

CARSON CITY DEBT MANAGEMENT COMMISSION
Minutes of the February 26, 2007, Meeting
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A regularly scheduled meeting of the Carson City Debt Management Commission was held on Monday, February 26, 2007, at the Carson City-Storey County Cooperative Extension Service's Conference Room, 2621 Northgate Lane #12, Carson City, Nevada, beginning at 4 p.m.

PRESENT: Commissioners Ken Brown, Joe Enge, Don Hataway, and Richard S. Staub

STAFF PRESENT: Finance Director Sue Johnson, Chief Deputy District Attorney Melanie Bruketta, Senior Accounting Manager Nick Providenti, and Recording Secretary Katherine McLaughlin (DMC 2/26/07 Tape 1-0003 Side A)

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

1. CALL TO ORDER, SWEAR IN THE PUBLIC-AT-LARGE COMMISSIONERS, ROLL CALL, AND DETERMINATION OF A QUORUM - Commissioner Staub convened the meeting at 4:05 p.m. Commissioners Brown and Hataway were sworn. Roll call was taken. A quorum was present. Commissioner Raxter was absent.

2. DISCUSSION AND ACTION ON THE SELECTION OF A CHAIRPERSON AND A VICE CHAIRPERSON (1-021-A) - Commissioner Staub requested nominations for the Chair. Commissioner Hataway nominated Commissioner Raxter. Commissioner Brown seconded the nomination. Additional nominations were solicited but none were given. The nomination of Commissioner Raxter as Chairperson was voted and carried unanimously. Commissioner Staub congratulated Commissioner Raxter on his appointment and solicited nominations for the Vice Chair. Commissioner Hataway nominated Commissioner Brown. Commissioner Enge seconded the nomination. Additional nominations were solicited but none were given. The nomination of Commissioner Brown as Vice Chair was voted and carried unanimously. Commissioner Staub congratulated Commissioner Brown on his appointment and passed the gavel to him.

3. DISCUSSION AND ACTION ON APPROVAL OF MINUTES - AUGUST 14, 2006, AND JANUARY 31, 2007 (1-032-A) - Commissioner Hataway moved that the Minutes of August 14's meeting be approved as presented. Commissioner Enge seconded the motion. Motion carried 4-0.

Commissioner Enge moved to approve the Minutes for January 31. Commissioner Staub seconded the motion. Motion carried 4-0.

4. DISCUSSION AND ACTION TO ADOPT A RESOLUTION CONCERNING THE SUBMISSION TO THE CARSON CITY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION WATER BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$20,000,000 (ADDITIONALLY SECURED BY PLEDGED REVENUES); CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH (1-040-A) - J&A Consulting Group

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Representative Jason Matthews noted that each Commissioner had received a financial packet on the proposed bond issue. Senior Accounting Manager Nick Providenti briefly explained the purpose of the bonds including the amounts to be sold during the next three years and a listing of the projects. Mr. Matthews summarized Pages 4 and 5 of the financial report. Discussion pointed out the intent and ability of the bond issue to refinance older bond issues if it is fiscally prudent and financially beneficial to do so. All of the City's authorized bonds have been issued to date. Justification for refinancing older bonds was discussed. Finance Director Sue Johnson indicated that during the bond sale process the older bonds will be considered. If they are refinanced, information regarding them will be included in the bond presentation to the Board of Supervisors. Mr. Matthews continued his summary of the financial packet including the remainder of Page 5 and Pages 6 and 7. An increase in the ad valorem rate to pay for the bonds will not be needed. Ms. Johnson explained the utility rate increases proposed for 2008, 2009 and 2010 of 6%, 5%, and 5% respectively. Discussion explained the actual rate increases will be based on revenue flow and its ability to meet the capital needs and bond repayment requirements. The bond coverage and good management practices require an adequate revenue stream to meet the bond obligations over the life of the bonds. Mr. Providenti explained that these are the reasons two 14% increases were required this year. Without them the coverage would have slipped below the desired 1.00 level. He also indicated that in 2004 they added working capital to keep the coverage at the 1.00 level. The working capital has since been reduced and is not available for the proposed projects. Ms. Johnson noted that the utility fees had not been increased for some time. Mr. Providenti explained that the working capital fund is the remaining balance of the current assets minus the current liabilities. Discussion indicated that the Board of Supervisors will consider the financing aspects of the bond issues. Commissioner Hataway moved to approve/adopt Resolution No. 2007-DMCR-1, A RESOLUTION CONCERNING THE SUBMISSION TO THE CARSON CITY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION WATER BONDS ADDITIONALLY SECURED BY PLEDGED REVENUES; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH. Commissioner Staub seconded the motion. Motion carried 4-0-1 with Commissioner Raxter absent.

5. DISCUSSION ON THE NEVADA DEPARTMENT OF TAXATION'S ANNUAL LOCAL GOVERNMENT INDEBTEDNESS REPORT AS OF JUNE 30, 2006 (1-181-A) - Ms. McLaughlin explained the reasons this report is considered in February. Consensus indicated that review of the report should continue to be provided in February. Commissioner Hataway explained his concerns regarding the report's legal debt margin which is based upon the \$3.64 total mill levy restriction and the lack of information regarding the true debt capabilities of the entities. He acknowledged that the report has always been written in the same format by the Department of Taxation. Carson City is in good shape when considered individually as a city and collectively with all of the governments. No formal action was required or taken.

6. DISCUSSION AND ACTION SCHEDULING THE AUGUST MEETING, ANY SPECIAL MEETING DATES, AND THEIR TIMES, AND ESTABLISHING AGENDA ITEMS (1-200-A) - Discussion selected August 20 at 4 p.m. for the next meeting date. The location is to be determined. No formal action was taken.

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7. **CITIZEN COMMENTS (1-211-A)** - None.
8. **COMMISSIONER COMMENTS (1-217A)** - None.
9. **ACTION TO ADJOURN (1-219-A)** - Commissioner Hataway moved to adjourn. Commissioner Enge seconded the motion. Motion carried 4-0. Vice Chairperson Brown adjourned the meeting at 4:28 p.m.

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

The Minutes of the February 26, 2007, Carson City Debt Management Commission meeting

ARE SO APPROVED ON August 20, 2007.

/s/

Tracy Raxter, Chairperson