

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

SPECIAL MEETING

THURSDAY

3:00 P.M.

JUNE 15, 2006

PRESENT:

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

Sharon Gotchy, Deputy County Clerk
Paul Lipparelli, Legal Counsel

The Washoe County Debt Management Commission (DMC) met in the Old Huffaker School, Bartley Ranch Regional Park, 6000 Bartley Ranch Road, Reno, Nevada, in full conformity with the law, with Chairman Pugh presiding. Following the Pledge of Allegiance to the flag of our Country, the Deputy Clerk called the roll and the Board conducted the following business:

06-08DMC AGENDA

On motion by Commissioner Cohen, seconded by Commissioner Gustin, which motion duly carried, Chairman Pugh ordered that the agenda for the June 15, 2006 special meeting be approved.

PUBLIC COMMENT

There was no response to the call for public comment.

06-09DMC MINUTES

On motion by Commissioner Martini, seconded by Commissioner Galloway, which motion duly carried with Commissioners Gustin and Pullman abstaining, Chairman Pugh ordered that the minutes of the April 28, 2006 meeting be approved.

06-10DMC WASHOE COUNTY – GENERAL OBLIGATION SEWER BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)

John Sherman, Washoe County Finance Director, stated the General Obligation Sewer Bonds were supplemental funding for the Spanish Springs Flood Control Project. He said the County had received approval for a \$6.5-million State Revolving Fund Loan, which was General Obligation backed. He said the County was asking for approval of the additional \$4.6 million because further information had been received on the cost of the project. He explained the debt would be paid through fees and charges from the stormwater area created for this project. Mr. Sherman discussed the County's statutory debt limit and the analysis of the sufficiency of revenues that had coverage of 3.15.

Commissioner Wolf asked if the stormwater charges shown were it or would there be additional charges. Jerry McKnight, Washoe County Water Resources Finance and Operations Manager, stated the budget did not include the increase in the connection fees. Mr. Sherman commented the coverage ratio would be better once the increases went into effect.

Commissioner Galloway asked if this debt was limited to a percentage of total revenues as was the case for the Ballardini Ranch. Mr. Sherman explained the County was pledging all of the Water Resources fees for this debt, and the Ballardini Ranch pledged the County's consolidated tax revenues. He said there only had to be a sufficiency of revenue to pay the debt rather than a certain percentage of the revenue stream.

Jennifer Stern, Bond Counsel, stated there were different statutory authorities concerning pledged revenues. She said these pledged revenues were for water and sewer, which were defined by the statutes to include drainage and flood control. She confirmed that was why the pledge was in the utility system. She said the pledged revenue source was 15 percent of consolidated taxes for Ballardini, which was the maximum the Legislature would permit to be pledged for outstanding bonds. She felt this was because the Legislature did not want to cripple a local government's main revenue source for operating.

Mr. Sherman confirmed the Board of County Commissioners made a finding in their Resolution that they did not believe there would ever have to be a property tax rate increase for this debt, and the Ordinance pledged the fees and charges would always be sufficient to pay the debt. He said there were several layers of protection before there would have to be property tax rate increase.

Commissioner Galloway asked, if the bonds failed, would the increase be exempt since there was no rate available. Mr. Sherman explained the debt would first be paid from the County's General Fund and then, if there was the capacity, the County would have to levy the tax. He said, if it was not levied, the County would have to take property tax revenue being collected and pay the debt before operating costs.

Chairman Pugh asked if there would ever be an override. Mr. Sherman replied only the voters could approve an override.

In response to Commissioner Cohen, Mr. McKnight recollected that Operating Revenues - Other included revenue collected for billing services for the planning function. Mr. Sherman said the Utility Fund works for the Public Works and Building and Safety Departments and bills those departments for that work because it is an Enterprise Fund.

On motion by Commissioner Galloway, seconded by Commissioner Pullman, which motion duly carried, 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 SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) IN THE MAXIMUM PRINCIPAL AMOUNT OF \$4,600,000; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to §§ 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 obligations 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 SEWER BOND
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) sewer bonds, in one series or more, in the aggregate principal amount of

not exceeding \$4,600,000 for the purpose of financing, wholly or in part, the acquisition, construction, improvement and equipment of sewer projects, including drainage and flood control projects as provided in NRS 244A.0505, 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 § 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 Sewer Bond DMC Approval Resolution."

Section 2. The provisions of NRS §§ 350.013 to 350.015 have been

met, and the Proposal for the issuance of general obligation (limited tax) sewer bonds additionally secured with pledged revenues in the aggregate principal amount of \$4,600,000 proposed by the County and the Finding related thereto 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.

06-11DMC CERTIFICATE AND REPORT – CITY OF RENO – SENIOR LIEN ROOM TAX REVENUE REFUNDING BONDS (RETRAC-RENO TRANSPORTATION RAIL ACCESS CORRIDOR PROJECT) SERIES 2006

Jennifer Stern, Bond Counsel, stated under the statutes the ability to negotiate bond sales is very limited. She said most have to be competitively bid. She explained, in certain instances, when there was a negotiated bond sale there must be a report of the financial advisor and, in this case, a certificate by the City Manager. She stated both must be filed with the Department of Taxation and the Debt Management Commission (DMC) to alert the Commission that this had happened.

John Sherman, Washoe County Finance Director, stated the DMC was not required to take formal action because it was just a filing requirement.

Commissioner Galloway asked why it was coming so late in the project. Ms. Stern said the filing requirement happens at the end, and she explained the sequence of events. Commissioner Galloway asked if the money was spent. Ms. Stern replied it was being refinanced to take advantage of a better interest rate.

PUBLIC COMMENT

There was no response to the call for public comment.

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There being no further business to come before the Board, the meeting adjourned at 3:15 p.m.

RICHARD PUGH, Chairman
Debt Management Commission

ATTEST:

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

*Minutes Prepared by
Jan Frazzetta, Deputy County Clerk*