

CARSON CITY DEBT MANAGEMENT COMMISSION

Minutes of the July 22, 2002, Meeting

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A regularly scheduled meeting of the Carson City Debt Management Commission was held on Monday, July 22, 2002, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, beginning at 5:15 p.m.

PRESENT: Chairperson Larry Osborne, Vice Chairperson Tracy Raxter, and Commissioners Ken Brown, John McKenna, and Richard S. Staub

STAFF PRESENT: Finance Director David Heath and Recording Secretary Katherine McLaughlin

SCHOOL DISTRICT STAFF PRESENT: Superintendent Mary Pierczynski and Director of Fiscal Services Bob Anderson (DMC 7/22/02 Tape 1-0001)

1. CALL TO ORDER, ROLL CALL, AND DETERMINATION OF A QUORUM - Chairperson Osborne convened the meeting at 5:15 p.m. Roll call was taken. The entire Commission was present, constituting a quorum.

2. DISCUSSION AND ACTION TO APPROVE THE APRIL 25, 2002, SPECIAL MEETING MINUTES (1-0008) - Commissioner Staub moved to approve the Minutes as submitted. Commissioner Raxter seconded the motion. Motion carried 5-0.

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 350.0035 FOR:

A. CARSON CITY (1-0015) - Finance Director David Heath summarized the legal debt margin on Page 20. Discussion indicated the assessed value's growth rate on Page 3 of the Debt Management Policy may be high. Concern was also expressed regarding its rate when the City reaches buildout. The reassignment of engineering personnel and the new cost allocation accounting system for them were explained and felt to be the reasons the labor costs for the Water and Sewer Utilities Enterprise Accounts were reduced. It was suggested that the estimated sewer and water interest rates be reduced. The rates had been developed during the budget process. At that time the rates were higher. The revenue projections for water connections had been based on construction estimates. A utility rate review committee is presently analyzing the water and sewer rates and the connection fees. The reports were based on reports submitted to the Department of Taxation. Mr. Heath agreed to look at the revenue projections for these accounts as the economy may be impacting them. The present state of the economy was noted. The State may be revising its estimates in the near future. Concern was expressed regarding whether the water and sewer utilities will have adequate funding to support their bonds. The capital improvement needs to meet the Safe Drinking Water Act will also impact the water rates. The sewer expansion project will require issuing another bond. The bonds will not be issued unless a funding mechanism is found to repay them. A rate increase for them may be implemented in the near future as the current fees will not support these bonds. The need to issue storm water bonds had not been included in the report. Mr. Heath indicated that the water and sewer capital reserves were diminishing, however, the water and sewer enterprise funds were healthy at this time and not facing a solvency issue.

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B. CARSON CITY AIRPORT (1-0173) - The Airport does not have any debt at this time and does not propose to issue any bonds.

C. CARSON CITY SCHOOL DISTRICT (1-0180) - School District Director of Fiscal Services Bob Anderson noted the School District's plan to issue bonds if the electorate approves the bond question. Discussion noted its estimated assessment value, its interest income rate, and the falling stock market. A comparison of Carson City's bond debt with Elko County's explained that Elko's program is based on a pay-as-you-go plan. This is due to the volatile nature of its labor market and population base. Esmeralda and Eureka Counties are similarly impacted.

D. CARSON CITY CONVENTION AND VISITORS BUREAU (1-0275) - The Bureau's report was referenced. No capital improvements are planned for the next three years.

E. CARSON WATER SUBCONSERVANCY DISTRICT (1-0280) - The District's letter was referenced. The District does not intend to levy any General Obligation Debt.

Discussion explained that the Hospital is no longer required to submit a report. Commissioner Brown moved to approve the annual reports and statements as submitted. Commissioner Raxter seconded the motion. Motion carried 5-0.

(1-0324) Chairperson Osborne indicated for the record that no one else was present besides staff to provide any Citizen Comments. This is the reason he had not called for Citizen Comments when discussing the annual reports.

4. DISCUSSION AND ACTION TO SPECIFY PERCENTAGE OF LIMITATION ON TOTAL AD VALOREM TAX LEVY (1-0305) - The Statutes mandate reconsideration of the limit every July. The current limit is 90 percent. Commissioner McKenna moved to leave the ad valorem tax levy limitation at 90 percent. Commissioner Staub seconded the motion. Motion carried 5-0.

5. DISCUSSION AND ACTION ON ESTABLISHING PRIORITIES AMONG ESSENTIAL AND NONESSENTIAL FACILITIES AND SERVICES (1-0325) - Discussion noted this is another mandatory requirement. The method of establishing priorities has yet to be developed in other areas due to the complexity of the issues involved. It was also felt that a conflict would not arise in Carson City in the foreseeable future as the only other entity that could issue bonds is the School District. Bond Counselor Jennifer Stern's recommendation was noted. Commissioner McKenna suggested that the conflict resolution split 80 percent of the cap between the School District and City and leave the remaining 10 percent for the other entities. This action will place Carson City as the leader in developing the process. Its ability to do so is due to the fact that it is a consolidated municipality and does not have a lot of other taxing entities. The other option is to continue the item. It was suggested that Ms. Stern should be present when it is discussed again. Commissioner McKenna then moved to establish public safety, health and education as essential facilities all having priority; to establish all other facilities and services as nonessential; and to direct staff to review the statement of contemplated debt and special elective taxes on file with the DMC, to

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compile a list of those proposals which are expected to require an increase in the rate of the property tax, and report back to the Debt Management Commission with recommendations on establishing priorities among any proposals which will require tax rate in the essential category and among any proposals which will require tax rate in the nonessential category. Commissioner Raxter seconded the motion. Motion carried 5-0.

6. DISCUSSION AND ACTION TO SELECT FEBRUARY MEETING DATE AND TIME (1-0427) - Chairperson Osborne and Ms. McLaughlin were directed to select a meeting date, time, and location and notify the Commission.

7. CITIZEN COMMENTS (1-0440) - None.

8. COMMISSION COMMENTS (1-0442) - None.

9. ADJOURNMENT (1-0445) - Commissioner Staub moved to adjourn. Commissioner McKenna seconded the motion. Motion carried 5-0. Chairperson Osborne adjourned the meeting at 5:26 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 July 22, 2002, Carson City Debt Management Commission meeting

ARE SO APPROVED ON February 27, 2003.

/s/

Chairperson Larry M. Osborne