## CARSON CITY DEBT MANAGEMENT COMMISSION

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A regularly scheduled meeting of the Carson City Debt Management Commission was held on Monday, July 26, 2004, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, beginning at 5:15 p.m.

PRESENT: Chairperson Tracy Raxter, Vice Chairperson Ron Brown, and Commissioners Bob

Crowell, and Larry Osborne

STAFF PRESENT: Finance Director Tom Minton and Recording Secretary Katherine McLaughlin (DMC

7/26/04 Tape 1-0010)

SCHOOL DISTRICT REPRESENTATIVES: Superintendent Mary Pierczynski and Fiscal Services Director Bob Anderson

- 1. CALL TO ORDER, ROLL CALL, AND DETERMINATION OF A QUORUM Chairperson Raxter convened the meeting at 5:18 p.m. Roll call was taken. A quorum of the Commission was present although Commissioner Staub was absent.
- DISCUSSION AND ACTION TO APPROVE THE FEBRUARY 23, 2004, MINUTES (1-0015)
  Upon hearing no corrections or additions, Commissioner Crowell moved to approve the Minutes.
  Commissioner Osborne seconded the motion. Motion carried 4-0.
- 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 AIRPORT; B. CARSON CITY SCHOOL DISTRICT; C. CARSON CITY CONVENTION AND VISITORS BUREAU; D. CARSON WATER SUBCONSERVANCY DISTRICT; E. NEVADA COMMISSION TO RECONSTRUCT THE V&T RAILWAY; AND F. CARSON CITY (1-0022) Chairperson Raxter noted that a report had not been received from the Nevada Commission to Reconstruct the V&T Railway. Superintendent Pierczynski and Fiscal Services Director Bob Anderson were present to answer questions. Dr. Anderson indicated that he did not have a prepared statement. The only changes in the report were those made to the amount of indebtedness. Discussion between Dr. Anderson and Chairperson Raxter explained the School District's long-term goal to reduce the long term debt service percentile in fiscal year 2007-2008 unless another debt issue is approved by the electorate.

Carson City Finance Director Tom Minton explained Pages 6, 10, 17, 18, and 26. The City has not exceeded the 15 percent consolidated tax distribution restriction. The City has two times the statutory coverage ratios. Future large capital needs include a Sheriff's Administrative Building and a new library. The City's general obligation debt is higher than the comparables found on Page 26. The comparables do not have water and sewer utilities. If the water and sewer debts, the V&T debt, and the Senior Citizens debt are removed, the ratio will be approximately 1.5 percent of the assessed value. Discussion indicated that construction of the \$30 million in sewer projects will begin in 2005 and end in 2009. A new Sheriff's Administrative Building is estimated to cost \$10 million. These projects will increase the ratio for total consolidated tax to approximately 12 percent. The revenues are above the estimates for this year. An estimated timeline for a new Sheriff's Administrative Facility has not been established. The storm water facility will be included in

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the plan when there is a proposal for debt or debt is incurred for it. At this time its facility has not been proposed. The library is part of the five-year capital plan and is listed as a 2006 project. It may be submitted to the electorate and will not be funded with general revenue funds. Discussion explained that the bond market prefers a coverage ratio of one percent for the investors. The operating profits should equal debt service. If the bond is issued and the capital project construction occurs as forecast, the rate increases will be needed to cover the debt service.

Chairperson Raxter noted for the record that the Airport Authority, the Convention and Visitors Bureau, and the Carson Water Subconservancy had submitted letters indicating they have no outstanding debt and do not intend to issue any in the near future.

Commissioner Osborne moved that the Carson City Debt Management Commission accept the annual reports as submitted by the Carson City Airport, the Carson City School District, the Carson City Convention and Visitors Bureau, the Carson Water Subconservancy District and Carson City and request that the Nevada Commission to Reconstruct the V&T Railway submit an annual report to the Commission in time for its next meeting. Commissioner Crowell seconded the motion. Motion carried 4-0.

- 4. DISCUSSION AND ACTION TO SPECIFY PERCENTAGE OF LIMITATION ON TOTAL AD VALOREM TAX LEVY (1-0210) - Chairperson Raxter explained NRS 350.0155 requires the establishment of a limit on the total ad valorem tax levy at not less than 75 percent for purposes of reviewing the public's need for debt issuance. The Commission had set the City's limit at 90 percent at its July 2003 meeting. Mr. Minton explained that the City's current debt service is 3.21 cents per 100. The City's policy limits the legal debt margin for assessed value at 15 percent for general obligation debt. He indicated that he would send the total overlapping tax rate information to the Commissioners. He had just received this information from the Tax Commissioner. He requested the Commission increase the limit to 100 percent due to the need for water and sewer projects. Chairperson Raxter explained that the percentage relates to the threshold of the rate on property taxes before the Commission can look at requested proposed debt issuance to determine the public need for those items. Mr. Minton then explained his understanding of the cap which is based on the ad valorem cap of \$3.64. He then listed the ad valorem tax rate for the City including the Sierra Forest Fire District's rate and that assessed for the Western Nevada Regional Youth Center. Chairperson Raxter read NRS 350.0135 for clarification of its purpose. Mr. Minton indicated that the City's ad valorem rate is currently one dollar under the \$3.64 cap. Discussion indicated that there is lots of room left for other projects at this time. Commissioner Osborne pointed out the lack of "teeth" in the Statute. The limitation does provide a warning to the community about the possibility of reaching the cap. It does not preclude the agencies from asking for an emergency bond or its ability to incur additional debt. Mr. Minton explained that it also impacts the set aside for unused rates which are considered by the Commission. Commissioner Crowell moved that the Commission continue the existing percentage limitation on total ad valorem tax levy at 90 percent. Commissioner Brown seconded the motion. Motion carried 4-0.
- 5. DISCUSSION AND ACTION ON ESTABLISHING PRIORITIES AMONG ESSENTIAL AND NONESSENTIAL FACILITIES AND SERVICES (1-0384) Chairperson Raxter explained the Commission's 2003 decision to establish public safety, education, and health as essential services with an equal priority and all other public services were established as nonessential. Commissioner Crowell moved to continue the policy. Commissioner Brown seconded the motion. Motion carried 4-0.

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- **6. DISCUSSION AND ACTION TO SELECT THE FEBRUARY MEETING DATE AND TIME** (1-0415) Discussion selected Monday, February 21, at 12:15 p.m. for a meeting. Ms. McLaughlin was directed to determine a location. Commissioner Crowell moved to accept the date as indicated. Commissioner Brown seconded the motion. Motion carried 4-0.
- 7. **CITIZEN COMMENTS (1-0445)** None.
- **8. COMMISSIONER COMMENTS (1-0448) None.**
- **9. ADJOURNMENT** (1-0450) Commissioner Brown moved to adjourn. Commissioner Crowell seconded the motion. Motion carried 4-0. Chairperson Raxter adjourned the meeting at 5:45 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 26, 2004, Carson City Debt Management Commission meeting

ARE SO APPROVED ON _	October 22	, 2004
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Tracy Raxter, Chairperson		