

CARSON CITY DEBT MANAGEMENT COMMISSION

Minutes of the August 15, 2005

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A regularly scheduled meeting of the Carson City Debt Management Commission was held on Monday, August 15, 2005, at the City Hall Capital Complex, 201 North Carson Street, Carson City, Nevada, beginning at 4 p.m.

PRESENT: Chairperson Tracy Raxter, Vice Chairperson Ken Brown, and Commissioners Robert Crowell, Don Hataway, and Richard S. Staub

STAFF PRESENT: Clerk-Recorder Alan Glover, Finance Director Tom Minton, Senior Accounting Manager Nick Providenti, and Recording Secretary Katherine McLaughlin (DMC 8/15/05 Tape 1-0007)

SCHOOL DISTRICT STAFF: Fiscal Services Director Bob Anderson

OTHERS PRESENT: Bond Counselor Jennifer Stern and Financial Consultants Scott Nash and Jason Matthews

1. CALL TO ORDER, ROLL CALL, AND DETERMINATION OF A QUORUM - Chairperson Raxter convened the meeting at 4:08 p.m. Roll call was taken. A quorum was present although Commissioner Hataway did not arrive until 4:27 p.m.

2. DISCUSSION AND ACTION TO APPROVE THE FEBRUARY 7, 2005, MINUTES (1-0016) - Commissioner Crowell moved to approve the February 7, 2005, Minutes. Commissioner Staub seconded the motion. Motion carried 4-0.

3. DISCUSSION AND ACTION ON MUNICIPALITIES ANNUAL REPORT, STATEMENT OF DEBT MANAGEMENT POLICY, PLAN FOR CAPITAL IMPROVEMENT AND UPDATE OF INFORMATION AS REQUIRED IN NRS 350.013 FOR:

A. CARSON CITY SCHOOL DISTRICT (1-0020) - School District Fiscal Services Director Bob Anderson was available to answer questions. None were asked. Commissioner Crowell moved to accept the statement of Debt Management Policy, the Plan for Capital Improvement and update of the information for the Carson City School District as required by NRS 350.013. Commissioner Brown seconded the motion. Motion carried 4-0.

B. CARSON CITY CONVENTION AND VISITORS BUREAU (1-0044) - Discussion noted that the Bureau does not have any outstanding debt. Commissioner Crowell moved to approve the Statement of Debt Management Policy and Plan for Capital Improvement for the Carson City Convention and Visitors Bureau as required by NRS 350.013. Commissioner Brown seconded the motion. Motion carried 4-0.

C. CARSON WATER SUBCONSERVANCY DISTRICT (1-0062) - The District does not have any outstanding debt and does not plan to have any. Commissioner Crowell moved to accept the Statement of Debt Management Policy and Plan for Capital Improvement for the Carson Water Subconservancy District as required by NRS 350.013. Commissioner Brown seconded the motion. Motion carried 4-0.

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D. NEVADA COMMISSION TO RECONSTRUCT THE V&T RAILWAY (1-0082) -

Discussion explained that bond issue in Item 5 is not through the Commission. The Commission is the recipient of a \$10 million Federal grant. Commissioner Crowell moved to accept the Statement of Debt Management Policy and Plan for Capital Improvement and update of information for the Nevada Commission to Reconstruct the V&T Railway as required by NRS 350.013. Commissioner Brown seconded the motion. Motion carried 4-0.

E. CARSON CITY (1-0101) - Finance Director Tom Minton indicated that the following two

bond issues are the City's. They are part of the Debt Management Policy. Commissioner Crowell moved to accept the Statement of Debt Management Policy and Plan for Capital Improvement and update of information for the municipality of Carson City as required by NRS 350.013. Commissioner Brown seconded the motion. Motion carried 4-0.

F. CARSON CITY AIRPORT (1-0122) - The Airport does not have any outstanding general

obligation debt. Commissioner Crowell moved to accept the Statement of Debt Management Policy and Plan for Capital Improvement and update of information for the Carson City Airport as required by NRS 350.013. Commissioner Brown seconded the motion. Motion carried 4-0.

4. DISCUSSION AND ACTION ON A RESOLUTION ENTITLED "A RESOLUTION CONCERNING THE SUBMISSION TO THE DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES); CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH" (1-0129) -

Financial Consultant Jason Matthews advised that his financial review covered both Item 4 and Item 5 on the Agenda. He then summarized the bond packet including Pages 3, 6, and 7. The City's bonding capacity is under the statutory limit. Both issues will be revenue backed bonds. The City's consolidated tax revenue should be more than sufficient to cover the bonds if the projected revenue streams are inadequate. Bond Counselor Jennifer Stern explained the purpose of Footnote 1 on Page 4 regarding the outstanding general obligation debt and the 15% tax revenue restriction. The table shows that the City's current outstanding debt combined with the two proposed issues will not exceed the 15% limit. Mr. Matthews then summarized Pages 8 and 9 and indicated that the projected sales tax revenue is adequate to pay for the V&T Bond issue. Ms. Stern described the process required to implement the sales tax for the V&T bonds. Mr. Matthews indicated that the bond issues will not impact the City or any other entities' ability to issue bonds in the future.

Ms. Stern explained the need to make a finding that the issue will or will not impact future bonding ability. She also indicated that the City could issue the bonds as straight revenue bonds that are backed with sales tax revenue and not as general obligations. General obligation bond issues provide the ability to use an entity's assessment value to repay the issues. The proposed bonds will be "double covered" as they have dedicated revenue streams and the ability to use the City's assessment to generate funds for repayment of the bonds. This provides additional assurance to the bond holder. She then advised that the coverage ratio of one bond issue is not impacted by the other bond issue. Discussion also explained that the School District's bonding ability is separate from the City's. The School District's bond issues must be voted upon by the electorate unless the issue is within the existing debt service levy. The Board of Supervisors will adopt a resolution of

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intent pursuant to NRS 350.020 regulations for the Capital Improvement Bonds. The resolution contains two publication requirements. One starts a 90-day petition period. If five percent of the registered voters of the City sign the petition, the Board must decide to place the bond proposal on an election ballot, stop the proceeding, or issue the bonds as a straight revenue issue. The sales tax issue does not require a vote by the electorate. The Board could, if desired, do an advisory question on either issue. (Commissioner Hataway arrived during this discussion—4:27 p.m. The entire Commission was present, constituting a quorum.)

Financial Consultant Scott Nash explained that the School District has a debt limit. The capacity discussed earlier was in reference to the City's debt limit. The School District's bonds do not count against the City's capacity. They do, however, share the property tax rate. As the bonds have self-supporting revenue streams, they do not impact the ad valorem rate or any entity's taxing capacity. The coverage ratio is not impacted by the School District. The Financial Consultants were comfortable with the proposed coverage ratio of 1.1. The debt service is structured to be level over the life of the bonds. The City's growth and the nation's inflation increase the City's revenue every year. They had not included this growth in their calculations. This makes the coverage ratio better than estimated. The tax cap relates to the property taxes and not to the taxes associated with the proposed issues.

Public comments were requested. Ms. Sterns explained for Gay Lynn Sprigs, the Nevada Taxpayers' Association Representative, that NRS 377B does not require electorate approval of an increase in the sales tax. The recently approved law does not include sales tax. Mr. Glover indicated that the referenced bill is SB 169 and not SB 170.

Commissioner Staub then moved to adopt A RESOLUTION ENTITLED "A RESOLUTION CONCERNING THE SUBMISSION TO THE DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS IN THE AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$26,000,000 ADDITIONALLY SECURED BY PLEDGED REVENUES; AND CONCERNING CERTAIN DETAILS IN CONNECTION THEREWITH, to be known as Resolution No. 2005-DMC-2. Commissioner Crowell seconded the motion. Commissioner Hataway apologized for being late. He disclosed for the record that he is a member of the Board of Trustees for the Carson-Tahoe Hospital. A portion of the bond will be used to purchase the Rehabilitation Center on East Long. The Commission is not voting on individual elements of the bond issue. They are voting on whether the bonds meet the criteria. He did not have a problem voting on the bond. He asked that he be corrected if there is a problem with his voting on the bond. No one responded. The motion to adopt Resolution 2005-DMCR-2 was voted and carried 5-0.

5. DISCUSSION AND ACTION ON A PROPOSED RESOLUTION ENTITLED "A RESOLUTION CONCERNING THE SUBMISSION TO THE DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION V&T HISTORICAL BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES); CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH" (1-0478) - Financial Consultant Jason Matthews had included financial information regarding this item in his comments about the preceding item. Commissioner Staub moved to approve proposed Resolution No. 2005-DMCR-3, A RESOLUTION CONCERNING THE SUBMISSION TO THE DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION V&T HISTORIC BONDS

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IN THE AGGREGATE AMOUNT NOT TO EXCEED \$15,000,000 AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH. Commissioner Crowell seconded the motion. Motion carried 5-0.

6. DISCUSSION AND ACTION TO SPECIFY PERCENTAGE OF LIMITATION ON TOTAL AD VALOREM TAX LEVY AS REQUIRED BY NRS 350.0155 (1-0505) - Discussion indicated that the percentage was set at 90% several years ago. The referenced Statute mandates reconsideration at this meeting. The criteria requires the percentage be above 75%. The City's current tax rate is at approximately 75%. The Commission had felt that this was an adequate level during the review of debt issues in the past. Priorities are to be considered when the 90% ratio is reached. Commissioner Hataway moved to remain at the 90% level. Commissioner Crowell seconded the motion. Motion carried 5-0.

7. DISCUSSION AND ACTION ON ESTABLISHING PRIORITIES AMONG ESSENTIAL AND NONESSENTIAL FACILITIES AND SERVICES IN NRS 350.0155 (1-0558) - Discussion indicated that a priority among the public safety, health, and education facilities and services had not been established. The City has been addressing the public health and safety items. Education may or may not need additional funding for the next five years. The Statute requires all three of the items to be listed as essential. Ms. Stern explained that public safety, education, and health are all essential. When the City reaches 90% of the 3.64 tax limit, the Commission determines what has a priority for the community by looking at the Capital Improvement Plans and the Debt Management Policies for the overlapping entities. The determination occurs when there are competing bond issues and the tax limit is in the 90% to 100% range. Public safety, education, and health have priority over any other uses by Statute. Competing proposals among the three items require the Commission to determine their priorities. She believed that the majority of the Commissions have established a similar policy of declaring what is required within the Statute. Commissioner Hataway moved to establish a continued current policy of public safety, education, and health as essential services. Commissioner Crowell seconded the motion. Motion carried 5-0.

8. DISCUSSION AND ACTION TO SELECT FEBRUARY MEETING DATE AND TIME (1-0639) - Following discussion, February 13th at 4 p.m. was established as the date and time for the meeting. Ms. McLaughlin was asked to find a location. No formal action was taken.

9. CITIZEN COMMENTS (1-0671) - Ms. Sprigs was thanked for attending the meeting.

10. COMMISSIONER COMMENTS (1-0679) - None.

11. ADJOURNMENT (1-0685) - Commissioner Crowell moved to adjourn. Commissioner Staub seconded the motion. Motion carried 5-0. Chairperson Raxter adjourned the meeting at 4:45 p.m.

A tape recording of these proceedings is on file in the Clerk-Recorder's office. This tape is available for review and inspection during normal business hours.

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The Minutes of the August 15, 2005, Carson City Debt Management Commission meeting

ARE SO APPROVED ON February 13, 2006.

/s/

Tracy Raxter, Chairperson