WASHOE COUNTY DEBT MANAGEMENT COMMISSION
ANNUAL MEETING

FRIDAY 11:00 A.M. AUGUST 9, 2013

PRESENT:

Michelle Salazar, At-Large, Member, Chairperson
Geno Martini, Sparks City Mayor, Member
Dave Aiazzi, Washoe County School District, Member
Marsha Berkbigler, Washoe County Commissioner, Member

Nancy Parent, County Clerk
Paul Lipparelli, Assistant District Attorney

ABSENT: Neoma Jardon, Reno City Council, Member, Vice Chairperson
Sandra Ainsworth, GID Representative, Sun Valley, Member
Thomas Cornell, At-Large, Member.

The Washoe County Debt Management Commission met at 11:29 a.m. in the Washoe County Caucus Room, Administration Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairperson Salazar presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

13-14DMC AGENDA ITEM 4

Agenda Subject: “Public Comment.”

In response to the call for public comment Cathy Brandhorst addressed the Board on various topics.

13-15DMC AGENDA ITEM 5

Agenda Subject: “Approval of the minutes for the DMC organization meeting of February 7, 2013.

On motion by Member Aiazzi, seconded by Member Martini, which motion duly carried with Members Jardon, Ainsworth and Cornell absent, it was ordered that Agenda Item 5 be approved.

13-16DMC AGENDA ITEM 6

Agenda Subject: “Discussion and action to establish priorities among essential and nonessential facilities and services pursuant to NRS 350.0155(2) that shall be considered by
the Debt Management Commission if the statutory ceiling established by the Debt Management Commission for the combined tax rate in any of the overlapping entities within the county is exceeded by a proposed debt or a special elective tax and compare that public need to other public needs that appear on certain filed statements of current and contemplated debt.”

Paul Lipparelli, Deputy District Attorney, stated this item and Agenda Item 7 related to each other. He said both items derived from a change in State law that was made in 2001, which established a role for the Debt Management Commission (DMC) to determine whether to approve debt issuance by local governments when there might be a possibility the local governments would be competing for some of the capacity that local governments had to issue debt. He said previously debt issuances had been proposed to the DMC by different municipalities and there was not enough for everyone. He stated the DMC needed to set a threshold percentage and since 2001, that percentage had been set at 90 percent. The statutory floor under the law was 75 percent, which meant that at any time debt was being proposed that involved the amount between the cap and 90 percent, the DMC’s role kicked in and they could evaluate the public’s need.

Mr. Lipparelli stated Agenda Item 6 allowed the DMC to decide the criteria to use when judging competing proposals. The DMC established that all proposed Public Safety, Health, and Education Facilities and Services would be the essential items and those would be given priority in determining which debt issuances would be approved.

Mr. Lipparelli stated at one time the DMC’s role was limited to evaluating the amount of outstanding debt that a proposing entity had, the effect of the tax levy that would be required to service that debt, and the anticipated need for other incurrence of debt by other municipalities. When a proposal involved the 90 percent threshold level the DMC would also be permitted to engage in the evaluation of the public need to be served by the proposal and a comparison of that public need to the public need of other proposing entities. He recommended that the DMC continue with the 90 percent threshold and use the language as outlined in the statute regarding priorities.

Member Aiazzi asked if the DMC would evaluate all proposals before they went to the voters if the School District, County and City of Sparks all submitted something, or if the will of the voters would predominate. Mr. Lipparelli explained the DMC held the key to the gate and something could not get through the gate to the voters without going through the DMC. The DMC would evaluate the proposal that would result in a tax increase either as a special elective tax or a bond issuance. The proposing entity would adopt a Resolution and give notice to the DMC they were considering a proposal. When it came to the DMC, the DMC would evaluate it and look at the traditional criteria, which would be the amount of outstanding debt, the effect of the potential new tax on the debt service requirement, and the anticipated need for other debt. If it ended up being over the threshold (90 percent) then the DMC would additionally evaluate the public need of other proposing entities, if there were any, and their comparison of that public need to the others. He said the law defined an “affected entity” as being another taxing entity within the overlapping areas that had debt capacity left who may be affected by someone else taking it. They would be entitled to special notice of the proposal and they were also permitted to
decide whether they would support or oppose the consumption of the debt capacity. If they opposed it, they could come before the DMC and state the basis for their opposition and then the DMC would consider it when making their decision to go forward. If the DMC determined to go forward and there was more than one that made it through the process and could exceed the cap, then the DMC would be in a different role. They would not decide whether or not to send it to the voters, they would decide what recommendation they would make to the State Department of Taxation about who may have to adjust their tax rate to make room.

Member Aiiazi stated he knew the School District and Sparks were under the cap, but had the ability to say they were going to raise the taxes and put it in the general fund without putting it before the voters or the DMC. Mr. Lipparelli stated the ability for a local government to impose an operating rate of property tax was that Board or Council’s decision alone and it did not require a review by any other entity. It was not in the context of a debt proposal, it was a property tax rate, but there were some special elective taxes which were property taxes that a city or county could propose and those would have to go before the DMC before it went to the voters. Member Aiiazi stated governments could impose the tax and then wait a year and then come to the DMC and say they wanted to sell a bond, however, if they enacted it in the general fund, there was not much to do. Mr. Lipparelli concurred and said the rates at which they could impose the operating rate was set by statute and was capped at a certain percentage of the prior year. He noted they were limited as to how much they could raise it.

Member Aiiazi stated being on the School Board he saw when a bond was paid off that left a lot of capacity which could allow Reno to go up to its maximum and the County could go up to its maximum and eat all of that away. Mr. Lipparelli noted some debt proposals do not get to the voters, but those were pledged by revenues and not a general obligation bond. They would be backed only by the identified revenues from a certain source and those would come before the DMC, but not go before the voters.

On motion by Member Berkbigler, seconded by Member Martini, which motion duly carried with Members Jardon, Ainsworth and Cornell absent, it was ordered to establish the priorities as Public Safety, Health, and Education Facilities and Services. It was noted the priorities established were in random order.

13-17DMC AGENDA ITEM 7

Agenda Subject: “Discussion and action to specify a threshold percentage of the statutory ceiling for the combined property tax rate in any of the overlapping entities within the county which if exceeded permits the Debt Management Commission to inquire into the public need to be served by proposed debt or a special elective tax based on established priorities among essential and nonessential facilities and services and compare that public need to other public needs that appear on certain filed statements of current and contemplated debt (Pursuant to NRS 350.0155(1) the percentage must not be less than 75 percent).”

See discussion in the previous item for Agenda Item 7.
On motion by Member Martini, seconded by Member Berkbigler, which motion
duly carried with Members Jardon, Ainsworth and Cornell absent, it was ordered to set the
threshold percentage at 90 percent.

13-18DMC    AGENDA ITEM 8

Agenda Subject: “Review and accept the following 2013 annual Reports from all Washoe
County political subdivisions: Debt Management Plan, Indebtedness Report & Capital
Improvement Plan.”

Paul Liparelli, Deputy District Attorney, stated all entities within the County that
either proposed to issue debt, had outstanding debt, or wanted to levy a special elective tax were
required to submit that financial information to the Debt Management Commission (DMC),
including a statement of their general obligation debt and debt that was contemplated to be
issued. They also had to include a written statement of their ability to afford the capacity to incur
obligations such as the debt that was payable from property taxes, and various other financial
information. Those things went along with another requirement, which was to have a plan for
Capital Improvement for the next five years. That information when it was provided to the DMC
would sort of establish a baseline of information for local governments if they came forward
with a proposal, then the DMC would have the benefit of having that baseline information. It was
an important requirement, but he noted the law allowed the entities to amend their information
and their plan at the time a proposal was made. By submitting this information and submitting
their Capital Improvement Plan now, an entity was not bound by that when making a proposal in
the future.

Mr. Liparelli stated the proper action to take, if the Board was satisfied with the
information, was to review and accept the submitted annual reports. Chairperson Salazar noted
for the record that reports were not submitted by the Grand View Terrace General Improvement
District (GID) and the Palomino Valley GID. Mr. Liparelli stated their omission could be based
on the entities having no outstanding debt and were not contemplating the issuance of any debt.

On motion by Member Martini, seconded by Member Berkbigler, which motion
duly carried with Members Jardon, Ainsworth and Cornell absent, it was ordered the following
2013 Annual Reports be accepted:

   A. Indebtedness Reports
   B. Debt Management Plans
   C. Capital Improvement Programs

Airport Authority:      Letter showing no outstanding debt
Carson-Truckee Water Conservancy District: A, C
Gerlach General Improvement District 2013: A, C (amended A)
Incline Village General Improvement District: B, C
North Lake Tahoe Fire Protection District:  A, B, C
Regional Transportation Commission:     A, C
Reno, City of:           A, B, C
13-19DMC  AGENDA ITEM 9

**Agenda Subject:** “Set dates/times for DMC meetings for 2013/14.”

Nancy Parent, County Clerk, informed the Board of the following proposed dates: November 8, 2013, February 7, May 9, and August 15, 2014.

On motion by Member Martini, seconded by Member Berkbigler, which motion duly carried with Members Jardon, Ainsworth and Cornell absent, the dates proposed were set and a starting time of 11:00 a.m. was adopted.

13-20DMC  AGENDA ITEM 10

**Agenda Subject:** “Member Comments.”

There were no member comments.

13-21DMC  AGENDA ITEM 11

**Agenda Subject:** “Public Comment”.

In response to the call for public comment Cathy Brandhorst addressed the Board on various topics.
ADJOURNMENT

11:55 a.m. On motion by Member Martini, seconded by Member Aiazzi, which motion duly carried with Members Jardon, Ainsworth and Cornell absent, it was ordered the meeting be adjourned.

Michelle Salazar, Chairperson,
Debt Management Commission

ATTEST:

NANCY PARENT, County Clerk
and Ex Officio Secretary,
Debt Management Commission

Minutes Prepared by
Jaime Dellera, Deputy County Clerk