

CITY OF LAS VEGAS, NEVADA



DEBT MANAGEMENT POLICY AS OF JUNE 30, 2009



CITY OF LAS VEGAS

DEBT MANAGEMENT POLICY

June 30, 2009

CITY COUNCIL

Oscar B. Goodman, Mayor

Gary Reese, Mayor Pro-Tem

Steve Wolfson

Lois Tarkanian

Steven D. Ross

Ricki Y. Barlow

Stavros Anthony

CITY OFFICIALS

Elizabeth N. Fretwell, City Manager

Orlando L. Sanchez, Deputy City Manager

James R. Nichols, Deputy City Manager

Scott D. Adams, Chief Urban Redevelopment Officer

Mark R. Vincent, Finance Director

Candace L. Falder, Deputy Finance Director



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DEBT MANAGEMENT POLICY
NRS 350.013 Subsection 1(c)

Listed below are excerpts from Nevada Law which requires local governments to submit a debt management policy:

NRS 350.013 1. Except as otherwise provided in this section, on or before August 1 of each year, the governing body of a municipality which proposes to issue or has outstanding any general obligation debt, other general obligations or special obligations, or which levies or proposes to levy any special elective tax, shall submit to the department of taxation and the commission:

(c) A written statement of the debt management policy of the municipality, which must include, without limitation;

- (1) A discussion of its ability to afford existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt;***
- (2) A discussion of its capacity to incur authorized and proposed future general obligation debt without exceeding the applicable debt limit;***
- (3) A discussion of its general obligation debt that is payable from property taxes per capita as compared with such debt of other municipalities in the state;***
- (4) A discussion of its general obligation debt that is payable from property taxes as a percentage of assessed valuation of all taxable property within the boundaries of the municipality;***
- (5) Policy regarding the manner in which the municipality expects to sell its debt;***
- (6) A discussion of its sources of money projected to be available to pay existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt; and***
- (7) A discussion of its operational costs and revenue sources, for the ensuing 5 fiscal years, associated with each project included in its plan for capital improvement submitted pursuant to paragraph (d), if those costs and revenues are expected to affect the property tax rate.***

This document is intended to meet the requirements of NRS 350.013 subsection 1 (c), it is not a review of the City of Las Vegas' total financial position.

The City of Las Vegas (the "City") has a Capital Improvement Plan ("CIP") which is a multi-year planning document that identifies and prioritizes the need for a variety of public improvements and coordinates the City's financing and construction time frames. More specifically, the CIP is a process that provides order and continuity to the repair, replacement, construction or expansion of the City's capital assets. With revenue limitations in mind, the City's CIP focuses primarily on the City's more immediate needs.



OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS

OUTSTANDING GENERAL OBLIGATION DEBT AND OTHER OBLIGATIONS 1/
City of Las Vegas, Nevada
As of June 30, 2009

Table with 5 columns: Description, Date of Issuance, Original Amount, Principal Outstanding, Retirement Date. Rows include SELF SUPPORTING GENERAL OBLIGATION BONDS, MEDIUM TERM GENERAL OBLIGATION BONDS, and GENERAL OBLIGATION GRAND TOTAL.

(Footnotes on following page)



- 1/ Does not include capital leases or interim warrants.
- 2/ General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit. These bonds are additionally secured by pledged revenues; if revenues are not sufficient, the City is obligated to pay the difference between such revenues and debt service requirements of the respective bonds.
- 3/ General obligation medium-term bonds secured by full faith and credit of the City and are payable from any legally available funds of the City. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the City's maximum operating levy.
- 4/ Interfund loan with the City's Sanitation Enterprise Fund as lender and City Parks Capital Project Fund as borrower. The City expects to pay the Interfund loan obligation from the City's Redevelopment Agency revenues.
- 5/ Shown for informational purposes only. Secured by assessments against property improved; the City's General Fund is contingently liable if collection of assessments are insufficient.

Source: City of Las Vegas Department of Finance and Business Services

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The following table provides the debt service to maturity on the City's outstanding bonds.

TOTAL OUTSTANDING GENERAL OBLIGATION DEBT
Debt Service Requirements
As of June 30, 2009

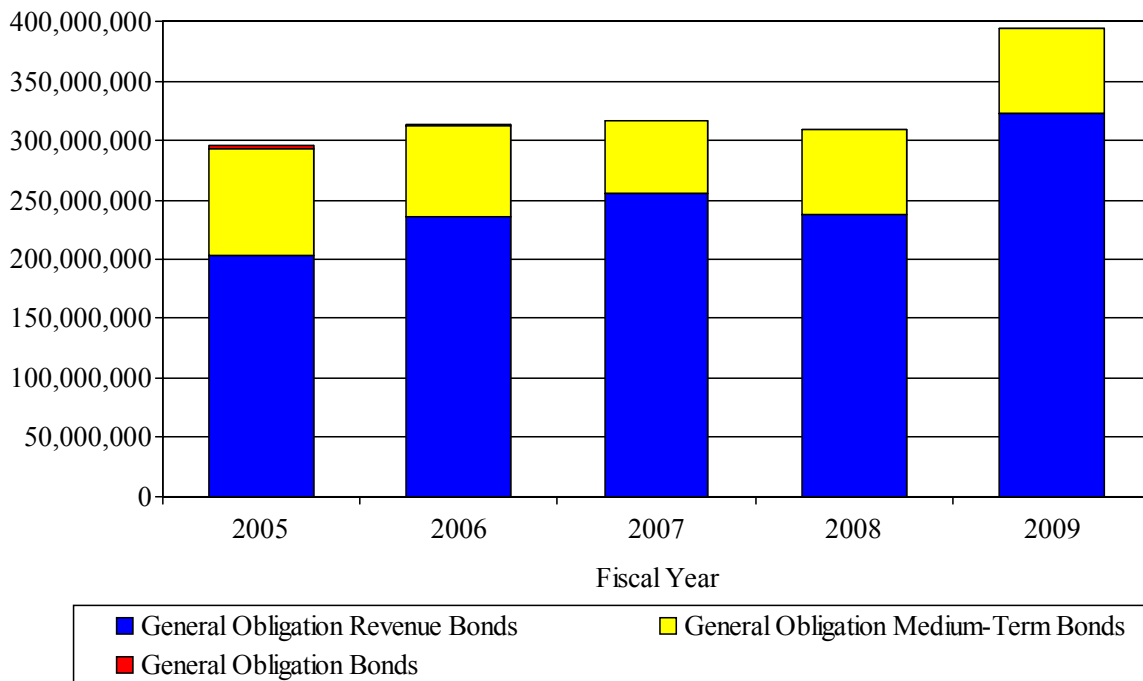
Table with columns: Fiscal Year Ended June 30, General Obligation Revenue Bonds (Principal, Interest), General Obligation Medium-Term Bonds (Principal, Interest), and Grand Total. Rows list years from 2010 to 2039 and a TOTAL row.



The following table and chart illustrates the amount of general obligation bonds, as well as categories of bonds, outstanding as of June 30 for the past 5 years.

Category of Bonds	Fiscal Year Ending June 30 ^{1/}				
	2005	2006	2007	2008	2009
General Obligation Bonds	\$ 2,745,000	\$ 1,860,000	\$ 945,000	\$ 0	\$ 0
G.O. Revenue Bonds	203,170,000	236,330,000	255,085,000	237,890,000	322,400,000
G.O. Medium-Term Bonds	90,448,284	76,260,358	61,209,967	71,835,000	72,535,000
TOTAL	\$ 296,363,284	\$ 314,450,358	\$ 317,239,967	\$ 309,725,000	\$ 394,935,000

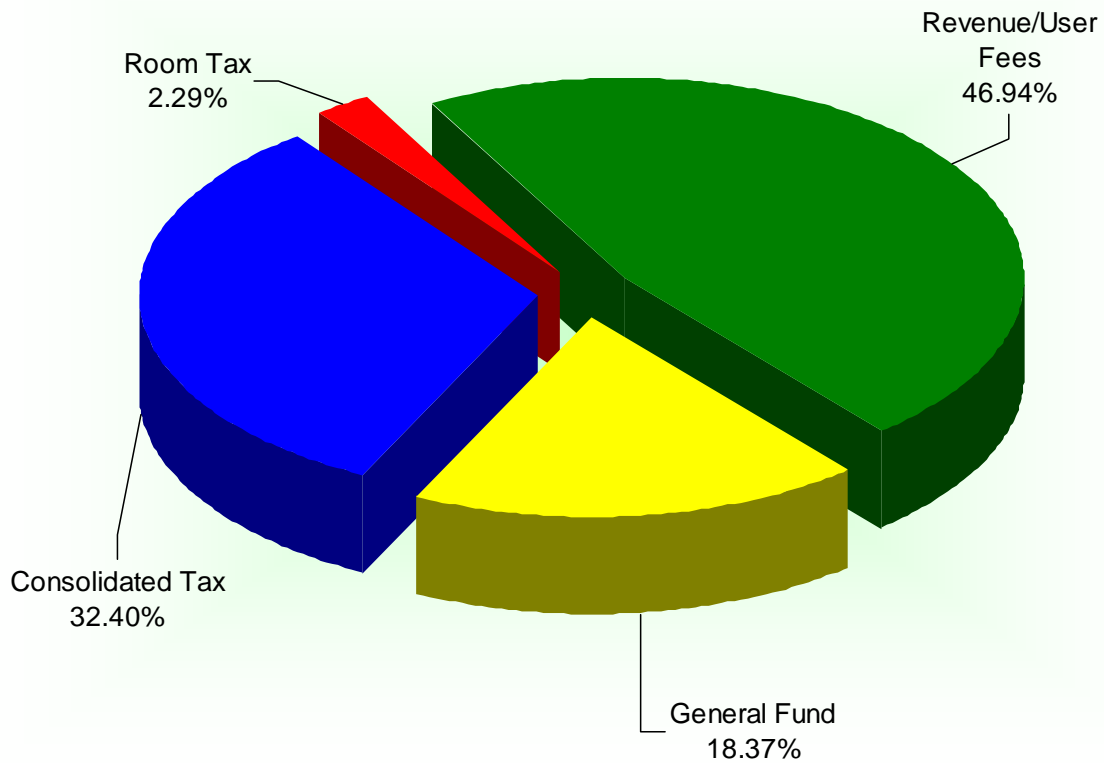
1/ Excludes leases.





**COMPOSITION OF OUTSTANDING GENERAL OBLIGATION DEBT
By Repayment Source
As of June 30, 2009**

Debt Pledged by Revenue Source





AFFORDABILITY OF DEBT

Response to NRS 350.013 1(c):

- (1) A discussion of its ability to afford existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt; and***
- (6) A discussion of its sources of money projected to be available to pay existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt***

General Obligation Bond Indebtedness

The City has authority pursuant to Nevada state statutes and its City Charter to issue general obligation bonds. Ad valorem bonds constitute direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes.

In any year in which the total property taxes levied within the City by all applicable taxing units (e.g. the State of Nevada, Clark County, the school district, any city, or any special district) exceed such property tax limitations, the reduction to be made by those units must be in property taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness.

Nevada statutes provide that no act concerning the City's bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the bonds or their security until all of the bonds have been discharged in full or provision for their payment and redemption has been fully made.

Property Tax Abatement - In its 2005 session, the Nevada legislature (the "Legislature") approved two bills (Assembly Bill 489 and Senate Bill 509) that require reductions ("abatements") of ad valorem taxes imposed on property in certain situations. AB 489, SB 509 and AB 209 enacted in the 2007 Nevada Legislative Session are referred to together as the "Abatement Act." The general impact of these abatements will be to limit increases in ad valorem property tax revenues received by any taxing entity on individual existing residential property to 3% per year (larger annual percentage increases are permitted for non-residential properties). The City does not anticipate the impact of AB489 to adversely affect its ability to continue to pay the principal of or interest on all outstanding bonds as and when due. However, caps on property tax revenue could limit the City's issuance of additional general obligation bonds in the future under certain circumstances.



GENERAL OBLIGATION BONDS

Existing General Obligation Bond Indebtedness Supported by Ad Valorem Taxes ("General Obligation Bonds")

The City currently has no general obligation bonds outstanding supported by ad valorem taxes.

No Proposed Future Ad Valorem Supported Bonds

The City does not currently expect to issue additional General Obligations Bonds. The City reserves the privilege of issuing bonds or other securities at any time legal requirements are satisfied.

Bonded Indebtedness

The City has no outstanding general obligation bonded indebtedness supported by ad valorem taxes as of June 30, 2009.

GENERAL OBLIGATION MEDIUM-TERM BONDS

Existing General Obligation Bond Indebtedness Supported by General Fund Revenues ("Medium-Term Bonds")

The Medium-Term Bonds constitute direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest, subject to Nevada constitutional and statutory limitations regarding the City's operating ad valorem levy. The ad valorem tax levy available to pay the Medium-Term Bonds is limited to the City's maximum operating levy. The City's operating levy for fiscal year 2010 is \$0.7715 which includes \$0.0950 in voter approved overrides. The ad valorem tax rate available to pay the bonds is further limited by the limitation on the combined overlapping tax rate of \$3.64 per \$100 of assessed valuation. The Medium-Term Bonds are a debt of the City and the City shall pledge all legally available funds of the City for their payment.

Provision for the payment of principal and interest requirements on the Medium-Term Bonds is as provided in NRS 350.093 through 350.095. Nevada statutes provide that no act concerning the Medium-Term Bonds or their security may be repealed, amended, or modified in such a manner as to impair materially and adversely the Medium-Term Bonds or their security until all of the Medium-Term Bonds have been discharged in full or provision for their payment has been fully made.



Proposed Future Medium-Term Bonds

The City is currently seeking authorization to issue additional medium-term general obligation bonds in the amount of \$15,000,000. The City anticipates issuing these bonds in September 2009. The City reserves the privilege of issuing bonds or other securities at any time legal requirements are satisfied.

Bonded Indebtedness

The following tables sets forth the City's outstanding and proposed general obligation medium-term bonds.

**OUTSTANDING AND PROPOSED
GENERAL OBLIGATION MEDIUM-TERM BONDS
As of June 30, 2009**

	Date of Issuance	Original Amount	Principal Outstanding	Retirement Date
<u>MEDIUM TERM GENERAL OBLIGATION BONDS</u>				
Park Bonds	08/15/99	\$ 25,000,000	\$ 4,450,000	08/01/2009
Parking Garage Bonds	06/01/00A	7,500,000	1,005,000	06/01/2010
Building Bonds	11/01/00	8,000,000	1,985,000	08/01/2010
Public Safety Bonds	04/01/01	22,500,000	6,015,000	10/01/2011
Recreation Bonds	12/09/03	20,000,000	10,795,000	01/01/2014
Recreation Bonds	10/12/04C	20,000,000	12,650,000	10/01/2014
Various Purpose Bonds	11/01/07	22,500,000	20,635,000	11/01/2017
Interfund Loan	10/01/09	15,000,000	<u>15,000,000</u>	10/01/2019
TOTAL OUTSTANDING			72,535,000	
PROPOSED MEDIUM-TERM BONDS	September 2009		\$15,000,000	



Debt Service Requirements

The following table illustrates the debt service to maturity on the City's existing and proposed general obligation medium-term bonds.

**EXISTING AND PROPOSED
GENERAL OBLIGATION MEDIUM-TERM BONDS
DEBT SERVICE REQUIREMENTS
As of June 30, 2009**

Fiscal Year	Existing Bonds Debt Service			Proposed Debt Service	Total Debt Service
	Principal	Interest	Total		
2010	\$ 16,588,458	\$ 2,528,204	\$ 19,116,662	\$ 432,500	\$ 19,549,162
2011	11,532,712	1,909,288	13,442,000	900,000	14,342,000
2012	7,703,143	1,489,214	9,192,357	2,156,150	11,348,507
2013	7,974,787	1,214,464	9,189,251	2,156,050	11,345,301
2014	8,292,681	919,817	9,212,498	2,156,000	11,368,498
2015	6,186,861	650,497	6,837,358	2,155,700	8,993,058
2016	4,032,367	462,191	4,494,558	2,154,850	6,649,408
2017	4,179,238	314,520	4,493,758	2,158,000	6,651,758
2018	4,337,515	157,893	4,495,408	2,159,700	6,655,108
2019	1,707,242	51,217	1,758,459	2,154,800	3,913,259
2020	0	0	0	2,157,850	2,157,850
TOTAL	\$ 72,535,004	\$ 9,697,305	\$ 82,232,309	\$ 20,741,600	\$ 102,973,909



Ad Valorem Tax Rate Impact

Although the City may use other available funds to pay debt service on medium-term bonds, principal and interest on the medium-term bonds is secured by General Fund operating revenues. The following table illustrates the sufficiency of General Fund Revenues at existing levels to pay debt service on the medium-term bonds.

**GENERAL FUND STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Fiscal Year Ended June 30	2005 (Audited)	2006 (Audited)	2007 (Audited)	2008 (Audited)	2009 (Estimated)	2010 (Budgeted)
REVENUES						
Taxes	\$ 88,933,345	\$ 97,321,755	\$107,158,919	\$ 116,574,425	\$ 122,945,052	\$ 117,072,525
Licenses and Permits	72,594,608	76,367,107	83,429,429	83,402,354	82,901,830	84,500,755
Consolidated Tax	238,040,861	264,253,250	263,249,775	250,913,934	220,304,958	214,600,000
Intergovernmental Revenue	4,972,874	4,865,533	4,824,574	4,698,027	4,387,790	4,361,602
Charges for Services	26,273,557	28,827,669	26,389,278	27,844,553	32,356,775	30,889,700
Fines & Forfeitures	14,183,123	15,176,504	16,406,342	18,038,379	22,294,025	24,176,456
Interest	1,179,134	1,821,731	3,316,456	3,711,593	3,477,549	3,303,671
Miscellaneous	1,622,350	1,806,073	3,354,725	4,622,848	2,650,317	3,703,323
TOTAL REVENUES	447,799,852	490,439,622	508,129,498	509,806,113	491,318,296	482,608,032
EXPENDITURES ^{1/}						
General Government	72,783,705	74,852,761	88,676,944	86,525,003	55,693,236	58,905,739
Judicial	20,399,312	22,487,538	25,109,315	25,930,320	25,446,271	26,049,421
Public Safety	247,324,992	270,656,064	298,908,798	317,165,831	331,487,553	340,671,524
Public Works	15,948,554	16,532,667	19,079,359	19,931,689	19,122,911	19,728,257
Health	2,362,824	2,535,095	2,589,911	2,717,579	3,550,000	4,201,244
Culture & Recreation	35,816,432	38,970,770	42,974,813	44,215,535	49,151,464	52,317,281
Economic Development	5,569,434	6,535,995	7,383,601	7,490,063	6,928,250	7,242,286
Transit System	1,546,852	1,289,948	1,270,899	1,290,881	1,294,813	1,166,058
TOTAL EXPENDITURES	401,752,105	433,860,838	485,993,640	505,266,901	492,674,498	510,281,810
Excess (deficiency) of revenues over expenditures	46,047,747	56,578,784	22,135,858	4,539,212	(1,356,202)	(27,673,778)
Other Financing Sources (Uses)						
Operating Transfers In	11,079,590	13,294,701	12,460,609	16,951,561	17,115,560	14,807,974
Operating Transfers Out	(45,529,341)	(46,707,972)	(42,904,257)	(14,083,884)	(20,288,000)	(18,163,540)
Sales of General Fixed Assets	0	257,229	0	0	0	0
Total Other Financing Sources (Uses)	(34,449,751)	(33,156,042)	(30,443,648)	2,867,677	(3,172,440)	(3,355,566)
Net Changes in Fund Balances	11,597,996	23,422,742	(8,307,790)	7,406,889	(4,528,642)	(31,029,344)
Fund Balances, July 1	62,679,089	74,277,085	97,699,827	89,392,037	96,798,926	92,270,284
Fund Balances, June 30	\$ 74,277,085	\$ 97,699,827	\$ 89,392,037	\$ 96,798,926	\$ 92,270,284	\$ 61,240,940

1/ Includes capital outlay expenditures as well as current expenditures in certain of the categories shown.

SOURCE: City of Las Vegas Comprehensive Annual Financial Reports for each year shown.



**GENERAL OBLIGATION/REVENUE BOND
SECURED BY CONSOLIDATED TAX REVENUES**

**Existing General Obligation Bond Indebtedness
Secured by the Consolidated Tax Revenues (“Consolidated Tax Bonds”)**

The Consolidated Tax Bonds are general obligation bonds additionally secured with revenues derived from a 15% portion of the City's portion of the Consolidated Tax Revenue.

Pursuant to NRS 360.698, the Bonds will be additionally secured by a pledge of certain tax revenues up to 15% of the Consolidated Tax Distribution Fund allocable to the City for the payment of the principal of and interest on the Bonds. The Consolidated Tax Distribution Fund consists of local government revenues from six sources (collectively, the "Consolidated Tax Revenues"): Supplemental City/County Relief Tax ("SCCRT"), Basic City/County Relief Tax ("BCCRT"), Cigarette Tax, Liquor Tax, Governmental Services Tax ("GST"), and Real Property Transfer Tax ("RPTT"). NRS 360.698 allows for up to 15% of the combination of the Consolidated Tax Revenues to be pledged as security for debt. Senate Bill 254 of the 1997 Legislature amended NRS 377.080, (which was replaced in revision by NRS 360.698) which previously authorized a pledge of up to 15% of SCCRT. Pursuant to the provisions of Senate Bill 254, pledges of SCCRT made prior to the effective date were replaced by a pledge of the combined revenues as of July 1, 1998.

Consolidated Tax Revenues for fiscal year 2010 is budgeted to be \$214,600,000. The City's policy is to use only 90% of the State mandated 15% of Consolidated Tax Revenue for debt. Based on the 2010 budget, this amounts to approximately \$28,971,000 per year available for debt service payments.

No Proposed Future Consolidated Tax Bonds

The City has no plans to issue additional general obligation bonds supported by consolidated tax revenues in the near future. However, the City reserves the privilege of issuing the bonds or other securities at any time legal requirements are satisfied.

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Bonded Indebtedness

The following table sets forth the City’s existing general obligation bonded indebtedness that is secured by consolidated tax revenues as of June 30, 2009.

**CONSOLIDATED TAX-SUPPORTED BONDS
As of June 30, 2009**

	Issue Date	Original Amount	Outstanding Amount	Retirement Date
Redevelopment Project Bonds, Series A	11/01/1998	\$17,000,000	\$ 5,070,000	05/01/2012
Parking Bonds (City Hall Expansion)	12/01/2002	25,000,000	2,230,000	12/01/2012
Various Purpose Refunding, Series B	07/01/2005	21,295,000	21,295,000	06/01/2019
Taxable Various Purpose, Series A	05/31/2006	18,000,000	16,620,000	06/30/2024
Tax-Exempt Various Purpose, Series B	05/31/2006	50,745,000	50,745,000	05/01/2036
Various Purpose (VRDB), Series C ^{1/}	08/22/2006	32,000,000	<u>32,000,000</u>	06/01/2036
			<u>\$127,960,000</u>	

1/ Variable rate demand bonds have a letter of credit from Lloyds TSB Bank plc. The letter of credit annual fee is currently 17 bps per year and expires on August 21, 2013.

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Debt Service Requirements

The following table illustrates the debt service to maturity on the City's existing general obligation bonds secured by consolidated tax revenues.

**OUTSTANDING
GENERAL OBLIGATION DEBT SERVICE
SUPPORTED FROM CONSOLIDATED TAX REVENUES
As of June 30, 2009**

Fiscal Year	Principal	Interest ^{1/}	Total
2010	\$ 3,605,000	\$ 6,415,304	\$ 10,020,304
2011	4,430,000	6,228,573	10,658,573
2012	4,590,000	5,996,779	10,586,779
2013	4,845,000	5,749,929	10,594,929
2014	5,635,000	5,516,579	11,151,579
2015	5,930,000	5,237,029	11,167,029
2016	6,210,000	4,946,398	11,156,398
2017	6,525,000	4,640,254	11,165,254
2018	6,845,000	4,317,066	11,162,066
2019	4,460,000	3,975,536	8,435,536
2020	3,760,000	3,759,796	7,519,796
2021	3,955,000	3,569,028	7,524,028
2022	4,155,000	3,368,195	7,523,195
2023	4,365,000	3,156,605	7,521,605
2024	3,895,000	2,932,505	6,827,505
2025	3,240,000	2,737,750	5,977,750
2026	3,300,000	2,575,750	5,875,750
2027	3,390,000	2,410,750	5,800,750
2028	3,735,000	2,241,250	5,976,250
2029	3,915,000	2,054,500	5,969,500
2030	5,085,000	1,858,750	6,943,750
2031	5,160,000	1,604,500	6,764,500
2032	5,745,000	1,346,500	7,091,500
2033	4,915,000	1,059,250	5,974,250
2034	5,160,000	813,500	5,973,500
2035	5,420,000	555,500	5,975,500
2036	5,690,000	284,500	5,974,500
Total	\$ 127,960,000	\$ 89,352,076	\$ 217,312,076

1/ Assumes a rate of 5% on the 2006C variable rate bonds.



Ad Valorem Tax Rate Impact

Consolidated Tax Supported Debt is secured by a pledge of certain tax revenues up to 15% of the Consolidated Tax Distribution Fund allocable to the City for the payment of the principal of and interest on bonds.

The following table illustrates the sufficiency of consolidated tax revenues at existing levels to pay debt service on the Consolidated Tax Supported bonds.

CONSOLIDATED TAX PLEDGED REVENUES

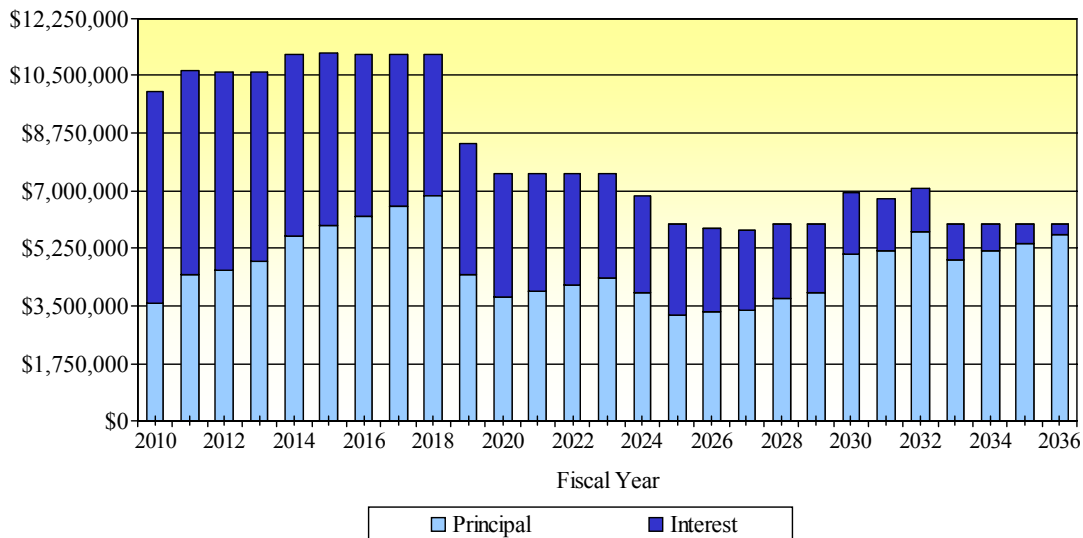
Fiscal Year Ended June 30 1/	Consolidated Tax Revenues	Pledged Revenue Limitation (15%)	Debt Service	Coverage (times)
2005	\$ 238,040,860	\$ 35,706,129	\$ 7,429,132	4.81
2006	264,253,250	39,637,988	8,794,589	4.51
2007	263,249,775	39,487,466	8,661,719	4.56
2008	250,913,934	37,637,090	11,219,119	3.35
2009	220,304,958	33,045,744	10,020,304	3.30
2010	214,600,000	32,190,000	10,658,573	3.02

1/ Fiscal year 2009 is estimated and fiscal year 2010 is budgeted.

SOURCE: City of Las Vegas Comprehensive Annual Financial Reports for each year shown and the 2010 Final Budget.

The following chart illustrates the debt service to maturity on the City's outstanding general obligation bonds secured by consolidated tax revenues.

**OUTSTANDING GENERAL OBLIGATION BONDS
DEBT SERVICE SUPPORTED FROM CONSOLIDATED TAX REVENUES
As of June 30, 2009**





GENERAL OBLIGATION/ REVENUE BONDS
SUPPORTED BY ROOM TAX REVENUES

Existing General Obligation Bond Indebtedness
Supported by Room Tax Revenues ("Room Tax Revenue Bonds')

Transportation Room Tax Revenue Supported Bonds are secured from certain of the proceeds derived from a one percent (1%) tax on the gross receipts from the rental of transient lodging in the City; upon all person in the business of providing transient lodging throughout the City and not within any transportation district created by the City.

No Proposed Future Transportation Room Tax Revenue Supported Debt

The City does not currently expect to issue additional general obligations bonds secured with transportation room tax revenues. The City reserves the privilege of issuing the bonds or other securities at any time legal requirements are satisfied.

Bonded Indebtedness

The following table sets forth the City's bonded indebtedness for its outstanding general obligation bonds supported by transportation room tax revenues as of June 30, 2009.

TRANSPORTATION ROOM TAX REVENUE BONDS
As of June 30, 2009

Table with 5 columns: Issue, Date Issued, Principal Amount, Amount Outstanding, Retirement Date. Row: Transportation Refunding Bonds, 12/01/02, \$ 5,100,000, \$ 910,000, 07/01/2009.

Debt Service Requirements

The following table illustrates the debt service to maturity on the City's existing general obligation bonds secured by transportation room tax revenues.

OUTSTANDING GENERAL OBLIGATION TRANSPORTATION ROOM TAX REVENUE BONDS
DEBT SERVICE REQUIREMENTS
As of June 30, 2009

Table with 4 columns: Fiscal Year, Principal, Interest, Total. Rows: 2010, TOTAL.



Ad Valorem Tax Rate Impact

The following table illustrates the sufficiency of transportation room revenues at existing levels to pay debt service on the transportation room tax revenue bonds.

**TRANSPORTATION ROOM TAX PLEDGED REVENUES
DEBT SERVICE COVERAGE**

Fiscal Year Ended June 30 1/	1% Room Tax Revenue	Debt Service	Coverage (times)
2005	\$ 2,222,860	\$ 931,683	2.39
2006	2,389,702	931,558	2.57
2007	2,603,577	935,870	2.78
2008	2,608,512	932,470	2.80
2009	1,940,113	925,710	2.10
2010	2,153,678	925,925	2.33

1/ Fiscal year 2009 is estimated and fiscal year 2010 is budgeted.

SOURCE: City of Las Vegas Comprehensive Annual Financial Reports for each year shown and the 2010 Final Budget.

Downtown Room Tax Revenue Supported Bonds are secured from the proceeds derived from a one/two percent tax on the gross receipts from the rental of transient lodging within specific boundaries in the City, upon all persons in the business of providing transient lodging within those specific boundaries in the City. The Downtown Room Tax proceeds are limited to receipts from the 1% (2% in the case of properties that front the Fremont Street) tax imposed on hotels with 75 or more rooms located in a specified area.

No Proposed Future Downtown Room Tax Revenue Supported Debt

The City does not currently expect to issue additional general obligations bonds secured with downtown room tax revenues. The City reserves the privilege of issuing the bonds or other securities at any time legal requirements are satisfied.

Bonded Indebtedness

The following table sets forth the City’s bonded indebtedness for its outstanding general obligation bonds supported by downtown room tax revenues as of June 30, 2009.

**DOWNTOWN ROOM TAX REVENUE BONDS
As of June 30, 2009**

Issue	Date Issued	Principal Amount	Amount Outstanding	Retirement Date
Freemont Street Experience Refunding Bonds	12/01/02	\$ 12,535,000	\$ 8,135,000	07/01/2015
TOTAL			\$ 8,135,000	



Debt Service Requirements

The following table illustrates the debt service to maturity on the City's existing general obligation bonds secured by downtown room tax revenues.

OUTSTANDING GENERAL OBLIGATION DOWNTOWN ROOM TAX REVENUE BONDS
DEBT SERVICE REQUIREMENTS
As of June 30, 2009

Table with 4 columns: Fiscal Year, Principal, Interest, Total. Rows for years 2010-2016 and a TOTAL row.

Ad Valorem Tax Rate Impact

The following table illustrates the sufficiency of downtown room tax revenues at existing levels to pay debt service on the downtown room tax revenue bonds.

DOWNTOWN ROOM TAX PLEDGED REVENUES
DEBT SERVICE COVERAGE

Table with 7 columns: Fiscal Year Ended June 30, Downtown Room Tax Revenues (1%), Downtown Room Tax Revenues (2%), Total Pledged Revenues, Growth Rate, Debt Service, Coverage (times). Rows for years 2005-2016.

1/ Fiscal years 2009 and 2010 estimates derived from the City's 2010 Final Budget. Future growth is expected to equal the debt service on the Downtown Room Tax Revenue Bonds.

SOURCE: City of Las Vegas Comprehensive Annual Financial Reports for each year shown, the City of Las Vegas Finance Department and the 2010 Final Budget.



**GENERAL OBLIGATION/REVENUE BONDS
SUPPORTED BY SANITATION ENTERPRISE FUND REVENUES**

**Existing General Obligation Bond Indebtedness
Supported by Sanitation Enterprise Fund Revenues ("Sewer Bonds")**

The Sewer Bonds are general obligation bonds additionally secured by an irrevocable pledge of the net pledged revenues received by the City in connection with the ownership and operation of the City’s sewer system. Pledged revenues consist of all fees, rates and other charges for the use of the sewer system remaining after deduction of operation and maintenance expenses in the sewer system.

The City covenants in its bond ordinances to fix and collect rates and other charges for the services or commodities pertaining to the utility system in amounts sufficient to pay the operation and maintenance expenses of the sewer system and any debt service of its outstanding Sewer Bonds.

No Proposed Future Sewer System Revenue Supported Debt

The City does not currently expect to issue additional general obligations bonds secured with water and sewer revenues. The City reserves the privilege of issuing the bonds or other securities at any time legal requirements are satisfied.

Bonded Indebtedness

The following table sets forth the City’s bonded indebtedness for its outstanding general obligation bonds supported by sewer system revenues as of June 30, 2009.

**SANITATION ENTERPRISE FUND/SEWER BONDS
As of June 30, 2009**

Issue	Date Issued	Principal Amount	Amount Outstanding	Retirement Date
Sewer & Flood Control Bonds	04/24/01	\$ 55,000,000	\$ 4,515,000	04/01/11
Sewer Refunding Bonds	09/01/04	21,050,000	21,050,000	11/01/17
Sewer Refunding Bonds	03/15/06A	31,920,000	31,920,000	06/30/21
Sewer Refunding Bonds	11/01/07	17,155,000	<u>17,155,000</u>	10/01/12
			<u>\$ 74,640,000</u>	



Debt Service Requirements

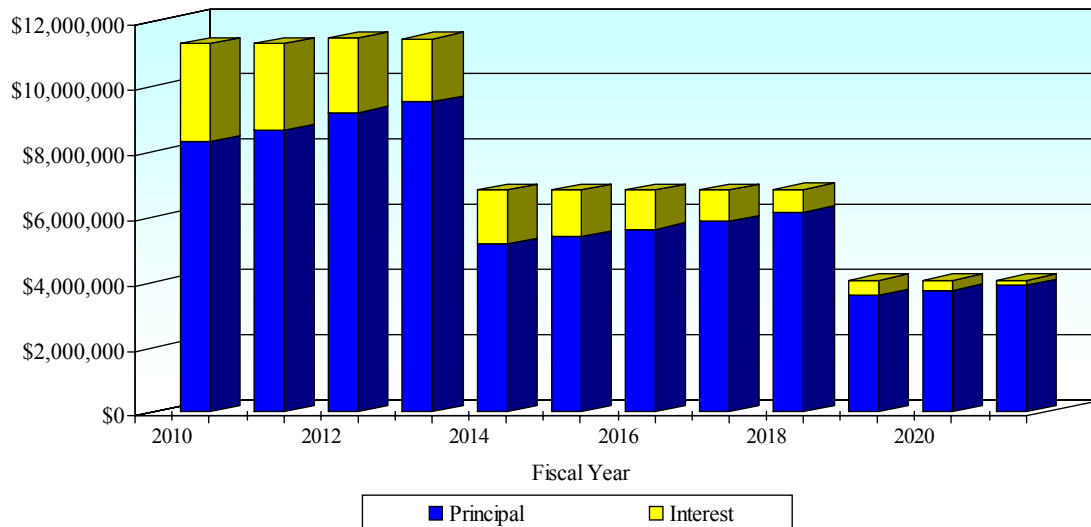
The following table illustrates the debt service to maturity on the City’s outstanding general obligation bonds supported by sewer system revenues.

**OUTSTANDING GENERAL OBLIGATION BONDS DEBT SERVICE
SUPPORTED BY SANITATION ENTERPRISE FUND REVENUES
As of June 30, 2009**

Fiscal Year	Principal	Interest	Total
2010	\$ 8,270,000	\$ 2,996,713	\$ 11,266,713
2011	8,605,000	2,654,663	11,259,663
2012	9,145,000	2,295,200	11,440,200
2013	9,490,000	1,938,175	11,428,175
2014	5,130,000	1,656,438	6,786,438
2015	5,340,000	1,452,225	6,792,225
2016	5,580,000	1,207,375	6,787,375
2017	5,830,000	951,375	6,781,375
2018	6,110,000	683,575	6,793,575
2019	3,565,000	459,525	4,024,525
2020	3,710,000	312,469	4,022,469
2021	3,865,000	159,431	4,024,431
Total	\$ 74,640,000	\$ 16,767,164	\$ 91,407,164

The following chart illustrates the debt service to maturity on the City's outstanding general obligation bonds secured by sewer system revenues.

**OUTSTANDING GENERAL OBLIGATION BONDS DEBT SERVICE
SUPPORTED BY SANITATION ENTERPRISE FUND REVENUES
As of June 30, 2009**





Ad Valorem Tax Rate Impact

Principal and interest on the Sewer Bonds is payable from the pledged revenues of the sanitation enterprise fund. There is no impact on the ad valorem tax rate so long as net pledged revenues are sufficient to pay debt service.

The following table illustrates the City’s pledged sewer system revenues.

NET PLEDGED REVENUES SANITATION ENTERPRISE FUND

Fiscal Year Ended June 30	2005	2006	2007	2008	(Estimated) 2009	(Budgeted) 2010
Operating Revenue						
User fees - Las Vegas	\$ 60,024,240	\$ 67,798,617	\$ 71,122,844	\$ 75,734,923	\$79,937,000	\$82,342,000
User fees - N. Las Vegas	8,388,825	9,992,217	10,183,059	11,419,455	11,000,000	11,000,000
Miscellaneous	823,721	1,997,084	1,741,936	1,219,221	802,383	725,000
Total operating revenue	69,236,786	79,787,918	83,047,839	88,373,599	91,739,383	94,067,000
Operating Expenses ^{1/}						
Salaries and benefits	19,416,796	20,429,136	22,945,959	23,261,641	23,265,000	25,148,601
Services and Supplies	22,123,759	24,369,007	27,100,635	28,493,222	34,260,000	35,228,120
Total Operating expenses	41,540,555	44,798,143	50,046,594	51,754,863	57,525,000	60,376,721
Non-operating revenue (expenses) ^{2/}						
Connection Charges	13,552,228	22,689,411	16,449,072	14,959,952	7,600,000	7,150,000
Interest Income	1,598,526	2,311,279	6,239,403	8,221,205	5,194,000	4,600,358
Other	12,671,343	7,581,495	1,820,725	(5,383,813)	4,970,296	5,017,000
Total non-operating Revenue (exp)	27,822,097	32,582,185	24,609,200	17,797,344	17,764,296	16,767,358
REVENUES LESS EXPENSES	5,518,328	67,571,960	57,610,445	54,416,080	51,978,679	50,457,637
DEBT SERVICE	\$ 17,804,408	\$ 14,802,187	\$ 14,746,696	\$ 14,576,044	\$14,576,044	\$11,266,713
COVERAGE (times)	3.12	4.56	3.90	3.73	3.57	4.48

1/ Operating expenses do not include allowance for depreciation.

2/ Non-Operating revenues (expenses) do not include the following items: gain or loss on sale of fixed assets, capital contributions, and interest expense.

SOURCE: City of Las Vegas Comprehensive Annual Financial Reports for each year shown and the 2010 Final Budget.



**GENERAL OBLIGATION/REVENUE BONDS
SUPPORTED BY GOLF COURSE REVENUES**

**Existing General Obligation Bond Indebtedness
Supported by Golf Course Revenues ("Golf Course Bonds')**

The golf course revenue supported bonds are secured by a pledge of revenues derived from the operation and use of the City's Durango Hills Golf Course.

The City covenants in its bond ordinance to set rates and charges for the use of the golf course at a sufficient level to produce gross revenues which, together with any other moneys available therefore, will be sufficient to pay the operation and maintenance expenses of the golf course and 100% of debt service on the Golf Course Bonds in each year.

No Proposed Future Golf Course Revenue Supported Debt

The City does not currently expect to issue additional general obligations bonds secured with golf course revenues. The City reserves the privilege of issuing the bonds or other securities at any time legal requirements are satisfied.

Bonded Indebtedness

The following table sets forth the City's bonded indebtedness for its outstanding general obligation bonds supported by golf course revenues as of June 30, 2009.

**GOLF COURSE REVENUE BONDS
As of June 30, 2009**

Issue	Date Issued	Principal Amount	Amount Outstanding	Retirement Date
Golf Course Bonds	11/01/01	\$ 12,000,000	<u>\$ 9,535,000</u> \$ 9,535,000	12/01/2021



Debt Service Requirements

The following table illustrates the debt service to maturity on the City’s outstanding general obligation bonds supported by golf course revenues.

**OUTSTANDING GENERAL OBLIGATION BONDS DEBT SERVICE
SUPPORTED BY GOLF COURSE REVENUES
As of June 30, 2009**

Fiscal Year	Principal	Interest	Total
2010	\$ 510,000	\$ 532,813	\$ 1,042,813
2011	535,000	501,463	1,036,463
2012	565,000	471,005	1,036,005
2013	600,000	440,997	1,040,997
2014	630,000	408,072	1,038,072
2015	670,000	372,323	1,042,323
2016	710,000	333,840	1,043,840
2017	755,000	292,453	1,047,453
2018	800,000	247,725	1,047,725
2019	850,000	199,462	1,049,462
2020	910,000	147,300	1,057,300
2021	970,000	90,900	1,060,900
2022	1,030,000	30,900	1,060,900
Total	\$ 9,535,000	\$ 4,069,253	\$ 13,604,253

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Ad Valorem Tax Rate Impact

Principal and interest on the Golf Course Bonds is payable from the pledged revenues derived from the operation and use of the City's Durango Hills Golf Course. There is no impact on the ad valorem tax rate so long as net pledged revenues are sufficient to pay debt service.

The following table illustrates the City's pledged golf course revenues.

NET PLEDGED REVENUES MUNICIPAL GOLF COURSE FUND

Table with 7 columns: Fiscal Year Ended June 30, 2005, 2006, 2007, 2008, (Estimated) 2009, (Budgeted) 2010. Rows include Operating Revenue (Charges for services, Miscellaneous, Total operating revenue), Operating Expenses (Services and Supplies, Cost of stores issued, Total Operating expenses), Revenues Less Expenses, Debt Service, and Coverage (times).

1/ Operating expenses do not include allowance for depreciation.

2/ In the event the pledged revenues are insufficient to pay the debt service, the City subsidizes the golf course from the General Fund with legally available funds.

SOURCE: City of Las Vegas Comprehensive Annual Financial Reports for each year shown and the 2010 Final Budget.

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**GENERAL OBLIGATION/REVENUE BONDS
SUPPORTED BY RENTAL CAR FEE REVENUES**

**Existing General Obligation Bond Indebtedness
Supported by Rental Car Fee Revenues ("Rental Car Fee Bonds')**

The rental car fee revenue bonds are secured by a pledge of revenues defined in the bond ordinance as the "Pledged Rental Car Fees," as that term is defined in the Second Amended and Restated Interlocal Agreement Regarding the Distribution of Taxes for a Performing Arts Center dated as of April 1, 2008, between the City and Clark County (the "Interlocal Agreement"). The Interlocal Agreement defines "Rental Car Fee" as a fee imposed by Clark County ("the County") upon the lease of a passenger car by a short-term lessor in the County in the amount of not more than 2% of the total amount for which the passenger car was leased, excluding any taxes or other fees imposed by a governmental entity.

The County imposed the Rental Car Fee in the amount of 2% pursuant to NRS 244A.860 and Sections 4.28.020 through 4.28.050 of the County Code (the "Rental Car Fee Ordinance"), effective July 1, 2005. The "Pledged Rental Car Fees" are amounts remaining after (i) a required distribution by the County of the initial \$3 million of Rental Car Fee proceeds were distributed to the Culinary and Hospitality Academy of Las Vegas (the "Culinary Academy") for the planning, design and construction of a facility for vocational training in southern Nevada; and (ii) the reimbursement of the State Department of Taxation for its expense in collecting and administering the Rental Car Fee. The required distribution to the Culinary Academy has been made.

No Proposed Future Rental Car Fee Revenue Supported Debt

The City does not currently expect to issue additional general obligations bonds secured with rental car fee revenues. The City reserves the privilege of issuing the bonds or other securities at any time legal requirements are satisfied.

Bonded Indebtedness

The following table sets forth the City's bonded indebtedness for its outstanding general obligation bonds supported by rental car fee revenues as of June 30, 2009.

**RENTAL CAR FEE BONDS
As of June 30, 2009**

Issue	Date Issued	Principal Amount	Amount Outstanding	Retirement Date
Performing Arts Center Bonds	04/01/09	\$ 101,220,000	\$ 101,220,000 \$ 101,220,000	04/01/2039



Debt Service Requirements

The following table sets forth (i) fiscal year debt service requirements for the County Revenue Bond outstanding with a par amount of \$10,000; and (ii) the debt service requirements for the Rental Car Fee Bonds in each fiscal year. Principal on the County Revenue Bond will be payable at maturity on April 1, 2059 or when it is paid in full; accordingly, only interest payments due while the Rental Car Fee Bonds supported by rental car fee revenues are outstanding are reflected in this table.

OUTSTANDING GENERAL OBLIGATION BONDS DEBT SERVICE
SUPPORTED BY RENTAL CAR FEE REVENUES
As of June 30, 2009

Table with 6 columns: Fiscal Year Ending June 30, Debt Service on County Revenue Bond, Principal, Interest, Total, and Total Debt Service. Rows include years from 2010 to 2039 and a TOTAL row.

(Footnotes on following page)



- 1/ Only interest will be paid on the County Revenue Bond until its maturity date, which is after the maturity of the Rental Car Fee Bonds. As a result, only interest payments to be made during the term of the rental car fee bonds are reflected here. Interest payments will be made on May 1 and October 1 of each year, commencing October 1, 2009.
- 2/ The interest rate on the County Revenue Bond will be based on *The Bond Buyer's* 30-year tax-exempt revenue bond index next most recently published before the adoption of the ordinance authorizing the County Revenue Bond. That index is based on revenue bonds of 25 issuers rated from "Aa1" to "Baa1" by Moody's and from "AA" to "BBB+" by S&P. Bonds in the index include housing, transportation, hospital and power revenue bonds. The rate on the County Revenue Bond was set on the index as of March 12, 2009 (5.83%).

Ad Valorem Tax Rate Impact

Principal and interest on the Rental Car Fee Bonds is payable from the rental car fee revenues derived from the rental car fees imposed by the County. The County has covenanted in the County Revenue Bond Ordinance that it will not repeal or amend the Rental Car Fee Ordinance while the County Revenue Bond is outstanding. The County Revenue Bond is expected to be outstanding longer than the Rental Car Fee Bonds. There is no impact on the ad valorem tax rate so long as net pledged revenues are sufficient to pay debt service.

The following table sets forth the Rental Car Fee revenues received by the County in each fiscal year shown. The Rental Car Fee was imposed commencing July 1, 2005. The County was required to remit the first \$3,000,000 collected to the Culinary Academy; all amounts due to the Culinary Academy were remitted in fiscal year 2006. The City currently accounts for the Rental Car Fees in an account in its Multipurpose Special Revenue Fund; that fund is used to account for numerous intergovernmental revenues.

HISTORICAL RENTAL CAR FEE COLLECTIONS

Fiscal Year	Actual Car Rental Fee Collections ^{1/}	Percent Change
2006	\$7,018,598 ^{2/}	--
2007	7,378,019	5.1%
2008	7,427,403	6.7
2009 ^{3/}	7,186,131	(3.2)

- 1/ Represents total Rental Car Fee revenues received by the County (net of all applicable fees and allowances).
- 2/ The Rental Car Fee was imposed in fiscal year 2006. Of the amount shown, \$3 million was remitted to the Culinary Academy as described herein. The City received \$4,018,598 in Pledged Revenues in fiscal year 2006.
- 3/ Represents actual collections for rentals made through the 1st quarter of fiscal year 2009 and an estimated amount for the 4th quarter.



The following table sets forth a history of rental car fee revenues received in each fiscal year, the annual debt service requirements on the Rental Car Fee Bonds, and the associated debt service coverage.

RENTAL CAR FEE REVENUES DEBT SERVICE COVERAGE

Table with 6 columns: Category, 2006, 2007, 2008, (Estimated) 2009, (Budgeted) 2010. Rows include Pledged Revenues, Rental Car Fee revenues, Less: Annual Debt Service on the County Revenue Bond, Amount Available for Debt Service on the Rental Car Fee Bonds, Annual Debt Service on the Rental Car Fee Bonds, and Coverage.

- 1/ The Rental Car Fee was imposed beginning in fiscal year 2006. \$7,018,598 in Rental Car Fee revenues were collected in fiscal year 2006; however, the first \$3 million were distributed to the Culinary Academy. The City received only \$4,018,598 in Rental Car Fee Revenues in fiscal year 2006.
2/ Rental Car Fee revenues represent fiscal year (July 1 to June 30) collections, net of the administrative fee paid to Department of Taxation. Fiscal year 2009 estimated and 2010 budgeted.

SOURCE: City of Las Vegas Finance Department

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DEBT CAPACITY

Response to NRS 350.013 1(c):

(2) A discussion of its capacity to incur authorized and proposed future general obligation debt without exceeding the applicable debt limit (NRS 350.013 (b)(2)).

State law limits the aggregate principal amount of the City’s general obligation debt to 20% of its total reported assessed valuation. Based upon the City’s assessed valuation for fiscal year 2009 of \$26,462,426,879 (including the assessed valuation of the Redevelopment Agency), the City is limited to general obligation indebtedness in the aggregate amount of \$5,292,485,376.

The following table presents a record of the City's outstanding indebtedness with respect to the debt limitation in the City Charter.

HISTORICAL STATUTORY DEBT CAPACITY
City of Las Vegas, Nevada

Table with 5 columns: Fiscal Year Ended June 30, Assessed Valuation 1/, Debt Limit, Outstanding General Obligation Debt 2/, and Additional Statutory Debt Capacity. Rows for years 2005 through 2009.

- 1/ Includes the assessed valuations of the Las Vegas Redevelopment Agency. While it is appropriate to consider the assessed value of the Las Vegas Redevelopment Agency in determining the City's debt limitation, only the portion of the taxes that are levied against property in the redevelopment area with assessed valuation that is equal to the assessed valuation of such property during the 1986 fiscal year is available to pay debt service on the general obligation bonds.
2/ Includes general obligation bonds, general obligation revenue bonds and general obligation medium-term bonds.



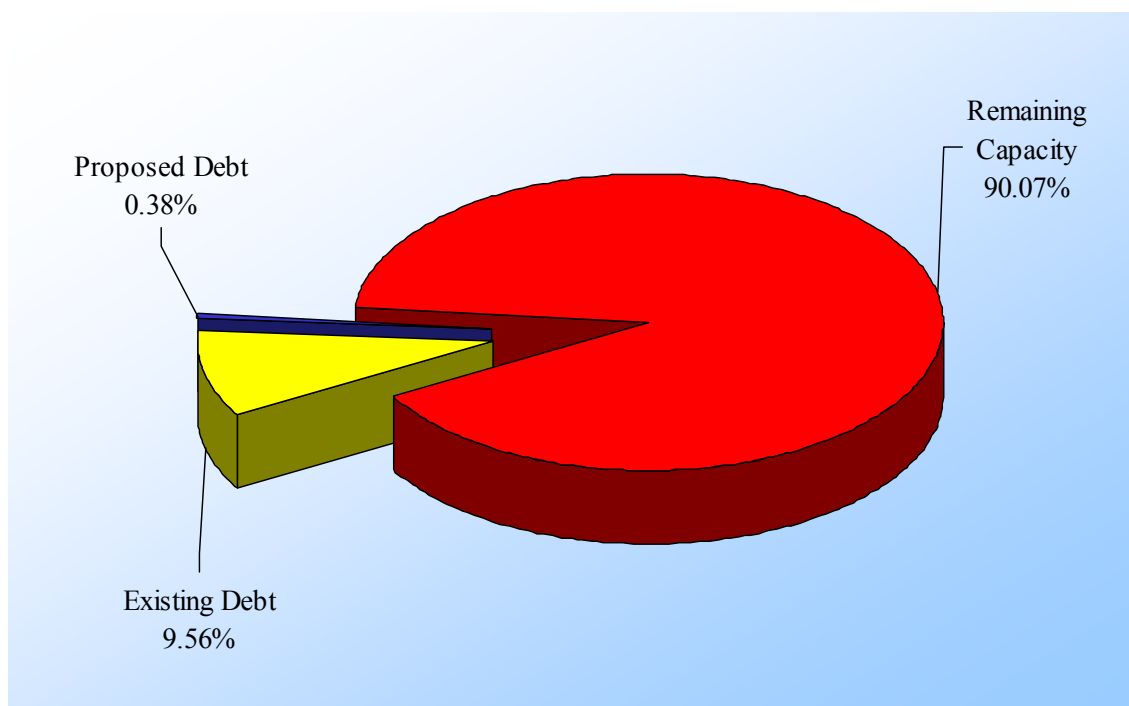
Based upon the fiscal year 2010 assessed value \$19,880,557,870 (including the assessed value of the Redevelopment Agency, the City's statutory debt limitation is \$3,976,111,574. The following table represents the City's outstanding and proposed general obligation indebtedness with respect to its statutory debt limitation.

STATUTORY DEBT CAPACITY
City of Las Vegas, Nevada
For Fiscal Year 2010

Statutory Debt Limitation	<u>\$ 3,976,111,574</u>
Outstanding General Obligation Indebtedness ^{1/}	394,935,000
Plus: Proposed Medium-Term Bonds	<u>15,000,000</u>
Total Outstanding and Proposed General Obligation Indebtedness	409,935,000
<u>Additional Statutory Debt Limitation Available</u>	<u>\$3,566,176,574</u>

1/ See table entitled "OUTSTANDING GENERAL OBLIGATION DEBT AND OTHER OBLIGATIONS" on page 4.

SOURCE: Department of Taxation; City of Las Vegas





DEBT COMPARISON
(Per capita and Assessed Valuation)

Response to NRS 350.013 1(c):

(3) A discussion of general obligation debt that is payable from property taxes per capita as compared with such debt of other municipalities in the state.

(4) A discussion of its general obligation debt that is payable from property taxes as a percentage of assessed valuation of all taxable property within the boundaries of the municipality.

A comparison of the voter approved general obligation debt that is payable from ad valorem taxes is shown below. Also shown is a comparison of the voter approved general obligation debt per capita as compared with the average for such debt of other municipalities, as well as an illustration of debt that is payable from ad valorem taxes as a percentage of assessed valuation of all taxable property within the boundaries of the municipality.

DEBT RATIO COMPARISONS
As of June 30, 2009

Table with 6 columns: Municipality, Total General Obligation Debt, Estimated Fiscal Year 2008 Population, Fiscal Year 2010 Assessed Value, General Obligation Debt Per Capita, GO as a % of Assessed Value. Rows include Las Vegas, North Las Vegas, Clark County, CC School District, Henderson, Carson City, and Reno.

- 1/ Outstanding as of June 30, 2009. Excludes proposed bonds, revenue bonds, lease/purchase agreements and special assessment bonds.
2/ Source: State of Nevada Demographer, figures effective July 1.
3/ Source: Nevada Department of Taxation (excluding Redevelopment Agencies).

SOURCE: Compiled by NSB Public Finance



POLICY STATEMENT FOR SALE OF DEBT

Response to NRS 350.013 1(c):

(5) Policy regarding the manner in which the municipality expects to sell its debt.

Administration of Policy

The City Manager is the Chief Administrative Officer for The City. The Director of Finance is the Chief Financial Officer for the City. The City Manager is ultimately responsible for administration of City financial policies. The City Council is responsible for the approval of any form of City borrowing and the details associated therewith. Unless otherwise designated, the Director of Finance coordinates the administration and issuance of debt.

The Director of Finance is also responsible for the attestation of disclosure and other bond related documents. References to the "City Manager or his designee" in the document are hereinafter assumed to assign the Director of Finance as the "designee" for administration of this policy. The City Manager may, from issue to issue, designate officials from issuing entities to discharge the provisions of this policy.

Initial Review and Communication of Intent

All borrowing requests shall be communicated to the City Finance Department during the annual budget process. Requests for a new bond issue must be identified as a part of a Capital Improvement Program (CIP) request. Opportunities for refunding shall originate with or be communicated to the Department of Finance. Justification and requested size of the bond issue must be presented as well as the proposed timing of the bond issue.

The Department of Finance will evaluate each debt proposal comparing it with other competing interests within the City. All requests will be considered in accordance with the City's overall adopted priorities. The Department of Finance will coordinate the issuance of debt including size of issuance, debt structuring, repayment sources and determination of mix (e.g. debt financing versus pay-as-you-go), and method of sale.

Method of Sale

The City can sell its debt directly to a bank or can issue bonds in the municipal bond market. The decision as to whether to issue bonds or obtain bank financing is based upon which alternative will provide the City with the lowest cost.

If bonds are issued, there are two ways bonds can be sold: competitive (public) or negotiated sale. NRS 350.105 to 350.195 set forth the circumstances under which a local government will sell its bonds at competitive or negotiated sale. The City will follow the statutory requirements in determining the method of sale for its bonds.

Competitive and negotiated sales provide for one or more pricings, depending upon market conditions or other factors. Either method can provide for changing sale dates, issue size, maturity amounts, term, bond features, etc. The timing of any sale is generally related to the requirements of the Nevada Open Meeting Law.



Competitive Sale

In a competitive sale, all underwriter(s) are invited to submit a proposal to purchase an issue of bonds. The bonds are awarded to the underwriter(s) presenting the best bid according to stipulated criteria set forth in the notice of sale. The best bid is determined based on the lowest overall interest rate.

Negotiated Sale

In a negotiated sale, an exclusive arrangement is made between the issuer and an underwriter or underwriting syndicate. At the end of successful negotiations, the issue is awarded to the underwriter. If bonds are sold through a negotiated sale, the City will comply with the requirements of NRS 350.175.

A negotiated underwriting may be considered based upon one or more of the following criteria:

- Extremely large issue size
- Complex financing structure (i.e. new security feature, variable rate financings, new derivatives, and certain revenue issues, etc.) which provides a desirable benefit to the City
- Difficulty in marketing due to credit rating or lack of bids
- Private placement, or sale to a municipality, to the state, or a federal agency
- Other factors which lead the City to conclude that competitive sale would not be effective. It is the policy of the City to provide minority business enterprises, women business enterprises and all other business enterprises an equal opportunity to participate in the performance of all City contracts. Bidders are requested to assist the City in implementing this policy by taking all reasonable steps to ensure that all available business enterprises, including minority and women business enterprises have an equal opportunity to participate in City contracts.

Underwriter Selection for Negotiated Sale

1. Underwriter selection for economic development revenue bonds, and bonds issued pursuant to NRS 271, which are not secured by a pledge of the taxing power and general fund of the City, may be approved via the City's guidelines for such bonds.
2. The Department of Finance will solicit proposals from underwriters who have submitted, in their own name or as part of a syndicate, bids for City competitive bond issues during the past three years. All such firms will have an equal opportunity to be selected to bid for the City's negotiated underwriting pool. The review of proposals shall include, but not be limited to, the requirements of NRS 350.185.
3. Before selling bonds at negotiated sale, underwriters in the City's pool may be contacted to provide additional information including, but not limited to that required by NRS 350.185.
4. The book-running senior manager and other members of the underwriting syndicate for a particular issue or project will be designated by the Department of Finance and ratified by the City Council- It is the City's intent, once a team is established, to provide equal opportunity for the position of book-running senior manager. The Department of Finance will rotate the book-running senior manager on a deal-by-deal basis as appropriate for the particular bond issue or project.



5. The underwriting team should be balanced with firms having institutional, retail, and regional sales strength, qualified minority and/or woman-owned firms will be included in the underwriting team and given in equal opportunity to be senior manager.
6. The size of an issue will determine the number of members in the underwriting team and whether more than one senior manager is desirable.

Underwriting Spread

Before work commences on a bond issue to be sold at negotiated sale, the underwriter shall provide the Department of Finance a detailed estimate of all components of their compensation. Such estimates should be contained in the RFP or provided immediately after their designation as underwriter.

The book-running senior manager must provide an updated estimate of the expense component of gross spread to the Department of Finance no later than one week prior to the day of pricing.

Establishment of a Selling Group

When deemed appropriate by the Department of Finance, a selling group will also be established to assist the underwriting team in the marketing of the bond issue.

Priority of Orders

The priority of orders to be established for negotiated sales is generally as follows:

1. Nevada Investors
2. Group Orders
3. Designated Orders
4. Member Orders

For underwriting syndicates with three or more underwriters a three-firm rule for net designated orders will be established as follows;

1. The designation of takedown on net designated orders is to benefit at least three firms of the underwriting team.
2. No more than 50 percent of the takedown may be designated to any one firm. No less than 10 percent of the takedown will be designated to any one firm.

Retentions

If the use of retentions is desirable, the Department of Finance will approve the percentage (up to 30 percent) of term bonds to be set aside. The amount of total retention will be allocated to each member of the underwriting team in accordance with their respective underwriting liability, which is approved by the Department of Finance.



Allocation of Bonds

1. The book running senior manager will be responsible for ensuring that the overall allocation of bonds meets the City's goals of obtaining the best price for the issue and a balanced distribution of the bonds.
2. The Department of Finance must approve the final bond allocation process with input from the book running senior manager.

Miscellaneous

MBE/WBE Statement - It is a continuing goal of The City to actively pursue minority and women business enterprises to take part in The City's procurement and contracting activity. Minority and women business enterprises will be solicited in the same manner as non-minority firms. The City encourages participation by minority and women business enterprises and will afford full opportunity for bid submission. Minority and women business enterprises will not be discriminated against on the grounds of race, color, creed, sex, or national origin in consideration for an award.

Bond Closings - All bond closings shall be held in the City unless circumstances dictate otherwise.



OTHER CITY DEBT POLICIES

Debt Structure

Maturity Structures - The term of City debt issues should not extend beyond the useful life of the project or equipment financed. The repayment of principal on tax supported debt should generally not extend beyond 20 years unless there are compelling factors which make it necessary to extend the term beyond this point.

Debt issued by the City should be structured to provide for generally level debt service. Deferring the repayment of principal should be considered only in select instances where it will take a period of time before revenues are sufficient to pay debt service.

Capitalized Interest - The City will generally not capitalize interest unless there are compelling factors which make it necessary or desirable to do so.

Bond Insurance - The purchase of bond insurance may be considered as part of the structure of a bond issue. Bond insurance is an insurance policy purchased by an issuer or an underwriter for either an entire issue or specific maturities, which guarantees the payment of principal and interest. While this security provides a higher credit rating and thus a lower borrowing cost for an issuer, such cost savings must be measured against the premium required for such insurance.

The decision to purchase insurance directly versus bidder's option is based on:

- volatile markets
- current investor demand for insured bonds
- level of insurance premiums
- ability of the City to purchase bond insurance from bond proceeds

Bond insurance can be purchased directly by the City prior to the bond sale (direct purchase) or at the underwriter's option and expense (bidder's option). In cases where insurance is purchased, the City will attempt to qualify its bond issues for insurance with bond insurance companies rated AA or higher by Moody's Investors Service, Standard & Poor's Corporation and/or Fitch Ratings.

When insurance is purchased directly by the City, the present value of the estimated debt service savings from insurance should be at least equal to or greater than the insurance premium. The bond insurance company will usually be chosen based on an estimate of the greatest net present value insurance benefit (present value of debt service savings less insurance premium).

Refundings

A refunding is generally the underwriting of a new bond issue whose proceeds are used to redeem an outstanding issue. Key definitions are described as follows:



Advance Refunding - A method of providing for payment of debt service on a bond until the first call date or designated call date from available funds. Advance refundings are done by issuing a new bond or using available funds and investing the proceeds in an escrow account in a portfolio of U.S. government securities structured to provide enough cash flow to pay debt service on the refunded bonds.

Current Refunding - The duration of the escrow is 90 days or less.

Gross Savings - Difference between debt service on refunding bonds and refunded bonds less any contribution from a reserve or debt service fund.

Present Value Savings - Present value of gross savings discounted at the refunding bond yield to the closing date plus accrued interest less any contribution from a reserve or debt service fund.

Prior to beginning a refunding bond issue the City will review an estimate of the savings achievable from the refunding. The City may also review a pro forma schedule estimating the savings assuming that the refunding is done at various points in the future.

The City will generally consider refunding outstanding bonds if one or more of the following conditions exist:

1. Present value savings are at least 3% of the par amount of the refunding bonds.
2. The bonds to be refunded have restrictive or outdated covenants.
3. Restructuring debt is deemed to be desirable.

The City may pursue a refunding not meeting the above criteria if:

1. Present value savings exceed the costs of issuing the bonds.
2. Current savings are acceptable when compared to savings that could be achieved by waiting for more favorable interest rates and/or call premiums.

Interest Rate Limitation

Under NRS 350.2011, the maximum tax-exempt rate of interest must not exceed by more than three percent:

1. For general obligations, the Index of Twenty Bonds; and
2. for special obligations, the Index of Revenue Bonds, which was most recently published before the City adopts a bond ordinance.

Certificates of Participation/Other Capital Leases

Certificates of participation are essentially leases which are sold to the public. The lease payments are subject to annual appropriation. Investors purchase certificates representing their participation in the lease. Often, the equipment or facility being acquired serves as collateral. These securities are most useful when other means to finance are not available under State law.



Financing Sources

The City will evaluate available County/State bond financing programs before choosing the financing source. The City will consider utilizing a County/State program if bonds can be sold by the County/State in a manner that meets the City's timing needs and if two or more of the following conditions are expected:

- 1) The City will benefit from the County/State's credit rating.
- 2) The City will reduce its issuance costs by combining with other participants.
- 3) The City will be able to approve the structure of the bonds.
- 4) The utilization of the County/State program is the most cost effective source of funds.

Secondary Market Disclosure

In November 1994, the Securities and Exchange Commission (SEC) amended Rule 15c2-12 (the "Rule") to prohibit any broker, dealer, or municipal securities dealer from acting as an underwriter in a primary offering of municipal securities unless the issuer Promises in writing to provide certain ongoing information (unless the offering satisfies certain exemptions).

The City will comply with the Rule by providing the secondary market disclosure required in any case in which the Rule applies to the City as an obligated person ("Obligated Person") as defined in the Rule.

The City will also require certain governmental organizations and private organizations (the "Organizations"), on behalf of which the City issues bonds or who otherwise are beneficiaries of the bonds, to comply with the Rule pursuant to a loan agreement or other appropriate financing document as a condition to providing the financing. The City is not required, nor will it obligate itself to provide secondary market disclosure for any obligated persons (other than the City), and the City will have no liability or responsibility for the secondary market disclosure requirements imposed upon other Obligated Persons. The City may, in appropriate cases, exempt Organizations and other Obligated Persons from this policy where the City determines, in its sole discretion, that an exemption permitted by the Rule is available.

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**OPERATION COSTS AND REVENUE SOURCES
FOR PROJECTS IN CAPITAL IMPROVEMENT PLAN**

Response to NRS 350.013 1(c):

(7) A discussion of its operational costs and revenue sources, for the ensuing 5 fiscal years, associated with each project included in its plan for capital improvement submitted pursuant to paragraph (d), if those costs and revenues are expected to affect the property tax rate.

The Capital Improvement Plan (the “CIP”) contains current and proposed projects for the next five years segregated into the following categories: water, wastewater, streets, flood control, street lights, traffic control, parks and recreation, municipal facilities, and school flashing lights.

The cost estimates are very preliminary in nature, as design has not taken place in most cases. Cost summaries are included for each category at the beginning of each section. The City may not be able or willing to provide this level of funding even with some sources of funds external to the City. Over the time interval anticipated by this document, some portions of these projects can be expected to be provided by the developers as construction continues in the City. It is not possible for the City to fully anticipate when and where such developer-provided construction will occur.

Future bonding may be an alternative to providing funding for some of the needed infrastructure where currently funding has not been identified. The City has expended virtually all local street and flood bonds. A bonding package could be promoted to include certain identified streets, local flood control including nuisance drainage, street lights, school flashing signals, and traffic signals. A list could be projected based upon some of the top priorities listed in the CIP for the identified categories. Currently, the City does not anticipate that operational costs and revenue sources associated with the funding of capital improvements identified in its CIP will affect the property tax rate.

5-Year Operating Tax Rate Forecast

Barring extraordinary events, the City shall impose a property tax limit based on the fiscal year 1999 variance between the actual tax levied and the maximum allowed levy; that is, the City will not raise its operating rate beyond a self imposed limit that is 11.2 cents per \$100 below the State imposed limit. The City's currently maximum allowed tax rate is \$0.8644 and the rate imposed is \$0.6765, which leaves \$0.1879 allowable under state law and \$0.0759 allowable under this policy. The City does not anticipate increasing the operating rate, barring extraordinary events, in the next five years.



**CHIEF FINANCIAL OFFICER INFORMATION
NRS 350.013 Subsection 1(e)**

A statement containing the name, title, mailing address and telephone number of the chief financial officer of the municipality.

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TITLE: Director of Finance and Business Services/City Treasurer

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