

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
QUARTERLY MEETING**

THURSDAY

3:00 P.M.

MAY 8, 2014

PRESENT:

Ron Smith, Sparks City Council, Alternate Member
Dave Aiazzi, Washoe County School District, Member
Sandra Ainsworth, GID Representative, Sun Valley, Member
Marsha Berkbigler, Washoe County Commissioner, Member
Thomas Cornell, At-Large, Member

Nancy Parent, County Clerk
Greg Salter, Assistant District Attorney

ABSENT:

Michelle Salazar, At-Large, Member, Chairperson
Neoma Jardon, Reno City Council, Member, Vice Chairperson

The Washoe County Debt Management Commission met at 3:04 p.m. in the Washoe County Caucus Room, Administration Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with County Clerk Parent and newly-elected Chairperson Ainsworth presiding. Following the Pledge of Allegiance to the flag of our Country, the County Clerk called the roll and the Board conducted the following business:

14-02DMC AGENDA ITEM 4

Agenda Subject: "Public Comments."

There was no response to the call for public comment.

14-03DMC AGENDA ITEM 5

Agenda Subject: "Election of Chairman and Vice Chairman."

Member Aiazzi nominated Sandra Ainsworth as Chairperson. Member Ainsworth accepted the nomination.

On motion by Member Aiazzi, seconded by Member Berkbigler, which motion duly carried with Members Salazar and Jardon absent, it was ordered that Member Ainsworth be appointed Chairperson.

Member Berkbigler nominated Dave Aiazzi as Vice Chairperson. Member Aiazzi accepted the nomination.

On motion by Member Berkbigler, seconded by Chairperson Ainsworth, which motion duly carried with Members Salazar and Jardon absent, it was ordered that Member Aiazzi be appointed Vice Chairperson.

****** *Chairperson Ainsworth assumed the gavel.*

14-04DMC **AGENDA ITEM 6**

Agenda Subject: "Approval of the minutes for the DMC annual meeting of August 9, 2013."

On motion by Member Berkbigler, seconded by Member Aiazzi, which motion duly carried with Members Salazar and Jardon absent, it was ordered that item 6 be approved.

14-05DMC **AGENDA ITEM 7**

Agenda Subject: "Discussion and possible action on 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 \$24,000,000; and approving certain details in connection therewith."

Kathy Ong, Hobbs, Ong and Associates, stated Washoe County was seeking the Debt Management Commission's (DMC) approval to exchange certain County bonds pledged by both water and sewer revenues, to only sewer pledged revenues. She noted the Truckee Meadows Water Authority (TMWA) intended to acquire the County's Water Utility Fund, and as a result, the County had to go through certain legal proceedings in order to secure all the sewer bonds held by the State Revolving Fund and the Pinnacle Public Finance.

Ms. Ong went through her presentation summarizing the statutory criteria prior to authorization of the DMC. She said all the criteria had been satisfied with regard to document submission, the County's legal debt limit, no levy of a tax rate, no effect on other municipalities, and no tax rate impact proposal. She noted page 4 of the handout showed the parity lien bonds. The outstanding amount for the water portion was \$26,100,000 and the outstanding amount for the sewer portion was \$325,586. Page 5 illustrated the outstanding subordinate lien bonds and how they were separated. She said page 4 and page 5 listed all the outstanding debt pledged with water and sewer revenues. She reported the total outstanding general obligation debt for the County amounted to \$272,594,925.

Ms. Ong described the debt capacity for the County and the debt limit for the General Obligation Bonds (GOB) was based on 10 percent of the County's assessed value, which amounted to \$1,249,692,460. The County had approximately \$296,594,925 outstanding (GOB), which left additional debt capacity in the amount of \$953,097,535. She next went over the annual

debt service for the parity lien bonds, which went from \$1.4 million to \$3.4 million and the subordinate lien bonds which went from \$3.6 million to \$224,000. She said page 11 showed the revenues of the water and sewer funds from 2009 to 2013, the expenses and the debt service and coverage. The coverage had been 1.8 times to 2.15 times during said period and she noted there was plenty of coverage to pay operations and the debt service.

Ms. Ong said because the sewer bonds were now being separated from the water bonds, we would need to look at coverage based on water revenues and sewer revenues. She noted page 13 of the handout showed those separated totals based on the 2014 budget. Kendra Follett, Sherman and Howard, said the sewer portion would remain as the County's debt and the water portion would become the debt of TMWA. Ms. Ong said no tax rate impact was anticipated.

Member Aiazzi asked what the debt service was on \$24 million per year. Ms. Ong stated page 10 showed \$2.6 million for the sewer. Member Aiazzi said when he added up the \$7.6 million in total expenses and the \$2.6 million in debt service, that would be \$10.2 million, but the revenue was only \$10.9 million for sewer. Ms. Ong explained the total revenue was \$14 million.

Cynthia Washburn, Comptroller, explained sewer was the predominant component, but it was an actual combination of sewer, stormwater and reclaimed water. All of those sources of revenue were available. Member Aiazzi said he thought stormwater was part of the water, but it was part of sewer. Ms. Washburn stated that was correct.

Member Cornell asked if TMWA would be assuming the debt for water. Ms. Follett stated that debt did not come before the Board today because the DMC only needed to act on the separation of the sewer bonds being pledged from the sewer, stormwater and reclaimed water revenue.

Member Aiazzi asked if the total outstanding that we would refund was shown on page 5. Ms. Ong replied it was shown on page 4 and 5, for a total of \$20,864,405. Member Aiazzi asked why the Resolution reflected \$24 million. Ms. Ong stated that was a not-to-exceed amount and they would only exchange what was necessary. Member Aiazzi asked what the fees were. Ms. Ong explained these bonds were not being sold and there would be no money exchanged. She was not sure what the fees would be; however, the interest rate would remain the same.

Member Cornell said the County used to charge water rates; now TMWA would get the revenue but assume the debt. Ms. Washburn stated the entire water district with all the infrastructure, the water rates and customers would move to TMWA on January 1, 2015. Along with that, TMWA would assume the debt that those customers' rates would repay.

On motion by Member Aiazzi, seconded by Member Berkgigler, which motion duly carried with Members Salazar and Jardon absent, it was ordered to approve the Resolution. The Resolution is attached hereto and made a part hereof.

14-06DMC AGENDA ITEM 8

Agenda Subject: “Member Comments.”

There were no Member comments.

13-07DMC AGENDA ITEM 9

Agenda Subject: “Public Comments.”

There was no response to the call for public comment.

ADJOURNMENT

3:26 p.m. On motion by Member Berkbigler, seconded by Member Aiazzi, which motion duly carried with Members Salazar and Jardon absent, the meeting was adjourned.

Sandra Ainsworth, Chairperson,
Debt Management Commission

ATTEST:

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

*Minutes Prepared by
Jaime Delleria, Deputy County Clerk*

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 \$24,000,000; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") 350.011 through 350.0165, Board of County Commissioners (the "Board") of Washoe County (the "County"), Nevada, 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 additionally secured by pledged revenues and submitted a statement of the County's proposal in sufficient number of copies for each member of the Commission; and

WHEREAS, the Board proposes to incur such general obligations additionally secured by pledged revenues without an election unless a petition, signed by the requisite number of registered voters of the County is presented to the Board requiring the Board, prior to incurring such general obligations, to submit to the qualified electors of the County for their approval or disapproval, the following proposal to incur such general obligations additionally secured by pledged revenues:

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 \$24,000,000 for the purpose of financing and refinancing, wholly or in part, the acquisition, construction, improvement and equipment of sewer projects, including, but not limited to, facilities pertaining to a County sewerage system as provided in NRS 244A.0505, the bonds to mature commencing not later than five (5) years from the date or respective dates of

1405DMC

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

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 received from the County complete statements of current and contemplated general obligation debt, a debt management policy, a capital improvements plan (which includes the capital improvements proposed to be financed as provided in the Proposal) and a statement of the chief financial officer, in full compliance with NRS 350.013; 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 "2014 Sewer Bond DMC Resolution."

Section 2. The provisions of NRS 350.013 to 350.015, inclusive, have been met, and the Proposal for the issuance of general obligation (limited tax) sewer bonds additionally secured

14-05 DMC

with pledged revenues proposed by the County in the maximum principal amount set forth in the Proposal 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.

ADOPTED this May 9th, 2014.

Attest:



County Clerk
ex officio Secretary
Debt Management Commission



Chairman
Debt Management Commission

14-05 DMC

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

I am the Washoe County Clerk and ex officio Secretary of the Debt Management Commission of Washoe County, Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of the resolution adopted by the Debt Management Commission of Washoe County, State of Nevada, at a meeting held on May 9, 2014, insofar as the same refer to the sewer project and the financing thereof, as provided in the general obligation bond proposal submitted to the Commission by Washoe County, Nevada.

2. All members of the Board were given due and proper notice of such meeting and voted on such resolution as follows:

Those Voting Aye: *Marsha Benkigler,
Sandra Ainsworth
Thomas Connell
Dawe Aiazzi
Ron Smith, Alternate*

Those Voting Nay: *none*

Those Absent: *Salazar & Jardon*

14-05 DMC

3. Pursuant to and in full compliance with NRS 241.020 and NRS 350.0145, written notice of the meeting was given at least 3 working days before the meeting, including in the notice the time, place, location and agenda of the meeting:

- (a) By mailing a copy of the notice to each member of the Commission,
- (b) By posting a copy of the notice at the Commission's website, if any, the principal office of the Commission, or if there is no principal office, at the building in which the meeting is to be held, and at least 3 other separate, prominent places within the jurisdiction of the Commission, to wit:

- a. Washoe County Administration Complex
1001 East 9th Street
Reno, Nevada
- b. Washoe County Courthouse
75 Court Street
Reno, Nevada
- c. Reno City Hall
450 Sinclair Street
Reno, Nevada
- d. Sparks City Hall
431 Prater Way
Sparks, Nevada

is attached as Exhibit A.

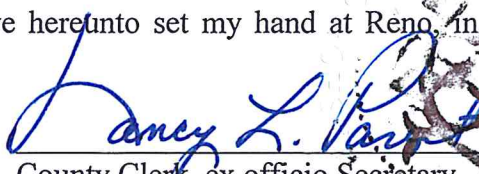
and

(c) Prior to 9:00 a.m. at least 3 working days before such meeting, such notice was mailed to each person, if any, who has requested notice of meetings of the Commission in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

(d) By mailing a copy of the notice to the chief financial officer of each municipality in Washoe County which has complied with NRS 350.013(1) within the past year, in the same manner in which notice is required to be mailed to a member of the Commission.

A copy of such notice as posted and mailed is attached hereto as Exhibit A.

IN WITNESS WHEREOF, I have hereunto set my hand at Reno, in Washoe County, State of Nevada, on this May 9, 2014.


County Clerk, ex officio Secretary
Debt Management Commission

14-05BDMC

EXHIBIT A

(Attach Copy of Notice of Meeting)

14-05 DMC

G:\WP\DOCS\03400\160 \$4.6 million storm sewer\APPRRES.DOC