

CARSON CITY DEBT MANAGEMENT COMMITTEE

Minutes of the August 23, 2010 Meeting

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A regular meeting of the Carson City Debt Management Committee was scheduled for 9:00 a.m. on Monday, August 23, 2010 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Pete Livermore
Vice Chairperson Don Hataway
Commissioner Steve Reynolds
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 (9:02:07) - Chairperson Livermore called the meeting to order at 9:02 a.m. Roll was called; a quorum was present. Commissioner Miller was absent. Chairperson Livermore expressed the opinion that the meeting was not properly noticed, according to the requirements of the Nevada Open Meeting Law. He advised of having received the agenda at 3:48 p.m. on Wednesday, August 18th, and expressed the opinion the commissioners should have received the agenda by 9:00 a.m. on that date. He suggested postponing the meeting and allowing him to reschedule. He advised of having discussed his concerns with both Mr. Benton and Mr. Werner prior to the start of the meeting, solicited input of the commissioners relative to proceeding with the meeting, and further advised he would not participate in the meeting.

In response to a question, Mr. Benton disagreed with Chairperson Livermore's interpretation of the Nevada Open Meeting Law. He expressed the belief that the statute does not prescribe "one way or another when a copy of an agenda must be provided to members of the public body." He advised that, after having spoken to Ms. King regarding the agenda posting date and the locations, "we do comply with the Open Meeting Law and this was a properly agendized meeting." In response to a question, he advised that the deadline for posting the agenda was 9:00 a.m. on Wednesday, August 18th. He reiterated the understanding, after having spoken to Ms. King, that the agenda was posted on Tuesday afternoon, August 17th. "It was posted with plenty of time for the public so the public was on notice that it's a public meeting." Mr. Benton reiterated disagreement with Chairperson Livermore's interpretation of the statute. Chairperson Livermore reiterated having received the agenda at 3:48 p.m. on Wednesday, August 18th, and the opinion that this violates the requirements of the Open Meeting Law. He requested the commission to adjourn the meeting and provide direction to the chair to schedule a new meeting date. He again solicited feedback from the commissioners, and entertained a motion to adjourn.

Vice Chairperson Hataway suggested "we're all frustrated attorneys trying to update what we think should be done." On the basis of Mr. Benton's statements, Vice Chairperson Hataway expressed no problem proceeding with the meeting. Commissioner Sattler noted the out-of-town consultants present in the

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meeting room. (9:06:02) Chairperson Livermore passed the gavel to Vice Chairperson Hataway at 9:06 a.m. and left the meeting room. A quorum of the commission was still present.

B. ACTION ON APPROVAL OF MINUTES - February 22, 2010 (9:06:22) - Vice Chairperson Hataway entertained questions or comments and, when none were forthcoming, a motion. Commissioner Sattler moved to accept the minutes, as presented. Commissioner Reynolds seconded the motion. Motion carried 3-0.

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 (9:06:47) - Vice Chairperson Hataway introduced this item and, in response to a question, Mr. Providenti provided an overview of the agenda materials and direction with regard to the appropriate action.

C-1. CARSON WATER SUBCONSERVANCY DISTRICT (9:08:07) - Vice Chairperson Hataway entertained questions or comments relative to the information included in the agenda materials.

C-2. NEVADA COMMISSION TO RECONSTRUCT THE V&T RAILWAY (9:08:11) - Vice Chairperson Hataway entertained questions or comments relative to the information included in the agenda materials. (9:53:50) **Commissioner Reynolds moved to rescind the previous action relative to this item in that no report was accepted from the Nevada Commission to Reconstruct the V&T Railway. Commissioner Sattler seconded the motion. Motion carried 3-0.** The commissioners thanked Mr. Kittess for pointing out the oversight.

C-3. CARSON CITY (9:08:31) - Vice Chairperson Hataway introduced this item, and Mr. Providenti reviewed the Debt Management Policy included in the agenda materials. He responded to questions of clarification regarding the capital improvement bonds, reflected in the table on page 21 of the Policy, the debt service for the sewer and water fund bonds, and the possibility for refundings. He advised of having refunded six bond issues in July. In response to a question regarding capital improvements, Mr. Providenti advised that “the economy will have to come back fairly strong, especially in the general government section. On the water and sewer, we have the ability to increase the rates in order to issue the debt to pay for some of those capital improvements; whereas, on the general government side, we really don’t have the opportunity to increase revenues. ... So, if the economy comes back, this is kind of a priority list that we’ve established ...” Mr. Providenti acknowledged that the rate increases had been projected into the figures presented. He further acknowledged that the report reflects the ability to accomplish all the infrastructure necessary for completion of freeway construction.

Vice Chairperson Hataway entertained public comments. (9:23:21) Bruce Kittess inquired as to the shortfall associated with the bonds serviced by sales tax. Mr. Providenti approximated the shortfall at \$300,000 for the V&T, and expressed the understanding that the Convention and Visitors Bureau will make up the difference. “... if they don’t, then the City’s general fund is obligated to make up that difference.” With regard to the “other 1/8 cent, ... we’ll basically borrow less money because we can afford less right now. When we borrowed this money in 2005, sales taxes were more so we thought we could borrow more and service the debt more. Currently, they’re about \$300,000 less than what they were in 2005 so we’ll just basically borrow what that money will be able to service.” Mr. Kittess inquired as to adjustments for the Question #18 revenues. Mr. Providenti advised that the Open Space Program has additional funding

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to pay the debt. "They're just using less for operations. Typically, ... we pay our debt first and, once the debt's paid off, then whatever's left, we use for operations in Quality of Life. They just have less to do projects with because they have less revenues coming in than they expected four or five years ago." Mr. Kittess inquired as to whether another 1/8 cent sales tax can be imposed "for the Nugget should that be approved." Mr. Providenti advised that the 1/8 cent sales tax can be imposed. "It'll just get us less money than it did four years ago." Mr. Providenti responded to additional questions of clarification relative to the Convention and Visitors Bureau allocation toward bond service. He acknowledged that there are sufficient funds to service the debts, and that the general fund will cover any difference.

In response to a further question, Mr. Providenti reiterated the City's policy to pay debt first and use "whatever is left" to operate. In response to a further question, he advised there is no debt margin left in the City's general fund. "We cannot borrow money with our consolidated tax pledge because we're above the 15 percent right now." Mr. Providenti acknowledged that the 1/8 cent sales tax is available. "But, again, we would basically just borrow the money based on the stream that's coming in now, which is about \$840,000 versus \$1.1 million in 2005. So, we just borrow less money."

Vice Chairperson Hataway entertained additional questions or comments and, when none were forthcoming, a motion. **Commissioner Reynolds moved to accept the Carson City report. Commissioner Sattler seconded the motion. Motion carried 3-0.**

C-4. CARSON CITY AIRPORT (9:08:14) - Vice Chairperson Hataway entertained questions or comments relative to the information included in the agenda materials.

C-5. CARSON CITY SCHOOL DISTRICT (9:29:46) - Carson City School District Finance Director Anthony Turley reviewed the Debt Management Policy included in the agenda materials. In response to a question, Mr. Providenti advised there is currently no process to compensate the School District for lost ad valorem tax due to property being removed from the tax rolls. Mr. Turley responded to questions of clarification regarding the figures reflected in the Debt Service Fund table on page 3 of the Debt Management Policy included in the agenda materials. Vice Chairperson Hataway entertained public comment and, when none was forthcoming, a motion. **Commissioner Sattler moved to accept the Carson City School District report. Commissioner Reynolds seconded the motion. Motion carried 3-0.**

C-6. CARSON CITY CONVENTION AND VISITORS BUREAU (9:08:16) - Vice Chairperson Hataway entertained questions or comments relative to the information included in the agenda materials.

(9:08:25) When no questions or comments were forthcoming relative to items C-1, C-2, C-4, and C-6, Vice Chairperson Hataway entertained a motion to accept the reports. **Commissioner Sattler moved to accept the reports. Commissioner Reynolds seconded the motion. Motion carried 3-0.**

D. PRESENTATION BY THE CARSON CITY SCHOOL DISTRICT FOR INFORMATIONAL PURPOSES REGARDING THE 2010 ROLLOVER BONDE ELECTION QUESTION (9:34:07) - Vice Chairperson Hataway introduced this item. Marty Johnson, of JNA Consulting Group, narrated a PowerPoint presentation, copies of which were provided for the record. He responded to questions of clarification relative to the existing tax rate. In response to a further question, he advised the proposed

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rollover bond will be a first for the School District. "All of the previous bonds: 2000, 2002, 2006 were all the traditional type where we had a specific dollar amount but we did do it within the existing tax rate." Vice Chairperson Hataway entertained public comment; however, none was forthcoming.

E. DISCUSSION AND ACTION TO SPECIFY PERCENTAGE OF LIMITATION ON TOTAL AD VALOREM TAX LEVY, AS REQUIRED PURSUANT TO NRS 350.0155 (9:48:55) - Vice Chairperson Hataway introduced this item, and noted the commission's history of reserving 10 percent of the tax rate for emergency purposes. He entertained a motion pursuant to NRS 350.0155. **Commissioner Reynolds moved to continue the 10 percent reserved rate. Commissioner Sattler seconded the motion.** Vice Chairperson Hataway entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 3-0.**

F. DISCUSSION AND ACTION TO ESTABLISH PRIORITIES AMONG ESSENTIAL AND NONESSENTIAL FACILITIES AND SERVICES, AS REQUIRED PURSUANT TO NRS 350.0155 (9:49:55) - Vice Chairperson Hataway introduced this item. Mr. Providenti acknowledged the previously established priorities as public safety, education, and health. Vice Chairperson Hataway entertained discussion and, when none was forthcoming, a motion. **Commissioner Sattler moved to retain the same priorities: public health, education, and safety. Commissioner Reynolds seconded the motion.** Vice Chairperson Hataway entertained public comment and, when none was forthcoming, called for a vote on the pending motion. **Motion carried 3-0.**

G. DISCUSSION AND ACTION TO DESIGNATE THE FEBRUARY 2011 MEETING DATE AND TIME (9:51:14) - Vice Chairperson Hataway introduced this item and requested input from City staff. Following discussion, consensus of the commissioners was to schedule the February meeting on a Monday afternoon.

H. COMMISSIONER COMMENTS - DISCUSSION ONLY (9:52:40) - None.

I. PUBLIC COMMENTS (9:52:50) - Vice Chairperson Hataway entertained public comments. Bruce Kittess expressed support for the V&T Railroad, and noted there was no report included in the agenda materials. Ms. King advised that the report had been requested and would have been provided as late material, but was never received. She offered to follow up and provide a copy to Mr. Kittess. Mr. Kittess noted that the commission had taken action to accept the report.

J. ACTION ON ADJOURNMENT (9:54:37) - Commissioner Reynolds moved to adjourn the meeting at 9:54 a.m. Commissioner Sattler seconded the motion. Motion carried 3-0.

The Minutes of the August 23, 2010 Carson City Debt Management Commission meeting are so approved this 6th day of December, 2010.

DON HATAWAY, Vice Chair