

**DEBT MANAGEMENT COMMISSION  
WASHOE COUNTY, NEVADA**

FRIDAY

3:00 P.M.

FEBRUARY 24, 2006

PRESENT:

**Richard Pugh, Member At Large, Chairman**  
**Robert Wolf, Member At Large, Vice Chairman**  
**Stephan Cohen, GID Representative, Commissioner**  
**Jim Galloway, Washoe County Commission, Commissioner\***  
**Geno Martini, Sparks City Council, Commissioner**  
**Jonnie Pullman, Washoe County School District, Commissioner**  
**David Aiazzi, Reno City Council, Alternate Commissioner**

**Amy Harvey, County Clerk**  
**Paul Lipparelli, Legal Counsel**

ABSENT:

**Dan Gustin, Reno City Council, Commissioner**

The Washoe County Debt Management Commission (DMC) met in the Chambers of the Washoe County Administrative Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Pugh presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

**06-01DMC    AGENDA**

On motion by Commissioner Pullman, seconded by Commissioner Martini, which motion duly carried with Commissioners Galloway and Gustin absent, Chairman Pugh ordered that the agenda for the February 24, 2006 organizational meeting be approved.

**PUBLIC COMMENTS**

There was no response to the call for public comments.

**ELECTION OF CHAIRMAN AND VICE CHAIRMAN**

Commissioner Cohen nominated Commissioner Pugh as Chairman. Commissioner Pullman seconded the motion. There being no further nominations, the Board elected Commissioner Pugh as Chairman.

Chairman Pugh nominated Commissioner Pullman as Vice Chairman. Commissioner Martini seconded the motion. There being no further nominations, the Board elected Commissioner Pullman as Vice Chairman.

The Debt Management Commission then assembled with those in attendance as follows:

**Richard Pugh, Member at Large, Chairman**  
**Jonnie Pullman, Washoe County School District, Vice Chairman**  
**Robert Wolf, Member at Large, Commissioner**  
**Stephan Cohen, GID Representative, Commissioner**  
**Jim Galloway, Washoe County Commissioner, Commissioner**  
**David Aiazzi, Reno City Council, Commissioner**  
**Geno Martini, Sparks City Council, Commissioner**

**06-02DMC MINUTES**

On motion by Commissioner Martini, seconded by Commissioner Pullman, which motion duly carried with Commissioner Aiazzi abstaining and Commissioners Galloway and Gustin absent, Chairman Pugh ordered that the minutes of the November 18, 2005 meeting be approved.

**\*3:05 p.m.** Commissioner Galloway arrived.

**06-03DMC WASHOE COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS**

Marty Johnson, Washoe County School District Financial Advisor, reviewed financial information that supported the District's request. He referenced page five, stating the District would have in excess of \$1-billion statutory debt limit available after the \$30-million. He said, as part of the District's Bond Rollover program, a finding must be made that the revenues available from property taxes would be sufficient to pay the debt service. He said 2006 was the first year property tax abatement was implemented making it difficult to get accurate property tax revenue numbers for this year. He said the District had moved forward with a \$30-million proposal with numbers they were sure they would be able to achieve. He said, even with the affects of abatement that were factored in, they were still using conservative assumptions for repayment.

Commissioner Galloway stated he had a telephone conversation with Mr. Johnson regarding the legal requirement for coverage and asked about the conservatism of the numbers. Mr. Johnson said the 2006 amount could be \$46-million or more. He said the amount of coverage would increase if that number was rolled forward.

In response to Commissioner Galloway, Mr. Johnson said an interest rate of just under 4.5 percent was assumed. He said, if the bonds were sold today, they would be in the 4 to 4.1 percent range.

On motion by Commissioner Martini, seconded by Commissioner Pullman, which motion duly carried with Commissioner Gustin absent, it was ordered that the following resolution be adopted and Chairman Pugh be authorized to execute the same:

### **RESOLUTION**

#### **A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION BY WASHOE COUNTY SCHOOL DISTRICT, NEVADA, OF A PROPOSAL TO ISSUE GENERAL OBLIGATIONS; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.**

**WHEREAS**, pursuant to 350.011 through 350.165, Nevada Revised Statutes ("NRS"), the Board of Trustees (the "Board") of the Washoe County School District, Nevada (the "District"), notified the secretary of the Debt Management Commission of Washoe County (the "Secretary" and the "Commission," respectively) of the District's proposal to issue general obligations and submitted a statement of the District's proposal in sufficient number of copies for each member of the Commission; and

**WHEREAS**, the Board has submitted the following question to the qualified electors of the District at the November 5, 2002 general election and the qualified electors approved the following question at such election:

#### **WASHOE COUNTY SCHOOL DISTRICT BOND QUESTION:**

**Shall the Washoe County School District be authorized to issue general obligation school bonds to finance the acquisition, construction, improvement and equipping of school facilities? District projections at the time the bonds are issued must indicate that issuance of the bonds will not result in an increase of the existing school bond property tax rate of 38.85 cents (\$0.3885) per \$100 of assessed value. If approved, this authorization will expire November 5, 2012.**

(the "Question"); and

**WHEREAS**, pursuant to Nevada Revised Statutes (“NRS”) 350.014(1) and NRS 350.020(4), the Board proposes to incur general obligation debt (subject to the approval of the Washoe County Debt Management Commission) in accordance with the Question approved by the qualified electors of the District and the following proposal:

**GENERAL OBLIGATION SCHOOL BOND  
PROPOSAL:**

**Shall the Board of Trustees of the Washoe County School District, Nevada, be authorized to incur a general obligation indebtedness on behalf of the District by the issuance at one time, or from time to time, of the District's general obligation school bonds, in one series or more, in the maximum aggregate principal amount of \$30,000,000 for the constructing, expanding, improving and equipping school facilities within the District until November 5, 2012 by constructing or purchasing new buildings for schools, enlarging, remodeling, replacing or repairing existing buildings or grounds, acquiring sites for building schools or additional real property for necessary purposes related to schools, and purchasing necessary furniture and equipment for schools, such bonds to mature commencing not later than five (5) years from the date or respective dates of the bonds and ending not later than thirty (30) years therefrom, payable from general (ad valorem) taxes, and to be issued on or before November 5, 2012 and sold at, above, or below par at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, as shall be determined at the time of the sale thereof, and otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such other detail as the Board of Trustees may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?**

(the "Proposal"); and

**WHEREAS**, pursuant to NRS 350.0145, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposal, gave notice of a meeting to be held not more than twenty days thereafter, and provided a copy of each of the Proposal to each member of the Commission with the notice of the meeting; and

**WHEREAS**, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposal; and

**WHEREAS**, the Commission has considered all matters in the premises.

**NOW, THEREFORE, BE IT RESOLVED BY THE DEBT MANAGEMENT COMMISSION OF WASHOE COUNTY, NEVADA:**

Section 1. This resolution shall be known as the "2006 Washoe County School District Approval Resolution."

Section 2. The provisions of NRS 350.013 to 350.0165, and 350.020(4) have been met, and therefore the Proposal for the issuance of general obligation school bonds proposed by the District hereby is approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity of unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

**06-04DMC WASHOE COUNTY PARK BONDS**

John Sherman, Washoe County Finance Director, discussed the general obligation bonds and acquisition of the Ballardini Ranch. He said the County was in a condemnation process to acquire that land, and the County needed to have cash in hand at the end of that process. He explained the County was allowed to pledge up to 15 percent of consolidated taxes. He said, if property tax were used to pay this debt service, it would be a little more than one penny; however, this was not anticipated.

In response to Commissioner Aiazzi, Mr. Sherman said the appraised value of Ballardini Ranch was \$30,320,000. He noted \$4 to \$5-million was in interest and another \$4-million in attorney costs. Commissioner Aiazzi said costs of litigation would be paid out of the parks bonds. He said this project could end up costing the County between \$30 and \$96-million, noting the property owner's appraisal was in excess of \$96-million. Mr. Sherman stated the Board approved this bond issue on

February 21, 2006. Commissioner Aiazzi asked what the County would end up cutting from its budget. Mr. Sherman said it was not an issue of cutting but one of increase by way of the budget process.

Commissioner Aiazzi asked if this initiative failed in court, what would happen to the money collected. Mr. Sherman said the right to issue the debt would be reserved until close to the end of the litigation, but the process needed to start now. Commissioner Aiazzi stated the resolution said the money could be spent on any park project and asked if the resolution should be reworded to specify Ballardini. He said with this resolution, the County could spend the money on parks in any way they wanted without coming back to the Debt Management Commission (DMC).

Commissioner Galloway said the reason the resolution did not have to be specific was because this Commission was not concerned with the merits of the bond issue, but the ability to pay within the confines of State law. Ms. Stern said the Commission was to take a look at the pledged revenues and decide if they were sufficient to cover the debt service to ensure there would be no impact on the tax rate.

In response to Commissioner Pullman, Mr. Sherman said the County Commission could determine another way to secure the property if the County was unsuccessful in court. He noted bonds would not be sold until approximately June. He said the money had to be available 30 days after the trial concluded.

Commissioner Aiazzi said the County, at one time, said a federal lands bill would pay the money back. Mr. Sherman said that option was no longer available. Commissioner Aiazzi said the City of Reno had been through eminent domain twice, and both times the jury split it in half. He said he did not see how this would not affect local governments.

Commissioner Galloway said right now the project was within 15 percent of consolidated tax. He said what happened with this project would ultimately fall on the Board of County Commissioners, and it was not the responsibility of the DMC.

On motion by Commissioner Cohen, seconded by Commissioner Wolf, which motion duly carried with Commissioner Aiazzi voting “no” and Commissioner Gustin absent, it was ordered that the following resolution be adopted and Chairman Pugh be authorized to execute the same:

### **RESOLUTION**

**A RESOLUTION CONCERNING THE  
SUBMISSION TO THE WASHOE COUNTY  
DEBT MANAGEMENT COMMISSION OF A  
PROPOSAL TO ISSUE WASHOE COUNTY,  
NEVADA, GENERAL OBLIGATION (LIMITED  
TAX) PARK BONDS (ADDITIONALLY**

**SECURED BY PLEDGED REVENUES) IN THE  
MAXIMUM PRINCIPAL AMOUNT OF  
\$35,175,000; AND APPROVING CERTAIN  
DETAILS IN CONNECTION THEREWITH.**

**WHEREAS**, pursuant to Sections 350.011 through 350.0165, Nevada Revised Statutes (“NRS”), Washoe County, Nevada (the “County”), notified the secretary of the Debt Management Commission of Washoe County (the “Secretary” and the “Commission,” respectively) of the County's proposal to issue general obligation (limited tax) park bonds (additionally secured by pledged revenues) (the “Bonds”) is and submitted a statement of the County's proposal in sufficient number of copies for each member of the Commission; and

**WHEREAS**, the Board of County Commissioners of the County (the “Board”) proposes (subject to the approval of the proposal to issue general obligations by the Commission) to issue the bonds described in the following proposal:

**GENERAL OBLIGATION (LIMITED TAX) PARK  
BONDS ADDITIONALLY SECURED BY PLEDGED  
REVENUES PROPOSAL:**

**Shall the Board of County Commissioners of Washoe County in the State of Nevada, be authorized to incur a general obligation indebtedness on behalf of the County by the issuance at one time, or from time to time, of the County's general obligation (limited tax) park bonds, in one series or more, in the aggregate principal amount of not exceeding \$35,175,000 for the purpose of financing, wholly or in part, the acquisition, construction, improvement and equipment of park projects as provided in NRS 244A.039, the bonds to mature commencing not later than five (5) years from the date or respective dates of the bonds and ending not later than thirty (30) years therefrom, to bear interest at a rate or rates not in excess of the statutory maximum rate in effect at the time bonds are sold, to be payable from general (ad valorem) taxes (except to the extent pledged revenues and other moneys are available therefor), and to be issued and sold at par, or below or above par, and otherwise in such manner, upon such terms and conditions, and with such other detail as the Board may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?**



(the "Proposal"); and

**WHEREAS**, pursuant to NRS Section 350.0145, the Secretary, with the approval the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposal, gave notice of a meeting to be held not more than twenty days thereafter, and provided a copy of the Proposal to each member of the Commission with the notice of the meeting and mailed notice of the meeting to the chief financial officer of each municipality in Washoe County, Nevada which has complied with subsection 1 of NRS 350.013 within the past year; and

**WHEREAS**, the Board has determined and found that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of the Bonds described in the Proposal for the term thereof (the "Finding"); and

**WHEREAS**, the Commission has heard anyone desiring to be heard and has taken other evidence relevant to its approving or disapproving the Proposal and the Finding; and

**WHEREAS**, the Commission has considered all matters in the premises.

**NOW, THEREFORE, BE IT RESOLVED BY THE DEBT MANAGEMENT COMMISSION OF WASHOE COUNTY, NEVADA:**

Section 1. This resolution shall be known as the "2006 Park Bond DMC Resolution."

Section 2. The provisions of NRS Sections 350.013 to 350.015 have been met, and the Proposal for the issuance of the Bonds in the aggregate principal amount of \$35,175,000 proposed by the County and the Finding are approved.

Section 3. The Commission and the officers thereof hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution.

Section 4. All bylaws, orders, resolutions or parts thereof in conflict with this resolution are hereby repealed. This repealer shall not be construed to revive any bylaw, order, resolution or part thereof heretofore repealed.

Section 5. 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 the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 6. This resolution shall become effective and be in force immediately upon its adoption.

**MEMBER COMMENTS**

Chairman Pugh asked about reimbursement for attending meetings of this Commission for certain members. Mr. Sherman said the administrative process was being worked on, and he would expedite the process where possible.

**PUBLIC COMMENTS**

There was no response to the call for public comments.

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There being no further business to come before the Board, the meeting adjourned at 3:35 p.m.

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**RICHARD PUGH**, Chairman  
Debt Management Commission

**ATTEST:**

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**AMY HARVEY**, County Clerk  
and Ex Officio Secretary,  
Debt Management Commission

*Minutes Prepared by  
Jill Shelton, Deputy County Clerk*