

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
ANNUAL MEETING**

FRIDAY

11:00 A.M.

AUGUST 12, 2011

PRESENT:

Michelle Salazar, Member At-Large, Vice Chairperson
Dan Carne, Washoe County School District, Member
James Hunting, Member At-Large, Member
Ted Fuller, GID Representative, Incline Village, Member

Jaime Deller, Deputy County Clerk
Paul Lipparelli, Assistant District Attorney

ABSENT:

John Breternitz, Washoe County Commissioner, Chairman
Geno Martini, Sparks City Mayor, Member
Dan Gustin, Reno City Council, Member

The Washoe County Debt Management Commission met at 11:07 a.m. in the Washoe County Caucus Room, Administration Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Vice Chairperson Salazar presiding. Following the Pledge of Allegiance to the flag of our Country, the Vice Chairperson called the roll and the Board conducted the following business:

11-015DMC AGENDA ITEM 4

Agenda Subject: "Public Comments"

There was no response to the call for public comment.

11-016DMC AGENDA ITEM 5

Agenda Subject: "Approval of the minutes of the DMC June 3, 2011 special meeting"

On motion by Member Fuller, seconded by Member Hunting, which motion duly carried with Chairman Breternitz and Members Gustin and Martini absent, it was ordered that agenda Item No. 5 be approved.

11-017DMC 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, Assistant District Attorney, stated NRS 350.0155 required that the Debt Management Commission (DMC), at their annual meeting, establish a percentage of not less than 75 percent of the combined tax rate. NRS 350.0155 also states that in the event the combined property tax rate, in any of the overlapping taxation districts within the County, exceeded a certain specified percentage then the DMC would be permitted to inquire into the public need to be served by that proposed debt or tax levy and engage in a comparison of the public need and other public needs.

Mr. Lipparelli stated the DMC was also required to establish priorities among essential and nonessential facilities based on things that were of public safety, health and education facilities in the event that it was necessary to compare proposed debt or special elective taxes. He noted all other services, by default, would be considered nonessential. Establishment of priorities would act as a basis upon which to engage in the comparison. The DMC's obligation was to consider the proposed debt and the amount of the outstanding debt of the entity that was proposing it, the effect on the tax levy required for the debt service and to examine the ability of the municipality incurring the debt to raise revenue.

Mr. Lipparelli stated in the event the established threshold was exceeded then the DMC would examine the public need further and compare that with the other entities that had authority to issue debt. He explained those requirements came into existence in 2001 when the Legislature added provisions to the laws governing the DMC because municipalities were scrambling for the last few morsels of the tax cap. Those procedures required the DMC to attempt to put in place some criteria in the event a decision would have to be made about who would get the last few pieces of the tax cap. He presented a staff report that was produced last year, which was placed on file with the Clerk. It was recommended by staff (last year) to establish the priorities as essential for those that included public safety, health and education facilities.

Member Fuller asked what would happen if several entities came forward with items for funding and they all fell within the public health, safety and education realm. Mr. Lipparelli explained there was a complicated process that would have to be gone through by the entity proposing the debt and the affected entities in the event there ended up being competition for some available tax levy or debt. The affected entities would have an obligation to examine the proposal and decide whether or not it would affect them and how, and whether they wanted to oppose that action. They would then have the opportunity to give notice they opposed it. If they could not resolve it informally between themselves by submitting an agreement as to how they would divide what was left, then possibly the DMC would have to resolve the conflict between the municipalities. In doing that, the DMC would have a chance to establish a method for determining the highest and best use of the un-levied property taxes and also a procedure for allowing municipalities that did not levy the

maximum amount of taxes, to reserve percentages, which was all pursuant to NRS 350.0135. He said the Board has not had to go through that process since 2004, because the municipalities were able to resolve their issues.

Member Carne inquired if the School District did not use their tax rate in the form of a rollover bond until 2014 or later, would it be in jeopardy of being used by another entity. Jennifer Stern, Swendseid and Stern, stated although legally the School District's rollover bond would expire in November, 2012, there was still outstanding debt that required the tax rate for debt service, therefore, the School District would not be lowering the rate until some time in the future. She said the rate would only be in jeopardy if the School District lowered its rate, then that tax rate would become available to other entities.

Marty Johnson, Washoe County School District Financial Advisor, stated what triggered a requirement for the School District to lower their rate under Nevada Administrative Code (NAC) was when they would have one year debt service in their debt service fund and they set a tax rate where the debt service would result in a fund balance greater than one year. He explained with the change in State law, the requirement in the debt service fund would be less than one year's debt service. All of the money would have to be replenished before they would be fully funded and could consider lowering the tax rate.

Member Fuller questioned the difference between NRS 350.0155 and 350.0135. Mr. Lipparelli stated the obligation of the DMC to specify the percentage and establish priorities among essential and nonessential facilities and services was described in NRS 350.0155; however, the process that the DMC may use in resolving conflicts between competing municipalities was under NRS 350.0135. Member Fuller stated Washoe County's Debt Management Policy reflected NRS 350.0135 and not NRS 350.0155 and he was concerned about that. Mr. Lipparelli stated he would check into it, but as a matter of due process, the criteria would need to be determined before the DMC made a priority decision.

On motion by Member Fuller, seconded by Member Hunting, which motion duly carried with Chairman Breternitz and Members Gustin and Martini absent, it was ordered that all proposed public safety, health and education facilities were essential and had priority and all other services and facilities were nonessential.

11-018DMC 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)."

Paul Lipparelli, Deputy District Attorney, stated historically the Debt Management Commission (DMC) established the threshold percentage at 90 percent. He believed that percent had been established since 2001 when the requirement went into place. What that meant was when the combined property tax rate and any of the overlapping entities exceeded the 90 percent threshold, the DMC was committed to examine the public need to be served by the proceeds of the proposed debt or tax that were on the statements of contemplated debt and taxes that had been submitted to the DMC. If the percentage was set lower than 90 percent, he believed there would be more inquiries made.

Member Carne inquired if the 90 percent threshold had triggered any inquiries. Mr. Lipparelli responded it had not triggered any since 2004 when the City of Sparks was pursuing some special elective tax for police and fire and the City of Reno and the County each had a proposal. Right now, he said no one was requesting to use a new slice of the tax cap. All of the other proposals submitted for approval on the agenda did not involve the use of a new tax rate and did not require raising the tax rate.

On motion by Member Fuller, seconded by Member Hunting, which motion duly carried with Chairman Breternitz and Members Gustin and Martini absent, it was ordered that the threshold be set at 90 percent of the statutory ceiling of the combined tax rate.

11-019DMC AGENDA ITEM 8

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

Vice Chairperson Salazar noted for the record that the Gerlach General Improvement District, the Grandview Terrace Water District and the Palomino Valley General Improvement District had not submitted their annual reports.

Paul Lipparelli, Deputy District Attorney, stated there was an obligation to submit the statement of current debt and plans for future debt, but there was also the authority for the entities to amend their submittals at a later date if they determined it to be necessary.

Member Fuller stated the City of Reno’s report regarding outstanding indebtedness showed a general obligation bond indebtedness of \$140,645,000; however, they also showed an obligation of \$180,992,000. Jennifer Stern, Swendseid and Stern, stated the difference between the two figures presented was one was principle only and the other was a combined total with interest owed on annual payments.

On motion by Member Fuller, seconded by Member Hunting, which motion duly carried with Chairman Breternitz and Members Gustin and Martini absent, it was ordered that the following 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:	C
Incline Village General Improvement District:	B, C
North Lake Tahoe Fire Protection District:	A, B, C
Regional Transportation Commission:	A, B, C
Reno, City of:	A, B, C
Reno Redevelopment Agency:	A
Reno/Sparks Convention & Visitors Authority:	A, B, C
Sierra Fire Protection District:	A, B, C
S. Truckee Meadows Gen. Improvement Dist:	A, C
Sparks, City of:	A, B, C
Sparks Redevelopment Agency Area 1:	A, B, C
Sparks Redevelopment Agency Area 2:	A, B, C
Sun Valley General Improvement District:	A, B, C
Truckee Meadows Fire Protection District:	B, C
Truckee Meadows Water Authority:	A, B, C
Verdi Television District:	A
Washoe County:	A, B, C
Washoe County School District:	A, B, C
Western Regional Water	A

11-020DMC AGENDA ITEM 9

Agenda Subject: “Discussion and possible action on a Resolution concerning the submission to the Washoe County Debt Management Commission by Washoe County School District, Nevada, of a proposal to issue up to \$45,000,000 of General Obligation Bonds previously approved by the voters; and approving certain details in connection therewith.”

Vice Chairperson Salazar stated the Resolution could not be acted upon at this time, due to a lack of a majority of the Board in attendance required to vote on this type of action. Paul Lipparelli, Deputy District Attorney, confirmed the law required a favorable vote of 2/3 of the members of the Board for this type of Resolution. He stated an option would be to defer action on Item No. 9 until a later meeting at which time an adequate number of members were present. It was noted the next regular meeting of the Debt Management Commission was being proposed for November 4, 2011; however, the School District had to have the bond Resolution adopted by September 13, 2011. The Clerk was directed to set a special meeting before September 13, 2011.

11-021DMC AGENDA ITEM 10

Agenda Subject: “Set Dates/Times for DMC Meetings for 2011/12.”

On motion by Member Fuller, seconded by Member Hunting, which motion duly carried with Chairman Breternitz and Members Gustin and Martini absent, it was ordered that the following hearing dates be set:

- Friday, November 4, 2011
- Friday, February 3, 2012
- Friday, May 11, 2012
- Friday, August 10, 2012

11-022DMC AGENDA ITEM 11

Agenda Subject: “Member Comments.”

There were no comments from the members.

11-023DMC AGENDA ITEM 12

Agenda Subject: “Public Comment.”

There was no response to the call for public comment.

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ADJOURNMENT

11:42 a.m. There being no further business to come before the Board, the meeting was adjourned.

MICHELLE SALAZAR, Vice Chairperson,
Debt Management Commission

ATTEST:

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

*Minutes Prepared by
Jaime Delleria, Deputy County Clerk*