

# **CARSON CITY DEBT MANAGEMENT COMMISSION**

## **Minutes of the August 24, 2009 Meeting**

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A regular meeting of the Carson City Debt Management Commission was scheduled for 3:00 p.m. on Monday, August 24, 2009 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 Steve Reynolds  
Commissioner Mark Sattler

**STAFF:** Larry Werner, City Manager  
Nick Providenti, Finance Department Director  
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 (2:58:41)** - Chairperson Livermore called the meeting to order at 2:58 p.m. Roll was called; a quorum was present.

**B. ACTION ON APPROVAL OF MINUTES - February 2, 2009 (2:59:09)** - Vice Chairperson Hataway moved to approve the minutes. Commissioner Reynolds seconded the motion. Motion carried 5-0.

**C. DISCUSSION AND ACTION ON MUNICIPALITIES ANNUAL REPORT, STATEMENT OF DEBT MANAGEMENT POLICY, PLAN FOR CAPITAL IMPROVEMENT, AND UPDATE OF INFORMATION, AS REQUIRED BY NRS 350.013 (2:59:50)** - Chairperson Livermore introduced this item and, at his request, Mr. Providenti provided an overview of the reports included in the agenda materials. (3:01:33) In response to a question, Mr. Providenti suggested taking action to include all the annual reports.

**C-1. CARSON WATER SUBCONSERVANCY DISTRICT (3:00:18)** - Mr. Providenti referred to the letter, included in the agenda materials, indicating no anticipation of the need to issue any general obligation debt over the next five years.

**C-2. NEVADA COMMISSION TO RECONSTRUCT THE V&T RAILWAY (3:00:36)** - Mr. Providenti referred to the July 30, 2009 letter and the 2008 / 09 Indebtedness Report, included in the agenda materials, and provided an overview of the same.

**C-3. CARSON CITY (3:01:48)** - Mr. Providenti reviewed the annual report and the debt management policy, as included in the agenda materials. In response to a question, he discussed the proposed ordinance, introduced at the August 20, 2009 Board of Supervisors meeting, to reduce water and sewer connection fees. Mr. Werner explained that most of the bonds currently being issued for water and sewer "are for quality issues, not capacity." He discussed changes to the federal standards pertinent to uranium and arsenic. "The existing users are ... actually benefitting from those improvements. And the

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extra capacity that comes out of that ... is pretty small.” Mr. Werner explained that the connection fee essentially became “almost a byproduct.” In response to a comment, Mr. Werner advised that most of the infrastructure is already constructed and being paid for as development occurs. He further advised of a reduction in capacity at the wastewater treatment plant. “... even though we’re having more population, ... we’re not seeing a corresponding increase in flows.” Mr. Werner discussed the requirement to maintain the facilities and advised that, “at this stage,” any connection fee “would be a windfall.” In addition, it appeared developers were avoiding the area due to the amount of the connection fee. Mr. Werner advised that the Board’s action included direction to revisit the ordinance in two years.

Mr. Providenti continued reviewing the Debt Management Policy, June 2009, included in the agenda materials, and responded to questions of clarification. Discussion took place with regard to the potential for a new library, and Mr. Providenti offered to add it to the Five-Year Capital Improvement Plan. (3:22:40) In reference to sewer and water, Mr. Sattler inquired as to “a different price attached to refurbishment bonds versus new capacity.” Mr. Providenti explained that “whether we’re refurbishing something or ... building something new, it doesn’t matter. The interest rate is dependent upon the market and the City’s credit rating ...” Mr. Providenti provided details of the recently-issued medium term obligation.

**C-4. CARSON CITY AIRPORT (3:17:01)** - Mr. Providenti referred to the letter, included in the agenda materials, indicating no outstanding general obligation debt and no proposal to issue such debt during the 2009 / 2010 fiscal year.

**C-5. CARSON CITY SCHOOL DISTRICT (3:17:48)** - Carson City School District Superintendent Richard Stokes responded to questions regarding the five-year capital improvement program included in the agenda materials. Vice Chairperson Hataway encouraged Mr. Stokes to review the five-year capital improvement plan in consideration of apparent discrepancies with the Schedule of Five-Year Debt Service Requirements included as part of the Indebtedness Report. In response to a question, Mr. Stokes advised that School District representatives are working with bond consultants to “go out for a bond that will be tax neutral.” He further advised of discussions with City representatives in consideration of “mutual opportunities ... that will benefit our community.”

**C-6. CARSON CITY CONVENTION AND VISITORS BUREAU (3:24:56)** - Mr. Providenti referred to the June 22, 2009 letter, included in the agenda materials, indicating no debt and no plans to issue debt “in the foreseeable future.”

Chairperson Livermore entertained a motion. **Commissioner Miller moved to accept the reports. Vice Chairperson Hataway seconded the motion. Motion carried 5-0.**

**D. DISCUSSION AND ACTION TO ADOPT A RESOLUTION CONCERNING THE SUBMISSION TO THE CARSON CITY DEBT MANAGEMENT COMMISSION OF A PROPOSAL BY CARSON CITY TO ISSUE AN INSTALLMENT PURCHASE AGREEMENT; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH (3:25:45)** - Mr. Providenti introduced this item, introduced Tim Farkas, of Nevada State Bank Public Finance, and Kendra Follett, of Swendseid & Stern, and provided an overview of the presentation. (3:26:44) Mr. Farkas reviewed the Installment-Purchase Agreement, copies of which were included in the agenda materials. In response to a question,

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he explained that the School District has similar policies on bond issuance. School districts have a different revenue system, however; a limited number of pledgable revenues. "It's a different process and it might be more limiting for them." Mr. Farkas advised that the School District does not have an allocation in the tax credit bond program. In response to a further question, he advised that the bonds will be used to install solar energy equipment on six to eight different City facilities. He acknowledged the bonds will be paid with the resulting utility cost savings, which was the reason for structuring the issuance as a lease purchase.

In response to a question, Mr. Farkas advised that the cost of the project, independent of the clean renewable energy bonds program, would be increased by the difference in the interest rate which he estimated at 3.5 to 4.5 percent. "This is a tremendous interest savings over the life of the debt." In response to a further question, he explained that the size of the project would be decreased with additional interest costs. "So it would be a less viable or smaller project. This enables the City to do more with the same ... resources."

Chairperson Livermore referred to the resolution included in the agenda materials. Mr. Farkas acknowledged the bonds will be paid by the utility cost savings. He advised that the City hired an energy consultant to provide advice on the project scale. Mr. Providenti acknowledged that the water and sewer fund will pay their pro rata share. Chairperson Livermore entertained a motion. **Vice Chairperson Hataway moved to adopt Resolution No. 2009-DMC-R-1. Commissioner Reynolds seconded the motion.** Chairperson Livermore entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 5-0.**

**E. DISCUSSION AND ACTION TO DESIGNATE THE FEBRUARY 2010 MEETING DATE AND TIME (3:38:46)** - Following discussion, consensus of the commission was to schedule the meeting for Monday, February 22, 2010 at 3:00 p.m.

**F. COMMISSIONER COMMENTS - DISCUSSION ONLY (3:40:16)** - In response to a question, Mr. Providenti explained the need for a special meeting. Following a brief discussion, consensus of the commission was to schedule the special meeting for Monday, August 31, 2009 at 3:00 p.m.

**G. PUBLIC COMMENTS (3:42:36)** - None.

**H. ACTION ON ADJOURNMENT (3:42:47)** - Vice Chairperson Hataway moved to adjourn the meeting at 3:42 p.m. Commissioner Sattler seconded the motion. Motion carried 5-0.

The Minutes of the August 24, 2009 Carson City Debt Management Commission meeting are so approved this 22<sup>nd</sup> day of February, 2010.

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PETE LIVERMORE, Chair