

CARSON CITY UTILITY FINANCE OVERSIGHT COMMITTEE
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A meeting of the Carson City Utility Finance Oversight Committee was scheduled for 3:00 p.m. on Monday, May 21, 2018 in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Andrea Engleman
Vice Chairperson Michael Bennett
Member Randy Bowling
Member Mike Spell

STAFF: Darren Schulz, Public Works Department Director
Jason Link, Chief Financial Officer
Sheri Russell, Deputy Chief Financial Officer
Pamala Ganger, Accounting Manager
Dan Yu, Deputy District Attorney
Kathleen King, Chief Deputy Clerk

NOTE: A recording of these proceedings, the committee's agenda materials, and any written comments or documentation provided to the Clerk, during the meeting, are part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

CALL TO ORDER, ROLL CALL, AND DETERMINATION OF A QUORUM (3:00:36) - Chairperson Engleman called the meeting to order at 3:00 p.m. Ms. King called the roll; a quorum was present. Member Scott was absent.

PUBLIC COMMENT (3:01:15) - Chairperson Engleman entertained public comment; however, none was forthcoming.

1. POSSIBLE ACTION ON APPROVAL OF MINUTES - March 20, 2018 (3:00:59) - Chairperson Engleman introduced this item, and entertained a motion. (3:01:22) **Vice Chairperson Bennett moved to accept the minutes, as presented. Member Bowling seconded the motion. Motion carried 4-0.**

2. DISCUSSION AND POSSIBLE ACTION TO RECOMMEND THE BOARD OF SUPERVISORS APPROVE A PROPOSAL TO REFINANCE THE SERIES 2010A WATER BONDS AND ISSUE UP TO \$7 MILLION IN NEW BONDS FOR CONSTRUCTION OF THE EAST / WEST TRANSMISSION LINE PROJECT (3:02:02) - Chairperson Engleman introduced this item, and Mr. Link presented the staff report. Mr. Link introduced John Peterson, of JNA Consulting Group. Mr. Peterson narrated a PowerPoint presentation which was displayed in the meeting room and included in the agenda materials. Mr. Peterson and Mr. Schulz responded to questions of clarification, and discussion followed.

In response to a question, Mr. Schulz stated that "\$7 million is a really big number and, with the amount of capital we have every year in the water fund, I would basically have to spend no capital for three or four years to save up enough to build this project. But I can't do that because the needs of the system, ... these are not just ... dreams of repair and maintenance. These are actual things that have to be done. So that's why every year we come to you and I show that East / West [Transmission Line Project] being pushed another year and another year and I don't see any model where that's ever going to change unless we either raise rates to sell a \$7 million bond to pay for the project or we come up with some other funding strategy like was presented today to get us there. I don't see any other way around that.

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“The other down side is that that regional project ... it used to be the North / South Transmission Main. It started down in Minden. We built it all the way up to our City and now we’ve built it halfway across the City. That’s wonderful. We’re receiving water from ... Douglas County and that’s really good, but the way it was designed and programmed is that water has got to reach the west side, the Quill Water Treatment Plant and, with that last segment missing, it’s like I have half a system and we can’t operate it like was designed ten years ago. It’s just kind of hanging out there, halfway being used. So to continue to kick that down the road ... to build that project, that’s not smart.”

Chairperson Engleman entertained additional questions or comments of the committee members and of the public. Member Spell advised of having met with staff to discuss the bond. “... after meeting with staff, we’re paying interest only for the first ten years on this bond. We’re paying over \$600,000 a year. We’re not even whittling the bond down. The other thing is, according to staff, even though we’re supposed to get a 35 percent rebate on this, there’s a possibility, through the sequestration, that they might not even give us any rebate. It could drop, it could go up. ... I don’t think we have any recourse but to refinance this and I’ve read the letter from EPA. Yes, they can do it but they have to reinvest it in another water quality issue which this East / West [Transmission Line Project] is doing. So, it’s just too bad we couldn’t have had this a month ago because this would have fit into our budget perfectly. ... I have to commend staff for getting on this because the bond we have, I don’t know why it was structured that way. It’s just water under the bridge now, but we have to fix it. We’re paying over \$600,000 a year interest only on this bond. ... And I’m looking at our CIP. This East / West [Transmission Line Project] is in it for 2020 for \$6 million. Where are we going to get that money? We can handle [FY] 2019 for the million because that’s coming out of pay-as-you-go ... so the bond’s going to come now or later and we’re going to pay more the longer we wait.”

Chairperson Engleman entertained a motion. **Member Spell moved to recommend the Board of Supervisors approve the proposal to refinance the Series 2010A Water Bonds and issue up to \$7 million in new bonds for construction of the East / West Transmission Line Project. Vice Chairperson Bennett seconded the motion.** Chairperson Engleman entertained discussion on the motion and, when none was forthcoming, called for a vote. **Motion carried 4-0.**

3. FUTURE AGENDA ITEMS (3:33:49) - Mr. Schulz reviewed the tentative agenda for the next committee meeting. Chairperson Engleman requested a status report on connection fees and building permits. She further requested to review five-year projections on rates, and a status report on any changes to projects and budgets. She entertained additional requests for future agenda items; however, none were forthcoming.

4. PUBLIC COMMENT (3:36:22) - Chairperson Engleman entertained public comment; however, none was forthcoming.

5. ACTION TO ADJOURN (3:36:32) - Member Bowling moved to adjourn the meeting at 3:36 p.m. Vice Chairperson Bennett seconded the motion. Motion carried 4-0.

The Minutes of the May 21, 2018 Carson City Utility Finance Oversight Committee meeting are so approved this 21st day of August, 2018.

ANDREA ENGLEMAN, Chair