

129
OUTLINE OF HEARING CONDUCTED IN THE ASSEMBLY CHAMBERS, MARCH 30,
1967 BY COMMITTEE ON STATE, COUNTY AND CITY AFFAIRS, 54TH NEVADA
ASSEMBLY SESSION:

Chairman Hilbrecht opened the hearing, held jointly with the Senate, by introducing Senator Gibson, Chairman of the Senate Committee on Federal, State and Local Governments. Senator Gibson introduced the members of his committee who were present: Senators Monroe, Young, Farr, Bunker and Alleman. Mr. Hilbrecht then introduced the members of the Assembly Committee: Hal Smith, Bryan Hafen, Howard McKissick, and Joe Dini. Assemblyman Espinosa also was introduced as the Henderson representative.

Chairman Hilbrecht stated the purpose of the hearing on AB 497 (SB 446) was that the committees felt this bill, although local in nature and applicable to the City of Henderson in particular, would set a precedent for land development that would be applicable throughout the State in the future. For this reason as large a hearing as possible presenting as many opinions as possible was felt to be desirable.

✓ (This hearing was recorded in full on the Assembly Chamber Dictabelt which is on file with the committee records.)

City Manager George W. Charchalis, City of Henderson:

Mr. Charchalis thanked the Chairman for the opportunity given by the hearing and introduced the following people:

J. Carlton Adair, President, Port Holiday Authority

Joseph K. Allen, Vice President (Real Estate), Utah Construction and Mining Company

William H. Blackmer, Vice President, Montgomery Engineers of Nevada

Thomas A. Foley, Esq., Foley Brothers

He said he was present to represent the City of Henderson and to urge the passage of AB 497 and SB 446. He said that the endorsement was supported by the business and civic leaders of the city most of whom were attending this hearing. He said that the act had been drafted to insure that the city would be protected in all respects.

Mr. Russell McDonald, Legislative Counsel:

Mr. McDonald stated that the many technical aspects of the legislation could best be explained by the bond counsel representatives who were present. His office drafted the bill after many technical amendments were considered. The City of Henderson enjoys a unique form of government by virtue of its city charter. He read the preamble of the Act stating that it set forth the purpose of the bill. He said the thrust of the bill is incorporated in the charter's consolidated local improvement law. He said the bill was not dealing with general law but specifically with the Henderson provisions. The water that would be used to create Lake Adair lying adjacent to the City of Henderson is available through agreement with the Colorado River Commission and in the event of failure of the project the original city charter would be restored.

March 30, 1967

Assembly Committee on State, County, and City Affairs

This would be a public project. It would allow the issuance of special assessment bonds for the construction of the project and the project upon completion becomes a part of the City of Henderson.

Frank T. Morrell, Morrell Realty and Insurance:

Mr. Morrell appeared to assure the committees that there is much public support for this permissive legislation as contained in the bill. "I am here on my own volition", he stated. He had a petition to be presented to the committee which was signed by people of Henderson who are of considerable substance. He said he had lived in Henderson for the past 20 years and had attended City Council meetings for over 14 years. He said he was a member of the City Council in the past and had led the movement to secure the City Charter Henderson now has. He assured the committee that he would be the first to rise in opposition to any contractual agreements that would jeopardize the City. He urged adoption of AB 497.

Michael D. Groshek, Esq, Dawson, Nagel, Sherman and Howard.

We have been bonding counsel for the State of Nevada for many years. We take a conservative view. We have assured ourselves that this act is basically constitutional. We are convinced that the city can protect itself. With respect to the special assessment district: the product must be public in nature and there must be a reliable priority. The project is public in nature. In addition we are convinced it confers a special benefit. I have carefully examined the Constitution and this legislation is constitutional with respect to this aspect.

J. Carlton Adair, President, Port Holiday Authority:

The Port Holiday Authority is now in its 8th year. We proceeded to develop a plan for a new town that would embrace the best town planning that it is possible to achieve. The Designers are the best. As a result of this planning Brunswick in Chicago became a supporter of the project. They in turn assisted in bringing Gulf Oil Co. into the venture and the Utah Construction Company became one of the owners of 47% of the Port Holiday Authority. We have 4 square miles of land that we own. We are able to impound water that will back a lake approximately the size of Lake Arrowhead. It will accomodate some 30,000 people. Another company that is interested is the General Electric Corporation. It has issued a letter of intent to invest up to \$25,000,000 to establish a "showcase" that would have no counterpart in the world today. He presented to the hearing a printed panel plan indicating precisely how the town would be developed. The town would be known as Lake Adair.

He outlined the agreements that would allow the creation of a dam to establish the lake which would be about 3,000 feet long and impound 10,000 acfe feet of water which would be of beneficial

March 30, 1967

131

consumptive use. We are providing for every life cycle. There will be high-rise apartments, cluster homes, even mobile homes right on the water. This permissive legislation would allow Henderson to become a part of the city of Lake Adair. It was explained that the primary reason for seeking municipality participation was that it would cut development cost in half. The lake would be a public facility. The developers, as lessees, would buy the water to fill and maintain the lake. Also they would pay a rent at least equal to the debt service of the bonds. The port authority is debt free. This is not a promotion in the usual sense. This is a desire to work out a mutual development. The cooperation of this legislation would save a great deal of time and would allow our plans to be effected immediately. The procedure outlined is imperative and demands omission of competitive bids. But the safeguards have been established for the city. They are protected by bond. We must build this dam in conformance with the dictates of engineers and the Bureau of Reclamation.

Urban J. Schreiner, Esq., O'Melveny and Myers:

I am bond counsel for the port authority. The job was given to me to determine the legality of this proposal. We feel it meets the constitutional tests. I have had extensive experience in special assessment work. We have worked out amendments that would provide the means for additional safeguards and protections for the City of Henderson. The contract of acquisition is such that no competitive bidding is required and the city does not acquire anything until the project is complete and the city council undertakes the creation of a special assessment district for the sale of bonds or warrants. The burden of performance is on the Port Holiday Authority. They must meet the standards and these standards should protect the city from undue risk. At the time this bill is passed we would propose to petition the city for creation of an improvement district. The city would not become obligated until the conditions of performance to be met by the Port Holiday Authority are concluded. These would entail the building of the dam and the forming of the lake and the assurance that the project would go forward by constructing residential sites, hotels, etc. We are also to have a representative from a financial institution attest that the bonds will be marketable within the limits of the city charter. We also feel the legislation is constitutional. It provides the means for protecting the city and the taxpayers. It is to the advantage of the Port Holiday Authority and associated companies.

MARVIN M. KOMEN, Manager, Market Planning and Research, Brunswick Corporation.

We are interested in recreation. Our interest in the Port Holiday project is that it offers an opportunity for a new concept of leisure living. We have a stake in the development of concepts in this area. My corporation became interested in this project very early. We are interested in the cultural and training activities that it offers. Our participation will increase in many areas of recreation. The program has our full support as a corporation. We will be able to incorporate many concepts in the development and this could be the beginning of a new concept

in which our interests will be magnified.

Joseph K. Allen, Vice President (Real Estate), Utah Construction and Mining Company

We have a land development district. We became impressed with Mr. Adair's project and those associated with him. We see his opportunity for economic development. We have the capability in this area. We hope you will see fit to implement this project.

Mr. William Byrne, former Mayor, Henderson, Nevada:

Mr. Byrne did not oppose the concept of the Lake Adair development. His presentation was made to oppose the method by which it would be accomplished. He opposed the omission of competitive bids. He opposed the establishment of precedent whereby private developers could proceed under government sanction without open competition. This bill will commit the City of Henderson to do these things and would abandon the safeguards that do exist. "Is it impossible to do this without putting it out to bid?", he questioned. There should be no abuse of the city charter. The developers should enter into an agreement to acquire the project with the reimbursement provisions contained and the adherence to Section 109 of the charter.

Mr. Dale Roberts, City Councilman, appeared to protest the legislation on the ground that the investors in the city of Henderson were being asked to pledge their investment to outside interests. "It is a shame to use the credit of the City of Henderson for their personal benefit. When you take the teeth out of the charter you then lower the barriers and allow the city council to do as they please." The City of Henderson stands the prospect of being ruined by promotion.

Morry M. Zenoff, Editor and Publisher, Henderson Home News:

Mr. Zenoff stated that as a newspaperman his group had looked into this project from every possible angle. He said that it could be the making of a great city. The interest of the Gulf Oil Company, the General Electric Company, the Brunswick Corporation, and the Utah Construction and Mining Company attest to its feasibility. "All I ask is that you enable us to have the chance to bring it into existence. The people of Henderson want it."

SUPPLEMENT:

OUTLINE OF HEARING CONDUCTED IN ASSEMBLY CHAMBERS MARCH 30, 1967
BY COMMITTEE ON STATE, COUNTY AND CITY AFFAIRS, 54TH NEVADA
ASSEMBLY SESSION:

Presentation of Mr. Harry Polk:

Mr. Polk stated that two years ago the legislature was asked to provide a city charter for the City of Henderson. Now they are being asked that that charter be changed and that certain things be taken out. Myself and my associate investors have \$3,000,000 invested in Henderson today. Unfortunately, we are the only ones who have invested in the last couple of years. Now we are faced with the idea of an elsewhere investor in the city to create another project. Bear in mind one thing. If this charter as it exists now for economic development is changed by the people elected at the present time, then the people of Henderson are being governed by other people who want to come in and promote the city. We are also looking into the vaults of the city and the City Manager is asserting how it should be handled. It is a shame that the teeth of this charter have to be taken out to let people come in and use the credit of the City of Henderson for their personal benefit. When you take the teeth out of the charter which they are asking the legislature to do to allow Mr. Adair to invest \$5,000,000, change the name of the town, you are lowering the faith of the people had in seeking this charter and you are letting the city council do as they please. The 15 to 18,000 people of Henderson have a right to expect the legislature protect the safeguards of their charter and to keep the credit of the City of Henderson in good faith. No action should be allowed unless a project is completed and that complete feasibility reports have been made.

GUNVILLE'S Inc.

119 Water Street
HENDERSON, NEVADA
Phone 565-8990

Laundry & Dry Cleaning Distributors

134

Dear Art,

I took out a couple of hours today + tried to help you with an idea of what some of our downtown business people think. I interviewed these signed on the sheet 2 out of 25 had two who didnt wish to sign. Mrs Crosby + Ron Langford I had no other who did not sign. Its my contribution to try + help you in your decision.

Jim Gunville

I sent a copy to Hank + Jim

GUNVILLE'S, Inc.

FURNITURE - APPLIANCES - SALES - SERVICE

I. SUE GUNVILLE

FR 2-5951

119 Water Street

HENDERSON, NEVADA

135

March 21, 1967

The Honorable Arthur P. Espinoza
Assemblyman- Nevada State Legislature
State Capitol Building
Carson City, Nevada

Dear Assemblyman Espinoza:

We, the undersigned, favor the Lake Adair Enabling Legislation.
We feel the City of Henderson will be able to make the necessary
safeguards with your able assistance as citizens of Henderson.

Yours truly,

(furniture) WJ Gunville
 (Budget) Henderson
 (Contractor) Lloyd Perry
 (Shoe store) J O Van Valey
 (Photo shop) R. Woodruff
 (real estate) Frank Spruell
 (Insurance) James C. Anderson
 (Insurance) Keith Ferguson
 (Services unlimited) Frank S. Day
 (Gas station) J. J. Zack
 (real estate) Robert G. Elson
 (doctor) John M.D.
 (Insurance) Herbert D. Taylor Jr.
 (Cable) Blackwell Ashley
 (Henderson) W. J. Murphy
 (Lumber)

W. J. Sheehan Jr. (Rudd + Rudd)
 Larry Polay (ment dining)
 Leuten Lyons (hardware)
 Joe E. ... (Doctor Holmes)
 Alton Jones (Western auto)
 William ... (Pezdesen Cleaners)
 Al ... (Lunch Count)
 Richard ... (Rainbow Club)