

CARSON CITY BOARD OF SUPERVISORS
Minutes of the November 4, 2004, Meeting
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A regularly scheduled meeting of the Carson City Board of Supervisors was held on Thursday, November 4, 2004, at the Community Center Sierra Room, 851 East William Street, Carson City, Nevada, beginning at 8:30 a.m.

PRESENT:	Ray Masayko	Mayor
	Robin Williamson	Supervisor, Ward 1
	Shelly Aldean	Supervisor, Ward 2
	Richard S. Staub	Supervisor, Ward 4
STAFF PRESENT:	Andrew Burnham	Development Services Director
	Alan Glover	Clerk-Recorder
	Ken Furlong	Sheriff
	Mark Forsberg	Chief Deputy District Attorney
	John Flansberg	Deputy City Engineer
	Katherine McLaughlin	Recording Secretary
	(B.O.S. 11/4/04 Tape 1-0009)	

NOTE: Unless otherwise indicated, each item was introduced by staff's reading/outlining/clarifying the Board Action Request and/or supporting documentation. Staff members present for each Department are listed under that Department's heading. Any other individuals who spoke are listed immediately following the item heading. 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.

ROLL CALL, INVOCATION, AND PLEDGE OF ALLEGIANCE - Mayor Masayko convened the meeting at 8:30 a.m. Roll call was taken. Supervisor Livermore was absent. A quorum was present. Rev. Elaine Morgan of the Episcopal Diocese of Nevada gave the Invocation. Mayor Masayko led the Pledge of Allegiance. (1-0073) Mayor Masayko explained Supervisor Livermore and City Manager Ritter's absences. Development Services Director Burnham is Acting City Manager.

CITIZEN COMMENTS (1-0040) - Tom Keeton commended the individuals running for office for volunteering to serve. He also commended Clerk-Recorder Glover and his staff on being able to provide correct information, run an efficient election, and serve the public 365 days a year. Mayor Masayko concurred. Additional comments were solicited but none were given.

1. APPROVAL OF MINUTES - 6/17/04 (1-0054) - Supervisor Aldean moved to approve the Minutes of the Board of Supervisors meeting of June 17, 2004, as presented. Supervisor Williamson seconded the motion. Motion carried 4-0.

2. AGENDA MODIFICATIONS (1-0067) - Item 7 had been continued by the Planning Commission at its meeting and should be continued by the Board.

3. LIQUOR AND ENTERTAINMENT BOARD - Mayor Masayko recessed the Board of Supervisors session and immediately convened the Liquor and Entertainment Board. For Minutes of the Liquor and Entertainment Board, see its folder.

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4. BOARD OF SUPERVISORS - Following adjournment of the Liquor and Entertainment Board, Mayor Masayko reconvened the Board of Supervisors session. A quorum of the Board was present. Supervisor Livermore was absent.

A. DISCUSSION REGARDING A RECENT NIGHT TIME STREET CLOSURE THAT OCCURRED AT THE INTERSECTION OF FIFTH STREET AND GRAVES LANE FOR RECONSTRUCTION (1-0155) - James Bagwell, Deputy City Engineer John Flansberg, Sheriff Ken Furlong - Mayor Masayko disclosed his knowledge of Mr. Bagwell. Mr. Bagwell explained that the roundabout was closed from 6 p.m. to 6 a.m. Emergency vehicles could not access the area east of the roundabout. Reasons for his concern and involvement were provided. The detour signs on Deer Run Road were hard to see. As a result four vehicles got lost. He was able to direct them in the correction direction. He saw a fifth vehicle, which he believed was lost, but was unable to reach it. He felt that there was a complete breakdown in the detour signage that eliminated the drivers' ability to get around in a reasonable fashion. He also felt that the length of the detour, which was 9.5 miles, was unreasonable. His secondary concern related to the inability of emergency vehicles to access the area through the roundabout. He then presented a hand drawn map containing his proposed solution to the Board and Clerk. (A copy is in the file.) He suggested that a roadway adjacent to the paved walkway that runs between Edmonds and Hells Bells Road be installed. As drainage improvements are needed in this area, it would be reasonable and easy to install the roadway at that time. The roadway could be gated to prohibit use except during emergencies/road closures. The residents deserve a reasonable alternative, which the 9.5 mile detour is not. He also felt that residential areas should have more than one access/egress and indicated that there are at least two more residential areas which need another access/egress.

Mayor Masayko explained that a response should be given by Deputy City Engineer Flansberg and/or Supervisors Staub and Aldean, who are the Board's liaisons to RTC. He thanked Mr. Bagwell for his comments and suggestion. He suggested that a similar presentation be given to the RTC. Mr. Bagwell agreed to do so. Supervisor Williamson also thanked him for bringing the matter to the Board's attention.

Mr. Flansberg introduced NDOT Assistant District Engineer for District II Tracy Larkins-Thomason, NDOT Project Manager Jerry Conners, and Granite Construction Representative Rob Carter. Additional public comments were solicited.

Sheriff Furlong explained that there is a middle school in the vicinity. The only access to it is through the roundabout. Problems getting students to the school occur on a regular basis. Discussion pointed out that a walkway from Lepire Drive is/will be constructed and the need for the School District to be involved in the discussion/search for a solution. Mayor Masayko indicated that RTC should consider a second access.

Mr. Conners indicated that an NDOT Engineer had participated in the planning process and was present when the work occurred. He/she had approved the traffic control and made a drive of the detour that night. The detour signs were the standard signs used for other projects. If there was a deficiency, Granite should have been instructed to make larger and/or additional signs. Only ten people had allegedly requested maps. They did not have any to give them. In hind sight, they should have prepared some in advance. He endorsed an alternate roadway. The roundabout was closed due to the inability to do construction work in the roundabout without having an accident occur. Communication had occurred with the Fire and Sheriff's Departments.

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They can cross through a construction area when an emergency occurs. Mayor Masayko thanked him for his presentation and pointed out that the roundabout will be with the community for some time. The repaving project was NDOT's project. He hoped that better communications will occur in the future. Supervisor Aldean also thanked him for his candor. She suggested to Mr. Flansberg that the City install better and more permanent signage on Deer Run Road. The Fifth Street residential area was developed at a time when the Code did not require two accesses/egresses as it does now. Mr. Flansberg agreed to look at the signage. Mr. Conners explained that the freeway will impact the design of Fifth Street. The redesign may include the roundabout. This process may include both a short term solution and a long term solution. All of the solutions must be fluid. The importance of exchanging information between the City and NDOT was stressed. Mayor Masayko concurred and pointed out that the redesign will occur as part of the second phase of the freeway. He thanked Mr. Conners for the report. Granite Construction's Representative indicated that he did not have a comment to make. Mayor Masayko indicated that Granite must follow NDOT's instructions.

Mr. Bagwell reiterated his intent to present the issue to RTC and hoped that it will cause an action to occur which would lead to a permanent solution. His solution may not be the best but an alternative is needed. He thanked the Board for its time. Supervisor Staub indicated that he would place the item on the agenda as soon as possible. Mr. Bagwell will be notified of the meeting date. Mr. Bagwell reiterated the need to address other areas of the community in addition to the Fifth Street site. Mayor Masayko indicated that these sites include the Timberline area. No formal action was required or taken.

6. CITY MANAGER

A. ACTION TO APPOINT ONE MEMBER TO THE AIRPORT AUTHORITY TO FILL THE "INDUSTRIAL" POSITION FOR A FOUR YEAR TERM ENDING OCTOBER 2008 (1-0447) - Collie Hunter - Ms. Hunter explained that she had been solicited to apply and described her business at the airport. Mayor Masayko explained that she is an aircraft owner and pilot. He described the vacancy and the position requirements. Ms. Hunter was the only applicant. She may be the first woman appointed to the Authority. Ms. Hunter gave her Carson City residential address. Mayor Masayko thanked her for volunteering her services. Public comments were solicited but none were given. Supervisor Aldean moved to appoint Collie Hunter to the Airport Authority to fill the "manufacturer in the Carson City industrial airport" position for a four-year term ending October 2008. Supervisor Williamson seconded the motion. Motion carried 4-0.

4. BOARD OF SUPERVISORS - CONTINUED

B. NON-ACTION ITEMS - INTERNAL COMMUNICATIONS AND ADMINISTRATIVE MATTERS (1-0509) - Mayor Masayko congratulated the newly elected officials and gave his condolences to the election losers. He congratulated Mayor-elect Teixeira on winning the mayoral election. Mayor Masayko expressed his appreciation for having had the opportunity to serve the community for eight years. He congratulated Supervisor Aldean on winning her race and understood her commitment to the City and Board. He then described his Nevada Day activities and thanked Wells Fargo for allowing him, his daughter, and granddaughter to ride in its stagecoach. He announced a special Board meeting on November 9 to canvas the election results and his NACO plans on November 17, 18 and 19. Supervisor Staub reported on his meeting with Deputy City Engineer Flansberg regarding Old Clear Creek Road and noted that this area has

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only one access/egress. He then reported on his Nevada Day activities and his election day activities. He announced his plans to go hunting in Ruby Valley immediately after the meeting. Supervisor Williamson reported on a meeting she had with Historic Resources Commission Chairperson Drews, Senior Planner Pruitt and Principal Planner Plemel and an interview with Dave Morgan and Redevelopment/Economic Development Manager McCarthy on the downtown master plan. She committed to contacting the individuals who had expressed interest in participating with the downtown master plan group and thanked the individuals who had been attending the meetings. Her Nevada Day and "C" Hill activities were limned. Her involvement with the election was noted. She thanked all of the candidates for participating in the election process and the volunteers who had supported them. She announced the availability of the Redevelopment's Christmas ornaments and locations where they can be obtained. Supervisor Aldean reported on the activities of the Code Committee; the TRPA Governing Board meeting; the Mental Health Coalition meeting; a franchise renewal seminar; the Nevada Day Pancake Breakfast activities; and her Nevada Day Parade activities. She thanked her election supporters including those who had encouraged her throughout her campaign. She thanked Mayor Masayko for his time and dedication to the community. She wished him luck in his future endeavors. No formal action was required or taken.

C. NON-ACTION ITEMS - STAFF COMMENTS AND STATUS REPORTS (1-0732) -

Acting City Manager Burnham explained City Manager Ritter's absence. No formal action was required or taken.

5. CONSENT AGENDA (1-0735)

5-1. SHERIFF - ACTION TO APPROVE THE ACCEPTANCE OF THE 2004 LOCAL LAW ENFORCEMENT BLOCK GRANT (LLEBG) IN THE AMOUNT OF \$18,731.00, WITH MATCH MONIES OF \$2,081

5-2. DEVELOPMENT SERVICES

A. ACTION TO ACCEPT DEVELOPMENT SERVICES RECOMMENDATION ON THE NORTH STEWART STREET EXTENSION - ENGINEERING SERVICES PROJECT, CONTRACT NO. 2004-51, AND AUTHORIZE DEVELOPMENT SERVICES TO ISSUE TASK ORDERS TO CAPITAL ENGINEERING, P.O. BOX 3750, CARSON CITY, NV 89702, FOR A CONTRACT AMOUNT NOT TO EXCEED \$400,000

B. ACTION TO ACCEPT AMENDMENT NO. 2 TO HIGHWAY AGREEMENT NO. PR561-03-015 WITH THE NEVADA DEPT. OF TRANSPORTATION FOR PHASE 1B OF THE CARSON CITY FREEWAY TO INCLUDE THE IMPROVEMENTS ON COLLEGE PARKWAY BETWEEN HOT SPRINGS ROAD AND THE FREEWAY TO MINIMIZE CONSTRUCTION IMPACTS TO THE TRAVELING PUBLIC AND ACCOMMODATE LOCAL DEVELOPMENT FOR AN INCREASE TO THE CONTRACT AMOUNT OF \$450,000 WITH A SUM OF \$200,000 BEING REIMBURSED TO THE CITY BY THE DEVELOPERS - Supervisor Aldean explained that the reason for pursuing the Stewart Street extension rather than the Roop Street widening project was due to the \$2 million disparity between the project estimate and the actual bids. Supervisor Aldean then moved to approve the consent calendar consisting of three items; one from the Sheriff's Office and two from Development Services Division as presented. Supervisor Staub seconded the motion. Motion carried 4-0.

6. CITY MANAGER - CONTINUED

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B. ACTION TO SCHEDULE THE 2005 GOAL SETTING WORKSHOP FOR THE BOARD OF SUPERVISORS ON JANUARY 13, 2005 (1-0773) - Discussion ensued on the January 13th date and reasons for having the meeting at that time. Supervisor Williamson moved to schedule the 2005 goal setting workshop for the Board of Supervisors on January 13, 2005. Supervisor Aldean seconded the motion. Motion carried 4-0.

7. DEVELOPMENT SERVICES - PLANNING AND COMMUNITY DEVELOPMENT - ACTION TO INTRODUCE ON FIRST READING AN ORDINANCE AMENDING CARSON CITY MUNICIPAL CODE TITLE 18, ZONING, ADDING CHAPTER 18.04.081, MANUFACTURED OR MOBILE HOMES AUTHORIZED, TO LIMIT THE AGE OF A MANUFACTURED HOME OR MOBILE HOME TO BE PLACED ON A LOT WITHIN A MOBILE HOME ZONING DISTRICT OR MOBILE HOME PARK TO NOT MORE THAN 15 YEARS OLD, FILE NO. ZCA-04-190 (1-0067) (1-0809) - Deferred.

8. FINANCE - Director Tom Minton

A. ACTION TO ADOPT A RESOLUTION OF INTENT, PROPOSING THE ISSUANCE OF, AND AUTHORIZING THE PUBLICATION OF NOTICES RELATING TO GENERAL OBLIGATION (LIMITED TAX) BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) IN THE MAXIMUM PRINCIPAL AMOUNT OF \$7,000,000 FOR THE PURPOSE OF FINANCING PARK PROJECTS FOR THE CITY; PROVIDING THE MANNER, FORM, AND CONTENTS OF THE NOTICE THEREOF; RATIFYING ACTION HERETOFORE TAKEN NOT INCONSISTENT HERewith; PROVIDING OTHER MATTERS PROPERLY RELATED THERETO; AND PROVIDING THE EFFECTIVE DATE HEREOF (1-0810) - Bond Legal Counsel Jennifer Stern - Discussion explained that this is the first step in obtaining the bonds. The public hearing will be held on December 2. The Debt Management Commission has approved the issuance. The funds have not been allocated for specific park projects. The difference between the fiscal impact shown on the Board Action Request Form and the bond document is due to the estimated interest rate that is used. The actual rate will not be known until the bonds are sold. Supervisor Williamson moved to adopt Resolution No. 2004-R-35, A RESOLUTION OF INTENT, PROPOSING THE ISSUANCE OF, AND AUTHORIZING THE PUBLICATION OF NOTICES RELATING TO GENERAL OBLIGATION (LIMITED TAX) BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) IN THE MAXIMUM PRINCIPAL AMOUNT OF \$7,000,000 FOR THE PURPOSE OF FINANCING PARK PROJECTS FOR THE CITY; PROVIDING THE MANNER, FORM, AND CONTENTS OF THE NOTICE THEREOF; RATIFYING ACTION HERETOFORE TAKEN NOT INCONSISTENT HERewith; PROVIDING OTHER MATTERS PROPERLY RELATED THERETO; AND PROVIDING THE EFFECTIVE DATE HEREOF with the fiscal impact of an estimated \$13,770,328 per Johnson Consulting Service. Supervisors Aldean seconded the motion. Motion carried 4-0.

B. ACTION TO INTRODUCE ON FIRST READING AN ORDINANCE AUTHORIZING THE ISSUANCE OF A MEDIUM-TERM OBLIGATION FOR THE ACQUISITION OF REAL PROPERTY FOR OPEN SPACE; SPECIFYING THE DETAILS FOR THE CARSON CITY, NEVADA, MEDIUM-TERM NOTE IN THE PRINCIPAL AMOUNT OF \$3,100,000; SPECIFYING THE TERMS AND CONDITIONS OF SUCH MEDIUM-TERM NOTE, THE METHOD OF PAYING THE NOTE AND ITS FORM; PROVIDING OTHER MATTERS PROPERLY RELATING THERE-

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TO (1-0945) - Discussion explained that short-term obligations do not need to be approved by the Debt Management Commission. A portion of the funds are to be used to acquire a conservation easement which is not "real property". Supervisor Aldean asked that the language "an interest in real property" be included in the ordinance so that it is clear that it is a conservation easement. Supervisor Aldean moved to introduce on first reading Bill No. 118, **AN ORDINANCE AUTHORIZING THE ISSUANCE OF A MEDIUM-TERM OBLIGATION FOR THE ACQUISITION OF REAL PROPERTY AND/OR AN INTEREST IN REAL PROPERTY FOR OPEN SPACE; SPECIFYING THE DETAILS FOR THE CARSON CITY, NEVADA, MEDIUM-TERM NOTE IN THE PRINCIPAL AMOUNT OF \$3,100,000; SPECIFYING THE TERMS AND CONDITIONS OF SUCH MEDIUM-TERM NOTE, THE METHOD OF PAYING THE NOTE AND ITS FORM; PROVIDING OTHER MATTERS PROPERLY RELATING THERETO;** fiscal impact will result in the reduction of Quality of Life fund balance of \$2.9 million and will result in incurring annual debt service of approximately \$370,000 for ten years. Supervisor Williamson seconded the motion. Motion carried 4-0.

NOTE: Discussion on the tax exempt status of these bonds if used to acquire a conservation easement was discussed at the end of the meeting. Please see Page 9.

RECESS: A recess was declared at 9:34 a.m. A quorum of the Board was present when Mayor Masayko reconvened the meeting at 9:45 a.m. Supervisor Livermore was absent as previously noted.

9. PARKS AND RECREATION - Open Space Manager Juan Guzman

A. ACTION TO APPROVE THE NOMINATION OF THE FOLLOWING PROPERTIES FOR POTENTIAL PURCHASE BY ROUND NO. 2 OF THE STATE BOND QUESTION NO. 1 PROGRAM: HORSE CREEK RANCH, CARSON LODGE, JOOST, ANDERSON, JARRARD, DESORMIER, AND STATE OF NEVADA (1-1020) - Discussion explained the proposal to acquire the property with funding from both Open Space and the Utility Department. The Utility Department will use the flatter portion of the property for drainage improvements. The proposal maximizes the funding. The southern portion of the V&T right-of-way is well traveled and needed for linkage to other trails in the area. State Lands may want to sell its entire parcel and not just the right-of-way portion. State Lands has not determined the amount of City funds required for the match. The Desormier, Jarrard, and Anderson properties were ranked as Open Space's No. 1 priority due to their location near the river. The other properties are located in the Sierra Front. Three hundred and thirty acres of the Horse Creek property will be acquired. A conservation easement covers 210 acres which is included in the sale.. The owner has agreed in principal to these amounts. A Board Action Request Form asking the Board to authorize these purchases will be considered by the Board at its next meeting. Funding from Question No. 1 obtained in Round 1 and the funds sought in Round 2 were limned. Discussion indicated that the priority listing is in order of preference. Its priority is fluid and based on willing sellers/willing buyers. The proposed acquisitions have willing sellers. Supervisor Aldean disclosed her professional representation of the Carson Lodge. Mayor Masayko advised that, in accordance with a District Attorney's opinion, she was recused from voting on the item. Public comments were solicited but none were given. Supervisor Williamson moved to approve the nomination of the following properties for potential purchase by Round No. 2 of the State Bond Question No. 1 program: Horse Creek Ranch, Carson Lodge, Joost, Anderson, Jarrard, Desormier, and State of Nevada; with a fiscal impact for all of the river properties there is a match is 50% which is estimated at \$1,337,500 and that the

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match for all of the other properties is estimated at \$1,182,000; the funding source is the Open Space and the Development Services drainage funds. Supervisor Staub seconded the motion. Motion carried 3-0-1-1 with Supervisor Livermore absent and Supervisor Aldean abstaining.

B. ACTION TO APPROVE NOMINATION OF ENVIRONMENTALLY SENSITIVE PROPERTIES LOCATED IN THE VICINITY OF THE CARSON RIVER AND THE SIERRA FRONT FOR ACQUISITION BY THE FEDERAL GOVERNMENT AS PART OF THE ROUND 6 OF THE SOUTHERN NEVADA PUBLIC LAND MANAGEMENT ACT (1-1263) - Development Services Director Andrew Burnham - Discussion indicated that Terra Firma can nominate property for acquisition, however, without the City's approval, it may not be funded and could be rejected by Senator Ensign. Discussion also indicated for the record that Mr. Serpa is a willing seller. The Terra Firma recommendation has not been prioritized by the Board. Mayor Masayko indicated that the record should show that if the Board does prioritize it, the property would be on the bottom of the list. He also asked that Mr. Guzman add it to the list only after the Board approves it. The significance of the political issue involved with the process indicates that the City/Board should not hold its breath while waiting for funding approval. Both Mayor Masayko and Mr. Guzman believed that "very little money will flow out of Clark County from this round". They must nominate property and ask or they will not be allowed to compete for funding if the attitude is changed before approval is considered. Mayor Masayko also noted that Senator Ensign had suggested that individual counties obtain their own land bills which would allow for the sale of Federal land in their respective county and allow them to use those funds for their desired purpose(s). The master plan process should identify federally owned parcels that should be developed. He also pointed out the need for a land bill in order to develop a small three acre Forest Service site adjacent to Costco. Mr. Burnham advised that an interlocal agreement will be presented to the Board in the near future on the BLM interface area and its portion of the master plan. The cost for this portion of the master plan has been reduced substantially from that indicated in the first discussions. He hoped to have the agreement to the Board before the end of the year. Discussion then explained Senator Ensign's indication that "everyone must agree with the City's land bill" before submittal to Congress. The public must be educated on the need to acquire the BLM property for the community's future economic vitality. Mr. Guzman then reviewed the list of property recommended for acquisition, their funding potentials, and their surrounding uses. He also illustrated on a map the location of the Serpa property and indicated that it is in a flood plain. Special studies will be required as it may have mercury contamination. It is also in the V&T corridor. Mayor Masayko disclosed that he had discussed the parcel with Mr. Serpa and that he had indicated a willingness to donate the parcel for the V&T Railroad. He felt certain that when the V&T reaches the property, Mr. Serpa will donate it. Mr. Guzman indicated that he will inform Terra Firma of Mr. Serpa's intent. He felt that Mayor Masayko/Mr. Serpa will be receiving a letter for conformation. Mr. Guzman reminded the Board that the use of the Southern Nevada Public Land Management Act to acquire property places the property under the control of the Feds. The use of Question 1 funds for acquisition of City supported parcels places the acquired property under the City's control. Mr. Guzman cautioned that the Serpa property may not be successful in its efforts to obtain Federal/State funding for acquisition due to the mercury contamination issues. If it is successful, it may have several strings attached to it. Discussion indicated that the entire V&T right-of-way had been included in an environmental assessment report. Mr. Guzman then pointed to a location on the map where RTC is proposing to construct a bridge across the Carson River and explained that RTC is discussing the bridge with Parks and Recreation. Discussion indicated that the bridge and roadway contain more than a bicycle path, is located in a tough area for construction without cutting into the hillside, and that the right-of-way in that area is rather restricted. It

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may also have a detrimental impact on the V&T viewshed. Mr. Guzman then advised that BLM had considered the area for a wild burro reserve, however, this concept does not appear to have much momentum at the current time. Carson City is also considering a parcel adjacent to the Serpa property for a shooting range. His reason for bringing all of these properties to the Board's attention at this time was explained. Public comments were then requested. None were given. Supervisor Williamson suggested that overlays indicating what each Department is considering be provided. This would provide the Board with an ability to know and understand how these parcels will be interlinked. Mayor Masayko suggested that it also include the urban interface lands and the BLM sites where long term planning is occurring. Mr. Guzman indicated an intent to provide periodical reports regarding these plans in the future. Mayor Masayko felt that the reports should include the plans that are being developed as part of the master plan program. Discussion indicated that this would allow the Board to be kept apprised of the program and not be left out of the loop. Supervisor Williamson then moved to approve nomination of environmentally sensitive properties located in the vicinity of Carson City (Carson River) and Sierra Front for acquisition by the Federal government as part of Round 6 of the Southern Nevada Public Land Management Act with no fiscal impact since the Federal government will own the land. Mayor Masayko indicated that the priority listing is as it appears on the attached spread sheet. (A copy is in the file.) The Terra Firma recommendation is to be added as item number seven. Supervisor Staub seconded the motion. Supervisor Williamson then explained that Mr. Guzman's wife was elected to the Douglas County School Board. The Board congratulated her on her successful election. The motion to approve the nominations for round six funding as indicated was voted and carried 4-0. Mayor Masayko indicated that Supervisor Aldean did not have a conflict regarding this item.

8. B. ACTION TO INTRODUCE ON FIRST READING AN ORDINANCE AUTHORIZING THE ISSUANCE OF A MEDIUM-TERM OBLIGATION FOR THE ACQUISITION OF REAL PROPERTY FOR OPEN SPACE; SPECIFYING THE DETAILS FOR THE CARSON CITY, NEVADA, MEDIUM-TERM NOTE IN THE PRINCIPAL AMOUNT OF \$3,100,000; SPECIFYING THE TERMS AND CONDITIONS OF SUCH MEDIUM-TERM NOTE, THE METHOD OF PAYING THE NOTE AND ITS FORM; PROVIDING OTHER MATTERS PROPERLY RELATING THERE-TO - CONTINUED - (1-1661) Supervisor Aldean indicated that late material had been received on this item. (A copy is in the file.) As Bond Counsellor Jennifer Stern and Finance Director Tom Minton were both present, she asked that they explain the memo. Mayor Masayko pointed out that the memo could be handled at the second reading of the ordinance, or, if desired, the memo could be placed on the record at this time. There are restrictions on using tax exempt bonds to acquire conservation easements and non-fee ownership of property.

Ms. Stern explained that she received the memo at the same time that the Board did. A tax specialist in their Denver office had conducted the research on using the bonds for conservation easements and non-fee ownership of property. Ms. Stern then explained, that although the letter was not originally written for Carson City, it does address the IRS question regarding the acquisition of conservation easements. The IRS had looked at the question of whether there would be tax problems if tax exempt bonds are used to acquire a conservation easement. Reasons the IRS had analyzed this question were limned. The IRS said that there is no problem when the tax exempt bonds are used for a conservation easement which is separate and apart from the actual fee simple acquisitions. It does not cause a tax problem to acquire a conservation easement. The IRS also said that a tax problem does not exist when bond proceeds are used to acquire a future interest in fee simple acquisitions where the seller maintains a life estate. Such acquisitions allow the seller to use the property

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during his/her lifetime and, upon death of the individual, the property reverts to the issuer of the bonds. The IRS also said that the use of the bonds for the purchase of a fee simple and granting of a lease will cause a problem. The fourth case is the purchase of a present interest in fee simple which the IRS called subject to a "profit a prendre interest". Ms. Stern had never heard of this type of acquisition occurring in Nevada and felt that it may be something in the state where the question arose. It is an easement that allows a holder of that easement to enter onto the property for certain purposes. Her illustrations of this use included the purposes of allowing animals to graze, haying of the land, timber, minerals, oil and gas. She did not believe that the proposed site has these resources. Therefore, this type of easement is not a problem. The final opinion is that if the City purchases the present interest in fee simple property but later on grants that kind of an interest, the granting of an easement to allow entering onto the land for agricultural, timber, mining, etc., would be the selling of bond financed property for a private purpose which will create an IRS tax problem. Mayor Masayko stressed that this allows the Board some flexibility in the acquisition. The City has other revenue sources which could be used to purchase the property. The IRS is not interested in the City's use of its own funds to acquire the \$2.9 million conservation easement or what the City does with it once it acquires the easement. The IRS is only interested in the tax-exempt bond funds and its use. If the tax exempt bonds are used to acquire the easement, the bonds will lose their tax-exempt status which will increase the interest rate. Ms. Stern cautioned the Board that it should ensure that the acquisition is structured in a fashion which would not create a bond concern for future bonding. Mayor Masayko reiterated his belief that the City could use other funding sources for the acquisition of easements and property which it intends to lease back. The intent is to prohibit development on the property. There are other funding options. Only \$3.1 million in bond funds have restricted uses. Ms. Stern concurred. Supervisor Aldean indicated that she understands that there is a caveat about municipal tax-free bonds. It restricts the use of ten percent or more of the proceeds for private purposes. Spending below the ten percent cap would not jeopardize the tax-free status of the bonds. She felt that this indicates that there is some flexibility in the use of the bonds. Ms. Stern agreed. Mayor Masayko indicated that the matter will be included in the second reading. No formal action was taken during this discussion.

10. ACTION TO ADJOURN (1-1828) - Supervisor Williamson moved to adjourn. Supervisor Staub seconded the motion. Motion carried 4-0. Mayor Masayko adjourned the meeting at 10:28 a.m.

The Minutes of the November 4, 2004, Carson City Board of Supervisors meeting

ARE SO APPROVED ON August 4, 2005.

/s/

Robin Williamson, Mayor Pro-Tem

ATTEST:

/s/

Alan Glover, Clerk-Recorder