

Senate

COMMITTEE ON FEDERAL, STATE AND LOCAL GOVERNMENTS

Minutes of Meeting -- April 16, 1973

The forty-fifth meeting of the Committee on Federal, State and Local Governments was held on the 16th day of April, 1973 at 7:00 P.M.

Committee members present: Chairman James Gibson
John Foley
Lee Walker
Coe Swobe
Chic Hecht
Carl Dodge
Stan Drakulich

Also present were:

Thalia Dondero, Las Vegas Chamber of Commerce
Myron Leavitt, Clark County Commissioners
Dr. Bob Broadbent, Clark County Commissioners
Dr. Otto Ravenholt,
Dr. Harris Knutsen, Southern Memorial Hospital
Joe Midmore, Builders Association
John Meder, County Commissioners
Bob Warren, Nevada Municipal Association
Press

SB-624 Requires certain counties to create airport authorities.

Thalia Dondero read report by 1972-73 Clark County Grand Jury and gave copies of same to members of committee. Report attached hereto as Exhibit "A". A "Statement from the Greater Las Vegas Chamber of Commerce" on SB-624 is also attached hereto as Exhibit "B".

The Chairman asked Mrs. Dondero to summarize the recommendation. Mrs. Dondero recommended that there be an airport authority with a good airport manager, and emphasized that we need to reorganize. The Chairman asked if there was a special committee of the Grand Jury that dealt with this? Mrs. Dondero stated that there was a special committee of five members from the entire group of seventeen members that made the report and then reported back to the whole group. They spent two months on the study. The county commissioners and the airport manager both have copies of the report.

Myron Leavitt, Chairman of the Board of County Commissioners of Clark County testified in opposition to the bill. He said he didn't feel the right should be taken away from elected officials to govern a governmental entity.

The Chairman asked about what was being done with purchasing procedures. Mr. Leavitt stated that all purchasing at the airport goes through the purchasing agent of the county.

Dr. Broadbent stated that they had a firm contract policy which specifies the manner and method of all contracts.

The Chairman asked if the airport was under the county personnel system. Mr. Leavitt stated that it is.

SB-631 Authorizes Clark County to improve and equip county hospital facilities and to issue revenue bonds and other securities payable from net pledged revenues derived from county excise taxes.

Dr. Otto Ravenholt, administrator of Southern Nevada Memorial Hospital for the Board of Trustees submitted minutes from Board of County Commissioners meeting of March 20. A copy is attached hereto as Exhibit "C". He then gave a brief history of the hospital and what it does. The basic request is that they be permitted to borrow against the ten-year period of the allocation of gaming excise revenue. They need to replace the physical plant at the hospital, and this would not impose a new tax as the tax is already being collected and allocated for this particular purpose.

Dr. Harris Knutsen, chief of staff of Southern Memorial Hospital testified. He stated that the physical plant is deteriorated and therefore expensive to operate. Cited need for capital relief to replace some of the physical plant.

Senator Swobe asked why they hadn't tried general obligation bonds. Dr. Knutsen stated that he was not opposed to that method but that the time schedule at this point is serious.

AB-450 Prohibits issuing building permit unless restrictions on property are observed.

Joe Midmore testified in opposition to the bill. He stated that if it was a logical piece of law that it should apply to the entire state, and felt that it is wrong to ask local

government to enforce something that is not an ordinance of that government or state statute. Builders Association of Northern Nevada feel that the place for a deed restriction to be enforced is in the courts. He asked the committee to indefinitely postpone the bill or at least make it applicable to the entire state.

Mr. Warren testified in opposition to the bill. Stated that the bill deals in asthetics. Stated that Mr. Latimore and Mr. Brook were also opposed to the bill.

Senator Swobe asked John Meder if the county approved of this? John Meder stated that the county commissioners would be willing to accept the bill.

The Chairman stated that he had assigned Senator Dodge to pull together the recommendations and actions of the committee regarding the Public Employees Negotiations Act. He stated that the committee, by a majority vote, reversed its prior decision on the university professors, and decided to put them under advisory arbitration. The committee has not decided where to put department heads. Attempting to devise an amendment which will include all of the groups in 188 with separate sections as to differences applied. Have agreed to specify the list of mandatory negotiable items. Have tentatively agreed to use the list of AB-418 in the compromise proposal. Have agreed to remove any reference to elections. Stated that he would have his secretary post a notice on the board as to when the draft would be available. Stated that discussion on this would resume at 4:00 on April 17.

SB-60 Exempts certain school districts from provisions of Local Government Reapportionment Law.

Senator Foley moved to "Hold Indefinitely."
Seconded by Senator Drakulich.
Motion carried.

SB-256 Requires county fair and recreation boards in certain counties to set aside sums for recreational facilities.

Senator Drakulich moved to "Withdraw and bill."
Seconded by Senator Hecht.
Motion carried.

SB-633 Authorizes public highway improvements in the City of Reno at railroad crossings and rights-of-way and the issuance of bonds and other securities therefor.

Senator Hecht moved to "Hold Indefinitely."
Seconded by Senator Drakulich.
Motion carried.

The Chairman stated that he would like the record to show that the chairman has requested the city officials and the railroad officials to get together and work out a mutually acceptable approach to this problem.

Action rescinded later in committee.

SB-641 Requires verification of land descriptions as condition to submittal of proposed legislative measures.

Senator Drakulich moved "Do Pass."
Seconded by Senator Walker.
Motion carried.

AB-8 Amends the new charter of the City of North Las Vegas making various substantive as well as technical changes and additions.

Senator Drakulich moved to "Amend and Do Pass."
Seconded by Senator Foldy.
Motion carried.

AB-843 Submits question to voters of City of North Las Vegas concerning borrowing provisions of city charter.

Bob Warren made a brief comment on the bill and urged serious consideration of passage. Senator Walker moved "Do Pass," seconded by Senator Foley. Motion carried.

SB-633 Senator Swobe moved to rescind previous action, seconded by Senator Drakulich. Motion carried.

AB-459 Increases number of justices of peace in certain townships.

Senator Swobe moved "Do Pass."
Seconded by Senator Walker.
Motion carried.

SENATE COMMITTEE ON FEDERAL, STATE AND LOCAL GOVERNMENTS
April 16, 1973

AB-723 Expands jurisdiction of county fair and recreation boards and extends duration of short-term financing.

Senator Walker moved "Do Pass."
Seconded by Senator Foley.
Motion carried.

AB-755 Creates presidential primary election.

Senator Foley moved "Do Pass."
Seconded by Senator Walker
Motion carried.

AB-769 Extends power of superintendent of department of state printing over multiple duplication equipment.

Senator Walker moved "Do Pass."
Seconded by Senator Foley.
Motion carried.

AB-833 Increases amount authorized for county travel revolving fund.

Senator Swobe moved "Do Pass."
Seconded by Senator Foley.
Motion carried.

AB-886 Enlarges class of counties authorized to create office of registrar of voters.

Senator Swobe moved "Do Pass."
Seconded by Senator Foley.
Motion carried.

AB-914 Specifies that services which may be provided under Interlocal Cooperation Act includes law enforcement.

Senator Swobe moved "Do Pass."
Seconded by Senator Walker.
Motion carried.

AB-919 Prescribes procedure for change of boundaries of weed control district.

Senator Swobe moved "Do Pass."
Seconded by Senator Walker.
Motion carried.

AB-941 Creates annexation commission for
City of Elko.

Senator Foley moved "Do Pass."
Seconded by Senator Walker.
Motion carried.

AJR-41 Memorializes Congress to provide that
Veterans' Day will again be celebrated
on November 11.

Senator Swobe moved "Do Pass."
Seconded by Senator Foley.
Motion carried.

AJR-43 Memorializing the President and the Civil
Aeronautics Board to authorize competitive
commercial air service between Las Vegas
and Reno.

Senator Foley moved "Do Pass."
Seconded by Senator Swobe.
Motion carried.

AJR-36 Memorializing the Federal Communications
Commission to adopt regulations prohibiting
the release of national election returns
prior to the closing of the polls in western
states.

Senator Foley moved "Do Pass."
Seconded by Senator Hecht.
Motion carried.

AB-138 Creates a vacancy when candidate or elected
officeholder moves his residence out of district.

Senator Drakulich moved to "Hold Indefinitely."
Seconded by Senator Walker.
Motion carried.

AB-862 Requires owner of land who sells portion to
provide access over retained land under certain
circumstances.

Senator Foley moved to "Hold Indefinitely."
Seconded by Senator Drakulich.
Motion carried.

AB-882 Creates motel authority in certain counties
 to regulate motel room rates and other charges.

Senator Foley moved to "Hold Indefinitely."
Seconded by Senator Hecht.
Motion carried.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Anita Wilson, Acting Secretary
for Mary Jean Fondi, Committee
Secretary.

This report is being made by the 1972-73 Clark County Grand Jury as a result of allegations and reports of possible irregularities in the management and operation of the Clark County airport facilities. In an effort to determine the correctness of these allegations and reports, the Clark County Grand Jury took testimony from several witnesses and examined reports, business documents, and official records. Though insufficient evidence was presented to justify criminal indictments we feel the following findings and recommendations are pertinent to good government. The findings of this investigation and the recommendations made pursuant to these findings are contained below.

For clarity this report has been divided into eight individual sections. These eight sections are:

- I. The leasing of trailers from Action Mobile Homes for temporary facilities at the airport.
- II. The County Purchasing Department.
- III. Circumstances surrounding and included with the original airport carpet and maintenance contract.
- IV. The contract and construction of the Indian Jewelry concession.
- V. The awarding of the Vegas Visitor exclusive contract.
- VI. Personnel policy at the airport.
- VII. Airport legal counsel.
- VIII. Final recommendations.

In the first seven sections of the report ~~after reporting~~ the findings in each instance, specific recommendations will be made regarding each item; and finally, in section 8 of this report, final and general recommendations will be made that the Grand Jury feels will aid in correcting some of the deficiencies that have existed.

I. ACTION MOBILE HOMES OFFICE RENTAL

In the case of Action Mobile Homes, due to failure to get bids, the expenditure of public funds will be much greater than would have been necessary if the requirements had been put to bid. No sound reason was found for an emergency declaration negating bid procedures.

A. Findings

1. The trailers were rented at \$165 per month whereas our investigator got a quote on a similar trailer for \$95 a month. The difference represents an excess expenditure of \$70,560 over the approximate 28 months to which the County Commissioners obligated the County.

2. Our investigator got a quote on a purchase of similar trailers at \$2,700 each. To date the County is obligated to pay rental equivalent to \$5,000 each for the use of the present trailers.

3. The County is further obligated to an expenditure of approximately \$18,000 for the moving in and out, setting up and tearing down of the trailers. This is another item that did not go out to bid.

4. The State statutes require that any purchase or contract amounting to more than \$2,500 must go to bid.

5. The County regulations specify a maximum limit of \$1,000 above which bids must be taken.

6. Nowhere could a contract between Action Mobile Homes and the County be found.

7. Documentation of airport administration action is extremely lax as witnessed by the absence of a contract with Action Mobile Homes.

B. Recommendations

1. We recommend that the County Commissioners require the Director of Aviation to plan and conduct airport business so that

County and State requirements regarding bidding can be followed.

II. PURCHASING DEPARTMENT

The Purchasing Department appears to accept no responsibility to assure compliance with State and County statutes regarding bidding and seems merely to execute requisitions as supplied to them by such departments as the airport. Further, their filing practices appear to be very lax.

A. Findings

1. Our investigator could find no contract for Action Mobile Homes in the purchasing files.

2. Our investigator copied all items from the Action Mobile Homes file in September, 1972.

3. On December 7, 1972, on a return visit to the Purchasing Department some of those items were no longer in the files but appeared to be replaced with differently numbered requisitions which were not in the files in September.

B. Recommendations

1. We recommend that the County Commissioners ask for a public explanation of the changes in the files regarding Action Mobile Homes as found by our investigator.

III. CARPET AND MAINTENANCE CONTRACT

In July of 1971, the airport entered into an amended contract with Bonded Services which called for an additional 62,000 square feet of carpet plus installation in return for a monthly fee of \$7,843 for a period of 24 months. This was done without going to bid.

It appeared that the airport attorney, during the times³⁻¹⁵ of negotiation with Bonded Services, was also their resident agent.

A. Findings

Evidence presented to the Grand Jury indicated the following:

1. Prior to July, 1971, Bonded Services had a contract for maintenance of the airport floors, windows, etc., for the sum of approximately \$13,000 per month. The amended contract for July, 1971, called for the supply and installation of 62,000 square feet of carpet at an increased monthly cost of \$7,843 per month to run for 24 months.

2. This calculates to cost \$27.32 per square yard for this carpet which appears to be an excessive figure.

3. There is no record of any effort being made to get competitive bids with regards to this major change in the airport contract.

4. There is no evidence of any reason why this could not have gone to bid.

5. We are told that Bonded Services takes the position that they own the carpet in the airport which makes the \$27.32 per square yard price appear even more exorbitant.

B. Recommendations

1. We recommend that the County Commission take positive action to insure that all governmental departments responsible to them fully comply with Nevada Revised Statutes and county regulations concerning purchases that require bidding.

IV. INDIAN JEWELRY CONTRACT

The Indian Jewelry contract appears to be an example of political interference with management of public bodies, of general mismanagement and lack of control, specifically with regard to the airport.

A. Findings

Evidence presented to the Grand Jury indicates the following:

1. A contract with Kiva, Inc., is dated October 5, 1971, and called for "The Indian Jewelry Shop and related Indian Products Shop at McCarran International Airport as shown on

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prints hereto attached, marked Exhibit "A" and by reference made a part hereof."

2. It appears that at the time for approval of the contract there were no such drawings and therefore those who approved the contract had no way of knowing what was involved.

3. The contract as submitted to the Clerk of the Board of County Commissioners was not signed by the Director of Aviation.

4. Testimony was presented to the effect that there is no record whatsoever regarding the Kiva contract on the October 5, 1971 agenda. Yet, it is listed on the October 5, 1971 agenda minutes. It was testified that there is nothing regarding this on the tapes or the shorthand notebooks in the Clerk's office. It is suggested that the County Commissioners ask the County Clerk or her representative to come forth and give a complete and total explanation of how it could happen that a matter could appear in the agenda minutes when it is not on the agenda and no mention is found of the subject in the tapes and shorthand notebooks in the Clerk's office. It would appear that this explanation could result in the necessity of an investigation by the Grand Jury into matters of this type. It is beyond the comprehension of those making this report how the County could approve a contract of this nature, without it coming before the Board for discussion, and a judgment being made after that discussion.

5. The contract as signed mentions and contemplates the existence of "drawings" which in fact did not exist at the time of the contract signing and to the best of our knowledge did not exist until some time after the execution of the contract. Perhaps the County Commissioners can provide us with an answer as to why they did enter into a contract containing provisions of this type. It is not clear to us.

6. Evidence indicated that facilities or space already existing at the airport were to be used for the location of the Indian Jewelry store instead of a special structure being built as was done at the expenditure by the County of \$14,500. Evidence to support this included the fact that Mrs. Cline, in her request to S.B.A., secured a loan in the amount large enough to cover construction of the facility. Further evidence indicated that the loan was later reduced in amount because the County had, at their own expense, built the structure for her.

7. That the Director of Aviation admitted to the Grand Jury that he was unaware of the special location and structure until the time he saw it being built in the airport. This would indicate that he was not exercising sufficient control over airport activities in this matter.

8. Further evidence presented to the Jury indicated that undue pressure was exerted upon the Director of Aviation by an elected member of the County Commission. This pressure influenced the location against the recommendation of the airport consultants and the architects and resulted in other special considerations to the lessee.

B. Recommendations

1. That the County Commission examine the contract to determine if there is any reason why Kiva should not reimburse the County for the expenses involved in the Indian Jewelry Store.

2. That the County Commissioners establish procedures which would insure that the Director of Aviation receives his guidance officially from the Commission as a whole and in writ¹⁶⁰. That members of the County Commission refrain from exerting ³ personal pressure upon Department Heads to give special consideration to anyone in any regard.

V. THE VEGAS VISITOR CONTRACT

A. Findings

Evidence presented to the Grand Jury indicated the following:

1. That pressure by an elected County Commissioner was exerted upon the Director of Aviation so that the newspaper, the Vegas Visitor, ended up with the exclusive franchise at the airport.

2. This was in violation of the County law which requires that any item or contract entered into by the County in excess of \$1,000 be subject to bid.

3. The Director of Aviation informed the Grand Jury that a County Commissioner personally told him to give the contract to his friend who had an interest at the time in the Vegas Visitor.

4. That at this time, Hart and Johnson of St. Louis had the master advertising contract at the airport and that the Director of Aviation, as a result of this pressure from the County Commissioner, instructed the advertising company to give the contract to the Vegas Visitor; that the rate received for the contract was \$500 per month for the airport, an income to the airport of \$6,000 annually.

5. This would not appear to be in the best interest of the taxpayer of Clark County in that it did not go to bid; therefore, the County was probably denied revenues in excess of the amount in the contract. Evidence of this is in the fact that on February 5th of this year under a new advertising agency who has a master contract, this item was put to bid and instead of the \$6,000 revenue that the Vegas Visitor paid, the County can now receive \$15,600.

B. Recommendations

1. It is recommended that regulations be put into effect prohibiting any elected official ever being able to be in a position where he can exert pressure on a department head that would put that department head into a position where he

would do something against his better judgment and in violation of county rules and regulations.

2. That there be strict enforcement of county rules and regulations to insure that all items that qualify be subject to bid.

VI. PERSONNEL POLICY

It appears that the Director of Aviation has been subject to pressure with regard to personnel employment and administration.

A. Findings

Evidence presented to the Grand Jury indicated the following:

1. The Director of Aviation was instructed to hire an individual whose performance turned out to be completely unsatisfactory and the Director, for a period of approximately three years, did not feel free to terminate this individual as his judgment dictated.

2. A second individual was hired under pressure from various county people. While this individual appeared to be reasonably well qualified for his job, his salary was dictated to the Director of Aviation and he carried on outside business activities during normal work hours at the airport. This man was paid as a vendor selling services to the County and not as an employee of the County. Recently his pay was increased \$200 per month for these services.

B. Recommendations

1. We recommend that the Director of Aviation be held completely responsible for hiring, supervising and firing of personnel and further, that it be made clear that the Director is to be free of all political influence regarding personnel.

VII. AIRPORT LEGAL COUNSEL

From the evidence presented to the Grand Jury, it would appear that the airport legal counsel who was hired and paid by

the County to protect their legal interests did, in several instances, at least give the appearance of having a conflict of interest in matters relating to the airport.

A. Findings

1. The airport attorney drew up the incorporation papers for Bonded Services prior to 1966, and served continuously as their resident agent until July, 1972. During this time he was acting as attorney for the airport during which period he drew up the contract that existed between the County and Bonded Services and served in both capacities while extensions and increases in this contract were put into effect. In addition, he stated that in recent months he had acted more directly for Bonded Services in drawing legal documents to be used by them in contract proposals by other airports.

2. The airport attorney drew up the incorporation papers for Kiva, Inc., and was shown on these papers to be resident agent for this corporation. This is the same corporation that entered into a contract with the County for the Indian Jewelry store. Evidence further showed that the attorney was directly involved in the drawing up of the contract between the County and Kiva, Inc.

3. In addition to these above instances of appearances of conflict of interest, it was felt that the airport legal counsel did not act in the best interests of the airport of Clark County in that he did not advise the Director of Aviation or the County Commissioners of the legal requirements for competitive bidding on the Action Mobile Home rental transactions. 3-163

B. Recommendations

1. It is recommended that the County hire or retain only legal counsel that will serve solely the County in all matters relating to County business.

2. It is recommended that investigations be made to

see if there are any other conflicts existing between the airport legal counsel and the County regarding any other concessionaires at the airport.

VIII. FINAL RECOMMENDATIONS

We recommend, for immediate action, the following:

A. That the County Commissioners establish that the Director of Aviation be head of airport operations; that he be held responsible for planning and conducting airport activities in a sound, businesslike manner.

B. That the County Commissioners take adequate steps to insure that the county purchasing practices comply with State and County regulations requiring bidding.

C. That the Director of Aviation be held responsible for investigation of possible conflict of interest and reporting in writing his findings to the County Commission.

D. That the District Attorney's Chief Civil Deputy's office properly discharge its acknowledged responsibility to advise the County Commissioners regarding compliance of their actions with State and County requirements in such matters as necessity to seek competitive bids and proper contract forms and procedures.

E. That the emergency purchase provision be invoked only after written documentation of the reasons for the emergency and a determination that a true emergency exists in accordance with Nevada Revised Statutes definitions.

F. That the County Commission should establish all airport policies in open meeting and convey same to the Director of Aviation in writing. 3-164

G. That the County Commission should make it clear to the Director of Aviation that the airport is the property of the citizens of Clark County and expenditure of airport funds regardless of their source is an expenditure of the citizens' property.

H. That the County Commissioners stop what appears to be blanket acceptance of Department Head's recommendations and start asking such questions as:

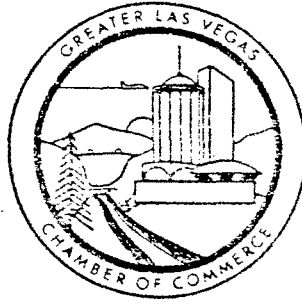
Why didn't the Director of Aviation get the answers he needed from the airlines in time to get bids on the mobile homes?

Why didn't he know what was going on regarding "Teepee" design, location and construction long before he apparently did?

Why did he not know the "clerk of the works" was spending considerable work time on personal business during time he should have been concentrating on airport business?

I. Finally, we recommend that the Nevada State Legislature create an airport authority for the County of Clark which will be free of political influence; that the authority be composed of not less than seven qualified individuals; that these individuals be appointed for staggered terms of not less than four years; that they be qualified in the area of concern to the airport, such as personnel administration, attorney, finance (bonding), businessmen and interested citizens. The authority should also have a suitably qualified technical advisory board.

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KEN O'CONNELL
Executive Vice President

April 16, 1973

A STATEMENT FROM THE GREATER LAS VEGAS CHAMBER OF COMMERCE
TO THE SENATE FEDERAL, STATE AND LOCAL GOVERNMENT COMMITTEE

CONCERNING SB-624 WHICH REQUIRES CERTAIN COUNTIES TO CREATE AIRPORT AUTHORITIES.

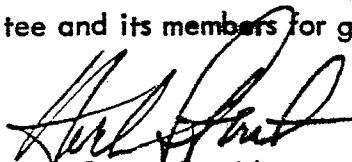
The Greater Las Vegas Chamber of Commerce together with its State Legislative Action Committee, its Board of Directors, and its Membership, urge that you give every consideration to the creation of a Clark County Airport Authority.

The Chamber wholeheartedly approves SB-624 based on the findings and recommendations of the Clark County Grand Jury of which Thalia Dondero, who represents our Chamber, was a very active member. We believe the Grand Jury gave considerable research and study to the situation at McCarran International Airport and their recommendations to enact a Clark County Airport Authority have great merit.

McCarran International Airport plays an integral role in the basic industry of tourism-convention for Southern Nevada. It is our feeling that the Manager or Executive Director of McCarran International Airport has the authority to make decisions relative to the operation of the facility without political influence or interference.

It is our hope that this session of the Nevada State Legislature will enact a Clark County Airport Authority as structured under SB-624.

The Greater Las Vegas Chamber of Commerce wishes to express its appreciation to this Committee and its members for giving our organization the right to be heard on this vital issue.


Herb Stout, President

Greater Las Vegas Chamber of Commerce

Exhibit "B"

The Board of County Commissioners of Clark County, Nevada, met in regular session in full conformity with law and by-laws of said Board at the regular place of meeting in the County Courthouse, in Las Vegas, Clark County, Nevada, on Tuesday, the 20th day of March, 1973 at the hour of 10:00 a.m. The meeting was called to order by Chairman Leavitt and on roll call the following members were present, constituting all the members thereof: Chairman Myron E. Leavitt, Commissioners Robert N. Broadbent, Jack R. Petitti, Richard J. Ronzone, James G. Ryan, Tom Wiesner and Aaron Williams. Also present: County Administrator David B. Henry, Chief Civil Deputy District Attorney George F. Ogilvie, Jr., Director of Planning E. Jay Downey, County Clerk Loretta Bowman and Deputy Clerks Sigrid Capel and Jo Ann Soule'.

SOUTHERN NEVADA
MEMORIAL HOSPITAL-
BOND PROPOSAL

At this time County Administrator David B. Henry presented for the record the following two letters from Dr. Otto Ravenholt, the Acting Administrator of the Southern Nevada Memorial Hospital, dated March 19, 1973 and Burrows, Smith & Company Vice-President R. Guild Gray, dated March 16, 1973, regarding the reconsideration of the Hospital Bond Proposal:

" I am asking reconsideration of the Hospital Bond Proposal voted on at the Board of Commissioner's meeting of 5 March 1973. This is for the following reasons:

1. It is desirable to have unanimous endorsement from the Board of County Commissioners for the proposal we present to the State Legislature. This was not present at the last Commission meeting.
2. The proposal discussed at that time had several points of concern:
 - a. The related commitment of gaming excise revenue beyond the ten-year term of the earlier resolution.

The proposal has been revised to stay within the limit of the ten-year resolution -- it asks only for short-term financing against the special excise revenue for the time period the resolution allocates this to the hospital for bond retirement and capital purposes.

- b. A question of whether the new loan could incorporate the present outstanding loan obligation.

The proposal in Schedule B of the attached letter would repay the existing loan.

- c. A desire for details of how the money would be applied to hospital reconstruction.

Exhibit "C"

SOUTHERN NEVADA
MEMORIAL HOSPITAL
BOND PROPOSAL
-continued-

The construction planned includes a central supply basement unit, a main floor emergency receiving, surgical and special service unit, and a patient bed floor with 48 new beds directly above the receiving and surgical units. Because the hospital will lose 16 beds from the West tower with reconstruction, only 32 new beds will be added. Since we want to use space now occupied by that number of beds in the older part of the hospital for supporting services, the new patient care floor does not create larger capacity, but will be a more efficient patient care unit.

In summary, the above can be accomplished by implementing Schedule B of the attached March 16 letter. We would ask the Legislature for permission to obtain a loan of \$5.1 million dollars on July 1, 1973. If granted by the Legislature, this would:

1. Stay within the ten-year resolution for allocation of the special excise tax,
2. Relieve hospital operating revenue of retirement costs for the present outstanding loan, and
3. Make approximately \$4 million available to provide a first step in a more efficient facility for Southern Nevada Memorial.

This action would replace that of the Commission at its last meeting. "

/s/ Otto Ravenholt, M.D.
Acting Administrator

B

SOUTHERN NEVADA MEMORIAL HOSPITAL

Maximum Note - 6% - 10 Years

	<u>Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
/1/74	315,000	162,000	153,000	315,000
/1/74	315,000	166,000	148,140	314,140
/1/75	347,000	203,000	143,160	346,160
/1/75	347,000	210,000	137,070	347,070
/1/76	360,000	229,000	130,770	359,770
/1/76	360,000	236,000	123,900	359,900
/1/77	392,000	275,000	116,820	391,820
/1/77	392,000	283,000	108,570	391,570
/1/78	"	291,000	100,080	391,080
/1/78	"	300,000	91,350	391,350
/1/79	"	309,000	82,350	391,350
/1/79	"	318,000	73,080	391,080
/1/80	"	328,000	63,500	391,500
/1/80	"	338,000	53,700	391,700
/1/81	"	348,000	43,560	391,560
/1/81	"	358,000	33,080	391,080
/1/82	"	369,000	22,380	391,380
/1/82	"	377,000	11,310	388,310
		<u>5,100,000</u>	<u>1,636,120</u>	<u>6,736,120</u>

\$5,100,000 - \$1,328,000 (balance on existing note) + \$315,000 to be accumulated between January 1, 1973 and July 1, 1973, or \$4,087,000 at a cost of \$6,736,120

SOUTHERN NEVADA
MEMORIAL HOSPITAL-
BOND PROPOSAL
-continued-

response to your request for alternate programs of debt retirement to extend over a period corresponding to the commitment of the Board of Clark County Commissioners relative to assigning certain excise taxes to Southern Nevada Memorial Hospital, the following is submitted:

The basic assumptions on which the accompanying tables and comments have been prepared are:

1. The hospital will incur/new debt on July 1, 1973.
2. The debt will be retired by July 1, 1982.
3. In a letter to you dated March 2, 1973, the following revenue projections were made. The projected revenue accruing to the hospital from the assigned taxes will be as follows:

1973-4	630,000
1974-5	695,000
1975-6	760,000
1976-7	825,000
1977-8	825,000
1978-9	825,000
1979-80	825,000
1980-1	825,000
1981-2	825,000

In the interest of conservatism the projected revenue has been decreased by 5% after 1974-5 when there is some likelihood that the rate of new casino development will diminish.

Attached are two schedules for your consideration based upon the above assumptions and comments.

One schedule (A) assumes the hospital will retire the existing note from the excise tax revenue as well as a new note for \$4,050,000 (the maximum which can be retired on the basis of the assumptions above). This schedule would use the revenue accruing from the tax between January 1, 1973 and July 1, 1973 for payment on the old note between July, 1973 and January, 1974, thus reducing the amount available for capital improvements from the existing tax as of July 1, 1973, so in reality the schedule allows a net gain of \$3,735,000 at a cost of \$7,034,510.

The second schedule (B) assumes that the hospital will retire a new note of \$5,100,000 from which it will pay off the balance on the old note as of July 1, 1973, of \$1,328,000; however, this schedule would allow for the accumulation of funds between January 1, 1973 and July 1, 1973 for capital improvements. The net gain for capital improvements when compared to Schedule A is \$5,100,000 (new debt) less \$1,328,000 (old debt) plus \$315,000 which can be accumulated for a total of \$4,087,000 at a cost of \$6,736,120.

Obviously the generation of the most money for capital investment at the least cost to the hospital would be Schedule B.

I do not have the amount that it is anticipated the hospital will have accumulated from excise taxes to January 1, 1973. Whatever this amount is, less \$315,000, can be added to the \$4,087,000 to determine the amount available for capital improvements if and when the hospital retired the old note and signed a new note for \$5,100,000 on the basis of Schedule B. "

SOUTHERN NEVADA
MEMORIAL HOSPITAL-
BOND PROPOSAL
-continued-

It was moved by Commissioner Ryan and carried by unanimous vote that a Resolution as proposed by Dr. Ravenholt, which basically sets forth the items outlined in the letter from Dr. Ravenholt dated March 19, 1973, and supported by Dr. Gray, be prepared and adopted and the Chairman authorized to sign.

There being no further business to come before the Board at this time, upon motion duly made, by unanimous vote, the meeting was recessed until Monday, March 26, 1973 at 10:00 a.m. in the Commission Chambers, Clark County Courthouse, Las Vegas, Nevada.

ATTEST:
LORETTA BOWMAN, COUNTY CLERK
BY *Jo Ann Sule* DEPUTY

APPROVED: *Myron E. Leavitt*
MYRON E. LEAVITT, CHAIRMAN

Certification of Copy

STATE OF NEVADA,)
COUNTY OF CLARK) ss.

I, LORETTA BOWMAN, the duly elected, qualified and acting Clerk of Clark County, in the State of Nevada, and Ex-Officio Clerk of the District Court, and Board of County Commissioners, do hereby certify that the foregoing is a true, full and correct copy of the original:

MINUTES OF MEETING OF BOARD OF COUNTY COMMISSIONERS ON

MARCH 20, 1973

RE: SOUTHERN NEVADA MEMORIAL HOSPITAL-BOND PROPOSAL

now on file and of record in this office.

(SEAL)

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Court at my office, Las Vegas, Nevada, the 27th day of March, A.D. 19 73

LORETTA BOWMAN, Clerk

JO ANN SOULE

Deputy Clerk.