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February 24, 2003

SENATE GOVERNMENT AFFAIRS -- SENATE BILL 140

Senate Bill 140 proposes amendments to legislation which would allow the Truckee Meadows Water Authority ("TMWA") to issue its bonds to the State Municipal Bond Bank pursuant to Chapter 350A of NRS and to a county municipal bond bank, if one were created by Washoe County, pursuant to the provisions of NRS 244A.011 to 244A.065, inclusive. The proposed amendments to the state and county bond bank laws, if adopted, would allow TMWA to utilize the credit rating of state or of the county.

Section 1 of the proposed legislation amends NRS 244A.0347, the definition of "municipality", by deleting the requirement that a water authority be comprised of members that include at least the two largest municipal retail water purveyors in the county. TMWA is comprised of the cities of Reno and Sparks and Washoe County. Sun Valley General Improvement District is one of two largest municipal retail water purveyors in Washoe County and is not a member of TMWA.

Section 2 of the proposed legislation amends NRS 350A.152 which limits the issuance of state securities to acquire bonds issued by a water authority whose members contract with the water authority to make payments from the member's water system that are in the aggregate fully sufficient to pay the bonds as they come due. If the water revenues of any member of the water authority are insufficient to pay the member's share, NRS 350A.152 as currently written requires that the member pay the deficiency out of money available in the general fund or the member shall levy a general ad valorem tax on all taxable property within the member's boundaries at a rate necessary to produce revenue sufficient to pay the member's share of the bonds. NRS 350A.152 works for a water authority structured like the Southern Nevada Water Authority.

TMWA is authorized to issue special, limited obligations payable solely from the revenues derived from the TMWA Water System (facilities owned by TMWA and not its individual members). The bonds that TMWA is legally able to issue to the State Municipal Bond Bank would be secured by the TMWA Water System and are not payable from a TMWA member's general fund and taxing power. The provisions of NRS 350A.152 are inapplicable to the way TMWA was structured and, therefore, the proposed legislation adds language making NRS 350A.152 applicable only to water authorities in a county whose population is 400,000 or greater.

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SENATE GOVERNMENT AFFAIRS

PROPOSED AMENDMENTS TO SENATE BILL 140

Attached are proposed amendments to Senate Bill 140 which would allow the Clean Water Coalition (the "Coalition"), a joint powers authority created by cooperative agreement on November 20, 2002, between the Cities of Las Vegas and Henderson and the Clark County Water Reclamation District, for the purposes of the construction and operation of a regional system for the conveyance of effluent, to issue its bonds to the State Municipal Bond Bank pursuant to Chapter 350A of NRS and to the Clark County Bond Bank, pursuant to the provisions of NRS 244A.011 to 244A.065, inclusive. The proposed amendments to the state and county bond bank laws, if adopted, would allow the Coalition to utilize the credit rating of state or of the county.

The proposed amendments amend the County Bond Law, NRS 244A.0347, 244A.034 and 244A.0345, which are the definitions of "Municipality", "Infrastructure project" and "Municipal securities", by including a wastewater authority within those definitions.

Additionally, the proposed amendments amend the State Bond Bank law, NRS 350A.070 and 350A.080, the definitions of "Municipal securities" and "Municipality", by including a wastewater authority within those definitions.

PROPOSED AMENDMENTS TO SB 140

Amend Section 1, page 1, line 7, by inserting "*or wastewater authority*" after "water authority".

Amend the bill as a whole by renumbering sections 2 and 3 as sections 6 and 7, and adding new sections 2, 3, 4 and 5 as follows:

"Sec. 2. NRS 244A.034 "Infrastructure project" means:

1. A capital improvement for fire protection, a library, a building, a park or police protection that a municipality is authorized to improve, acquire or equip pursuant to a law other than the County Bond Law; or
2. For a water authority, *wastewater authority* or any municipality whose governing body is composed of only the members of the board, a capital improvement for a water system or a sanitary sewer that the municipality is authorized to improve, acquire or equip pursuant to a law other than the County Bond Law.

Sec. 3 NRS 244A.0345 "Municipal securities" means notes, warrants, interim debentures, bonds and temporary bonds issued by a municipality pursuant to a law other than the County Bond Law which are:

1. General obligations payable from ad valorem taxes that are approved by the voters of the municipality issued for a capital improvement of a library or park;
2. General obligations payable from ad valorem taxes that are approved by the voters of the municipality or are approved pursuant to subsection 3 of NRS 350.020 issued for a capital improvement of an infrastructure project other than a library or park; or
3. Revenue obligations of a water authority *or wastewater authority* that are payable from revenues of:
 - (a) The water system of the water authority;
 - (b) *The water reclamation system of the wastewater authority;**[(b)](c) One or more of the municipalities that are members of the water authority or wastewater authority; or*
[(c)](d) Any combination of the entities described in paragraphs (a) [and (b)], (b) or (c).

Sec. 4. NRS 350A.070 "Municipal securities" means notes, warrants, interim debentures, bonds and temporary bonds validly issued as obligations for a purpose related to natural resources which are payable:

1. From taxes whether or not additionally secured by any municipal revenues available therefor;
2. For bonds issued by an irrigation district, from assessments against real property; or
3. For bonds issued by a water authority *or wastewater authority* organized as a political subdivision created by cooperative agreement, from revenues of the water system of the water authority or one or more of the water purveyors who are members of the water authority or any combination thereof.

Sec. 5. NRS 350A.080 "Municipality" means county, city, town, water authority *or wastewater authority* organized as a political subdivision created by cooperative agreement, school district, general improvement district or other district, including an irrigation district."