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A regularly scheduled meeting of the Carson City Debt Management Commission was held on Monday, July 14, 2003, at the City Hall Capitol Conference Room, 201 North Carson Street, Carson City, Nevada 89701, commencing at 12:15 p.m.

PRESENT: Chairperson Larry Osborne, Vice Chairperson Tracy Raxter, and Commissioners

Richard S. Staub and Sheila Ward

STAFF PRESENT: Chief Deputy District Attorney Mark Forsberg, Deputy Finance Director Tom Minton,

and Recording Secretary Katherine McLaughlin (D.M.C. 7/14/03 Tape 1-0007)

SCHOOL DISTRICT REPRESENTATIVES PRESENT: Superintendent Mary Pierczynski and Fiscal

Fiscal Services Director Bob Anderson

CONSULTANTS: Bond Counselor Jennifer Stern, City Financial Consultant Marty Johnson (via

telephone), and Bond Consultant Kathy Ong

- 1. CALL TO ORDER, ROLL CALL AND DETERMINATION OF A QUORUM Chairperson Osborne convened the meeting at 12:15 p.m. Roll call was taken. A quorum was present although Commissioner Brown was absent. Chairperson Osborne welcomed Mayor and Nevada Commission to Reconstruct the V&T Railway Chairperson Ray Masayko and Deputy District Attorney Mark Forsberg.
- 2. **DISCUSSION AND ACTION TO APPROVE THE MINUTES OF THE FEBRUARY 27, 2003, MEETING (1-0038) -** Commissioner Ward requested the tapes be checked to determine if she had been present at the meeting via tele-conference. Commissioner Raxter moved to approve the Minutes. Commissioner Ward seconded the motion. Motion carried 4-0. (See 2/3/04 Minutes regarding this item.)
- 3. DISCUSSION AND ACTION ON MUNICIPALITIES ANNUAL REPORT, STATEMENT OF DEBT MANAGEMENT POLICY, PLAN FOR CAPITAL IMPROVEMENT AND CERTAIN INFORMATION REGARDING CHIEF FINANCIAL OFFICER, AND UPDATE OF INFORMATION AS REQUIRED IN NRS 350.013 (1-0053) Chairperson Osborne noted that each entity had submitted a report.
 - A. CARSON CITY AIRPORT (1-0068) No comments.
- **B.** CARSON CITY SCHOOL DISTRICT(1-0072) Both Superintendent Pierczynski and Financial Services Director Anderson were present to answer questions. None were asked. Chairperson Osborne thanked them for the concise and complete report.
- C. CARSON CITY CONVENTION AND VISITORS BUREAU (1-0084) Mayor Masayko indicated as a member of the Bureau's Board of Directors he would respond to any questions although he had not seen the report. No questions were asked.
 - **D. CARSON WATER SUBCONSERVANCY DISTRICT (1-0091) -** No comments.
- E. NEVADA COMMISSION TO RECONSTRUCT THE V&T RAILWAY (1-0100) V&T Railway Commission Chairperson Masayko indicated that he had seen its report. The Commission relies on

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Storey County's quarter cent sales tax as its only source of governmental revenue. It is a political subdivision of the State under the Statutes. The Commission's composition and mission were described. He then indicated that he was present to address any questions regarding its bond proposal.

F. CARSON CITY (1-0122) - No comments.

Chairperson Osborne explained the requirement that political entities of the City must submit annual financial reports if they have the ability to issue bonds and the Commission's role in the bond process. Commissioner Staub moved to accept the annual reports and statements as presented and required and submitted for the Carson City Airport, Carson City School District, Carson City Convention and Visitors Bureau, Carson Water Subconservancy District, Nevada Commission to Reconstruct the V&T Railway, and Carson City. Commissioner Raxter seconded the motion. Motion carried 4-0.

DISCUSSION AND ACTION ON A RESOLUTION CONCERNING THE SUBMISSION TO 4. THE CARSON CITY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION RECREATIONAL FACILITIES BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES IN THE AMOUNT OF \$4,400,000 FOR THE PURPOSE OF ACQUIRING, RECON-STRUCTING, CONSTRUCTING, IMPROVING, EXTENDING AND BETTERING RECREATIONAL FACILITIES; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH (1-0158) - Railway Commission Chairperson Masayko indicated that he did not have a formal presentation to give. He explained that the Convention and Visitors Bureau has agreed that the Railway needed someone to provide funding for its construction. The estimated cost to cross the Overman Pit is \$6 million. It is not possible to reach Virginia City without crossing the pit. The Bureau's support may provide the incentive for the Federal government, the private sector, and the surrounding Counties to come forward and help fund it. Storey County/Virginia City has given the Commission \$100,000 a year which is its quarter cent sales tax initiative. The railway faces many challenges. The Commission was created to be the governmental entity to accomplish these goals. NDOT's involvement and funding were noted. The environmental analysis will be released later this month. When NDOT completes the 1.4 miles in Gold Hill, additional funds must be available. The proposal is to develop an interlocal agreement between the Bureau and the Railway Commission to define the bonds purpose and funding for crossing the Overman Pit. The ability to use general obligation backed bonds in this fashion for historical sites was indicated. The Bureau is committing its entire nine percent tax base for this purpose and a park bond which was approved previously. Revenue generated by this tax was limned. Interest rates for the bond are favorable at this time and may be 3.6371 percent. He thanked the City allowing the bonds to be general obligation backed. The intent is to leverage to the maximum bondable amount with two percent of the room tax. It was felt that the maximum bondable amount would be \$4 million. Discussion indicated that the resolutions adopted by the Bureau and Board of Supervisors restricted the two percent levy use by the V&T Railway under specified conditions. The first condition is capital expenditures with a possibility of some operational expenditures if there is flexibility. If the project fails and the bonds are not spent, the rate is to be reduced. Chairperson Osborne indicated that this stipulation should be in the record. Additional comments were solicited but none were given. Commissioner Staub moved that the Debt Management Commission approve Resolution No. 2003-DMCR-1. A RESOLUTION CONCERNING THE SUBMISSION TO THE CARSON CITY DEBT MANAGE-MENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION RECREATIONAL FACILITIES BONDS ADDITIONALLY SECURED BY PLEDGED REVENUES CONCERNING ACTION

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TAKEN THEREON BY THE COMMISSION APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH. Commissioner Ward second the motion. Motion carried 4-0.

(1-0654) Commissioner Staub explained the need to add the amount to the Resolution. Commissioner Staub then moved to amend the motion to include the amount that the recreational facilities bond will not exceed \$4.4 million for the purpose of acquiring, reconstructing, constructing, improving, extending and bettering recreational facilities and apologized for failing to include the limitation in the original motion. Commissioner Ward concurred with the amendment. Motion was voted and carried 4-0.

5. DISCUSSION AND ACTION ON A RESOLUTION CONCERNING THE SUBMISSION TO THE CARSON CITY DEBT MANAGEMENT COMMISSION OF PROPOSALS TO ISSUE GENERAL OBLIGATION SEWER BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$4,000,000 FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, IMPROVING AND EQUIPPING CITY SEWERAGE PROJECTS AND WATER BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING \$6,000,000 FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, IMPROVING AND EQUIPPING CITY WATER PROJECTS; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH (1-0305) - Deputy Finance Director Minton explained the purpose of the bond. It will not require a tax rate increase. The bonds will be repaid from water and sewer funds. Discussion indicated that the \$4 million in bonds will cover the capital improvement plan for fiscal year 04. The plan has identified \$3.3 million in improvements. The water bonds are for \$5.2 million. The numbers are for a not to exceed amount. The utility fees will repay the bonds. There is a replacement pay as you go program for water and sewer systems. Mr. Minton then explained the increase between the 2003 estimated and 2004 budgeted amounts on Page 7 were due to substantial fee increases for both the sewer and water approved by the Board for fiscal year 04. The revenue figures were not based on estimated growth requirements. He also explained the need for major sewer plant expansion and the Safe Drinking Water Act which mandated a reduction in the arsenic levels. Commissioner Staub moved to adopt Resolution No. 2003-DMCR-2, A RESOLUTION CONCERNING THE SUBMISSION TO THE CARSON CITY DEBT MANAGEMENT COMMISSION OF PROPOSALS TO ISSUE GENERAL OBLIGATION SEWER BONDS AND WATER BONDS CONCERNING ACTION TAKEN THEREON BY THE COM-MISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH. Commissioner Raxter second the motion. Motion carried 4-0.

(2-0680) Commissioner Staub moved to amend 2003-DMCR-2 by stating that the aggregate principal amount of the bonds shall be in the aggregate principal amount of not exceeding \$4 mil for the purpose of acquiring, constructing, improving and equipping City sewage projects and water bonds in aggregate amount of not exceeding \$6 million for the purpose of acquiring, constructing, improving, and equipping City water projects. Commissioner Raxter seconded the amendment. 4-0.

- 6. **DISCUSSION AND ACTION ON LEGISLATIVE ACTS AFFECTING THE DEBT MANAGE MENT COMMISSION** (1-0408) Discussion indicated that the bills had little impact on the Commission. Their impact was felt to be procedural. No action was required or taken.
- 7. DISCUSSION AND ACTION TO SPECIFY PERCENTAGE OF LIMITATIONS ON TOTAL AD VALOREM TAX LEVY (1-0432) Bond Counselor Stern explained the statutory requirement that the

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Commission annually consider the ad valorem rate and establish a limitation when the Commission will determine whether the need is justified. The Commission does not consider the need unless this limit is reached. Ms. Stern felt that a majority of the Commissions throughout the State had established a limit of 90 percent. Clark County had renewed its policy on Monday. It maintained the 90 percent threshold. If desired, the Commission could change the limit. Chairperson Osborne explained that the Commission had acted to set a 90 percent limit at the July 22, 2002, meeting. Ms. Stern explained that lowering the limit will allow the Commission to look at the public need for the bond earlier and determine the priorities. The ad valorem cap is \$3.64. When the City's percentage of the rate reaches \$2.73, the Commission will look at the need and establish priorities. As the City does not have a lot of competing entities, it does not have the problems encountered in other areas. Chairperson Osborne pointed out that the law gave the Commission some authority when considering bonds. Several Counties had maxed out their rates before the law was implemented. He was not aware of any Commission which had lowered its limit below 90 percnet. The City has adequate space before hitting the cap. He felt that unless there is an overwhelming need to do so, the current limit should be maintained. Mr. Minton explained that the City's ad valorem rate is 2.73. The Sierra Forest District's rate is 2.7301. He agreed that the Commission would have to consider bond issues and their priorities earlier if the rate is lowered to 75 percent. He also noted that the limitation would not impact the County's ability to increase its operating rate. The reservation limit may not be effective for this reason. The City currently has an unreserved rate. Sierra Forest District has a higher unreserved rate as does the Subconservancy District. Commissioner Raxter moved that the Debt Management Commission leave the rate at 90 percent. Commissioners Ward and Staub seconded the motion. Motion carried 4-0.

- 8. DISCUSSION AND ACTION ON ESTABLISHING PRIORITIES AMONG ESSENTIAL AND NONESSENTIAL FACILITIES AND SERVICES (1-0578) - Ms. Stern explained the 2001 legislative intent which established public safety, education and health as being essential facilities and services. All other services and facilities are nonessential. When the 90 percent threshold is reached, priorities must be given to these items. Chairperson Osborne explained that at the July 22 meeting, the Commission unanimously established the public safety, health, and education as essential facilities and all being priorities. All other services and facilities were determined to be nonessential. Commissioner Staub noted for the record the need to have an agenda packet in the future on these issues so that the new members will be able to understand and the present members can refresh their memory on what was done. Chairperson Osborne agreed. He also felt that having this information would make it easier for the Commission to understand and modify as desired. Commissioner Staub felt that the July packet had been quite extensive and the Commission understood what was being done. He preferred moving forward with the previous listing rather than deferring the item. Commissioner moved to establish as priorities for Carson City as public safety, education, and health as the essential services and stating that all other governmental services are nonessential facilities and services. Commissioner Raxter and Ward seconded the motion. Motion carried 4-0.
- 9. **DISCUSSION AND ACTION TO SELECT FEBRUARY MEETING DATE AND TIME (1-0701)** Discussion tentatively selected Monday, February 23, at noon for the meeting date and time. The location is to be determined. No formal action was taken.
- **10. CITIZEN COMMENTS (1-0731) -** None.
- 11. ADJOURNMENT (1-0734) Commissioner Staub moved to adjourn. Commissioner Raxter seconded the motion. Motion carried unanimously. Chairperson Osborne adjourned the meeting at 12:55

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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.

The Minutes of the July 14, 2003, Carson City Debt Management Commission meeting

ARE SO APPROVED ON _February 23_	, 2004
/s/	
Tracy Raxter, Chairperson	