

**CHURCHILL COUNTY GENERAL DEBT MANAGEMENT
COMMISSION**

CHURCHILL COUNTY, NEVADA

155 N. Taylor Street, Suite 110

Fallon, Nevada 89406

(775) 423-4092

Fax: (775) 423-7069

Contact: Pamela D. Moore, Deputy Clerk

E-mail: pammoore@churchillcounty.org

******NOTICE OF PUBLIC MEETING******

PLEASE POST

PLACE OF MEETING: Churchill County Administrative Complex, Commission Chambers,
Suite 145, 155 North Taylor Street, Fallon, NV

DATE & TIME: May 27, 2015 at 4:00 p.m.

TYPE OF MEETING: Debt Management Commission Meeting

Notes:

- I. These meetings are subject to the provisions of Nevada Open Meeting Law (NRS Chapter241). Except as otherwise provided for by law, these meetings are open and public.***
- II. Action will be taken on all Agenda items, unless otherwise noted.***
- III. The Agenda is a tentative schedule. The Debt Management Commission may act upon Agenda items in a different order than is stated in this notice - so as to affect the people's business in the most efficient manner possible.***
- IV. In the interest of time, the Debt Management Commission reserves the right to impose uniform time limits upon matters devoted to public comment.***
- V. Any statement made by a member of the Debt Management Commission during the public meeting is absolutely privileged.***

Agenda:

- 1. Call to Order.**
- 2. Pledge of Allegiance.**
- 3. Public Comments.**
- 4. Verification of the Posting of the Agenda.**
- 5. Consideration and possible action re: Review and Adoption of Agenda as submitted or revised.**
- 6. Consideration and possible action re: Approval of the Minutes from February 4, 2015.**
- 7. Consideration and possible action re: Adoption of a Resolution 15-2015 concerning**

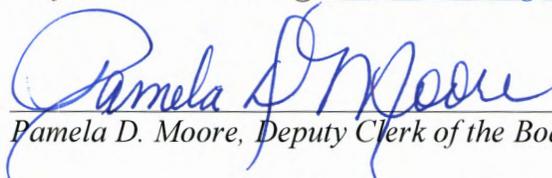
the submission to the Churchill County Debt Management Commission of a proposal to issue general obligation (additionally secured by pledged revenues) sewer improvement and refunding bonds and general obligation (additionally secured by pledged revenues) water refunding bonds; concerning action taken thereon by the Commission; and approving certain details in connection therewith.

8. General Comments/Updates from the Commission.
9. Public Comments.
10. Adjournment.
11. Affidavit of Posting:

State of Nevada)
 : ss
County of Churchill)

I, **Pamela D. Moore**, Deputy Clerk, do hereby affirm that I posted, or caused to be posted, a copy of this notice of public meeting, on or before the **20th day of May, 2015**, at the following locations in Churchill County, Nevada:

1. City Hall;
2. County Administration Building;
3. Public Library;
4. Churchill County Law Enforcement Center;
5. The Churchill County Website @ www.churchillcounty.org;
6. The State of Nevada Website @ www.notice.nv.gov.



Pamela D. Moore, Deputy Clerk of the Board

Pamela D. Moore, who was subscribed and sworn to before me this 20th day of May, 2015.



Deputy County Clerk

Endnotes:

Disclosures:

*Churchill County is an equal opportunity provider and employer.

Accommodations:

*Churchill County will make all reasonable efforts to assist and accommodate physically handicapped persons desiring to attend. Persons who are disabled and require special assistance may contact the Churchill County Clerk/Treasurer, in writing at 155 N. Taylor Street, Suite 110, Fallon, Nevada 89406, or by calling (775) 423-4092 or the TDD Nevada Relay Number 711.

Procedures:

*The public meetings may be conducted according to rules of parliamentary procedure.

**Persons providing public comment will be asked to state their name for the record.*

**The Debt Management Commission reserves the right to restrict participation by persons in the public meeting where the conduct of such persons is willfully disruptive to the people's business.*

** All supporting materials for this Agenda, previous Agendas, or Minutes are available by requesting a copy from the Clerk's office, 775-423-4092. During the meeting, there will be one copy available for public inspection. Additional copies are available by making the request from the Clerk's office. You are entitled to one copy of the supporting materials free of charge.*

** In accordance with Federal law and U.S. Department of Agriculture policy, Churchill County is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability (not all prohibited bases apply to all programs). To file a complaint of discrimination, write USDA, Director, Office of Equal Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800)795-3972 (voice), or (202)720-6382 (TDD).*

MINUTES OF THE CHURCHILL COUNTY DEBT MANAGEMENT COMMISSION

155 No. Taylor Street
Fallon, Nevada
February 4, 2015

CALL TO ORDER

The regular meeting of the Churchill County Debt Management Commission was called to order at 4:00 p.m. on the above date by Vice-Chairman Berney.

PRESENT: Mike Berney, Vice-Chairman, Member-At-Large
Kelly Frost, City of Fallon
Carl Erquiaga, Churchill County Member
Rob Johnston, Member-At-Large
Lynn Pearce, Member-At-Large
Ron Evans, Churchill County School Board

OTHERS PRESENT: Alan Kalt, Comptroller
Pamela D. Moore, Deputy Clerk of the Board

ABSENT: Sheldon Chipp, Chair, Mosquito Vector and Weed Control
Kelly G. Helton, Clerk of the Board

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited by the board and public.

PUBLIC COMMENTS

Vice-Chairman Berney inquired if there were any public comments on issues that were not listed on the Agenda but there were none.

VERIFICATION OF POSTING OF AGENDA

It was verified by Deputy Clerk Moore that the Agenda for this meeting was posted in accordance with NRS 241.

ACTION ITEMS

AGENDA

**Member Evans made a motion to approve the Agenda as submitted.
Member Pearce seconded the motion, which carried by unanimous vote.**

MINUTES

Member Evans made a motion to approve the Minutes of the regular meeting held on January 15, 2015 as submitted. Member Pearce seconded the motion, which carried by unanimous vote.

APPOINTMENTS

THE BOARD MAY REQUIRE THE PROVISION OF AN OATH OR AFFIRMATION BY ANY PERSON PROVIDING ORAL TESTIMONY AT A PUBLIC HEARING.

CONSIDERATION AND POSSIBLE ACTION RE: ELECTION OF CHAIRMAN AND VICE-CHAIRMAN.

**Member Pearce made a motion to elect Sheldon Chipp as Chair.
Member Johnston seconded the motion, which carried by unanimous vote.
Member Johnston made a motion Lynn Pearce as Vice-Chair. Vice-Chair Berney seconded the motion, which carried by unanimous vote.**

GENERAL DISCUSSION/UPDATES ON DEBT MANAGEMENT MATTERS

None.

PUBLIC COMMENTS

Vice-Chairman Berney inquired if there were any public comments on issues that were not listed on the Agenda but there were none.

ADJOURNMENT

There being no further business to come before the board, the meeting was adjourned at 4:02 p.m.

APPROVED: _____
Sheldon Chipp, Chairman

APPROVED: _____
Mike Berney, Vice-Chair

APPROVED: _____
Kelly Frost, Member

APPROVED: _____
Ron Evans, Member

APPROVED: _____
Lynn Pearce, Member

APPROVED: _____
Rob Johnston, Member

APPROVED: _____
Carl Erquiaga, Member

ATTEST:
Kelly G. Helton, Clerk/Treasurer

Pamela D. Moore, Deputy Clerk of the Board

Summary - a resolution approving a proposal to issue general obligation sewer bonds and general obligation water bonds.

RESOLUTION NO. 15-2015

A RESOLUTION CONCERNING THE SUBMISSION TO THE CHURCHILL COUNTY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO ISSUE GENERAL OBLIGATION (ADDITIONALLY SECURED BY PLEDGED REVENUES) SEWER IMPROVEMENT AND REFUNDING BONDS AND GENERAL OBLIGATION (ADDITIONALLY SECURED BY PLEDGED REVENUES) WATER REFUNDING BONDS; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to Nevada Revised Statutes (“NRS”) 350.011 through 350.0165, City of Fallon, Nevada (the “City”) notified the secretary of the Debt Management Commission of Churchill County (the “Secretary” and the “Commission,” respectively) of the City’s proposal to issue general obligations and submitted a statement of the City’s proposal in sufficient number of copies for each member of the Commission;

WHEREAS, pursuant to NRS 350.020(3), the City Council of the City (the “Council”) proposes (subject to the approval of the proposal to issue general obligations by the Commission) to adopt and publish a resolution of intent to issue general obligation (additionally secured by pledged revenues) sewer improvement and refunding bonds (the “Sewer Bonds”) and general obligation (additionally secured by pledged revenues) water refunding bonds (the “Water Bonds” and collectively with the Sewer Bonds, the “Bonds”);

WHEREAS, based on a sewer revenue study presented to the Council, the Council determined that the sewer pledged revenues will at least equal the amount required in each year for the payment of interest and principal on the Sewer Bonds and that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of the Sewer Bonds for the term thereof (the “Sewer Finding”);

WHEREAS, based on a water revenue study presented to the Council, the Council determined that the water pledged revenues will at least equal the amount required in each year for the payment of interest and principal on the Water Bonds and that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of the Water Bonds for the term thereof (the “Water Finding” and collectively with the Sewer Finding, the “Findings”);

WHEREAS, the Council proposes to incur the Sewer Bonds without an election unless a petition signed by the requisite number of registered voters of the City representing the requisite assessed value of the taxable property of the City is presented to the Council requiring the Council to submit to the qualified electors of the City for their approval or disapproval the following proposal:

GENERAL OBLIGATION (ADDITIONALLY SECURED BY PLEDGED REVENUES) SEWER IMPROVEMENT AND REFUNDING BONDS PROPOSAL:

Shall the City Council of City of Fallon, Nevada, be authorized to incur a general obligation indebtedness (additionally secured by pledged revenues) on behalf of the City by the issuance at one time, or from time to time, of the City’s general obligation sewer bonds, in one series or more, in the aggregate principal amount of not exceeding \$8,315,000 for the purposes of acquiring, constructing, improving and equipping a Sewerage Project as defined in NRS 268.714, repaying an interfund loan from the City’s Electric Enterprise Fund to its Sewer Enterprise Fund, as applicable, refunding interim financing issued to repay the Interfund Loan and finance a portion of the Sewerage Project, as applicable, and refunding and discharging certain outstanding sewer revenue bonds of the City, such bonds to mature not later than thirty (30) years from the date or respective dates of the bonds, payable from general (ad valorem) taxes (except to the extent pledged revenues and other monies are available therefor), and to be issued and sold at, above, or below par at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, as shall be determined at the time of the sale thereof, and otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such other detail as the Council may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(the “Sewer Proposal”);

WHEREAS, the Council proposes to incur the Water Bonds without an election unless a petition signed by the requisite number of registered voters of the City representing the requisite assessed value of the taxable property of the City is presented to the Council requiring the

Council to submit to the qualified electors of the City for their approval or disapproval, the following proposal:

**GENERAL OBLIGATION GENERAL OBLIGATION
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
WATER REFUNDING BOND PROPOSAL:**

Shall the City Council of City of Fallon, Nevada, be authorized to incur a general obligation indebtedness (additionally secured by pledged revenues) on behalf of the City by the issuance at one time, or from time to time, of the City's general obligation water bonds, in one series or more, in the aggregate principal amount of not to exceed \$2,480,000 for the purpose of refunding and discharging certain outstanding water revenue bonds of the City, such bonds to mature not later than thirty (30) years from the date or respective dates of the bonds, payable from general (ad valorem) taxes (except to the extent pledged revenues and other monies are available therefor), and to be issued and sold at, above, or below par at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, as shall be determined at the time of the sale thereof, and otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such other detail as the Council may determine, including but not necessarily limited to, provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(the "Water Proposal");

WHEREAS, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Sewer Proposal and the Water Proposal (the "Proposals"), gave notice of a meeting to be held not more than twenty days thereafter, and provided copies of the Proposals to each member of the Commission with the notice of the meeting;

WHEREAS, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposals and the Findings; and

WHEREAS, the Commission has considered all matters in the premises.

NOW, THEREFORE, BE IT RESOLVED BY THE DEBT MANAGEMENT COMMISSION OF CHURCHILL COUNTY, NEVADA:

Section 1. This resolution shall be known as the "2015 City of Fallon Sewer and Water Bond Approval Resolution."

Section 2. The Commission hereby finds that the requirements of NRS 350.013 to 350.015, inclusive, have been met, and the Proposals for the issuance of general obligation sewer bonds and general obligation water bonds proposed by the City and the Findings are approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

ADOPTED this May 27, 2015.

Chairman
Debt Management Commission

(SEAL)

Attest:

Secretary, Debt Management Commission

STATE OF NEVADA)
) ss.
COUNTY OF CHURCHILL)

I, Pamela D. Moore, the duly chosen, qualified and acting Deputy County Clerk of Churchill County and ex officio Secretary of the Churchill County Management Commission, in the State of Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution of the Commission adopted at a meeting of the Commission held on May 27, 2015.

2. All members of the Board were given due and proper notice of such meeting and voted on such resolution as follows:

Those Voting Aye: _____

Those Voting Nay: None

Those Absent: None

3. The original of the resolution has been approved and authenticated by the signatures of the Chairman of the Commission and myself as Secretary and has been recorded in the records of the Commission kept for that purpose in my office, which records have been duly signed by the officers and properly sealed.

4. All members of the Commission were given due and proper notice of such meeting. Pursuant to and in full compliance with NRS 241.020, Nevada Revised Statutes, written notice of the meeting including the time, place, location, and agenda of the meeting was given:

(a) By posting a copy of the notice at least three working days before the meeting on the Commission’s website; at the principal office of the Commission, or if there is no principal office, at the building in which the meeting is to be held; and at least three (3) other separate, prominent places within the jurisdiction of the Commission, to wit:

- (i) County Administration Building
155 N. Taylor Street, Suite 110
Fallon, Nevada
- (ii) Fallon City Hall
55 West Williams Avenue
Fallon, Nevada

(iii) Public Library
553 South Maine Street
Fallon, Nevada

(iv) Churchill County Law Enforcement Facility
73 N. Maine Street
Fallon, Nevada

and

(b) By mailing a copy of the notice to each person, if any, who has requested notices of meetings of the Commission in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

5. A copy of such notice as posted and delivered is attached hereto as Exhibit A.

IN WITNESS WHEREOF, I have hereunto set my hand this May 27, 2015.

Pamela D. Moore,
Deputy County Clerk and Ex-Officio
Secretary of the Debt Management
Commission

EXHIBIT A

(Attach Copy of Notice of Meeting)

**FINANCIAL INFORMATION PRESENTED
TO THE DEBT MANAGEMENT COMMISSION OF
CHURCHILL COUNTY, NEVADA**

IN SUPPORT OF THE PROPOSED

**\$8,315,000
City of Fallon
General Obligation (Limited Tax)
Additionally Secured by Pledged Revenue
Sewer Improvement and Refunding Bonds
Series 2015A**

**\$2,480,000
City of Fallon
General Obligation (Limited Tax)
Additionally Secured by Pledged Revenue
Water Refunding Bonds
Series 2015B**

Prepared May 2015

EXECUTIVE SUMMARY

City of Fallon (the "City") is seeking authorization to issue up to \$8,315,000 in General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Sewer Improvement and Refunding Bonds, Series 2015A (the "Proposed Sewer Bonds") and up to \$2,480,000 in General Obligation (Limited Tax) (Additionally Secured by Pledged Revenues) Water Refunding Bonds, Series 2015B (the "Proposed Water Bonds" and collectively the "Proposed Bonds").

The Proposed Bonds are being issued to refinance outstanding obligations and provide funds for the improvement of the City's sewer system.

The information contained herein demonstrates compliance with the criteria contained in NRS 350.015. They are:

Debt Limit (page 5) - After issuance of the Proposed Bonds, in excess of \$20,000,000 of debt limit will be available.

Property Tax Impact (pg. 7) - The Proposed Bonds will be secured by a lien on the Pledged Revenues of the City's water or sewer system, respectively. The City will covenant in the bond documents to maintain sewer and water rates and charges that will be sufficient to repay the bonds and cover operating expenses. Therefore, the City does not anticipate any increase in the City's tax rate to repay the Proposed Bonds.

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EXHIBIT I

PROJECT SUMMARY

The Proposed Sewer Bonds are being issued to refinance outstanding sewer revenue bonds and provide funds for the improvement of the City's sewer system. The City anticipates issuing the bonds to the State of Nevada Municipal Bond Bank which allows the City to benefit from the State's high bond ratings and reduce the interest cost to system ratepayers.

The Proposed Water Bonds are being issued to refinance outstanding water revenue bonds held by the State of Nevada Revolving Fund program. If market conditions allow and the State of Nevada approves the refunding plan the reserve funds currently held to secure payment of the outstanding revenue bonds would be used to reduce the amount of debt and combined with a lower interest rate provide cash flow savings to ratepayers of the City's water system. The State Revolving Fund is a federally subsidized program providing below market rate financing for qualifying projects.

Collectively the refundings and sewer system improvements are referred to as the "Project".

EXHIBIT II

CRITERIA FOR CONSIDERATION (NRS 350.015)

NRS 350.015 Criteria for approval or disapproval of certain proposals; requests for information; use of money received from sale of general obligation debt or from special elective tax.

1. In determining whether to approve, conditionally or provisionally approve, or disapprove a proposal to incur debt, to enter an installment-purchase agreement with a term of more than 10 years or to levy a special elective tax, the commission shall not, except as otherwise provided in paragraph (d) and NRS 350.0135, initiate a determination as to whether the proposed debt, installment-purchase agreement or special elective tax is sought to accomplish a public purpose or to satisfy a public need. The commission shall consider, but is not limited to, the following criteria:

(a) If the proposal is to incur debt, the amount of debt outstanding on the part of the municipality proposing to incur the debt.

(b) The effect of the tax levy required for debt service on the proposed debt or to repay an installment-purchase agreement with a term of more than 10 years, or of the proposed levy of a special elective tax, upon the ability of the municipality proposing to incur the general obligation debt, enter the installment-purchase agreement or levy the special elective tax and of other municipalities to raise revenue for operating purposes.

(c) The anticipated need for other incurrences of debt, installment-purchase agreements or levies of special elective taxes by the municipality proposing to incur the debt, enter the installment-purchase agreement or levy the special elective tax and other municipalities whose tax-levying powers overlap, as shown by the City or regional master plan, if any, and by other available information.

(d) If the information set forth in paragraph (b) of subsection 4 of NRS 350.014 indicates that the proposal would result in a combined property tax rate in any of the overlapping entities within the City which exceeds the specified percentage, pursuant to subsection 1 of NRS 350.0155, of the limit provided in NRS 361.453:

(1) The public need to be served by the proceeds from the proposed debt or tax levy in accordance with the priorities established pursuant to subsection 2 of NRS 350.0155; and

(2) A comparison of that public need and other public needs that appear on the statements of current and contemplated general obligation debt and special elective taxes submitted pursuant to paragraphs (a) and (b) of subsection 1 of NRS 350.013 that may affect the combined property tax rate in any of the overlapping entities within the City.

2. The commission may make reasonable requests from a municipality for information relating to the criteria described in paragraphs (a) to (d), inclusive, of subsection 1. A municipality shall use its best efforts to comply with information requests from the commission in a timely manner.

3. If the commission approves the proposal, the amount received from the sale of the general obligation debt or from the special elective tax may be expended only for the purposes described in the proposal.

(Added to NRS by 1967, 1386; A 1977, 539; 1993, 2658; 1995, 770, 1959; 2001, 884, 2309)—(Substituted in revision for NRS 350.0051)

EXHIBIT III

NRS 350.015 1.(a) If the proposal is to incur debt, the amount of debt outstanding on the part of the municipality proposing to incur the debt.

FINANCIAL INFORMATION PRESENTATION DEBT LIMITATION AND OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS

State statutes limit the total principal amount of general obligation debt the City may have outstanding to 20% of the City's total assessed valuation. The City's limit for general obligation debt based upon the assessed valuation for fiscal year 2015 of \$169,558,631 is \$33,911,726. The City has \$2,974,307 of general obligation debt outstanding as of May 1, 2015, and is proposing to issue additional general obligation revenue debt of \$10,795,000.

The following tables present the outstanding and proposed general obligation indebtedness of the City.

OUTSTANDING GENERAL OBLIGATION DEBT May 1, 2015

Issue	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
<u>GENERAL OBLIGATION MEDIUM-TERM BONDS^{1/}</u>				
General Fund (Water)	2012	2022		\$54,029
General Fund (Water)	2015	2025		256,382
General Fund (Water Treatment)	2015	2025		206,029
Electric Fund (Water)	2012	2022		83,435
Sewer (General Fund)	2012	2022		123,708
Sewer (Water Fund)	2015	2025		285,000
Sewer (General Fund)	2015	2025		375,000
Sanitation (Water Fund)	2012	2022		229,397
Sanitation (General Fund)	2015	2025		159,075
Sanitation (General Fund)	2015	2025		134,736
Various Purpose	2006	2016		688,526
Tipper	2015	2020		<u>378,990</u>
	TOTAL G.O. MEDIUM-TERM BONDS			\$2,974,307
<u>REVENUE BONDS^{2/}</u>				
Water Revenue Bonds (SRF)	05/01/05	07/01/25	2,000,000	1,365,607
Water Revenue Bonds (SRF)	06/21/07	01/01/27	1,750,000	1,212,344
Sewer Revenue Bonds	02/01/08	01/01/28	7,500,000	<u>5,565,086</u>
	TOTAL REVENUE BONDS			\$8,143,037

1/ The City is in the process of converting numerous interfund loans to Medium Term obligations.

2/ These bonds will be refinanced by the Proposed Water Bonds and Proposed Sewer Bonds.

SOURCE: City of Fallon

PROPOSED GENERAL OBLIGATION DEBT
May 1, 2015

Proposed Bonds	Issuance Date	Proposed Amount
Sewer Improvement and Refunding Bonds	October 2015	\$8,315,000
Water Refunding Bonds	TBD	<u>\$2,480,000</u>
TOTAL PROPOSED BONDS		<u>\$10,795,000</u>

SOURCE: City of Fallon, compiled by JNA Consulting Group, LLC

As shown in the following table the City's remaining general obligation statutory debt limitation is in excess of \$20,000,000.

STATUTORY DEBT CAPACITY
City of Fallon, Nevada
May 1, 2015

Total Assessed Valuation	\$169,558,631
Statutory Debt Limitation (20%)	33,911,726
Outstanding General Obligation Indebtedness	2,974,307
Plus: Proposed Bonds	<u>10,795,000</u>
Outstanding and Proposed General Obligation Indebtedness	13,769,307
Additional Statutory Debt Limitation	\$20,142,419

SOURCE: Nevada Department of Taxation; compiled by JNA Consulting Group, LLC

The following table shows the pro forma debt service for the Proposed Bonds.

Fiscal Year Ended June 30	Pro Forma Debt Service Proposed Sewer Bonds			Pro Forma Debt Service Proposed Water Bonds		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2016	\$240,000	\$62,536	\$302,536	\$21,000	\$15,500	\$36,500
2017	330,000	209,988	539,988	213,000	60,150	273,150
2018	335,000	206,688	541,688	219,000	54,788	273,788
2019	335,000	203,338	538,338	225,000	49,275	274,275
2020	340,000	199,988	539,988	230,000	43,625	273,625
2021	350,000	193,188	543,188	236,000	37,838	273,838
2022	350,000	186,188	536,188	242,000	31,900	273,900
2023	360,000	179,188	539,188	248,000	25,813	273,813
2024	370,000	171,988	541,988	254,000	19,575	273,575
2025	375,000	164,588	539,588	261,000	13,175	274,175
2026	385,000	156,150	541,150	198,000	7,050	205,050
2027	395,000	146,525	541,525	133,000	2,500	135,500
2028	400,000	136,650	536,650	0	0	0
2029	415,000	124,650	539,650	0	0	0
2030	430,000	112,200	542,200	0	0	0
2031	445,000	98,225	543,225	0	0	0
2032	460,000	83,763	543,763	0	0	0
2033	475,000	68,813	543,813	0	0	0
2034	490,000	53,375	543,375	0	0	0
2035	510,000	36,225	546,225	0	0	0
2036	<u>525,000</u>	<u>18,375</u>	<u>543,375</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$8,315,000	\$2,812,629	\$11,127,629	\$2,480,000	\$361,188	\$2,841,188

NRS 350.015 1.(b) The effect of the tax levy required for debt service on the proposed debt or to repay an installment-purchase agreement with a term of more than 10 years, or of the proposed levy of a special elective tax, upon the ability of the municipality proposing to incur the general obligation debt, enter the installment-purchase agreement or levy the special elective tax and of other municipalities to raise revenue for operating purposes.

The City will pay the Proposed Bonds with the revenues generated from the City’s sewer or water systems (the “Pledged Revenues”). The City will pledge in the bond ordinance for each issue to maintain rates and charges at levels that will provide for payment of operation and maintenance of the systems and for payment of principal and interest on the Proposed Bonds and any future parity debt. The City anticipates that the Pledged Revenues will be sufficient to repay the Proposed Bonds, and that the issuance of the Proposed Bonds should not have an impact on the overlapping tax rate within the City.

The following table demonstrates the ability of the Pledged Revenues to pay the Proposed Bonds.

PLEDGED REVENUES AND COVERAGE SCHEDULE
WATER FUND
City of Fallon, Nevada

	FY 13 Actual	FY 14 Actual	FY15 Estimated	FY16 Budgeted
Operating Revenues	\$1,669,083	\$1,650,118	\$1,668,900	\$1,700,000
System Operating Expenses	(868,145)	(760,004)	(730,309)	(721,609)
Net Operating Revenues	800,938	890,114	938,591	978,391
Nonoperating Income	<u>8,353</u>	<u>7,877</u>	<u>12,385</u>	<u>7,338</u>
Net Pledged Revenues	809,291	897,991	950,976	985,729
Est Maximum Debt Service	<u>274,175</u>	<u>274,175</u>	<u>274,175</u>	<u>274,175</u>
Coverage	2.95	3.28	3.47	3.60

PLEDGED REVENUES AND COVERAGE SCHEDULE
SEWER FUND
City of Fallon, Nevada

	FY 13 Actual	FY 14 Actual	FY15 Estimated	FY16 Budgeted ^{1/}
Operating Revenues	\$1,474,150	\$1,488,056	\$1,748,332	\$2,227,675
System Operating Expenses	(850,493)	(783,239)	(755,456)	(775,664)
Net Operating Revenues	623,657	704,817	992,876	1,452,011
Nonoperating Income	<u>74,332</u>	<u>781</u>	<u>0</u>	<u>0</u>
Net Pledged Revenues	697,989	705,598	992,876	1,452,011
Est. Maximum Debt Service	<u>546,225</u>	<u>546,225</u>	<u>546,225</u>	<u>546,225</u>
Coverage	1.28	1.29	1.82	2.66

1/ Includes a recently approved 17% rate increase.

NRS 350.015 1.(c) The anticipated need for other incurrences of debt, installment-purchase agreements or levies of special elective taxes by the municipality proposing to incur the debt, enter the installment-purchase agreement or levy the special elective tax and other municipalities whose tax-levying powers overlap, as shown by the City or regional master plan, if any, and by other available information.

EFFECTS ON OTHER LOCAL GOVERNMENTS

The City has determined that the Pledged Revenues will be sufficient to pay the principal and interest on the Proposed Bonds when due. It is anticipated that the Proposed Bonds should not affect the ability of other political subdivisions to raise revenue for operating purposes or debt service requirements.

The statutory tax rate limit is \$3.64 per \$100 of assessed valuation. For fiscal year 2015, the highest overlapping tax rate in the City of Fallon is \$3.6600 (includes \$.02 of State levied tax not subject to the statutory limitation). The overlapping tax rates should not be affected by the issuance of the Proposed Bonds.

ADDITIONAL GENERAL OBLIGATION INDEBTEDNESS AND PROPOSED TAX LEVIES

NRS requires local governments to file Capital Improvement Plans and Debt Management Policies with the City Clerk. The City's proposal should have no impact on the ability of other local governments to use property tax revenue to fund capital projects. The City has filed its required documents, including updated information, which include the Project to be funded by these issues.

REQUIRED DOCUMENT SUBMISSION

Pursuant to NRS 350.013, the City has submitted the following documents to the Department of Taxation, the City Clerk and the DMC:

1. Statements of current and contemplated debt and retirement schedules
2. A written statement of the debt management policy of the City
3. The City's Capital Improvement Plan, which includes the projects to be financed by the proceeds of the Bonds

The City's Clerk/Treasurer is

Gary Cordes
City Clerk/Treasurer
55 West Williams Avenue
Fallon, NV 89406
775-423-5104

APPENDIX A

CITY OF FALLON TAX RATES FOR FISCAL YEAR 2015

(The following table is taken directly from the Nevada Department of Taxation's Property Tax Rates for Nevada Local Governments for Fiscal Year 2014-2015)

CHURCHILL COUNTY

1 LOCAL GOVERNMENT TAXING UNIT	2 ASSESSED VALUATION	3 EST. NET PROCEEDS OF MINERALS	4 TOTAL ASSESSED VALUATION	5 COMBINED TAX RATE (col 9, part B)	6 COUNTY TAX RATE	7 COMBINED SPECIAL DISTRICT TAX RATE	8 SCHOOL TAX RATE	9 STATE TAX RATE #	10 TOTAL PROPERTY TAX RATE
Churchill County	683,625,992	17,887,283	701,513,275	1.2529		0.1100	1.3000	0.1700	2.8329
Churchill County School District	683,625,992	17,887,283	701,513,275	1.3000					
Fallon	169,558,631	-	169,558,631	0.8271	1.2529	0.1100	1.3000	0.1700	3.6600
Carson Truckee Water Conservancy District	683,625,992	17,887,283	701,513,275	-					
Carson Water Subconservancy District	648,412,031	-	648,412,031	0.0300					
Churchill County Mosquito Abatement District	683,625,992	17,887,283	701,513,275	0.0800					

CHURCHILL COUNTY

1 LOCAL GOVERNMENT TAXING UNIT	2 MAXIMUM ALLOWED TAX RATE	3 ACTUAL RATE IMPOSED	4 VOTER ALLOWED TAX RATE	5 IMPOSED VOTER TAX RATE	6 LEGISLATIVE ALLOWED TAX RATE	7 IMPOSED LEGISLATIVE TAX RATE	8 DEBT SERVICE TAX RATE	9 COMBINED TAX RATE (col 5, part A)
Churchill County	2.3006	1.0260	0.0300	0.0300	0.6264	0.1969	-	1.2529
Churchill County School District	0.7500	0.7500	-	-	-	-	0.5500	1.3000
Fallon	1.6523	0.8271	-	-	0.4300	-	-	0.8271
Carson Truckee Water Conservancy District	0.0055	-	-	-	0.0006	-	-	0.0000
Carson Water Subconservancy District	-	-	-	-	0.0300	0.0300	-	0.0300
Churchill County Mosquito Abatement District	0.1500	0.0800	-	-	-	-	-	0.0800