DOWNTOWN LAS VEGAS

City of Las Vegas Downtown Redevelopment Agency
COUNCIL CHAMBERS • 400 EAST STEWART AVENUE
PHONE 386-6011

MINUTES

MEETING: #86-20

DECEMBER 3, 1986

10:00 A.M.
(Following the morning session of the City Council meeting)

Call to Order: 11:00 a.m.
Adjourned: 11:05 a.m.

REDEVELOPMENT AGENCY	PRESENT	ABSENT	EXCUSED
CHAIRMAN BILL BRIARE	☒	☐	☐
VICE-CHAIRMAN RON LURIE	☒	☐	☐
MEMBER BOB NOLEN	☒	☐	☐
MEMBER AL LEVY	☐	☐	☒
MEMBER W. WAYNE BUNKER	☒	☐	☐
ASHLEY HALL, EXEC. DIRECTOR	☒	☐	☐
GEORGE OGILVIE, CITY ATTORNEY	☒	☐	☐
CAROL ANN HAWLEY, SECRETARY	☒	☐	☐

APPROVED BY REFERENCE January 7, 1987

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DEC 0 3 1986

City of Las Vegas

CITY COUNCIL
COUNCIL CHAMBERS • 400 EAST STEWART AVENUE
PHONE 386-6011

The City of Las Vegas Downtown Redevelopment Agency will meet on Wednesday, December 3, 1986, at the hour of 10:00 A.M., in the Council Chambers of City Hall Complex, 400 East Stewart Avenue, Las Vegas, Nevada, to consider the following matters:

AGENDA

1. Approval of the minutes of the previous meeting

   A. Meeting of November 5, 1986

2. New Business

   A. Discussion and possible action approving a Supplemental Indenture of Trust, amending the existing Indenture of Trust between the Agency and First Interstate Bank of Denver, relating to the $50,000,000 City of Las Vegas Downtown Redevelopment Agency Tax Increment Revenue Bonds (City of Las Vegas Downtown Redevelopment Project) Series 1986A, and other matters properly relating thereto.

   B. Discussion and possible action approving an Amendment to the Parking Fund Agreement between the Redevelopment Agency and the City.

AFFIDAVIT OF POSTING

(Posting required under the provisions of NRS CHAPTER 241)

STATE OF NEVADA)
) ss
COUNTY OF CLARK)

Joanne Clerry, an employee of the City of Las Vegas, Nevada being first duly sworn, deposes and says that on the 26th day of November, 1986, at the hour of 9 am there were posted copies of a NOTICE, the attached of which is a true and correct copy of CLV Downtown Redevelopment Agency to be held on the 3rd day of December, 1986, at 400 East Stewart Avenue, Las Vegas, Nevada; to be posted on Public Bulletin Board at the following locations:

1. In the Bradley Building, State of Nevada, 2501 East Sahara Avenue;
2. In the Senior Citizens Center, 450 East Bonanza;
3. In the Clark County Courthouse, 200 East Carson;
4. On the Public Bulletin Board at the Plaza Level of City Hall, 400 East Stewart Avenue (near the entrance to the Court Clerk's Office); and
5. On the Special Public Bulletin Board at the Plaza Level of City Hall, 400 East Stewart Avenue (near the entrance to the City Council Chamber)

Joanne Clerry
SIGNATURE

City Clerk Office
DEPARTMENT

Subscribed and sworn to before me this
26th day of November, 1986

Sandra R. LeBoeuf
NOTARY PUBLIC in and for said County and State
My Commission expires: 3-15-90

SANDRA R. LE BOEUF
Notary Public - State of Nevada
Appointment Recorded in Clark County
My Appointment Expires Mar 15, 1990

AFFIDAVIT OF MAILING

(Mailing required under the provisions of A.B. 437, NRS CHAPTER 241)

STATE OF NEVADA)
) ss
COUNTY OF CLARK)

Joanne Perry, an employee of the City of Las Vegas, Nevada being first duly sworn, deposes and says that on the 26th day of November, 1986, a copy of an AGENDA (NOTICE), the attached of which is a true and correct copy, of a REGULAR MEETING of the CLV Downtown Redevelopment Agency, to be held on the 31st day of December, 1986, was deposited in the United States Mail, Postage prepaid, First Class Mail, to each person and/or organization whose name appears in the Agenda Register maintained in the Office of the City Clerk as having requested, in writing, a copy of said AGENDA (NOTICE).

Joanne Perry
SIGNATURE (an employee in the Office of the CITY CLERK)

Subscribed and sworn to beofre me this
26th day of November, 1986

Sandra R. LeBoeuf
NOTARY PUBLIC in and for said County and State.
My Commission expires: 3-15-90

SANDRA R. LE BOEUF
Notary Public - State of Nevada
Appointment Recorded in Clark County
My Appointment Expires Mar 15, 1990

A N N O T A T E D
M I N U T E S

CITY OF LAS VEGAS
DOWNTOWN REDEVELOPMENT AGENCY

DECEMBER 3, 1986

A meeting of the Downtown Redevelopment Agency was held on Wednesday, December 5, 1986, at the hour of 11:00 A.M. in the Council Chambers, City Hall Complex, 400 East Stewart Avenue, Las Vegas, Nevada to consider the agenda matters as listed below:

IN ATTENDANCE:

William H. Briare, Chairman
Ron Lurie, Vice Chairman
Bob Nolen, Member
Wayne Bunker, Member
Ashley Hall, Executive Director
George Ogilvie, General Counsel
Marvin Leavitt, Finance Officer
Jack Thomason, Director of Operations
Carol Ann Hawley, Secretary
Randall H. Walker, Deputy City Manager for Administrative Services
Larry K. Barton, Deputy City Manager for Community Services
Britt Ferguson, Deputy Director, Economic & Urban Development, CLV
Sandra LeBoeuf, Deputy City Clerk
Jim Kriedle, Kirchner Moore
Greg Johnson, Attorney, Bond Counsel, Kutak, Rock & Campbell
Citizens at large in audience

EXCUSED: Al Levy, Member

AGENDA ITEMS:

1. Approval of the Minutes of the previous meeting

   A. Meeting of November 5, 1986

   ACTION TAKEN: Lurie/APPROVED/Unanimous (Levy excused)

2. New Business

   A. Discussion and possible action approving a Supplemental Indenture of Trust, amending the existing Indenture of Trust between the Agency and First Interstate Bank of Denver, relating to the $50,000,000 City of Las Vegas Downtown Redevelopment Agency Tax Increment Revenue Bonds (City of Las Vegas Downtown Redevelopment Project) Series 1986A, and other matters properly relating thereto.

   ACTION TAKEN: Bunker/APPROVED with Optional Conversion Clause deleted from Supplemental Indenture/Unanimous (Levy excused)
   NOTE: See Verbatim Transcript for further detail/information.

   B. Discussion and possible action approving an Amendment to the Parking Fund Agreement between the Redevelopment Agency and the City.

   ACTION TAKEN: Lurie/APPROVED/Unanimous (Levy excused)

The Meeting was adjourned at 11:05 A.M.

NOTE: A VERBATIM TRANSCRIPT AND TAPE RECORDING OF THIS MEETING IS ON FILE IN THE OFFICE OF THE SECRETARY OF THE REDEVELOPMENT AGENCY.

CHAIRMAN BRIARE: The City of Las Vegas Downtown Redevelopment Agency is now in session. May we have a motion for the Minutes of the Meeting of November 5?

VICE CHAIRMAN LURIE: I MOVE FOR APPROVAL, MAYOR.

CHAIRMAN BRIARE: Any comments or questions? (No response) Cast your votes. Post. THE MOTION IS APPROVED. THE MINUTES ARE APPROVED. Under New Business, Mr. Hall.

EXECUTIVE DIRECTOR HALL: Under New Business, Your Honor, Item A is Discussion and Possible Action Approving a Supplemental Indenture of Trust, amending the existing Indenture of Trust between the Agency and First Interstate Bank of Denver, relating to the $50,000,000 City of Las Vegas Downtown Redevelopment Tax Increment Revenue Bonds (City of Las Vegas Downtown Redevelopment Project) Series 1986A, and other matters properly relating thereto. I think I'll have -- we have our Bond Counsel with us today. Britt Ferguson, Randy and Marvin Leavitt are prepared to get into any discussion or lengthy discussion you wish on this particular subject.

CHAIRMAN BRIARE: We have substantial material as backup, but I might ask if there's any comments or questions? Councilman Bunker.

MEMBER BUNKER: I think there are some late developments, is there not, about whether we can retain the option to convert these non-taxable bonds to taxable bonds, and that does have a significant effect upon the manner in which we can use this money, and gee, I hope we can discuss the options and satisfy us all as to what the pros and cons are, so let's have at it.

MEMBER LURIE: Is that under the new tax law? How does that effect with the new tax law?

BRITT FERGUSON: The issue that's come up -- just came up -- we really learned about it this morning from our investment bankers, and the issue has to do with a section in the indenture that's been in the indenture since it was originally adopted and was continued in the supplemental indenture which permits us at the option of the Redevelopment Agency, at your option, to convert any outstanding bonds to taxable bonds, from tax exempt to taxable bonds, and then we would be required to pay a higher interest rate on those bonds. We can do that if we meet a certain coverage test. What we've learned this morning as Kirchner Moore was out trying to market these bonds to various bond funds is that these bond funds some of them are prohibited from purchasing bonds that have a

BRITT FERGUSON: conversion to taxability provision. The result of this is that if we were to keep the conversion to taxability provision in the indenture, we would be unable to market the bonds to these bond funds -- we would still be able to market the bonds. We'd have to go to other investors, but we would probably have to pay a higher interest rate. Jim Kriedle from Kirchner Moore is here and can discuss that to some extent, but essentially, they estimate the additional interest could range anywhere from 1/2 to a full 1 percent higher. That is, we've told you we estimate. Now, we won't know until the 18th precisely, but we estimate now we will able to remarket the bonds at 7 percent. Before we were aware of this event of taxability issue, that could means as much as 7/5 or 7.5 or 8 percent. The way to deal with that would, of course, to delete the event of taxability provision, which you can do here, simply by approving the indenture with a condition that the event of taxability provision be deleted. The negative there is that it does somewhat reduce our flexibility in terms of in the future, for example, if we wanted to do something that -- there might be some reason why it would be to our benefit to convert to taxable bonds. For example, if we were dealing with a developer and we wanted to take more than 25 percent of the debt service in payment from the developer for some land, something like that, we could then invoke the event of taxability provision, have to pay higher interest rate and be able to take that money. We don't think that's going to occur right now with any of the developers we're working with right at this moment, but again, it's just a question of future flexibility that we're giving up if we delete that event of taxability.

MEMBER BUNKER: Are we giving it up on the full Fifty Million of short term? If we delete it today, are we deleting it from the short term bonds as well as the remarketing part, the Fifteen Million?

BRITT FERGUSON: You can, and again, Greg Johnson from Kutak, Rock and Campbell, our Bond Counsel, might want to speak to that, but my understanding is you have the option of deleting it either from the Fifteen Million or from both the Fifteen and the other Thirty-Five Million that we're remarketing short term.

MEMBER BUNKER: We don't want to delete it from the Thirty-Five.

BRITT FERGUSON: Well, the real advantage to us is having it on the Fifteen rather than on the Thirty-Five. I mean, there's not going to be an event of taxability likely with

BRITT FERGUSON: regard to the Thirty-Five, but because it does is sit there in escrow, so the likelihood --

MEMBER BUNKER: I know, but when we remarket the Thirty-Five --

BRITT FERGUSON: Yes.

MEMBER BUNKER: -- have we then lost our options on the Thirty-Five --

BRITT FERGUSON: Yes.

MEMBER BUNKER: -- as well as the Fifteen?

BRITT FERGUSON: Yes. So you do have the option this morning of simply deciding to delete from the Fifteen and not from the Thirty-Five. It is our recommendation, because of the substantial interest rate -- possible interest rate. We don't know exactly. We're just guessing at this point. We just learned of this this morning. It is staff's recommendation, Marvin, Randy and I talked about it, that we do delete --

MEMBER BUNKER: On the Fifteen?

BRITT FERGUSON: -- on the Fifteen.

MEMBER BUNKER: Well, that would be my position. I think that's what I was hoping you were going to come to, because I don't see how we can possibly delete it on the Thirty-Five and then all we can use the money for is almost like offsite improvements or grants. We can't have any return. We can't have any lease income. We can't have any equity at all, is that correct?

MARVIN LEAVITT: Above the Twenty-Five.

BRITT FERGUSON: We can have up to Twenty-Five Percent debt service.

MEMBER FERGUSON: And of the debt service?

BRITT FERGUSON: Of debt service. That's right.

MEMBER BUNKER: That's really not very much, is it, from the standpoint of taking an equity position in any of these projects?

BRITT FERGUSON: For taking an equity position, no, that's correct.

MARVIN LEAVITT: Our reason for the recommendation, of course, is that when you're dealing with long term bonds and 1/2 of 1 Percent on that Fifteen Million --

MEMBER BUNKER: It's a lot of money.

MARVIN LEAVITT: The difference is so great and the cost, the savings would be so great if we delete the provision, that it seems like it's worth the trade off in the additional flexibility at least relating to the Fifteen Million.

MEMBER BUNKER: Right. But isn't it true, the projects for which we are issuing this Fifteen Million long term at this point, we don't anticipate any equity position anyway.

MARVIN LEAVITT: That is correct.

MEMBER BUNKER: So we're really not giving up anything on this, but we are, we would be reserving the option on the balance.

MARVIN LEAVITT: On the Thirty-Five Million, that's correct.

MEMBER BUNKER: I think it resolves pretty easy then, Mayor, as from my standpoint, unless legal counsel and the financial --

CHAIRMAN BRIARE: Britt, do our Counsel or our advisors have anything to add to this?

BRITT FERGUSON: I can call him if you have any questions, Mr. Mayor.

CHAIRMAN BRIARE: I'm sure that their interests are exactly the same as ours are and unfortunately, unless someone is here today with a crystal ball, we can only act upon the best advice we get. Do you have a crystal ball?

EXECUTIVE DIRECTOR HALL: No, sir.

CHAIRMAN BRIARE: Can you get us a crystal ball? (Laughter) Any further discussion?

MEMBER LURIE: I'm going to refer to Councilman --

CHAIRMAN BRIARE: Councilman.

MEMBER BUNKER: I WOULD MOVE THAT WE APPROVE THE SUPPLEMENTAL INDENTURE WITH THE DELETE OF THE CONVERSION FEATURE FROM NONTAXABLE TO TAXABLE. Is that an adquate --

BRITT FERGUSON: The techical term is "the optional conversation."

MEMBER BUNKER: OKAY. DELETION OF THE OPTIONAL CONVERSION CLAUSE FROM FOR THE FIFTEEN MILLION.

CHAIRMAN BUNKER: And in the event, Mr. Hall -- I'm sure that Councilman Bunker would agree -- in the event there's something technical phrasing that has to go in to accomplish the intention of his motion that you certainly will put it into its proper form. Right, Wayne?

MEMBER BUNKER: Yes.

CHAIRMAN BRIARE: Comments or questions? Are you ready to vote? Cast your vote. Post. MOTION'S APPROVED. Mr. Hall.

EXECUTIVE DIRECTOR HALL: Item B, Your Honor, is discussion and possible action approving an Amendment to the Parking Fund Agreement between the Redevelopment Agency and the City. The bottom line of that is that we would maintain an account balance of $400,000 in that Parking Garage Fund. That would reduce our interest rate we pay on that and it would pay us substantial benefits. We'd simply have to give that up and maintain it over a period of time in bonds.

MEMBER LURIE: MOVE FOR APPROVAL.

CHAIRMAN BRIARE: Comments or questions? (No response) Cast your vote. Post. THE MOTION'S APPROVED. Any other business, Mr. Hall?

EXECUTIVE DIRECTOR HALL: No, Your Honor.

CHAIRMAN BRIARE: Then the Redevelopment Agency Meeting is adjourned.

CITY OF LAS VEGAS
DOWNTOWN REDEVELOPMENT AGENCY

000010

AGENDA DOCUMENTATION

Date December 3, 1986 DEC 03 1986

TO:	FROM:
REDEVELOPMENT AGENCY	ASHLEY HALL EXECUTIVE DIRECTOR

SUBJECT: DISCUSSION & POSSIBLE ACTION APPROVING A SUPPLEMENTAL INDENTURE OF TRUST, AMENDING THE EXISTING INDENTURE OF TRUST BETWEEN THE AGENCY AND FIRST INTERSTATE BANK OF DENVER, RELATING TO THE $50,000,000 CITY OF LAS VEGAS DOWNTOWN REDEVELOPMENT AGENCY TAX INCREMENT REVENUE BONDS (CITY OF LAS VEGAS DOWNTOWN REDEVELOPMENT PROJECT) SERIES 1986A, AND OTHER MATTERS PROPERLY RELATING THERETO

PURPOSE/BACKGROUND

On October 15, you authorized the Agency's remarketing agent to begin the process of remarketing $15,000,000 in long-term bonds. As you know, the actual remarketing will take place on December 18.

Based on your direction, Kirchner, Moore has secured an insurance policy for the bonds which will enable the Agency to obtain a AAA rating. In order to get this insurance the Agency must agree to certain additional conditions related to the bond issue.

The attached Resolution approves a Supplemental Indenture, incorporating the changes required to obtain insurance on the bonds and various other modifications to the Indenture. The Resolution also approves various actions related to the remarketing of the $15,000,000 in long-term bonds.

FISCAL IMPACT

By approving this Resolution the Agency will be able to proceed to remarket $15,000,000 in long-term bonds. On December 18 this will provide the Agency with approximately $11,000,000 in spendable proceeds after deducting for costs of issuance.

RECOMMENDATIONS

It is the recommendation of the Executive Director that the attached Resolution be approved and that the Chairman be authorized to sign the Supplemental Indenture and any other appropriate documentation.

Ashley Hall

ASHLEY HALL, EXECUTIVE DIRECTOR

Agenda Item

2. A

DEC 03 1986

RESOLUTION

A RESOLUTION OF THE CITY OF LAS VEGAS DOWNTOWN REDEVELOPMENT AGENCY AUTHORIZING, APPROVING AND DIRECTING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL INDENTURE, DATED AS OF DECEMBER 1, 1986, WITH RESPECT TO $50,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF LAS VEGAS DOWNTOWN REDEVELOPMENT AGENCY, TAX INCREMENT REVENUE BONDS (CITY OF LAS VEGAS DOWNTOWN REDEVELOPMENT PROJECT) SERIES 1986A."

WHEREAS, the City of Las Vegas Downtown Redevelopment Agency (the "Agency") is a public body corporate and politic, and has been duly organized, established and authorized by the City of Las Vegas, Nevada (the "City") to transact business and exercise its powers as a redevelopment agency, all under and pursuant to the Nevada Community Redevelopment Law, consisting of NRS 279.382 to 279.680, inclusive (the "Act"); and

WHEREAS, pursuant to the Act, the Agency has the power and authority to issue "bonds" (defined by the Act to mean and include any bonds, notes, interim certificates, debentures or other obligations) to finance the corporate purposes of the Agency authorized to be undertaken by the Agency under the Act; and

WHEREAS, a redevelopment plan, known as the "City of Las Vegas Downtown Redevelopment Plan" (the "Redevelopment Plan"), has been duly and regularly approved by the City Council of the City for a redevelopment project under the Act known and designated as the "City of Las Vegas Downtown Redevelopment Project" (the "Redevelopment Project"); and

WHEREAS, all applicable requirements of the Act and other provisions of law for and precedent to the adoption and approval by the City of the Redevelopment Plan have been duly complied with; and

WHEREAS, in order to finance certain public undertakings in connection with the Redevelopment Project and which are authorized pursuant to the Act and the Redevelopment Plan, the Agency has previously issued $50,000,000 in aggregate principal amount of its "Tax Increment Revenue Bonds (City of Las Vegas Downtown Redevelopment Project) Series 1986A" (the "Series 1986A Bonds"); and

WHEREAS, there have been presented or will be presented to the Agency: (a) the proposed form of First Supplemental Indenture of Trust, dated as of December 1, 1986 (the "First Supplemental Indenture"), which amends and supplements that certain Indenture of Trust, dated as of August 1, 1986 (the "Original Indenture"), both between the Agency and First Interstate Bank of Denver, N.A., as trustee (the "Trustee"); (b) the Preliminary Remarketing Circulars, dated December 1, 1986 (the "Preliminary Remarketing Circulars"), prepared for use in connection with the remarketing of the Short Term Series 1986A Bonds and the Long Term Series 1986A Bonds (as defined in the Original Indenture); and (c) the final Remarketing Circulars, dated December 18, 1986 (the

"Remarketing Circulars"), prepared for distribution to the purchasers of the Short Term Series 1986A Bonds and the Long Term Series 1986A Bonds.

NOW, THEREFORE, THE CITY OF LAS VEGAS DOWNTOWN REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All actions not inconsistent with the provisions of this Resolution heretofore taken by any of the officials of the Agency and the efforts of the Agency directed toward the issuance, sale and delivery of the Series 1986A Bonds, the remarketing of the Series 1986A Bonds and the acquisition, construction and completion of the Redevelopment Project shall be, and the same hereby are, ratified, approved and confirmed. In particular, and without limitation, the distribution and use of the Preliminary Remarketing Circulars is hereby ratified and confirmed as the official act of the Agency.

Section 2. The form, terms and provisions of the First Supplemental Indenture shall be and the same hereby are authorized and approved, and the Agency shall enter into the First Supplemental Indenture substantially in the form of the First Supplemental Indenture as presented to the Agency at this meeting, but with such changes therein as shall be consistent with this Resolution and as the Chairman of the Agency shall approve, his execution thereof being deemed conclusive of his approval of any such changes. The Chairman or Vice Chairman of the Agency is hereby authorized and directed to execute and deliver the First Supplemental Indenture for and on behalf of the Agency in substantially the form of such document presented at this meeting. The Secretary of the Agency is hereby authorized and directed to affix the seal of the Agency to, and to attest, the First Supplemental Indenture in substantially the form of such document presented at this meeting.

Section 3. Valley Bank of Nevada, a banking corporation with its principal corporate trust office located in Las Vegas, Nevada, is hereby appointed Special Co-Trustee for the Series 1986A Bonds for the purpose of holding, investing and disbursing the Series 1986A Project Fund, as set forth in the First Supplemental Indenture.

Section 4. The Agency hereby authorizes and approves the use of the Remarketing Circulars in connection with the offering and sale of the Series 1986A Bonds. The Chairman or Vice Chairman of the Agency is hereby authorized and directed to execute the Remarketing Circulars substantially in the form presented to this meeting, with such changes therein as shall be consistent with this Resolution and as he shall approve, his execution thereof being deemed conclusive of his approval of such changes.

Section 5. The officers of the Agency shall take all action which they deem necessary or reasonably required in conformity with the Act to finance the Redevelopment Project and the remarketing of the Series 1986A Bonds, including the paying of incidental issuance expenses, which are hereby authorized to be paid, and the Agency Representative (as defined in the Original Indenture) is authorized to execute all requisitions to pay issuance expenses, and for carrying out, giving effect to and consummating the transactions contemplated by this Resolution, the First Supplemental Indenture, the Original Indenture and the Remarketing Circulars, including, without limitation, the execution and delivery of any necessary or appropriate closing documents to be delivered in connection with the issuance, sale and delivery of the Series 1986A Bonds.

Section 6. This Resolution shall be and remain irrepealable, and may not be amended except in accordance with the Original Indenture, until the Series 1986A Bonds and interest thereon shall have been fully paid, canceled and discharged, or adequate provision for the payment thereof has been made, in accordance with the Original Indenture.

Section 7. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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DEC 03 1986

Section 8. All bylaws, orders and resolutions, or parts thereof inconsistent herewith or with the documents hereby approved are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order or resolution, or part thereof.

Adopted and approved this 3rd day of December 1986.

[SEAL]

CITY OF LAS VEGAS DOWNTOWN REDEVELOPMENT AGENCY DOWNTOWN REDEVELOPMENT AGENCY CREATED 1985 NEVADA

CITY OF LAS VEGAS DOWNTOWN
REDEVELOPMENT AGENCY

By William W. Briare
Chairman

Attest:

By Carol A. Hawley
Secretary

CITY OF LAS VEGAS

INTER-OFFICE MEMORANDUM

Date 000017

December 2, 1986

DEC 03 1986

TO:

REDEVELOPMENT AGENCY
MAYOR BILL BRIARE, CHAIRMAN
COUNCILMAN RON LURIE, MEMBER
COUNCILMAN AL LEVY, MEMBER
COUNCILMAN BOB NOLEN, MEMBER
COUNCILMAN W. WAYNE BUNKER, MEMBER

FROM:

ASHLEY HALL
EXECUTIVE DIRECTOR

SUBJECT:

ADDITIONAL INFORMATION RE: REDEVELOPMENT AGENCY AGENDA ITEM 2.A: SUPPLEMENTAL INDENTURE

COPIES TO:

RANDALL H. WALKER
LARRY K. BARTON
GEORGE OGILVIE
MARVIN LEAVITT
JACK THOMASON

Attached is the First Supplemental Indenture of Trust between the Agency and First Interstate Bank of Denver. As you know, for the most part, the current Indenture is being amended to conform to the requirements put forth by Bond Investors Guaranty (BIG), as a condition for our obtaining insurance on the long-term bonds. You will note certain hand written corrections in the text of the Supplemental Indenture. These corrections reflect changes agreed upon with BIG within the last 24 hours. In addition, there are a number of other changes which will be made that are not yet reflected in the written document. These changes are, however, assumed in the general description of the Indenture's provisions provided below. A complete revised Indenture will be provided to you just prior to the Council meeting.

Significant Provisions of the Supplemental Indenture

1. Additional Bonds/Remarketing Test

   The Supplemental Indenture contains a test that must be met for any future remarketings (beyond this first $15,000,000) to take place. This is a two-part test, and both parts must be satisfied before a remarketing can occur.

   The first part of the test says that before a subsequent remarketing can take place, current year's pledged property tax revenues must equal 105% of "maximum annual debt service" on both the existing long-term debt and the new debt being created by the remarketing.

   The second part of the test says that before a subsequent remarketing can take place, current years pledged property tax revenues, plus the revenues that would be derived from buildings actually under construction, plus current years pledged Parking Fund revenues must equal 115% of "maximum annual debt service" on both the existing long-term debt and the new draft being created by the remarketing.

The effect of this two-part test will be to limit, to some extent, the Agency's ability to carry out future remarketings, and thus limit the amount of funds available to the Agency for project purposes. The test may also limit our ability to earn arbitrage on the short-term bond proceeds in the escrow fund.

2. Permitted Investments

The Supplemental Indenture contains a list of permitted investments, as required by BIG. The purpose of this list is to limit the Agency to investing bond proceeds in those financial instruments BIG deems prudent. In fact, however, the Agency's investment policy is already much more conservative than BIG's requirements and, thus, this provision will have little impact on actual investment practices.

3. Separation of Security for Short and Long-Term Bonds

BIG has required the Agency to clearly separate the security for the short and long-term bonds. Under the existing Indenture, pledged property tax and Parking Fund revenues are pledged as security for the short-term bonds (if the bonds are not AAA rated) in the event that sufficient escrow earnings are unavailable to meet debt service requirements. Under the Supplemental Indenture, pledged property tax and Parking Fund revenues are pledged only to meet debt service on the long-term bonds (except that the short-term bonds have essentially a second lien on such monies in the Subordinate Debt Fund).

The impact of this requirement is not significant, since it is unlikely that we would be unable to meet any short-term bond debt service requirements out of escrow earnings, and, in the event, we would always have the ability to call the short-term bonds remaining outstanding.

4. Change in Percentage of Long-Term Bonds Maturing In Given Years

The existing Indenture contains a provision that all long-term bonds will mature as follows:

Maturity Date (June 1 of year)	Percentage of Long Term Bonds Outstanding as of any Conversion Date
1996	4%
2001	20%
2006	53%
2009	23%

TO: Mayor and Councilmen
RE: Additional Information RE:
Redevelopment Agency Agenda
Item 2.A: Supplemental Indenture
December 2, 1986
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The Supplemental Indenture changes the percentages to the following:

Maturity Date (June 1 of year)	Percentage of Long Term Bonds Outstanding as of any Conversion Date
1996	4%
2001	20%
2006	42%
2009	34%

This change was not specifically required by BIG, however, it is being made to deal with a problem caused by the BIG imposed additional bonds test.

Under the existing Indenture, the maturity schedule would cause an extremely large "maximum annual debt service" in 2006. Given BIG's additional bonds test this would make it virtually impossible to carry out any future remarketing in the first 2 to 3 years. The maturity schedule contained in the Supplemental Indenture reduces the "maximum annual debt service" requirement in 2006, thus making future remarketings less difficult.

Fiscal Impact

As indicated above, obtaining insurance on the $15,000,000 in long term bonds being remarketed will impose certain limitations on the Agency's future actions. It will also cost us a premium of approximately $470,000 and require us to maintain a $400,000 balance in Parking Fund revenues (discussed in Agenda Item 2.B). However, the savings from insurance accruing to the Agency (and taxpayers) over the life of the bond issue will be significant.

With insurance (and the AAA rating it entails) we now estimate that we can sell the bonds at an interest rate of approximately 7%. An uninsured, unrated issue would probably command an interest rate of 9 to 9.5%. Thus, over the life of the bond issue, insurance saves the Agency approximately $10,000,000 in debt service costs.

AH:BEF:pb

CITY OF LAS VEGAS
DOWNTOWN REDEVELOPMENT AGENCY

000020

AGENDA DOCUMENTATION

Date December 3, 1986 DEC 03 1986

TO:	FROM:
REDEVELOPMENT AGENCY	ASHLEY HALL, EXECUTIVE DIRECTOR

SUBJECT: DISCUSSION AND POSSIBLE ACTION APPROVING AN AMENDMENT TO THE PARKING FUND AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY AND THE CITY.

PURPOSE / BACKGROUND

On October 15, you authorized the Agency's remarketing agent to begin the process of remarketing $15,000,000 in long-term bonds. As you know, the actual remarketing will take place on December 18.

Based on your direction, Kirchner, Moore has secured an insurance policy for the bonds which will enable the Agency to obtain an AAA rating. In order to get this insurance, the Agency must agree to certain additional conditions related to the bond issue.

Among those conditions are a number that relate to the Parking Fund Agreement between the Agency and the City. Those changes are now before you for your approval.

FISCAL IMPACT

This action would change the manner in which pledged Parking Fund revenues are provided to the Agency.

RECOMMENDATIONS

It is the recommendation of the Executive Director that the Amendment be approved.

Ashley Hall
ASHLEY HALL, EXECUTIVE DIRECTOR

Agenda Item

2. B.

CITY OF LAS VEGAS

INTER-OFFICE MEMORANDUM

Date 000021
DEC 03 1986
December 2, 1986

TO:	FROM:
MAYOR BILL BRIARE, COUNCILMAN RON LURIE COUNCILMAN AL LEVY COUNCILMAN BOB NOLEN COUNCILMAN W. WAYNE BUNKER	ASHLEY HALL CITY MANAGER
SUBJECT:	COPIES TO:
ADDITIONAL INFORMATION RE: COUNCIL AGENDA ITEM IV (d) E: REDEVELOPMENT AGENCY AGENDA ITEM 2.B: AMENDMENT TO PARKING FUND AGREEMENT	RANDALL H. WALKER LARRY K. BARTON GEORGE OGILVIE MARVIN LEAVITT JACK THOMASON

Attached is an Amendment to the Parking Fund Agreement between the City and the Redevelopment Agency. As you know, the Agreement is being amended to meet the conditions laid down by Bond Investors Guaranty (BIG) for providing insurance on the $15,000,000 in long-term tax increment bonds being remarketed by the Agency. The Amendment essentially requires the City to do two things:

First, the City must agree to maintain a $400,000 balance of pledged Parking Fund Revenues in the Parking Enterprise Fund. This balance need only be maintained beginning after the first $800,000 in pledged revenues flows thru to the Agency and then back to the City through the Bond's Expense Fund.

Second, the City must agree to provide to the Agency, on a monthly basis, the first $800,000 in pledged Parking fund Revenues received each year. This differs from the existing Indenture in that currently the City is only required to provide the Agency with $800,000 each year in pledged Parking Fund Revenues, not "the first" $800,000 and not on a monthly basis.

Fiscal Impact

Obtaining insurance on the $15,000,000 in long-term bonds will effectively require the City to make a $400,000 20 year "loan" to the Agency from the Parking Fund Revenues, and impose certain limitations on the Agency's actions (see Redevelopment Agency Agenda Item 2.A). It will also cost the Agency a premium of approximately $470,000. However, the savings from insurance to the Agency (and taxpayers) over the life of the bond issue will be significant.

With insurance, (and the AAA rating it entails) we now estimate that we can sell the bond at an interest rate of approximately 7%. An uninsured, unrated issue would probably command an interest rate of 9 to 9.5%. Thus, over the life of the bond issue, insurance will save the Agency approximately $10,000,000 in debt service costs.

AH:BEF:cmp

AMENDMENT TO AGREEMENT

000022

DEC 03 1986

THIS AMENDMENT TO AGREEMENT, made and entered into this 3rd day of December, 1986, by and between the CITY OF LAS VEGAS, a municipal corporation of the State of Nevada (hereinafter referred to as the "City"), and the LAS VEGAS DOWNTOWN REDEVELOPMENT AGENCY, a public body, corporate and politic, duly organized, existing and operating under and by virtue of the Community Redevelopment Law of the State of Nevada (hereinafter referred to as the "Agency"), the City and the Agency being hereinafter referred to collectively as the "Parties,"

WITNESSETH:

WHEREAS, the Parties have heretofore, on the 14th day of August, 1986, made and entered into that certain Parking Fund Agreement (the "Agreement" herein) in which the City agreed to make available to the Agency, for the sole purpose of the Agency's pledging the same, as and when such funds are needed, to the payment, as and when they become due, of the annual installments of the principal of, premium, if any, with respect to and interest on the Agency's "City of Las Vegas Downtown Redevelopment Agency, Tax Increment Revenue Bonds (City of Las Vegas Downtown Redevelopment Project) Series 1986A" (the "Bonds" herein), the sum of Eight Hundred Thousand and No/100ths Dollars ($800,000.00) each fiscal year, commencing with the fiscal year that begins on July 1, 1987, and continuing thereafter until the Bonds have been fully paid or adequate provision for the payment thereof has been made, out of the City's parking meter revenues and the revenues which it derives from fines and forfeitures with respect to parking violations, and exclusive of any revenue that it derives from the lease of its two (2) parking garages which are situate within that area of the City that is identified in the Agreement as the "Redevelopment Area"; and

WHEREAS, the Agency has issued the Bonds and now intends to remarket a portion thereof (the "Remarketed Bonds" herein); and

WHEREAS, in connection with such remarketing, the Agency has requested Bond Investors Guaranty Insurance Company ("B.I.G." herein) to issue a municipal bond insurance policy with respect to the Remarketed Bonds for the purpose of securing for the Remarketed Bonds a AAA/Aaa rating; and

WHEREAS, as a condition precedent to its issuing such municipal bond insurance policy, B.I.G. has required that the Agreement be amended to provide that the City will pay to the Agency, each fiscal year, commencing with the fiscal year that begins on July 1, 1987, as long as any of the Remarketed Bonds remain outstanding, the initial Eight Hundred Thousand and No/100ths Dollars ($800,000.00) that the City derives during that fiscal year from parking meter revenues and revenues from fines and forfeitures with respect to parking violations, that the City will not pledge or otherwise encumber such initial Eight Hundred Thousand and No/100ths Dollars ($800,000.00) for any other purpose and that the initial Four Hundred Thousand and No/100ths ($400,000.00) that are returned to the City by virtue of Paragraph 3 of the Agreement be irrevocably set aside by the City for the exclusive use of the Agency, as and when the need arises for the Agency to use such funds for the purpose of paying the annual debt service on the Remarketed Bonds;

NOW, THEREFORE, for and in consideration of the premises, of the mutual promises and agreements which are hereinafter contained and of other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties do hereby agree as follows:

1. Paragraph 1 of the Agreement is hereby amended to read as follows:

> 1. The City hereby agrees to pay to the Agency, each fiscal year, commencing with the fiscal year that begins on July 1, 1987, and continuing thereafter until the Bonds have been fully paid or adequate provision for

the payment thereof has been made, for the uses and purposes that are hereinafter set forth, in monthly payments as and when the same are accumulated, the initial Eight Hundred Thousand and No/100ths Dollars ($800,000.00) that the City derives during that fiscal year from parking meter revenues and revenues from fines and forfeitures with respect to parking violations, and exclusive of any revenue that it derives from the lease of its two (2) parking garages which are situate within the Redevelopment Area. In this connection, the City agrees not to pledge or otherwise encumber, for any purpose other than as in this Paragraph 1 provided, the initial Eight Hundred Thousand and No/100ths Dollars ($800,000.00) of such revenues that it accumulates in each fiscal year until the Remarketed Bonds are fully paid or adequate provision for the payment thereof has been made.

2. Paragraph 3 of the Agreement is hereby amended to read as follows:

3. The Agency further agrees that, if, at the end of any fiscal year, the funds that are paid to the Agency by the City hereunder, or any part thereof, are not needed to pay the installment of the principal of, premium, if any, with respect to and interest on the Bonds that became due during that fiscal year, such funds, or such part thereof, shall be returned to the City; provided, however, that the initial Four Hundred Thousand and No/100ths Dollars ($400,000.00) that are returned to the City after July 1, 1987, pursuant to this Paragraph 3 shall be irrevocably set aside by the City for the exclusive use of the Agency, as and when the need arises for the Agency to use such funds for the purpose of paying the annual debt service on the

Remarketed Bonds, until the Remarketed Bonds have been fully paid or adequate provision for the payment thereof has been made. After such initial Four Hundred Thousand and No/100ths Dollars ($400,000.00) has been so set aside by the City, all other moneys that are returned to the City by virtue of this Paragraph 3 may be used by the City for such purposes as it sees fit.

3. Except as it is hereinabove expressly amended, the Agreement, and each of the provisions thereof, shall remain and be in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment to Agreement to be executed by their duly authorized representatives the day and year first above written.

CITY OF LAS VEGAS

By William H. Briare
WILLIAM H. BRIARE, Mayor

Approved 12-5-86

ATTEST:

Carol A. Hawley
CAROL ANN HAWLEY, City Clerk

LAS VEGAS DOWNTOWN
REDEVELOPMENT AGENCY

By William H. Briare
WILLIAM H. BRIARE, Chairman

Approved 12-5-86

ATTEST:

Carol A. Hawley
CAROL ANN HAWLEY, Secretary