

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

FRIDAY **11:00 A.M.** **AUGUST 14, 2015**

11:00 A.M.

AUGUST 14, 2015

PRESENT:

Bob Lucey, Washoe County Commissioner, Chairperson
Naomi Duerr, Reno City Council, Vice Chairperson
Sandra Ainsworth, GID Representative, Member
Veronica Frenkel, Washoe County School District

Nancy Parent, County Clerk
Paul Lipparelli, Legal Counsel

ABSENT:

Bob Kirtley, At-Large Member
Geno Martini, Sparks City Mayor, Member
Michelle Salazar, At-Large Member

The Washoe County Debt Management Commission convened at 11:00 a.m. in the Washoe County Caucus Room, Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairperson Lucey presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

15-025DMC AGENDA ITEM 4 Public Comment.

Jeff Church spoke about the misappropriation of tax dollars generated by the City of Reno's ballot measure R-3. He stated the approximate \$4 million generated annually by ballot measure R-3 was transferred into Reno's general fund rather than utilized to fund additional firefighters as required. He said the Debt Management Committee (DMC) had a fiduciary duty to request a legal opinion from the Attorney General's Office regarding this matter. A handout was placed on file with the Clerk.

15-026DMC AGENDA ITEM 5 Approval of the minutes for the DMC quarterly meeting of March 26, 2015.

On motion by Member Duerr, seconded by Member Ainsworth, which motion duly carried with Members Kirtley, Martini and Salazar absent, it was ordered that Agenda 5 be approved.

15-027DMC **AGENDA ITEM 6** 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, Legal Counsel, explained the Debt Management Commission (DMC) was the debt capacity overseer of all of the overlapping taxing entities in the County. The DMC's duty was to police the available tax cap and to ensure entities issuing debt did not get into trouble. He said part of the DMC's mission involved the potential to serve as a referee if there was a proposal for the issuance of debt resulting in a tax rate increase over a certain threshold. In addition to examining the amount of the outstanding debt and the effect a new tax levy would have on the ability of the proposing entity to raise revenue for operation purposes, the DMC's role included examination of the public's need for tax increases and issuers of debt among essential and non-essential facilities and services.

Mr. Lipparelli added Nevada Revised Statute (NRS) 350.0155 required the DMC to establish priorities among essential and non-essential facilities and services at its annual meeting. He noted facilities and services related to public safety, education and health were historically considered essential and all other services were considered non-essential.

On motion by Member Duerr, seconded by Member Frenkel, which motion duly carried with Members Kirtley, Martini and Salazar absent, it was ordered to establish public safety, education and health facilities and services as essential and to establish all other facilities and services as non-essential.

15-028DMC AGENDA ITEM 7 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).

Mr. Lipparelli, Legal Counsel, mentioned the Debt Management Committee's (DMC) annual responsibility also included specifying a statutory ceiling threshold percentage. In Nevada, the statutory tax cap was \$3.64 per \$100 of assessed valuation and the DMC was given the duty of selecting a threshold percentage between 75 and 100 percent. He said the DMC would evaluate any proposal resulting in a combined property tax rate exceeding the specified threshold percentage by using the essential and non-essential facilities and services criteria. He noted the DMC historically set the threshold percentage at 90 percent which translated to \$3.27 per \$100; the

statutory minimum was \$2.73 per \$100. He stated staff recommended the 90 percent threshold be maintained.

Robert Chisel, City of Reno Director of Finance, stated Reno was comfortable with the threshold percentage. He added Reno and most other entities were at the cap.

On motion by Member Frenkel, seconded by Member Ainsworth, which motion duly carried with Members Kirtley, Martini and Salazar absent, it was ordered to establish a threshold percentage of 90 percent.

15-029DMC **AGENDA ITEM 8** Review and accept an amended Debt Management Policy for the Truckee Meadows Water Authority as of December 31, 2014.

Jeffrey Tissier, Truckee Meadows Water Authority (TMWA) Chief Financial Officer, explained the changes made to the Debt Management Policy were in relation to the merger of the water utilities. He added the TMWA assumed a \$9.1 million State Revolving Fund (SRF) loan from the County. In addition, the Washoe County Water Utility's \$26.1 million General Obligation Bonds were replaced with an additional \$27 million in commercial paper notes. The TMWA also added a \$15 million SRF authorization for the construction of the North Valleys integration project. He explained the TMWA would tie in various surrounding projects into the North Valleys' project to have access to 8,000 acre feet of ground water resources.

Member Duerr questioned the purpose of the TMWA's appearance before the Debt Management Commission (DMC) after Mr. Tissier stated the TMWA was not a taxing authority and the TMWA Board had the authority to approve all debt issuances.

Paul Lipparelli, Legal Counsel, noted the TMWA's debt was not a General Obligation Debt since it was not backed by the full faith and credit of a taxing authority. He added the submission of capital plans and financial information to the DMC was imposed by Nevada Revised Statute (NRS) 350.013; however, he believed a review should be completed to determine if the TMWA fell under the definition of NRS 350.013 and whether it was required to submit any documentation to the Clerk.

Chairperson Lucey asked Mr. Tissier who would be responsible for any financial strains or responsibilities the TMWA was unable to address. Mr. Tissier replied the bond indentures of the TMWA required them to adjust rates to meet their annual debt obligations. He added the Cooperative Agreement, which was approved by the Attorney General's Office, conferred power upon the TMWA Board to raise rates and fees accordingly.

Chairperson Lucey stated he agreed with Mr. Lipparelli's suggestion to review the need for the TMWA to present its General Obligation Debt to the DMC in the future.

On motion by Member Ainsworth, seconded by Member Frenkel, which motion duly carried with Members Kirtley, Martini and Salazar absent, it was ordered to accept the Debt Management Policy for TMWA and also review the need for future TMWA presentations to the DMC.

15-030DMC AGENDA ITEM 9 Review and accept the following 2015 Annual Reports from all Washoe County political subdivisions: (a) Debt Management Plan (b) Indebtedness Reports (c) Capital Improvement Plans.

Member Duerr questioned if other entities were required to submit documentation to the Debt Management Commission (DMC). She asked for a report showcasing the top five entities in terms of debt and for a chart highlighting an overall picture. The chart would include the total indebtedness of each entity the DMC oversaw. She added the members of the DMC were fairly new and she requested a briefing to go over the details so the members could make informed decisions.

Chairperson Lucey concurred with Member Duerr. He asked Mark Mathers, County Budget Manager, if there was anything out of the ordinary in the reports in regards to debt management that the DMC had not already seen or would be outside the realm of the other Boards or entities on which the DMC's members sat.

Mr. Mathers stated the DMC was in a peculiar position by virtue that the County was at a \$3.64 tax cap. He said unlike other counties where their DMC would look at and evaluate General Obligation Bonds paid for by an increase in the property tax rate, Washoe County's DMC would not be in that position unless the State raised the tax cap or if an entity lowered its tax rate. He believed neither would likely happen. He added he would be happy to provide a consolidated report.

Chairperson Lucey reiterated his request for a cleaner, more concise report.

Member Duerr asked if it was possible for the tax cap to fall between the 90 to 100 percent threshold and whether a proposal falling into that range would come before the DMC. She also asked if a bond for a new police station would come before the DMC. Robert Chisel, City of Reno Director of Finance, stated it would depend on the type of issuance. He added based on the tax rates and Reno's debt load, he would not expect a General Obligation Bond issuance from Reno to come up any time soon. In response to Member Duerr's second question, he said a medium-term bond obligation for up to 10 years would not come before the DMC; however, for a large structure, like a police station, the bond obligation would exceed 10 years; therefore, it would come before the DMC.

Member Duerr restated her need for an overall snapshot to include the overall community bond indebtedness of the entities the DMC oversaw.

On motion by Member Duerr, seconded by Member Ainsworth, which motion duly carried with Members Kirtley, Martini and Salazar absent, it was ordered to accept the 2015 Annual Reports from all Washoe County political subdivisions including their Debt Management Plans, Indebtedness Reports and Capital Improvement Plans.

15-031DMC AGENDA ITEM 10 Set Dates/Times for DMC Meetings for 2015/16. Suggested dates are as follows: Friday, November 13, 2015; Friday, February 12, 2016; Friday, May 13, 2016; Friday, August 12, 2016.

On motion by Member Frenkel, seconded by Member Ainsworth, which motion duly carried with Members Kirtley, Martini and Salazar absent, it was ordered to accept the dates and times set forth.

15-032DMC AGENDA ITEM 11 Member Comments.

Member Duerr directed staff to add an additional agenda item for the proposal of future agenda items. She reiterated her request to Mark Mathers, County Budget Manager, for the summary document requested during discussions for Agenda Items 6 and 7. She stated she was confused by Mr. Church's public comments and received confirmation from Robert Chisel, City of Reno Director of Finance, that a future agenda item on the matter was not required.

Chairperson Lucey asked the Cities of Sparks and Reno to work with Mr. Mathers on the requested summary document.

15-033DMC AGENDA ITEM 12 Public Comments.

There was no response to the call for public comment.

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11:40 a.m. There being no further business to discuss, on motion by Member Ainsworth, seconded by Member Duerr, which motion duly carried with Members Kirtley, Martini and Salazar absent, the meeting was adjourned.

BOB LUCEY, Chairperson
Debt Management Commission

ATTEST:

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

*Minutes Prepared by:
Michael Siva, Deputy County Clerk*