.50%
		<u>61,778,462</u>	<u>47.70%</u>		<u>29,971,243</u>	<u>33.62%</u>
	All Other Taxpayers	<u>67,749,328</u>	<u>52.30%</u>	All Other Taxpayers	<u>59,169,978</u>	<u>66.38%</u>
	Total	<u>\$ 129,527,790</u>	<u>100.00%</u>	Total	<u>\$ 89,141,221</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$129,527,790
2004-2005 based on Project Area taxable value of \$89,141,221

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
SOUTH VAN NESS**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Zacky Farms	\$ 26,230,718	13.59%	Zacky Farms	\$ 18,844,282	12.37%
2	Endsley Fresno Properties LP	16,792,700	8.70%	Dermody Properties	8,836,292	5.80%
3	Foundry Park Investors LP	13,259,825	6.87%	Foundry Park Investors LP	7,216,279	4.74%
4	R M Wade & Co	10,249,147	5.31%	United States Cold Storage of Central Calif	5,692,660	3.74%
5	Rich Products Corporation	7,891,750	4.09%	Rainbo Bakeries of San Joaquin Valley Inc	4,302,606	2.83%
6	Sara Lee Bakery Group Inc	4,334,468	2.25%	Fresno Storage Partners LLC	3,455,826	2.27%
7	S & B Investments	4,055,053	2.10%	A Gusmer Inc	2,232,400	1.47%
8	Fresno Storage Partners LLC	3,778,291	1.96%	R M Wade & Co	2,108,816	1.38%
9	Patrick & Elizabeth Cody Trustees	3,541,242	1.84%	Teton Properties LLC	1,852,320	1.22%
10	A Gusmer Inc	2,994,425	1.55%	Franklin Diel Trustee	1,526,700	1.00%
		<u>93,127,619</u>	<u>48.26%</u>		<u>56,068,181</u>	<u>36.82%</u>
	All Other Taxpayers	<u>99,839,346</u>	<u>51.74%</u>	All Other Taxpayers	<u>96,219,500</u>	<u>63.18%</u>
	Total	<u>\$ 192,966,965</u>	<u>100.00%</u>	Total	<u>\$ 152,287,681</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$192,966,965
2004-2005 based on Project Area taxable value of \$152,287,681

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
WEST FRESNO ONE**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Carl Simonian LLP	\$ 4,619,102	18.83%	Noel Montoya	\$ 2,602,606	12.10%
2	1435 Fresno Street LLC	3,176,100	12.94%	Warehouse Venture I	1,116,938	5.19%
3	Jack & Beth Emerian	2,170,566	8.85%	WW Grainger Inc	1,084,302	5.04%
4	FDIG LLC	1,999,230	8.15%	Lamoures Incorporated	840,822	3.91%
5	Emilio Sandoval	1,699,826	6.93%	FDIG LLC	686,447	3.19%
6	Warehouse Venture I	1,637,704	6.67%	Carl Simonian LLP	662,681	3.08%
7	WW Grainger Inc	1,317,232	5.37%	Bank of America Nat'l Trust & Sav Assn	644,720	3.00%
8	Lamoures Incorporated	943,506	3.85%	Geolease Inc	472,369	2.20%
9	BSK Group	941,440	3.84%	Gerald & Carol O'Brien Trs	387,604	1.80%
10	Bank of America	650,175	2.65%	Orbit Floral Corporation	385,604	1.79%
		<u>19,154,881</u>	<u>78.07%</u>		<u>8,884,093</u>	<u>41.29%</u>
	All Other Taxpayers	<u>5,382,112</u>	<u>21.93%</u>	All Other Taxpayers	<u>12,630,221</u>	<u>58.71%</u>
	Total	<u>\$ 24,536,993</u>	<u>100.00%</u>	Total	<u>\$ 21,514,314</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$24,536,993
2004-2005 based on Project Area taxable value of \$21,514,314

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
WEST FRESNO TWO**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	McClatchy Newspapers	\$ 32,109,711	34.83%	McClatchy Newspapers	\$ 33,196,758	38.32%
2	Borssa Aardex Fresno LLC	11,906,752	12.92%	Borssa Aardex Fresno LLC	11,000,000	12.70%
3	KFSN Television LLC	9,837,369	10.67%	DBSI State Offices LLC	9,027,000	10.42%
4	DBSI State Offices LLC	7,138,300	7.74%	Fresno Post Office Co	5,900,000	6.81%
5	Charlie's Enterprises Inc	6,292,817	6.83%	Capital Cities Communications Inc	4,588,432	5.30%
6	Fresno Post Office Company	6,225,000	6.75%	Charlies Enterprises	3,656,700	4.22%
7	Susan Sandelman Trustee	4,791,862	5.20%	Passco GST LLC	3,376,890	3.90%
8	Fresno Property Investments LLC	2,693,400	2.92%	Susan Sandelman Trustee	1,758,045	2.03%
9	Calvin Inc	1,896,301	2.06%	Calvin Inc	1,600,000	1.85%
10	Mathias Matoian Trustee	1,701,267	1.85%			
		<u>84,592,779</u>	<u>91.77%</u>		<u>74,103,825</u>	<u>85.55%</u>
	All Other Taxpayers	<u>7,586,929</u>	<u>8.23%</u>	All Other Taxpayers	<u>12,519,640</u>	<u>14.45%</u>
	Total	<u>\$ 92,179,708</u>	<u>100.00%</u>	Total	<u>\$ 86,623,465</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$92,179,708
2004-2005 based on Project Area taxable value of \$86,623,465
2004-2005 has less than top ten taxpayers shown as information received from Fresno County Assessor was incomplete

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
FRUIT/CHURCH**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Zorro Leasing LLC	\$ 30,900,772	57.60%	Zorro Leasing LLC	\$ 26,778,468	71.28%
2	Busseto Foods Inc	10,341,210	19.28%	Busseto Foods Inc	6,363,451	16.94%
3	Darling-Delaware Company Inc	8,665,206	16.15%	Darling-Delaware Company Inc	3,241,008	8.63%
4	Erickson William Van Trustee	2,179,207	4.06%	Housing Assistance Corporation	210,000	0.56%
5	YEC Limited	1,100,000	2.05%	Erickson William Van Trustee	200,092	0.53%
6	MJE Brothers LLC	208,138	0.39%	Yip Lambo & Hui Zhong Li	174,192	0.46%
7	Cottonwood Creek Venture	102,800	0.19%	Mercury Overseas Inc	134,000	0.36%
8	Lambo Yip & Zhong Li Hui	67,347	0.13%			
9	Patricia Jordan Weatherington	9,935	0.02%			
		<u>53,574,615</u>	<u>99.87%</u>		<u>37,101,211</u>	<u>98.76%</u>
	All Other Taxpayers	<u>71,202</u>	<u>0.13%</u>	All Other Taxpayers	<u>466,571</u>	<u>1.24%</u>
	Total	<u>\$ 53,645,817</u>	<u>100.00%</u>	Total	<u>\$ 37,567,782</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$53,645,817
2004-2005 based on Project Area taxable value of \$37,567,782
2004-2005 information received from Fresno County Assessor was incomplete. Unsecured taxable values were not allocated to property reflected in "All Other Taxpayers."
The report from the County lists fewer than ten taxpayers.

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
SOUTHWEST FRESNO**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Foster Poultry Farms	\$ 31,434,705	9.83%	Foster Poultry Farms	\$ 39,584,852	16.84%
2	Angelica Textile Services Inc	10,502,108	3.28%	Kearney Palms LLC	4,952,920	2.11%
3	Kearney Palms LLC	7,024,776	2.20%	Bigby Associates	4,469,185	1.90%
4	Bigby Associates	5,406,666	1.69%	Angelica Healthcare Services Group Inc	3,009,955	1.28%
5	David & Linda Hovannisian	3,288,653	1.03%	Westgate Housing Associates LP	2,530,113	1.08%
6	Mono Hilltop Manor Associates	2,820,080	0.88%	Mono Hilltop Manor Associates	2,268,000	0.97%
7	Westgate Housing Associates LP	2,752,840	0.86%	Coast to Coast Petroleum	1,825,640	0.78%
8	JCH Family Limited Partnership	2,296,282	0.72%	EBDMZR II LLC	1,695,459	0.72%
9	Rtie Aid Corporation	2,017,794	0.63%	Lonzell and La Vera Williams	1,307,021	0.56%
10	Coast to Coast Petroleum LLC	1,861,422	0.58%	Devinder Shoker, et al	1,198,500	0.51%
		69,405,326	21.70%		62,841,645	26.74%
	All Other Taxpayers	250,480,139	78.30%	All Other Taxpayers	172,161,177	73.26%
	Total	<u>\$ 319,885,465</u>	<u>100.00%</u>	Total	<u>\$ 235,002,822</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$319,885,465
2004-2005 based on Project Area taxable value of \$235,002,822

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
AIRPORT AREA REVITALIZATION**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Gap Inc	\$ 233,350,678	63.11%	Gap Inc	\$ 155,227,329	49.83%
2	Fresno Palm Lakes LTD	14,673,006	3.97%	Fresno Palm Lakes LTD	13,558,478	4.35%
3	Cedar & Shields Associates LLC	8,402,061	2.27%	Sunnyvale/Fresno Lake Ridge Invest LLC	7,584,403	2.43%
4	Sunnyvale/Fresno Lake Ridge Invest LLC	8,204,410	2.22%	Fresno Supreme Inc	7,504,600	2.41%
5	Fresno Supreme Inc	7,600,800	2.06%	Winco LP	4,194,140	1.35%
6	Fresno Air LTD	7,483,008	2.02%	Glad Entertainment Inc	3,088,433	0.99%
7	Fairsky Properties	6,596,700	1.78%	Nantucket Park III LLC	2,388,099	0.77%
8	Atlantic Aviation	5,476,140	1.48%	Nationwide Theatres Corp	2,286,174	0.73%
9	Clinton Airport	5,249,872	1.42%	C-Black LLP	2,232,373	0.72%
10	West America Bank	5,002,707	1.35%	Little Clovis LLC	1,726,165	0.55%
		<u>302,039,382</u>	<u>81.68%</u>		<u>199,790,194</u>	<u>64.13%</u>
	All Other Taxpayers	<u>67,740,589</u>	<u>18.32%</u>	All Other Taxpayers	<u>111,731,261</u>	<u>35.87%</u>
	Total	<u>\$ 369,779,971</u>	<u>100.00%</u>	Total	<u>\$ 311,521,455</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$369,779,971
2004-2005 based on Project Area taxable value of \$311,521,455

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
CENTRAL CITY**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Omninet Properties Manchester Center LLC	\$ 28,378,925	7.36%	US Mall Holdings LLC	\$ 28,145,812	9.01%
2	WCK LLC	14,614,100	3.79%	Sears Roebuck & Co	12,979,871	4.15%
3	Regal Cinemas Inc L/F	14,380,302	3.73%	Regal Cinemas Inc L/F	10,995,000	3.52%
4	Sears Roebuck & Co	11,286,171	2.93%	Fifth Street Funding Inc	6,100,979	1.95%
5	Fifth Street Funding Inc	7,944,392	2.06%	Byer Properties LP	6,010,700	1.92%
6	Manchester Beauty College Inc	7,293,600	1.89%	The Fresno LLC	5,412,120	1.73%
7	Y & Y Property Management Inc	6,591,400	1.71%	GSD Packaging LLC	4,741,364	1.52%
8	GSD Packaging LLC	5,968,178	1.55%	Midtown Plaza Shopping Center Inc	3,107,528	0.99%
9	RMP Properties LLC	5,340,100	1.39%	K W P H Enterprises	2,862,563	0.92%
10	Blackstone Clinton LLC	4,738,700	1.23%	Sunnyvale Nursery	2,850,000	0.91%
		<u>106,535,868</u>	<u>27.63%</u>		<u>83,205,937</u>	<u>26.62%</u>
	All Other Taxpayers	<u>279,014,205</u>	<u>72.37%</u>	All Other Taxpayers	<u>229,328,517</u>	<u>73.38%</u>
	Total	<u>\$ 385,550,073</u>	<u>100.00%</u>	Total	<u>\$ 312,534,454</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$385,550,073
2004-2005 based on Project Area taxable value of \$312,534,454

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
FREEWAY 99/GOLDEN STATE BOULEVARD**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Save Mart Supermarkets	\$ 15,020,482	2.45%	Save Mart Supermarkets	\$ 7,672,460	1.82%
2	WS Park LLC	8,649,400	1.41%	WA Lakeview II LLC	6,781,800	1.60%
3	WA Lakeview II LLC	7,323,518	1.20%	Vie-Del Company	5,299,599	1.25%
4	David & Linda Hovannisian	7,003,119	1.14%	Hydro Conduit Corporation	4,947,012	1.17%
5	Jack & Gloria Papazian	6,837,189	1.12%	Won Shil Park	4,074,640	0.96%
6	Hydro Conduit Corporation	6,648,427	1.09%	Carmel Crest LLC	3,539,868	0.84%
7	BT-OH LLC	6,637,694	1.08%	Ashmar LP	3,313,168	0.78%
8	Vie-Del Company	6,375,653	1.04%	BT-OH LLC	3,250,000	0.77%
9	Lexington Square Apts Partnership	5,666,990	0.93%	George Garcia	2,804,640	0.66%
10	Fresno Venture 41 LLC	5,174,683	0.85%	Sheikh & Jaibul Kaiuum	2,596,581	0.61%
		<u>75,337,155</u>	<u>12.31%</u>		<u>44,279,768</u>	<u>10.48%</u>
	All Other Taxpayers	<u>536,893,305</u>	<u>87.69%</u>	All Other Taxpayers	<u>378,367,734</u>	<u>89.52%</u>
	Total	<u>\$ 612,230,460</u>	<u>100.00%</u>	Total	<u>\$ 422,647,502</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property.
2009-2010 based on Project Area taxable value of \$612,230,460
2004-2005 based on Project Area taxable value of \$422,647,502

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
FRESNO AIR TERMINAL**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Skywest Airlines Inc	\$ 31,433,000	80.34%	Skywest Airlines Inc	\$ 1,875,165	2.18%
2	Rogers Helicopter Inc	4,237,100	10.83%	Beal Properties Inc	1,124,694	1.31%
3	Sandhu Bros Gas Station Inc	2,085,100	5.33%	Rogers Helicopter Inc	925,000	1.08%
4	Wilmington Air Park LLC	986,200	2.52%	ABX Air Inc Airborne Express	307,000	0.36%
5	CCA Silband Golf Corp	258,600	0.66%	CCA Silband Golf Corp	105,000	0.12%
6	ICL Performance Products LP	126,300	0.32%	Mercury Air Center	4,000	0.00%
7			0.00%			
8			0.00%			
		<u>39,126,300</u>	<u>100.00%</u>		<u>4,340,859</u>	<u>5.06%</u>
	All Other Taxpayers	<u>-</u>	<u>0.00%</u>	All Other Taxpayers	<u>81,517,068</u>	<u>94.94%</u>
	Total	<u>\$ 39,126,300</u>	<u>100.00%</u>	Total	<u>\$ 85,857,927</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on taxable value of unsecured property and possessory interest only. All secured property in the project area is owned by the City of Fresno.

2009-2010 based on Project Area taxable value of \$39,126,300

2004-2005 based on Project Area taxable value of \$85,857,927

2004-2005 information received from Fresno County Assessor was incomplete. Unsecured taxable values not allocated to individual parcels are reflected in "All Other Taxpayers"

The project area has fewer than ten taxpayers

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
ROEDING BUSINESS PARK**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Belmont Palm Properties LTD	\$ 29,377,070	18.73%	Certified Ad	\$ 10,767,265	10.07%
2	Certified Ad Services	13,931,618	8.88%	California Compress Company	7,089,698	6.63%
3	Daoudian Investments LLC	7,436,051	4.74%	Frank Solomon Jr.	3,000,000	2.81%
4	Ameripride Services Inc	5,818,788	3.71%	MVP Hydratech, Inc.	2,189,890	2.05%
5	Helen Chavez Hansen Trustee	5,206,400	3.32%	Integrated Grain & Milling Inc.	2,118,376	1.98%
6	Hydratech LLC	4,560,780	2.91%	Belmont Palm Properties	1,532,811	1.43%
7	Mornigstar Enterprises	4,518,425	2.88%	MB Technology	1,496,153	1.40%
8	Calaveras Materials Inc	4,280,843	2.73%	Shehadey & Shehadey	1,433,353	1.34%
9	Eirc & Ronda Kozlowski	4,004,200	2.55%	Michael & Catherine Mygrant	1,366,323	1.28%
10	Frank Solomon Jr.	3,025,000	1.93%	Larry Shehady	1,257,240	1.18%
		<u>82,159,175</u>	<u>52.39%</u>		<u>32,251,109</u>	<u>30.17%</u>
	All Other Taxpayers	<u>74,661,777</u>	<u>47.61%</u>	All Other Taxpayers	<u>74,663,044</u>	<u>69.83%</u>
	Total	<u>\$ 156,820,952</u>	<u>100.00%</u>	Total	<u>\$ 106,914,153</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property
2009-2010 based on Project Area taxable value of \$158,820,952
2004-2005 based on Project Area taxable value of \$106,914,153

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
SOUTH FRESNO INDUSTRIAL**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Fresno Investments LLC	\$ 24,289,240	8.55%	SDG Fresno	\$ 14,210,204	6.54%
2	SDG Fresno 570 LLC	17,348,080	6.11%	Fresno Investments LLC	13,919,794	6.41%
3	Sunset Waste Holdings LLC	12,718,525	4.48%	C&S Logistics of Fresno LLC	7,970,000	3.67%
4	Fresno 41 Venture LLC	12,047,598	4.24%	Suburban Propane LP	6,305,411	2.90%
5	Richard M and Sally M Caglia	11,296,287	3.98%	Fresno Beverage Company Inc	5,178,673	2.38%
6	CMC Steel Fabricators Inc	9,011,832	3.17%	Frank Caglia Trustee	4,821,890	2.22%
7	Foster Poultry Farms	8,830,500	3.11%	Fambro Warehouse Co	4,657,050	2.14%
8	James & Lee Briscoe Trustees	8,825,854	3.11%	DBSI Fresno Forms LLC	4,619,038	2.13%
9	C&S Logistics of Fresno LLC	8,762,602	3.09%	Freshki Estate I LLC	3,405,180	1.57%
10	Barley Equities II LLC	7,124,340	2.51%	Sonny & Nagina Rani Ahuja Trustees	3,351,920	1.54%
		<u>120,254,858</u>	<u>42.34%</u>		<u>68,439,160</u>	<u>31.52%</u>
	All Other Taxpayers	<u>163,745,398</u>	<u>57.66%</u>	All Other Taxpayers	<u>148,709,044</u>	<u>68.48%</u>
	Total	<u>\$ 284,000,256</u>	<u>100.00%</u>	Total	<u>\$ 217,148,204</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property
2009-2010 based on Project Area taxable value of \$284,000,256
2004-2005 based on Project Area taxable value of \$217,148,204

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
REVENUE CAPACITY
TEN LARGEST ASSESSEES
SOUTHEAST FRESNO**

Rank	Assessee	2009-2010 Taxable Value	% of Total Value	Assessee	2004-2005 Taxable Value	% of Total Value
1	Hub Acquisition Trust	\$ 67,536,732	12.63%	Capri Sun Inc	\$ 66,368,157	16.57%
2	Capri Sun Inc	58,138,240	10.87%	Hub Acquisition Trust	61,201,004	15.28%
3	Lyons Magnus Inc	35,254,772	6.59%	Lyons Magnus Inc	27,532,728	6.88%
4	Miller Milling Co Limited Partnership	17,642,444	3.30%	Miller Milling Co Limited Partnership	17,748,692	4.43%
5	Container Corporation of America	17,490,400	3.27%	New World Pasta Company	11,646,100	2.91%
6	New World Pasta Company ?	12,614,091	2.36%	HD Development of Maryland Inc	10,160,500	2.54%
7	HD Development of Maryland Inc	10,831,542	2.03%	Container Corporation of America	9,162,618	2.29%
8	WMB IV-V LLC	10,132,000	1.90%	Cornnuts Inc	7,989,373	2.00%
9	Robert & Janell Smitcamp	8,582,634	1.61%	Prado 2255 South Maple LLC	7,478,700	1.87%
10	Cornnuts Inc	7,878,825	1.47%	Ralphs Grocery Company	6,912,777	1.73%
		<u>246,101,680</u>	<u>46.03%</u>		<u>226,200,649</u>	<u>56.49%</u>
	All Other Taxpayers	<u>288,508,499</u>	<u>53.97%</u>	All Other Taxpayers	<u>174,231,484</u>	<u>43.51%</u>
	Total	<u>\$ 534,610,179</u>	<u>100.00%</u>	Total	<u>\$ 400,432,133</u>	<u>100.00%</u>

Source: Fresno County Assessor

Notes: Based on ownership of locally assessed secured and unsecured property
2009-2010 based on Project Area taxable value of \$534,610,179
2004-2005 based on Project Area taxable value of \$400,432,133

No principal taxpayer information received prior to 2004-2005

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				
	Tax Allocation Bonds	Certificates of Participation	Mortgage Revenue Bonds	Notes and Loans Payable	Notes Payable to City of Fresno
2001	\$ 14,905,000	\$ 19,290,000	\$ 2,045,000	\$ 324,366	\$ 8,725,343
2002	14,690,000	17,180,000	-	192,701	8,725,343
2003	14,280,000	15,070,000	-	89,679	8,725,343
2004	14,195,000	13,425,000	-	61,409	8,725,343
2005	13,635,000	10,610,000	-	1,939,441	10,140,161
2006	13,055,000	6,080,000	-	2,074,902	10,168,754
2007	12,360,000	5,335,000	-	2,030,282	10,168,754
2008	11,637,000	4,550,000	-	1,984,087	10,168,754
2009	10,882,000	3,725,000	-	1,936,262	10,168,755
2010	10,100,000	-	-	1,886,748	9,448,417

Source: Debt Information – City of Fresno, Finance Department
Redevelopment Agency of the City of Fresno Annual Reports

Notes: In FY 2005, the City current refunded the 1994 Certificates of Participation (Arena Financing Project) by issuing the 2005 Lease Revenue Bonds (No Neighborhood Left Behind Project) resulting in a reduction in the Redevelopment Agency's COP Debt.

Not all project areas have debt limits.

Since tax increment is the source for repayment of the debt, total outstanding debt burden is expressed as total outstanding debt to net tax increment and number of revenue generating properties as those economic factors provide a more appropriate base for determining debt burden. See the Schedule of Tax Increment and Housing Set Aside on page 43 for net tax increment data.

Population and personal income data not available on an annual basis for redevelopment project areas. See Population, Personal Income and Area table on page 76.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEBT CAPACITY
RATIOS OF OUTSTANDING DEBT BY TYPE (Continued)
LAST TEN FISCAL YEARS**

Governmental Activities			Percentage of Net Tax Increment	Number of Revenue Generating Properties	Per Revenue Generating Properties
Advances from City of Fresno	Capital Leases Payable	Total			
\$ 61,144,956	\$ 2,826,306	\$ 109,260,971	2541.55%	8,723	1252561.86%
41,446,311	2,765,142	84,999,497	1777.67%	9,998	850165.00%
43,943,551	2,714,154	84,822,727	1403.20%	9,998	848396.95%
44,874,803	2,641,699	83,923,254	1179.89%	9,998	839400.42%
45,415,541	2,562,839	84,302,982	1053.72%	13,292	634238.50%
45,930,945	2,480,847	79,790,448	873.40%	13,292	600289.26%
43,468,666	2,428,829	75,791,531	630.54%	13,343	568024.66%
43,565,303	2,336,370	74,241,514	515.52%	13,557	547624.95%
43,859,773	2,271,582	72,843,372	487.00%	13,619	534865.79%
38,862,537	2,201,068	62,498,770	417.84%	13,547	461347.68%

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEBT CAPACITY
RATIOS OF BOND DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Allocation Bonds	Percent of Actual Taxable Value of Property
2001	\$ 14,905,000	5.044%
2002	14,690,000	4.737%
2003	14,280,000	4.359%
2004	14,195,000	4.163%
2005	13,635,000	3.770%
2006	13,055,000	3.298%
2007	12,360,000	2.644%
2008	11,637,000	2.161%
2009	10,882,000	2.001%
2010	10,100,000	2.008%

Source: Debt Information – City of Fresno, Finance Department
Redevelopment Agency of the City of Fresno Annual Reports

Notes: Population data not available for redevelopment project areas.

Not all project areas have debt limits.

Tax Allocation Bonds are secured solely from tax increment revenues of the Mariposa, Fruit/Church and Southwest Fresno Redevelopment Project Areas. Therefore, Actual Taxable Value of Property comprised of property values for Mariposa, Fruit/Church and Southwest Fresno Project Areas only.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
DEMOGRAPHIC AND ECONOMIC INFORMATION
POPULATION, PERSONAL INCOME AND AREA
BY REDEVELOPMENT PROJECT AREAS**

<u>Project Area</u>	<u>Estimated Population in Project Area</u>	<u>Estimated Median Household Income in Project Area</u>	<u>Per Capita Personal Income</u>	<u>Project Area Square Miles</u>
Merger 1				
Central Business District	1,523	\$ 8,479	6	86
Chinatown Expanded	278	\$ 19,908	72	132
Convention Center	572	\$ 12,575	22	120
Fulton	1,563	\$ 16,866	11	280
Jefferson	5,080	\$ 19,297	4	300
Mariposa	1,958	\$ 19,343	10	200
South Van Ness Industrial	1,496	\$ 22,875	15	540
West Fresno 1	-	\$ -	-	46
West Fresno 2	-	\$ -	-	108
West Fresno Rehab (Chinatown)	92	\$ 16,065	175	48
Merger 2				
Fruit/Church	384	\$ 17,818	46	143
Southwest Fresno	14,745	\$ 17,985	1	1,757
Airport Area Revitalization	6,469	\$ 22,618	3	1,119
Central City Commercial	10,808	\$ 21,290	2	809
Corridor 99-Golden State Blvd	21,391	\$ 25,594	1	2,790
Fresno Air Terminal (Airport)	-	\$ -	-	102
Roeding Business Park	1,380	\$ 25,533	19	954
South Fresno Industrial	953	\$ 18,956	20	1,378
Southeast Fresno	12,314	\$ 23,100	2	3,088

Source: 2000 US Census
City of Fresno I-View
Agency Redevelopment Plans

Notes: Population and median household income data from the 2000 US Census, Summary File 3.

Census Tracts and Block Groups within each redevelopment project area boundary were identified using I-View. A weighted average calculation was used to determine the median household income for each income for each redevelopment project area.

The majority of the Agency's project areas are comprised primarily of commercial and industrial properties. Only four project areas; Southwest Fresno, Central City Commercial, Corridor 99-Golden State Boulevard and Southeast Fresno contain a significant residential population. West Fresno 1, West Fresno 2 and Fresno Air Terminal (Airport) do not have any residential population.

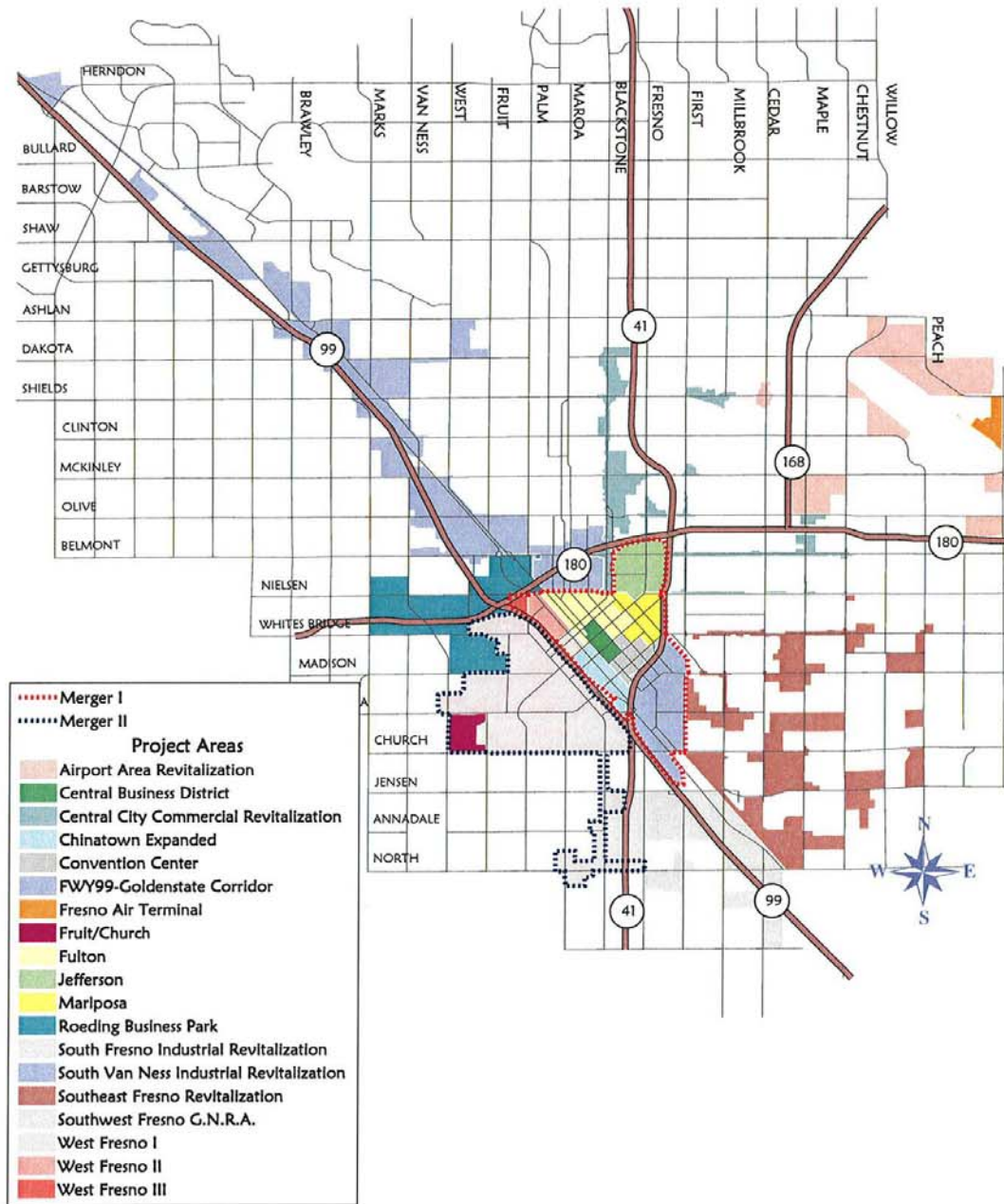
**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
OPERATING INFORMATION
FULL TIME EQUIVALENT REDEVELOPMENT
GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Fiscal Year	Function			
	Management	Administrative	Financial	Redevelopment
2001	2	3	1	10
2002	2	3	1	11
2003	2	3	1	11
2004	2	2	1	11
2005	2	2	1	11
2006	2	3	1	12
2007	2	3	1	12
2008	2	3	1	12
2009	2	3	1	13
2010	2	3	1	13

Source: Redevelopment Agency of the City of Fresno Annual Budgets

Notes: Redevelopment Agency employees are comprised of both City employees assigned to the Agency and direct Agency employees. The Agency reimburses the City for salary costs of the City employees.

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
OPERATING INFORMATION
MAP OF PROJECT AREAS**



Source: Adopted Redevelopment Agency Plans

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
OPERATING INFORMATION
PLAN TIME AND FINANCIAL
INFORMATION AND LIMITATIONS**

	Date Established	Most Recent Date			Size of Project Area (Acres)
		Plan Amended	Project Area		
			Amended	Merged	
<u>Merger Project No. 1</u>					
Central Business District	4/15/1961	9/3/2008	8/31/1963	8/6/1998	86
Chinatown Expanded (Rehab)	8/22/1965	9/3/2008		8/6/1998	48
Chinatown Expanded	2/28/1986	9/3/2008	2/28/1986	8/6/1998	132
Convention Center	2/12/1982	9/3/2008	N/A	8/6/1998	120
Fulton	8/6/1998	3/27/2008	N/A	8/6/1998	280
Jefferson	1/18/1985	9/3/2008	N/A	8/6/1998	300
Mariposa	2/14/1969	9/3/2008	N/A	8/6/1998	200
South Van Ness Industrial	8/6/1998	3/27/2008	N/A	8/6/1998	540
West Fresno I	11/1/1964	9/3/2008	N/A	8/6/1998	46
West Fresno II	1/19/1964	9/3/2008	N/A	8/6/1998	108
West Fresno III	2/14/1969	9/3/2008	N/A	8/6/1998	34
<u>Merger Project No. 2</u>					
Fruit/Church	12/9/1971	5/9/2009	N/A	12/17/1998	143
Southwest Fresno GNRA	2/14/1969	5/9/2009	12/17/1998	12/17/1998	1,757
Airport Area Revitalization	8/20/1999	3/27/2008	N/A	N/A	1,119
Central City Commercial Revital	9/24/1999	3/27/2008	N/A	N/A	809
Freeway 99-Golden State Blvd	8/5/2003	3/27/2008	N/A	N/A	2,790
Fresno Air Terminal	8/18/1988	6/5/2008	N/A	N/A	102
Roeding Business Park	8/16/1996	3/27/2008	N/A	N/A	954
South Fresno Industrial Revitalization	8/12/1999	3/27/2008	N/A	N/A	1,378
Southeast Fresno Revitalization	8/12/1999	3/27/2008	N/A	N/A	3,088
Totals					14,034

Sources: Agency Redevelopment Plans and Amendments
Redevelopment Agency of the City of Fresno Annual Reports

**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
OPERATING INFORMATION
PLAN TIME AND FINANCIAL
INFORMATION AND LIMITATIONS (Continued)**

	Original Plan Duration	Current Plan Duration	Debt Establish Limit	Debt Repmt Limit	Eminent Domain Limit
<u>Merger Project No. 1</u>					
Central Business District	3/16/2001	1/1/2012	1/1/2012	1/1/2022	8/6/2010
Chinatown Expanded (Rehab)	1/1/2009	1/1/2012	1/1/2012	1/1/2022	8/6/2010
Chinatown Expanded	2/28/2026	2/28/2028	2/28/2028	2/28/2038	8/6/2010
Convention Center	2/12/2012	1/12/2025	1/12/2025	1/12/2035	11/24/2017
Fulton	7/6/2028	7/6/2029	7/6/2018	7/6/2044	8/6/2010
Jefferson	1/18/2015	12/18/2027	12/18/2027	12/18/2037	8/6/2010
Mariposa	2/14/1999	1/14/2012	1/14/2012	1/14/2022	8/6/2010
South Van Ness Industrial	6/30/2028	7/6/2029	7/6/2018	7/6/2044	8/6/2010
West Fresno I	11/1/1999	1/1/2012	1/1/2012	1/1/2022	8/6/2010
West Fresno II	1/19/1999	1/1/2012	1/1/2012	1/1/2022	8/6/2010
West Fresno III	2/14/1999	1/14/2009	1/14/2009	1/14/2019	8/6/2010
<u>Merger Project No. 2</u>					
Fruit/Church	11/7/2011	10/7/2014	10/7/2014	10/7/2024	12/17/2010
Southwest Fresno GNRA	2/14/1999	1/14/2012	1/14/2012	1/14/2022	12/17/2010
Airport Area Revitalization	7/19/2029	7/19/2030	7/19/2019	7/19/2045	8/20/2011
Central City Commercial Revital	8/24/2029	8/24/2030	8/24/2019	8/24/2045	9/24/2011
Freeway 99-Golden State Blvd	7/5/2033	7/5/2034	7/5/2023	7/5/2049	8/5/2015
Fresno Air Terminal	7/18/2028	7/18/2029	7/18/2029	8/18/2029	8/18/2000
Roeding Business Park	7/16/2036	7/16/2037	7/16/2016	7/16/2042	1/18/2015
South Fresno Industrial Revitalization	7/12/2029	7/12/2030	7/12/2019	7/12/2045	8/12/2011
Southeast Fresno Revitalization	7/12/2029	7/12/2030	7/12/2019	7/12/2045	8/12/2011

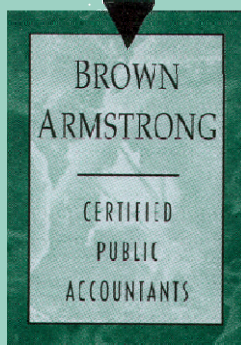
**REDEVELOPMENT AGENCY
OF THE CITY OF FRESNO
OPERATING INFORMATION
PLAN TIME AND FINANCIAL
INFORMATION AND LIMITATIONS (Continued)**

	Bond Indebted Limit	Tax Increment Limit	Tax Incr Received Thru 6/10
<u>Merger Project No. 1</u>			
Central Business District		\$16m	\$ 10,539,897
Chinatown Expanded (Rehab)			823,608
Chinatown Expanded	\$12m	\$32m	4,233,736
Convention Center	\$21m	\$51m	12,339,336
Fulton	\$32m		3,113,049
Jefferson	\$99m	\$235m	6,950,104
Mariposa		\$50m	22,638,046
South Van Ness Industrial	\$111m		2,354,794
West Fresno I		\$9m	4,698,813
West Fresno II		\$60m	25,710,748
West Fresno III		\$8m	-
<u>Merger Project No. 2</u>			
Fruit/Church		\$21m	7,164,485
Southwest Fresno GNRA		\$113m	53,936,981
Airport Area Revitalization	\$33m	\$40m	19,148,914
Central City Commercial Revital	\$38m	\$54m	4,853,375
Freeway 99-Golden State Blvd			11,186,911
Fresno Air Terminal	\$85.25m	\$85.25m	7,911,074
Roeding Business Park	\$93m		6,081,578
South Fresno Industrial Revitalization	\$32m	\$20m	8,692,884
Southeast Fresno Revitalization	\$52m	\$48m	16,764,057
Totals			<u>\$ 229,142,390</u>

Other Report

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
(INCLUDING THE PROVISIONS CONTAINED IN THE GUIDELINES FOR
COMPLIANCE AUDITS OF REDEVELOPMENT AGENCIES) BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board
Redevelopment Agency
City of Fresno, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Fresno, California (Agency), a component unit of the City of Fresno, California, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; Section 33080.1(a) of the Health and Safety Code of the State of California; and the procedures contained in the Controllers of the State of California "Guidelines for Compliance Audits of California Redevelopment Agencies."

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions include those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Accounting and Reporting. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance with the provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office that are required to be disclosed under *Government Auditing Standards*.

California Redevelopment Law Section 33334.16 requires the Agency, within five years from the date it first acquires the property, to initiate activities consistent with the development of the property for affordable housing to persons and families of low and moderate income. If these activities have not been initiated within this period, the legislative body may, by resolution, extend the period during which the Agency may retain the property for one additional period not to exceed five years. It was noted during our audit that the Agency had acquired properties for more than five years and the resolution to extend these properties was not passed prior to the five year deadline. In addition Redevelopment Agencies, in accordance with Health & Safety Code 33490 and 33413(b), must produce Implementation Plans for each project area every five years. It was noted that the Implementation Plans for the Merger 2 Capital Projects plan had expired during the current year without a new adoption by Agency resolution.

This report is intended solely for the information and use of the Agency's Board, management, and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
December 27, 2010



Redevelopment Agency
of the City of Fresno