

CARSON CITY DEBT MANAGEMENT COMMISSION
Minutes of the Special May 17, 1999, Meeting
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A special meeting of the Carson City Debt Management Commission was held on Monday, May 17, 1999, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, beginning at 5:15 p.m.

PRESENT: Chairperson Larry Osborne and Commissioners John McKenna,
Tracy Raxter, and Robin Williamson

STAFF PRESENT: Finance Director David Heath, Deputy District Attorney Mark
Forsberg, and Recording Secretary Katherine McLaughlin
(D.M.C. 5/17/99 Tape 1-0001)

OTHERS PRESENT: Bond Counsellor Jennifer Stern and Financial Consultants
Guy Hobbs and Kathy Ong

1. CALL TO ORDER AND ROLL CALL - Chairperson Osborne convened the meeting at 5:15 p.m. Roll call was taken and a quorum was present although Commissioner Robert Taylor was absent.

2. DISCUSSION AND ACTION TO APPROVE FEBRUARY 8, 1999, MINUTES (1-0007) - Commissioner McKenna moved to approve. Commissioner Williamson seconded the motion. Motion carried 4-0.

3. DISCUSSION AND ACTION ON A RESOLUTION CONCERNING THE SUBMISSION TO THE CARSON CITY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,700,000 AND WATER BONDS IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$1,750,000; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH (1-009) - Bond Counsellor Jennifer Stern explained the purpose of the bonds and their repayment programs. Financial Consultant Kathy Ong highlighted the financial report which indicated the proposed revenue streams could handle the repayment plans without a tax increase. The proposed bonds are within the debt limitations. If ad valorem taxes are required due to unforeseen financial problems, the bonds would require a rate of 4.36. This will not raise the City's tax rate above the \$3.64 tax cap. She had not analyzed the ad valorem rate if all revenue sources for all the outstanding bonds "went bad" and the ad valorem revenues were used to make the bond payments. She agreed to provide this information later. She pointed out that the highest ad valorem rate in Carson City is \$2.5950 which is approximately \$1 under the mandatory cap. Ms. Stern also pointed out that a majority of the outstanding bonds are for items which people must have to live--water, sewer, hospitals. People will, therefore, pay for these services. The current fees for these services are adequate to cover repaying the debt service. She felt that it would be an extraordinary circumstance for all of these revenue streams to go defunct. Discussion indicated that this would be an interesting point for consideration as part of the annual reports. Discussion also noted the fluctuation in connection fees which may be part of the normal construction pattern and the impact the new, more efficient meters will have on the projected revenue from users. Mr. Heath explained that the miscellaneous revenue figure included items such as federal reimbursement for the flood damage and improvements to Ambrosetti pond, etc. These funding sources are not sustainable but do impact the coverage ratio. Commissioner McKenna then explained that the School District does not at this time have any plans to issue general obligation bonds nor to seek a tax override. The School Board had, however, discussed at its last meeting the potential of seeking a bond for rehabilitation of the facilities which may be less than \$10 million. It will have to be approved by the electorate. This issue will be considered by the Commission at its next meeting. Chairperson Osborne explained the Commission's role in bond issues--to serve as a check and balance to ensure that the community remains below the caps. The merits of the request could not be considered. Concern was expressed about the size of the bonds which are now being issued and stressed the need to remain cognizant of the cap. Mr. Heath expressed the feeling that the recent Public Safety Complex bond, which was for \$15 million, was the largest bond the City would undertake for a while. He expected to see the bond margin begin to increase as there are no major capital plans under consideration at this time. He then explained that NDOT's reimbursement for freeway right-of-way also impacts the miscellaneous income. It is not sustainable but must be added to the calculations. Commissioner Raxter

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pointed out that the ad valorem rate comparisons to other counties in the State and that these entities do not provide water and sewer services. He questioned whether any cities within the State provide these services. Mr. Heath did not feel that there were any at this time and agreed that this may be an issue which should be considered. Chairperson Osborne pointed out that Carson City is the only consolidated municipality in the State which makes it difficult to find an exact comparable. Public comments were solicited but none given. Commissioner McKenna moved to adopt Resolution No. 1999-DMCR-1 concerning submission of Carson City Debt Management proposals to issue General Obligation Capital Improvement Bonds and Water Bonds. Commissioner Raxter seconded the motion. Motion carried 4-0.

4. CITIZEN COMMENTS (1-0325) - None.

5. COMMISSIONER COMMENTS (1-0326) - Chairperson Osborne announced the next meeting would be on July 19.

6. ADJOURNMENT (1-0332) - Commissioner McKenna moved to adjourn. Commissioner Williamson seconded the motion. Motion carried 4-0. Chairperson Osborne adjourned the meeting at 5:38 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.

The Minutes of the May 17, 1999, Carson City Debt Management Commission meeting

1999. ARE SO APPROVED ON July 19 _____,

/s/ _____

Larry Osborne, Chairperson