

MEMBERS PRESENT

Chairman Dini  
Dr. Robinson  
Mr. Craddock  
Mr. Getto  
Mr. Bedrosian  
Mr. Bergevin  
Mr. Marvel  
Mr. Fitzpatrick  
Mrs. Westall  
Mr. Harmon  
Mr. Jeffrey

GUESTS PRESENT

See Guest List Attached

\* \* \*

Chairman Dini called the meeting to order at 9:00 A.M. He stated everyone was present, constituting a quorum, and the order of business would be confined to AB 166 sponsored by Assemblyman Jeffrey and Assemblyman Sena.

AB 166 - AN ACT TO AMEND AN ACT ENTITLED, "AN ACT RELATING TO TRUSTS FOR THE FURTHERANCE OF PUBLIC FUNCTIONS; REPEALING THE PROVISIONS OF CHAPTER 242B OF N.R.S. FOR THEIR CREATION; ADDING SIMILAR PROVISIONS TO THE CHARTER OF THE CITY OF HENDERSON; PRESERVING EXISTING AND CERTAIN POTENTIAL RIGHTS AND LIABILITIES; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO," APPROVED MAY 26, 1979

ASSEMBLYMAN JEFFREY

Mr. Jeffrey stated that the Bill came as a request from the Henderson Public Trust and pertains to the Las Vegas Downs Racetrack. He stated the project had been approved by the Henderson Public Trust, Henderson City Council, was forwarded to the State Board of Finance and approved by it. He stated the Bill clears up a point to satisfy the bonding attorneys. Mr. Jeffrey stated he had resolutions from the Board of Trustees of the Henderson Public Trust and the City Council of the City of Henderson supporting the change in the Bill.

Chairman Dini asked what the word "other" rather than "such" does.

KENT DAWSON, City Attorney (Henderson)

Mr. Dawson stated that the change allows the bonds to be issued under the old law. He stated that the old law did not have any security requirement in it; the new law has a security requirement of \$2 for every \$1 in bonds that are going to be issued. He said this particular project falls just short of the two for one requirement and the 1975 change, which included a Grandfather Clause for projects that existed or had been formed prior to the change, did not clearly provide that the bonds issued after the date of the law would not be required to meet the two for one security. He stated they had had two or three different opinions as to whether the bonds would be grandfathered in on this particular project and it is due to that ambiguity that the change is needed.

Chairman Dini asked Mr. Dawson to describe the type of bonds to be issued. Mr. Dawson responded an industrial revenue bond that is issued pursuant to Section 103 of the Internal Revenue Code and the interest income from the bonds is tax exempt, and there is no liability on the part of the city that issues the bonds. He stated that the only liability is to the extent of the project itself. The bondholder looks to the project and the revenues from the project. Mr. Dawson stated that the bonding counsel which was hired to write the opinion for this particular project questioned some of the figures due to the fact that the appraisal figures were for a track in operation as opposed to one just constructed. He said the land would act as security. He said that by conservative estimate there is about 11-1/2 million in security for a 7-1/2 million dollar issue.

DAVID FUNK, representing Las Vegas Downs

Mr. Funk stated that the investors buying the bonds are very sophisticated investors; probably seven large insurance companies that will be purchasing the majority of the bonds. He said they were presold bonds that have been committed by an underwriting firm on Wall Street. He stated they had all their requirements; all principals had been investigated by the Gaming Commission and approved by the Racing Commission. He stated that Chapman & Cutler, bond counsel, are liable for anything that might go wrong with the project and they are just not going to give the tax exempt opinion until they are sure the law is correct. He said they had an Attorney General's opinion requested by the City of Henderson stating that they do qualify but the bond counsel does not agree with the Attorney General.

Mr. Dawson stated it was the feeling of the bond counsel that the opinion of the Attorney General was not enough to substantiate the issuance of the bonds. Dr. Robinson inquired as to whether it was the current Attorney General or the past and Mr. Dawson said it was the past. Mr. Dawson said it was not that bond counsel disagreed with the opinion of the Attorney General but rather that they wanted a stronger, tighter opinion.

ASSEMBLYMAN NASH SENA, District 21, Henderson

Mr. Sena said he was present to add his support to AB 166 and asked the Committee's consideration in helping to see a dream become a reality very shortly.

BRIAN GREENSPUN, representing Las Vegas Downs

Mr. Greenspun stated he was present to answer any questions the committee members might have and Dr. Robinson asked if the legislation is enacted would it be on passage and approval and Mr. Greenspun responded it would. He went on to elaborate on some of the questions of the committee members such as the fact that it could be a minimum of one month from passage and approval for final approval by the City Council. He then stated it could be anywhere from 15 to 30 days for closing. He stated construction would be about 4 to 5 months and because we are coming to spring and summer it would probably go faster. He stated the facility would employ about 300 people with about 10 to 12 key people being brought up from the Arizona tracks to get it started. He said it would be a dog and horse track a year later. He then went on to discuss the history of the project with the formation of the corporation, Las Vegas Downs, to bring horse racing to Nevada. He said the tax exempt letter was needed before the bonds could be sold. Chairman Dini asked Mr. Greenspun if there was any way they could limit the Bill to one issue. Mr. Greenspun said he supposed it could be done but doubted it. Mr. Dawson stated that if it was the desire of the Legislature they could and the way it would be done would be to return the only remaining projects application fee (the Old West Project). Mr. Greenspun stated that by changing the word it would still allow City of Henderson Public Trust to set the security guidelines.

Mr. Bedrosian asked Mr. Jeffrey why the law was needed and Mr. Jeffrey responded it was a question of appraisal of the project and a question of money.

Mr. Craddock stated the attractive part of the situation is the fact that the Internal Revenue Code section 103 provides a vehicle whereby the profit from this particular bond is tax exempt. He stated this margin is not available normally.

PHIL STOUT, City Councilman, Henderson

Mr. Stout stated, in answer to a question by the committee as to what Henderson gets out of this issue, that they have a franchise fee of 1% of gross revenue. He stated the City Council has been in favor of the law ever since it arose. He said the Council was extremely behind the project.

COMMITTEE ACTION:

<sup>166</sup>  
AB 106 - MR. HARMON moved DO PASS; seconded by Mr. Craddock. Nine members of the Committee voted for; Mr. Fitzpatrick voted "No"; Mr. Getto was absent for voting (testifying at another Committee meeting).

There being no further business to come before the meeting, the same was adjourned at 10:00 A.M.

Respectfully submitted,

Sandra Shatzman  
Assembly Attache





# CITY OF HENDERSON

CITY HALL

243 WATER STREET

702/565-8921

HENDERSON, NEVADA 89015

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*Gateway to Lake Mead Resorts*

January 4, 1979

The Honorable John E. Jeffrey  
46 Arkansas  
Henderson, Nevada 89015

Dear Jack,

The Henderson City Council and the Public Trust Board have passed a Resolution (copies attached) supporting a minor legislative change in the wording of Chapter 694, Statutes of Nevada, 1975.

The intent is to clarify wording pertaining to applications made to the Public Trust prior to 1975 revisions as regards the securities requirements.

We believe this, while only a technical word change, to be in keeping with the intent of the 1975 legislative action. It is important to our community, and any assistance will be appreciated.

Sincerely,

Robert E. Campbell,  
City Manager

REC/11

Enclosures (2)

EXHIBIT



STATE OF NEVADA  
OFFICE OF THE ATTORNEY GENERAL  
CAPITOL COMPLEX  
CARSON CITY 89710

ROBERT LIST  
ATTORNEY GENERAL

JAMES H. THOMPSON  
CHIEF DEPUTY ATTORNEY GENERAL

April 12, 1978

Honorable Kent J. Dawson  
City Attorney  
City Hall  
243 Water Street  
Henderson, Nevada 89015

Dear Mr. Dawson:

You recently asked for a clarification of our March 16, 1978, opinion to you concerning Section 7A.090 of the Henderson City Charter and Section 6(2) of Chapter 694, Statutes of Nevada 1975. Specifically, you want to know if consideration had been given to Section 5(1) and (2) of Chapter 694; to wit: whether Section 5 "grandfathered", for the purpose of not coming within the more stringent security requirements of Section 7A.090(2) of the City Charter, applications made to the Henderson Public Trust prior to the enactment of Chapter 694. We note that the application of Las Vegas Downs was made to the Trust on October 5, 1973.

Section 5(1) of Chapter 694 reads as follows:

"The adoption of this act does not:

"1. Impair or affect any act done, right accruing, accrued or required, or liability incurred prior to the effective date of this act by any trust which became effective prior to April 10, 1975, but such right or liability may be enjoyed, asserted or enforced, as fully and to the same extent as if this act had not been passed."

Sections 5 and 6 of Chapter 694 do not address similar situations. Section 5 is directed at acts done, rights accrued and liabilities incurred prior to April 10, 1975 by a trust already created under Chapter 242B. Section 6 is limited

EXHIBIT

APR 14 1978

CITY ATTORNEY

Honorable Kent J. Dawson  
April 12, 1978  
Page Two

to the situation of an application having been made to a trust and received by the intended beneficiary but not accepted prior to April 10, 1975. In other words, pending applications (except where the City of Henderson was the proposed beneficiary) for trust projects were "grandfathered in" and may be processed by the intended beneficiary and accepted or modified any time after April 10, 1975, without regard to the provisions of Chapter 694.

Resolution No. 5 of the Board of Trustees of the City of Henderson, Nevada, Public Improvement Trust approved the application of Las Vegas Downs on April 3, 1974, with certain conditions, one of which was securing the approval of the intended beneficiary. The City of Henderson, by Ordinance 499 adopted May 20, 1974, approved the application subject to certain conditions, the more material one being:

"That an underwriting commitment for the mortgage and/or revenue bonds described in applicant's application be presented to this Council from a responsible underwriter under the terms of which said underwriter agrees to purchase said mortgage bonds upon terms and conditions reasonably acceptable to the Trust and this Beneficiary."

The recitals of Ordinance 499 mention the project was to be funded through "the issuance of its (the Trust's) mortgage and/or revenue bonds."

Thus, for nearly a year prior to April 10, 1975, Las Vegas Downs' application had been accepted by the intended beneficiary, and the Trust had incurred a liability to issue such bonds upon Las Vegas Downs' complying with the conditions contained in the Trust approval and the beneficiary approval. Clearly, this liability of the Trust falls within the provisions of Section 5(1) of Chapter 694, and such liability "may be . . . enforced, as fully and to the same extent as if" Chapter 694 had never been enacted. It is equally clear that since the application had been accepted prior to April 10, 1975, provisions of Section 6 are not applicable.

The foregoing conclusion requires an answer to the second question posed in your request of March 13, 1978; that is, if the Trust may issue its bonds without regard to paragraph 6(2) of Chapter 694, may the Trustees proceed to

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Honorable Kent J. Dawson  
April 12, 1978  
Page Three

issue the bonds exclusively on the requirements of Chapter 242B?

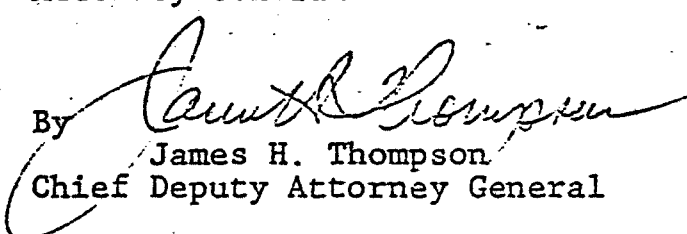
Although Chapter 242B was repealed by Chapter 694, Statutes 1975, Section 5(1) is applicable to liabilities incurred by the Trust prior to April 10, 1975. But Chapter 694 recognizes two types of trusts: those created prior to April 10, 1975, and those thereafter. If the former or pre-April 10, 1975, trust was created under Chapter 242B, and is not to be governed by the stricter bond security provisions of Chapter 694, it follows that a pre-April 10, 1975, trust must continue to be governed by the organic law which authorized its creation and under which the trust received its rights and obligations. Therefore, in issuing securities in this particular situation, the security requirements of Chapter 242B should be followed.

The letter opinion by this office issued March 16, 1978, is hereby withdrawn.

Very truly yours,

ROBERT LIST  
Attorney General

By

  
James H. Thompson  
Chief Deputy Attorney General

JHT:sc

EXHIBIT

## CHAPMAN AND CUTLER

111 WEST MONROE STREET • CHICAGO 80603  
AREA 312 726-6130 TWX 910-221-2103RALPH F. HUCK  
PAUL W. CUTLER  
FREDERICK J. DICUS  
ROBERT S. BIRKHOUS  
LYMAN L. MITCHELL  
PETER V. FAZIO  
JOHN N. VANDER VRIES  
JOHN A. CUTLER  
BRUCE L. MOORE  
DANIEL W. WATTS  
JAMES A. MORRIS  
J. MOONEY  
N. LANDIS  
WALTER W. MUMFORD  
WILFRED A. MOLDERMAKER  
WILLIAM C. WELCH  
ROBERT W. SHARP  
GEORGE D. RAMSPECK  
PETER P. COLADARCI  
JAMES N. ZARTMAN  
RICHARD G. FORWARD  
JOHN B. HUCK  
DAVID TALLANT, JR.  
DAVID H. NELSON  
ABBEY BLATTBERG  
DONALD H. MURPHY  
PHILLIP H. HOLM  
HERBERT H. HANSENTHOMAS W. HEENAN  
LEE A. BOYE  
KENNETH J. VAUGHAN  
SAMUEL J. HENRY  
WILLIAM M. TAYLOR  
HOWARD M. HUSH, JR.  
LARRY ELKINS  
ROBERT V. LEWIS  
DAVID G. WILLIAMS  
DANIEL J. KUCERA  
RICHARD H. GOSS  
C. ROBERT FOLTZ  
JOHN M. DIXON  
KENNETH R. M. THOMPSON  
JOHN A. WARD  
MICHAEL W. FORD  
VOYLE C. WILSON  
RICHARD A. MAKARSKI  
EDWIN S. BROWN  
STEVEN L. CLARK  
HARRY P. LAMBERSON  
JAMES E. JENZ  
TERRENCE M. WALSH  
PAUL C. KOSIN  
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ROBERT C. NASH  
JAMES R. RICHARDSONWILBERT R. SCHULTZ  
JOHN S. RICE  
EARL T. BYRON  
RANDALL L. MITCHELL  
THOMAS A. WINGADER  
STEVEN M. WOHL  
TERRY A. McILROY  
GEORGE P. SULLIVAN, JR.  
J. RICHARD FISHER, JR.  
WENDY C. BINDER  
MARK J. KNEEDY  
STEPHEN F. STROH  
JAMES E. SPOTTO  
RAYMOND A. FYLSTRA  
LYNN LELAND COE  
TIMOTHY V. McGREE  
TERENCE T. O'MEARA  
RICHARD J. SCOTT  
ROBERT P. DAVIS  
ANN ACKER  
CHARLES W. NAUTS  
JOHN L. TUOHY  
RICHARD A. WILFONG  
CHARLES D. BOUTWELL  
JAMES E. LUEBCHOW  
RICHARD G. SMOLEV  
ROBERT W. OLLIS, JR.  
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THOMAS R. WOOLSEY  
PAUL C. MARENGO  
MARK P. COHEN  
NEIL R. MANN  
DANIEL L. JOHNSON  
MICHAEL P. BARRETT  
SCOTT A. BREMER  
WILLIAM G. SCHUR  
KENNETH L. SPECTOR  
BRUCE H. HALLETT  
ROBERT D. AICHER  
ROSS A. PASCAL  
RICHARD R. PERLMAN  
CHARLES S. HUGHES  
MICHAEL J. LEECH  
FREDERICK V. LOCHBINLER  
RICHARD A. COSGROVE  
MICHAEL G. McGEE  
DANIEL C. BIRD, JR.  
MICHAEL J. O'ROURKE  
ELAINE BAYUS  
GUY R. EIGENBRODE  
LAWRENCE W. RAZ  
AMORY CUMMINGS  
MICHAEL J. FEEMAN  
BARBARA GOERING  
SUSAN E. ROLLINS  
DANIEL P. COONEY

December 15, 1978

Mr. Hershel Trumbo, President  
Las Vegas Downs, Inc.  
547 Hilltop Road  
Henderson, Nevada

Dear Mr. Trumbo:

We are acting as bond counsel in connection with the proposed \$7,500,000 Henderson, Nevada Public Improvement Trust First Mortgage Revenue Bonds (Las Vegas Downs, Inc. Project). We will be willing to give a favorable approving opinion with respect to such bonds if either -

- (1) the word "such", which is the first word in the seventh line of Subsection 2 of Section 6 of Chapter 694 of the Fifty-Eighth Session of the Laws of Nevada is duly amended to read "other", or
- (2) the Supreme Court of Nevada determines that Section 7A.090 2(b) is not applicable with respect to the bonds because of Section 5 or Section 6 of Chapter 694.

If such a decision is obtained from the Supreme Court, we would want to wait until the time within which a rehearing can be had has passed. Also, we will want to be certain at the time that such bonds are delivered that there is no pending litigation with respect to such bonds and that we have obtained the executed instruments and certificates normally obtained in such a transaction.

Very truly yours,

CHAPMAN AND CUTLER

By George D. Ramspeck  
George D. Ramspeck

EXHIBIT

GDR/jls

"A RESOLUTION OF THE HENDERSON CITY COUNCIL URGING THE SIXTIETH SESSION OF THE NEVADA STATE LEGISLATURE TO ADOPT CERTAIN AMENDMENTS TO THE PROVISIONS OF CHAPTER 694, STATUTES OF NEVADA, 1975."

WHEREAS, on August 23, 1973, the City of Henderson, Nevada, pursuant to authorization of Nevada Statute, did create a Trust for the benefit and furtherance of public functions; and

WHEREAS, the Trust thereby created was composed of a Board of five (5) Trustees whose duties were set forth by law, said Trust being entitled "The City of Henderson, Nevada, Public Improvement Trust"; and

WHEREAS, the Board of Trustees did, prior to 1975, accept applications from and give preliminary approval to certain projects which were proposed to be constructed within the City of Henderson; and

WHEREAS, the 58th Session of the Nevada Legislature did, through Chapter 694, Statutes of Nevada, 1975, determine to repeal the general law of the State pertaining to creation of trusts for the furtherance of public functions and to amend the Henderson City Charter to provide for the continuance of said functions within the City of Henderson, Nevada; and

WHEREAS, Section 6(2) of said Chapter 694 provided for the grandfathering of projects which became effective prior to April 10, 1975, but did not clearly provide for the grandfathering of securities issued by those projects after the effective date of the law; and


WHEREAS, the resulting ambiguity in the law has fostered differing legal opinions which will, unless corrected, interfere with the marketing of securities proposed to be issued by the Trust;

NOW, THEREFORE, BE IT RESOLVED that the Henderson City Council urges the 60th Session of the Nevada State Legislature to amend Section 6(2) of Chapter 694, Statutes of Nevada, 1975, to provide as follows:

Sec. 6(2) Any securities necessary for the acquisition of any property appropriate for the furtherance of a public function by a trust which became effective prior to April 10, 1975, with respect to which the beneficiary has accepted the beneficial interest prior to the effective date of this act or pursuant to subsection 1 may be issued at any time thereafter and are valid and enforceable to the same extent as if this act had not been passed. Any other securities which are issued on or after the effective date of this act by any trust of which the City of Henderson is a beneficiary shall be issued in compliance with the provisions of the City Charter relating to such trusts.

BE IT FURTHER RESOLVED that the City Council urges that said amendatory act become effective upon passage and approval.

PASSED AND ADOPTED this 2nd day of January, 1979.

  
LORIN L. WILLIAMS, MAYOR

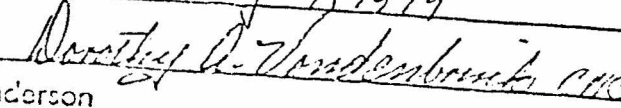
ATTEST:

  
DOROTHY K. VONDENBRINK, CMC, CITY CLERK

CERTIFIED COPY

The document to which this certificate is attached is a full, true and correct copy of the original on file and of record in my office.

DATE: January 4, 1979

City Clerk:   
City of Henderson  
243 Water Street  
Henderson, Nevada

RESOLUTION NO 7

1  
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3  
4 A RESOLUTION OF THE BOARD OF TRUSTEES OF THE  
5 CITY OF HENDERSON, NEVADA, PUBLIC IMPROVEMENT  
6 TRUST URGING THE 60TH SESSION OF THE NEVADA  
7 STATE LEGISLATURE TO ADOPT CERTAIN AMENDMENTS  
8 TO THE PROVISIONS OF CHAPTER 694 STATUTES OF  
9 NEVADA 1975.

10 WHEREAS, on August 23, 1973, the City of Henderson, Nevada,  
11 pursuant to authorization of Nevada statute did  
12 create a trust for the benefit and furtherance of  
13 public functions, and

14 WHEREAS, the trust thereby created was composed of a Board of five  
15 Trustees whose duties were set forth by law said  
16 trust being entitled "the City of Henderson, Nevada,  
17 Public Improvement Trust", and

18 WHEREAS, the Board of Trustees did prior to 1975 accept  
19 applications from and give preliminary approval to  
20 certain projects which were proposed to be constructed  
21 within the City of Henderson, and

22 WHEREAS, the 58th Session of the Nevada Legislature did,  
23 through Chapter 694 Statutes of Nevada 1975, determine  
24 to repeal the general law of the state pertaining to  
25 creation of trusts for the furtherance of public  
26 functions and to amend the Henderson City Charter to  
27 provide for the continuance of said functions within  
28 the City of Henderson, Nevada, and

29 WHEREAS, Section 6(2) of said Chapter 694 provided for the  
30 grandfathering of projects which became effective  
31 prior to April 10, 1975, but did not clearly provide  
32 for the grandfathering of securities issued by those  
33 projects after the effective date of the law, and

34 WHEREAS, the resulting ambiguity in the law has resulted in  
35 differing legal opinions which will, unless corrected,  
36 interfere with the marketing of securities proposed  
37 to be issued by the Trust.

38 NOW THEREFORE, BE IT RESOLVED that the Board of Trustees of the  
39 City of Henderson, Nevada, Public Improvement Trust  
40 urges the 60th Session of the Nevada State Legislature  
41 to amend Section 6(2) of Chapter 694 Statutes of  
42 Nevada 1975 to provide as follows:

43 Section 6(2) Any securities necessary for the  
44 acquisition of any property appropriate for the  
45 furtherance of a public function by a trust which  
46 became effective prior to April 10, 1975, with  
47 respect to which the beneficiary has accepted the  
48 beneficial interest prior to the effective date of  
49 this act or pursuant to subsection 1 may be

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issued at any time thereafter and are valid and enforceable to the same extent as if this act had not been passed. Any[such] other securities which are issued on or after the effective date of this act by any trust of which the City of Henderson is a beneficiary shall be issued in compliance with the provisions of the city charter relating to such trusts.

BE IT FURTHER RESOLVED, that the Board urges that said amendatory act become effective upon passage and approval.

PASSED AND ADOPTED this 2<sup>nd</sup> day of January, 1979.

*Loyal W. Burkholder*  
Loyal W. Burkholder, Chairman