

CARSON CITY DEBT MANAGEMENT COMMISSION

Minutes of the February 22, 2010 Meeting

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A regular meeting of the Carson City Debt Management Commission was scheduled for 3:00 p.m. on Monday, February 22, 2010 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Pete Livermore
Vice Chairperson Don Hataway
Commissioner Jonathan Miller
Commissioner Mark Sattler

STAFF: Larry Werner, City Manager
Nick Providenti, Finance Department Director
Andrew Burnham, Public Works Department Director
Joel Benton, Senior Deputy District Attorney
Kathleen King, Recording Secretary

NOTE: A recording of these proceedings, the commission's agenda materials, and any written comments or documentation provided to the recording secretary during the meeting are part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

A. CALL TO ORDER AND DETERMINATION OF QUORUM (3:01:41) - Chairperson Livermore called the meeting to order at 3:01 p.m. Roll was called; a quorum was present. Commissioner Reynolds was absent.

B. DISCUSSION AND ACTION TO ELECT A CHAIRPERSON AND VICE CHAIRPERSON FOR 2010 (3:02:09) - Chairperson Livermore entertained nominations for chair and, following a brief discussion, Commissioner Sattler moved to elect the same chair and vice chair for 2010. Motion was seconded and carried 4-0.

C. ACTION ON APPROVAL OF MINUTES - August 24, 2009 and August 31, 2009 (3:03:07) - Vice Chairperson Hataway moved to approve the minutes, as submitted. Commissioner Sattler seconded the motion. Motion carried 4-0.

D. PUBLIC COMMENT ON NON-AGENDIZED ITEMS (3:03:37) - None.

E. DISCUSSION AND ACTION ON THE NEVADA DEPARTMENT OF TAXATION'S ANNUAL LOCAL GOVERNMENT INDEBTEDNESS REPORT AS OF JUNE 30, 2009 (3:03:53) - Chairperson Livermore introduced this item. Mr. Providenti reviewed Part A, Counties, at page A-1 of the indebtedness report included in the agenda materials. He noted, for the record, that the values reflected the 2008 / 2009 assessment. The assessed value for 2009 / 2010 is approximately \$1.827 billion and the projection for 2011 is expected to be a little over \$1.7 billion. Mr. Providenti acknowledged that Carson City is authorized to bond up to 15 percent of the assessed value. "... that would give us an A / V limit of about \$255 million." In response to a question, he advised of no other entity which would affect the City's debt limit in the next year. In response to a further question, he advised that approximately \$118 million of general obligation debt could be issued. A brief discussion followed, and Mr. Providenti responded to additional questions of clarification.

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F. ACTION TO ADOPT A RESOLUTION CONCERNING SUBMISSION TO THE CARSON CITY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES); AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH (3:08:38) - Chairperson Livermore introduced this item, and Mr. Providenti introduced JNA Consulting Group representatives. (3:09:25) John Peterson, of JNA Consulting Group, reviewed the financial information in support of the proposed bond, and responded to questions of clarification. In response to a question, Mr. Providenti explained that “the connection fees ... tanked” in 2008. “... we’re allowed to make up that one times coverage with working capital, and that’s basically what we did.” Mr. Peterson advised that working capital was not included in the financial information “because we didn’t want to give the impression that the City was going to use working capital in the future to pay debt service on these bonds.” (3:15:34) In response to a question, Bond Counsel Jennifer Stern explained the provisions of the covenant in the bond ordinance to “keep ... rates and charges sufficient, together with other available monies, in an amount to pay one times debt service. ... we’re not in violation of that covenant. However, in order to issue additional bonds, ... the bond ordinance says ... that there needs to be one times pledged revenues, either on an historical basis looking back for the last fiscal year, or projected by the chief financial officer to be able to meet one times coverage, just for the pledged revenues; not with fund balance.” In response to a further question, she explained the one times coverage requirement and responded to additional questions of clarification.

Chairperson Livermore entertained additional commissioner questions or comments and public comments. When none were forthcoming, he entertained a motion. **Vice Chairperson Hataway moved to approve Resolution No. 2010-DMC-R-1, as presented. Commissioner Sattler seconded the motion. Motion carried 4-0.**

G. ACTION TO ADOPT A RESOLUTION CONCERNING THE SUBMISSION TO THE CARSON CITY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION WATER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES); AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH (3:19:25) - Chairperson Livermore introduced this item. Mr. Peterson reviewed the financial information in support of the proposed bond, which was included in the agenda materials, and responded to questions of clarification. Chairperson Livermore acknowledged the rate increase which corresponds with approval of the sewer and water bonds. In response to a question, Mr. Werner and Mr. Providenti provided historic information on previously issued general obligation bonds. In response to a question, Ms. Stern explained that “the sewer and a portion of the water ... are going to be placed with the State revolving fund ... [which] will give an interest rate to the City that’s 66 percent of the index of 20 bonds ... It’s a below-market rate interest. ... as to those, we have fixed buyers. But as to the remainder of the water, ... I think they’re planning to publicly offer that ...” At Ms. Stern’s request, Mr. Peterson discussed borrowing costs in the public market. “We will work with buyers of bonds to ensure that the City receives the lowest cost of funds ... available.” He was uncertain as to the rate “since it is several months in the future ...” He acknowledged the interest estimate at 4.76 percent, as indicated at page 6 of the financial information. “It’s kind of a blended interest rate of the State revolving fund and the other public bonds. The public bonds do make up the majority of the issuance ...” In response to a further question, he advised that the State revolving fund has a maximum dollar amount of loans issued annually. “It is the City’s anticipation that we will borrow as much as we can from them since they represent the lowest cost of funds.” Mr. Providenti provided additional clarification, and a brief discussion ensued.

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Chairperson Livermore entertained additional commissioner questions or comments and public comments. When none were forthcoming, he entertained a motion. **Commissioner Miller moved to adopt Resolution No. 2010-DMC-R-2, concerning the submission to the Carson City Debt Management Commission for the issuance of general obligation water bonds, secured by pledged revenues, by Carson City in the principal amount not to exceed \$32,000,000, and approving certain details in connection therewith. Vice Chairperson Hataway seconded the motion. Motion carried 4-0.**

H. DISCUSSION AND ACTION TO SCHEDULE THE AUGUST MEETING DATE AND TIME (3:33:32) - Following discussion, **Commissioner Sattler moved to schedule the meeting for Monday, August 23, 2010 at 3:00 p.m. The motion was seconded and carried 4-0.**

I. ACTION ON ADJOURNMENT (3:34:33) - A motion was made, seconded and carried unanimously to adjourn the meeting at 3:34 p.m.

The Minutes of the February 22, 2010 Carson City Debt Management Commission meeting are so approved this 23rd day of August, 2010.

DON HATAWAY, Vice Chair