

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
SPECIAL MEETING**

FRIDAY

11:00 A.M.

FEBRUARY 15, 2019

PRESENT:

Naomi Duerr, Reno City Council, Chair
John Sherman, At-Large Member, Vice-Chair
Paul Anderson, Sparks City Council, Member
Andrew Caudill, Washoe County School District, Member
Peter Morris, GID Representative, Member (via telephone)

Nancy Parent, County Clerk
Paul Lipparelli, Assistant District Attorney

ABSENT:

Jeanne Herman, Washoe County Commissioner, Member
Michelle Salazar, At-Large Member

The Washoe County Debt Management Commission met in regular session at 11:00 a.m. in the Washoe County Caucus Room, Administration Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chair Duerr 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:

19-018D **AGENDA ITEM 4** Public Comment.

There was no response to the call for public comment.

19-019D **AGENDA ITEM 5** Approval of the Agenda for February 15, 2019.

Chair Duerr proposed moving Agenda Item 6 to after Agenda Item 8.

There was no response to the call for public comment.

On motion by Member Sherman, seconded by Member Caudill, which motion duly carried on a 5-0 vote with Members Herman and Salazar absent, it was ordered that Agenda Item 5 be approved.

19-020D **AGENDA ITEM 7** Appearance by Washoe County Budget Manager Lori Cooke and presentation of Washoe County's debt position.

Washoe County Budget Manager Lori Cooke noted the financial documents were prepared in accordance with those prepared by the Cities of Reno and Sparks. She indicated the County had two general obligation (GO) bonds which were supported by ad valorem taxes. The Series 2011A bonds refunded 2001 Library Parks and Open Space bonds that were voter approved in 2001, and the Series 2012A bonds refunded both 2000B Library Parks and Open Space bonds and 2003 Regional Animal Services bonds.

Ms. Cooke reviewed what the GO revenue bonds listed on the handout were used for: the Library Series 2004 bonds supported the Incline Village library; the 2006 Park bonds related to Ballardini Ranch; the 2011B building bonds refunded 2001 bonds to build the Jan Evans Juvenile Justice Center and the Incline Village maintenance facility; the 2012B bonds refunded bonds having to do with the District Attorney's Office and the South Center parking garage; the 2015 building bonds built the Medical Examiner's facility; and the 2016B public safety refunding bonds refunded 2006 bonds for detention facility expansion. The utility system revenue bonds refunded a variety of different utility system bonds. Finally, the 2006 series flood control bonds were issued for acquisition, construction, and expansion of flood control projects. She explained 2016A series sales tax revenue bonds refunded 1998 sales tax bonds, which were used for the Regional Emergency Operation Center and the Regional Public Safety Training Center and flood control projects.

Ms. Cooke indicated Regional Transportation Commission and Reno-Sparks Convention and Visitors Authority bonds were not reported in this presentation even though many were issued under Washoe County. The items in the presentation represented only the County's portion.

Citing the County's imminent final payment for the series 2004 library building bonds, Member Caudill inquired about the County's plans. Ms. Cooke responded that would be paid with a transfer out of the library override and it was not paid by the general fund. It would stay within the library expansion fund after being paid off.

Chair Duerr asked whether the series 2006 park bonds would continue to roll over. She thought these bonds were issued earlier than 2006. Ms. Cooke responded this particular issuance was in 2006. She explained the original issuance on the parks and library bonds was for \$22.8 million and the second issuance was \$15.5 million. These bonds went to support building the South Valleys Library and Lazy Five Regional Park. The majority of the 2006 issuance was to support the acquisition of Ballardini Ranch.

Chair Duerr asked whether the balance totals on page 2 were projections. Ms. Cooke answered there was a column based on the July 1, 2018 figures but principal payments had been made since. The chart included a schedule as to what was expected to happen by June 30, 2019.

There was no public comment or action taken on this item.

19-021D **AGENDA ITEM 8** 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 \$50,000,000; and approving certain details in connection therewith.

Chair Duerr asked whether the wording of the item was the same for the Washoe County Board of County Commissioners (BCC). Washoe County Assistant County Manager Christine Vuletich responded the County had to make a request to the BCC to allow them to come before the Debt Management Commission (DMC) to approve the request. Chair Duerr said the DMC was considering approval of a Resolution.

Ms. Vuletich introduced Ryan Henry from Sherman & Howard and Marty Johnson from JNA Consulting, the County's financial advisor. She added representatives from the Community Services Department were present to answer questions about the project itself.

Mr. Johnson mentioned he prepared a packet of financial information which reviewed the criteria for the DMC to consider. He remarked Exhibit I included the projects that would be financed through the bonds, though he added those were not part of the criteria to consider. Regarding the figures on page 4, he noted they were different than those given in Budget Manager Lori Cooke's presentation because his figures were from January 1, 2019, not July 1, 2018 as hers were. He stated the figures also included bonds the Reno-Sparks Convention and Visitors Authority issued since they were general obligations of the County.

Mr. Johnson pointed out the plan was to issue the sewer bonds in two phases. \$35 million would be issued in early summer and the remaining \$15 million would be issued as needed, likely in fiscal year (FY) 2022. He remarked the County had a significant amount of debt limit available to them. Other entities like the Washoe County School District and the Cities of Reno and Sparks had their own respective debt limits.

Mr. Johnson explained the second criteria to be used by the DMC would be the impact on the \$3.64 overlapping tax rate. He said the bond documents would include a provision that the County would covenant to maintain rates and charges at a level sufficient to make the payments. Pointing to the chart on page 7, he clarified the outstanding sewer bonds were refunded to combine the County's state revolving fund (SRF) loans. He noted they assumed an interest rate of 4 percent for the 20-year issuance and 4.25 percent for the 30-year piece. 5 percent was used for the 2022 bonds. He said they anticipated all these bonds would go to the SRF, where rates were currently 2.6 to 2.7, illustrating the County made very conservative assumptions. Additionally, even though entities only paid interest on SRF loans when money was drawn, it was assumed all the money would be drawn at closing. The result was an overestimation of what interest payments would be.

Mr. Johnson said the maximum annual debt service was used because it was the highest debt service the County would have in any given year. Payments would be lower than anticipated and would then grow, meaning coverage would be higher in the early years. Either way it demonstrated the County's substantial coverage for the bonds. Because of that, the tax

rate was not anticipated to be needed to repay the bonds. The \$3.64 operating rate limit should not be impacted and no local governments should be precluded from accessing the tax rate. He stated the tax limit had already been reached anyway.

Member Sherman said the SRF program had several credit enhancement requirements such as rate enhancement. He asked whether it required a debt service reserve fund. Mr. Johnson said those funds were only required on revenue bonds. If the bonds did not have GO backing, the County would have had a higher interest rate and a reserve requirement.

Member Sherman noted one of the issuances of this series of bonds would not be until 2022 and wondered how long DMC approval lasted. Mr. Henry responded it would last 36 months so the County could issue those bonds under the same approval as long as it was done within that timeframe.

Mr. Sherman stated the SRF was very strict that the funds given would only go to the list of projects provided to them. Mr. Johnson stressed the County would only enter into an agreement with the SRF for a specific project.

Chair Duerr wanted to know more about the South Truckee Meadows Reclamation Facility (STMWRF) project that would be funded. She had been told it was one of the oldest facilities and in need of updating. Division Director of Engineering and Capital Projects Dwayne Smith responded the STMWRF facility was a permanent 4.1 million-gallon-per-day (mgd) facility. The County hit 85 percent of its flow capacity, which was the point at which the Nevada Division of Environment Protection (NDEP) required a plan to expand the plant. In response the County had been proactive by initiating facility planning work, which was completed in 2016. This mapped out the process for the next phase of expansion. He explained they selected their project delivery method and were in the beginning stages of the design phase.

Mr. Smith noted the facility was upgraded from a 3 mgd to a 4.1 mgd facility in the early 2000s and it currently serviced the entire South Truckee Meadows area, including both Reno and Washoe County customers. He added the service territory extended as far south as the Mt. Rose ski resort. He described the facility as state-of-the-art and it had a good record of maintaining its permit compliance with the NDEP. The County initiated this project in response to new development and because the facility hit the 85 percent requirement.

Chair Duerr asked whether the project was expected to be completed before 100 percent capacity was reached. Mr. Smith answered the 85 percent provision created a buffer which allowed time for design and construction. He said the facility was flowing at 3.5 mgd and he reminded the Board it was allowed to flow at 4.1 mgd. He remarked there was enough capacity to address projected growth until construction was expected to be complete.

Chair Duerr pointed out that area was one of the fastest-growing places in the County over the prior five years. Bringing up the Huffaker lining project, she said there had been concern about sediment and water quality issues and she asked Mr. Smith to speak about how the lining might help.

Mr. Smith stated the STMWRF facility had no discharge permit for surface waters that entered the Truckee River; all treated water was either stored in the reservoir and used for irrigation or used in construction. The lining of the Huffaker Hills Reservoir allowed the County to contain the water although it was not a permit requirement with the NDEP. He noted the water quality was Class A but he added it periodically contained algae and boron. He indicated there was a leaky collection system for boron in the Reno area of the South Truckee Meadows region constructed in the early 2000s. In an effort to maintain compliance and help customers with the boron, the County initiated projects to line manholes and interceptors. He commented the County had spent about \$800,000 lining 65 manholes and they were just beginning an interceptor lining project. As a result of the projects, there were significant decreases in boron and improvements in water quality. He said they added this to the Capital Improvement Plan (CIP) as an annual, ongoing project to continue as necessary.

Regarding water quality associated with the STMWRF, Mr. Smith said the County was working with people at the Arrowcreek golf course who were interested in water quality. The consultant hired by the County evaluated the quality and made recommendations to assist with plants Arrowcreek wanted on its course and within its homeowners association (HOA) area. Overall the water quality had met their requirements. He said the County was including water quality components into the STMFWRP expansion, including a pH buffer system and programs to manage infiltration in the collection system.

Chair Duerr inquired whether they needed money from this bond to pay for those projects. Mr. Smith answered the bond money was for the expansion phase of the facility and any money that had already been expended would be separate.

Chair Duerr listed some of the concerns voiced by Reno staff and HOAs in the area, such as filtration and clogs. She asked whether the bond money would be used to address those issues. Mr. Smith responded many South Truckee Meadows residents installed small pore-size filters which picked up algae from the water. Other users utilized larger pore-size filters which resulted in fewer problems with clogging. As part of this project, the County would include both the treatment elements required for expansion of the plant and requirements for the quality of water as it left the plant. He said there would be a process improvement during the expansion phase to address algae issues.

Chair Duerr wanted to be assured these problems could be addressed with the approval of the debt financing. Mr. Smith responded the County was being very proactive. She asked how long it would take to implement these fixes and Mr. Smith said the design process would take about 12 months and construction would take three to four years. He added the facility already produced high-quality reclaimed water and the County worked with customers on specific problems. Chair Duerr praised the job Mr. Smith did and said the bonds would provide him with the money to address algae as well as boron infiltration.

In response to Chair Duerr's query about Pleasant Valley Ranch, Mr. Smith said the Interceptor Reach 3 project was part of a 20-year old project and it would enhance the collection system to bring in new developments south and east of the Toll Road/Mt. Rose Highway interchange. He explained the Reach 3 portion was the County's obligation to build

and extend, and it would reach from a mobile home park north of Rhodes Road, through the Damonte Ranch area, and along the Steamboat River corridor. Though the location was identified twenty years before, they did not build until development prompted them to. He said it was now time to build.

Chair Duerr explained development south of Geiger Grade Road was approved in 2005 and the first apartment complex of 368 units was just now being built. She said there was a debate about what type of housing to build, though she advocated for affordable housing. She remarked the City of Reno did not approve a project on Rhodes Road though the developer might come back. She listed some of the issues with the site, including it being located in a flood plain and on a fault line. She wondered whether the level of development in that area would be as great as Mr. Smith was anticipating. There was a section along Virginia Street zoned for commercial development and she did not think there was a big objection to that kind of development. She commented anticipating growth was difficult, noting the City of Reno installed a sewer system in Verdi fifteen years prior with no development in that area since.

Member Caudill asked why there was a \$10 million decrease in net pledged revenues between FY 2018 and the budgeted FY 2019. Ben Hutchins, Division Director of Finance with the Washoe County Community Services Department, said there were a number of causes for this. First, the CIP included both capital and non-capital projects and non-capital projects were only included in the income statement, not on the balance sheet. That accounted for \$2.3 million of the difference. Additionally, County policy required them to have sufficient budget to encumber 100 percent of the projects up front, even if the project would spread across more than one fiscal year. It was common for a budget to be higher than the actual numbers. Third, non-capital projects often did not happen in the year for which they were budgeted, particularly utility projects. Among the reasons he listed for why this might happen were environmental approvals taking longer than expected, permits being delayed, or changes in the Board's priorities. Finally, the FY 2018 operating expenses were \$3.5 million lower than originally budgeted.

Member Caudill asked whether the County felt comfortable that revenues would outpace the debt by 200 to 300 percent. Mr. Hutchins reiterated Mr. Johnson's point that the proposed maximum annual debt service of \$4,457,787 was calculated by taking the highest year; the actual totals were much lower. Mr. Hutchins pointed out the coverage for FY 2016 was much higher than laid out in the chart on page 8.

Mr. Hutchins indicated the County did not anticipate debt financing the total cost of all three projects; 22 percent would be cash-financed depending on the bids and \$57 million of the total project cost would come from connection fees. He recognized there was a risk with connection fees due to a potential slowdown in the economy, so the County wanted to have the longest debt service available to reduce cash flow requirements. They were working with the State to ensure there would be a 30-year debt schedule, although he noted a portion of that would use a 20-year schedule. He mentioned the County already had \$35 million of the \$57 million expected to be paid from the cash fund; \$8.5 million was added in the South Truckee Meadows connection fee fund in FY 2018 alone. While he felt they could cash-finance a project like this in

the future, they wanted to ensure there were sufficient cash reserves for any downturn in the economy.

Mr. Hutchins said the County had a \$200 million CIP for the next five years and how much they would accomplished depended on growth and the priorities of the Board. The utilities fund was at \$97 million and the \$50 million from this bond would go towards funding the \$200 million CIP. He acknowledged they could come back in the future should the need for additional debt arise. He thought the County was in a good financial place with significant cash reserves but he recognized CIP needs exceeded resources. They sought to get as much cash financing as possible now before interest rates rose. He commented there was a three-year limit for spending and the County expected it would spend 85 percent of the funds within that timeframe. They split the issuance into two segments because they were uncertain they could spend \$50 million within three years. He felt confident they could complete two of the three projects within that timeframe but the STMWRF facility would likely take longer.

Member Sherman mentioned the SRF would require a rate maintenance covenant in the bond documents which would legally require the County to raise its rates if there was insufficient revenue to pay the operating costs and debt.

Mr. Hutchins agreed and said the risk for taxpayers and bondholders was low because \$57 million would come from developers. The risk to everyone would be low because the County had a high level of cash reserves and the economy was strong. In addition to the \$8.5 million that came in during FY 2018, \$4.4 million had already come in during this fiscal year. The cash reserves were a safeguard against the risk of using development-driven revenue. He admitted there was a situation in the past where the County took out bonds for a water treatment plant but growth stopped.

Chair Duerr mentioned there was a 700-home subdivision being constructed, which might have been part of the County's projected growth scenario. She asked about the percentage of bonds that would be supported by connection fees. Mr. Hutchins answered 100 percent of the connection fees would go toward the South Truckee Meadows expansion project, which was projected to cost \$49.5 million. The Pleasant Valley Ranch Sewer Interceptor was an \$8 million project. Both projects would be funded by connection fees with \$7 million coming from the County's cash reserves, still leaving a significant amount of reserves. Chair Duerr opined she did not see much growth happening in Pleasant Valley. Mr. Hutchins noted the County would conduct a connection fee study to determine whether the level of fees was sufficient to sustain growth.

There was no response to the call for public comment.

Member Sherman moved to approve the item. Assistant District Attorney Paul Lipparelli recommended acting on the Resolution included in the packet.

Member Sherman asked whether the DMC had the authority to discuss the public need for the project being proposed and how the project might fulfill that need. Mr. Henry answered the public need discussion was not a criteria for the DMC because no increase in taxes

was anticipated and there would be no impact on overlapping entities. That discussion would be triggered if a proposal would increase the property tax rate.

Member Sherman thought it would be prudent to understand the project but he wanted to ensure the basis for their decision was not on the Board's opinion of the public need. Chair Duerr remarked all three projects were in her ward and many of her questions might not have been asked by a different member of the Reno Council. She stated it was not important whether the DMC loved the project. The County decided it was important.

Member Anderson complimented the County for calculating figures and projections for the proposal in a conservative fashion.

On motion by Member Sherman, seconded by Member Anderson, which motion duly carried on a 5-0 vote with Members Herman and Salazar absent, it was ordered that Agenda Item 8 be approved. The Resolution for same is attached hereto and made a part of the minutes thereof.

19-022D **AGENDA ITEM 6** Washoe County District Attorney's Office presentation of Nevada Open Meeting Law and Ethics in Government Law, and Board's responsibilities to adhere to both.

Chair Duerr noted most of the Debt Management Commission (DMC) members had training on Open Meeting Law (OML) so she wanted the focus of the presentation to be on disclosure and recusal scenarios.

Assistant District Attorney Paul Lipparelli wanted to highlight issues concerning OML that applied to public bodies. He described a walking quorum as a series of communications between members of a public body that did not take place in a public meeting. These could constitute deliberation on an item over which the Commission had dominion. He reminded everyone that any gathering of at least four Members could constitute a quorum. He stressed Members should never hit 'reply all' in any email sent to all Members regarding DMC business. It could be considered an OML violation since it was a communication among all DMC Members that did not take place during a public meeting.

Regarding ethics rules, Members of the DMC were considered public officers. He recalled a story where a Commissioner from the Incline Village General Improvement District (IVGID) was taken to the Ethics Commission for voting on a proposal as an IVGID trustee and then again as a DMC Member. The complaint alleged it was an undisclosed conflict of interest. Mr. Lipparelli felt everybody knew this person did these things since they happened in public meetings and as such it would have been unnecessary to disclose that. The Ethics Commission ultimately agreed.

Mr. Lipparelli mentioned some officers received a salary or a stipend for their service on a board, which some believed could be a pecuniary interest. He felt there was no conflict of interest if a Member voted on an item that directly impacted another entity for which that Member received money. He said it would only be a conflict interest if the pecuniary interest

was received in a private capacity. One important thing to remember was the compensation of a public officer would not change based on whether a bond or tax was approved; salaries and compensation of public officers were set by forces outside the control of the DMC. He summarized it was built into the architecture of the DMC that representatives from other public bodies would make decisions. Any conflict was created by the way the DMC was established. He noted the ethics decision referenced earlier recognized that the Legislature wanted the DMC to represent perspectives of other public entities.

Mr. Lipparelli said Members only needed to be concerned if they would privately benefit from their actions as a DMC Member, such as being a financial advisor for the issuer or a contractor with the company who would construct the project. In that case a Member should contact him a couple of weeks before the meeting to determine the need to disclose or abstain from an item.

Member Sherman asked whether Members of the DMC were required to file financial disclosure statements. Mr. Lipparelli said he did not know. He mentioned elected officials filed them for other reasons but he thought a good indication it was not required was no at-large members filed them in the past. He said he would research it and email what he found. He said generally only elected officials and executive officers who could award contracts needed to file them.

Chair Duerr stated she filed them for more than 25 years and guessed anyone serving on a board may have to. She thought members of Reno's Finance Advisory Board had to. Mr. Lipparelli mentioned it was not difficult and no one had to disclose too much personal information. Member Sherman indicated the penalties for not filing could get expensive.

Member Anderson asked whether there was anything that could have been done in the IVGID example to prevent them from having to go to the Ethics Commission. Mr. Lipparelli responded there were very active residents in Incline Village who did not always need a bulletproof reason to lodge a complaint. He pointed out the Ethics Commission added a gratuitous advisory saying the situation could have been avoided had the trustee disclosed that the salary he earned as an IVGID trustee was unaffected by any of his decisions. Mr. Lipparelli thought that would be silly because each Member would need to make those disclosures before every meeting. He felt disclosures needed to contain information that was not common knowledge to be meaningful.

Member Anderson pointed out Chair Duerr would have had to make a disclosure in that situation because the item the DMC just voted on would impact her ward. Member Duerr mentioned she had no personal involvement in those projects in any pecuniary way. She remarked it could be easy for DMC Members to become entangled because they had other jobs where they could benefit from these actions.

Member Caudill said he once asked whether he would have to recuse himself if an item came to the DMC that he had passed as a member of the Board of Trustees for the Washoe County School District. He was told he did not have to and was glad for the confirmation.

Mr. Lipparelli advised the Board to exercise caution when it came to gifts or travel. He provided an example of an entity sponsoring a seminar for the DMC in Maui for five days; that would be the kind of thing that should be disclosed. He suggested a Member should speak to him if presented with that type of training or travel opportunity to determine the need for disclosure or abstention.

Chair Duerr noted the State Legislature recently changed the law about educational training. She recalled she gave a talk at a Rotary Club where she was served dinner. As the event cost \$30 to attend, she disclosed the dinner as a gift under the travel education policy. She noted the Secretary of State had several pages in her own financial disclosures pertaining to small meal costs. In another instance Ms. Duerr planned to report a \$30 entry fee for an Economic Development Authority of Western Nevada event she did not have to pay for. She received confirmation from an attorney to do this. The attorney had told her 85 to 90 percent of people were doing it incorrectly.

Mr. Lipparelli agreed it could be difficult because some training events had to be put on by lobbyists or an equivalent to lobbyists in order to count as a reportable trip. He said a question had been asked by a County Commissioner about disclosing trips made on behalf of other agencies. He said that would not be a reportable matter because a different agency paid the costs.

Chair Duerr said several of the organizations she mentioned were non-profit organizations. Mr. Lipparelli said State law defined educational events and that definition included lobbyists. He urged DMC Members to contact him if they wanted to discuss a potential situation.

19-023D **AGENDA ITEM 9** Discussion and possible action to amend the Debt Management Commission By-Laws, Rules, Policies and Procedures.

Chair Duerr commented the bylaws had not been updated in twenty years. Mr. Lipparelli agreed they were badly out of date and said he would be happy to prepare a redlined version which removed things that did not work. He cited one provision which said all Debt Management Meetings (DMC) needed to start at 4 p.m. He mentioned there were things in State law that laid out some of the duties of the DMC; he was unsure whether those needed to be in the bylaws. He encouraged the Commission to give direction.

Chair Duerr asked Mr. Lipparelli for his recommendation. He praised the professionalism of the Clerk's Office for locating bylaws approved in 1997 but did not know whether they could determine what methods and procedures previous DMC iterations used. He said that could be an argument for including them in the bylaws.

Chair Duerr said she liked bylaws that did not repeat statutory language but explained duties and expectations in a more easily-understood format. Mr. Lipparelli responded he could prepare a draft for the May 17 meeting.

Chair Duerr pointed out Nevada Revised Statute (NRS) required a meeting in January but she the DMC typically held its first meeting in February. She asked whether this was discretionary. Mr. Lipparelli replied the NRS said the word 'shall' but he felt that was not always feasible. He did not think there was a severe penalty for not complying with that and did not know if any county debt management commissions were complying.

Chair Duerr assumed the reason the first DMC meeting was not in January was because many positions did not get sworn in until the first couple of weeks in January. Reno was different as elected officials were sworn in after election results were certified. In addition, many officials were not assigned to committees for some time after being sworn in. Member Caudill agreed, pointing out it was not decided he would serve on the DMC until January 15.

Mr. Lipparelli wanted the Commission to consider including a section giving authority to the Chair to cancel a meeting if there was no business in the bylaws. Chair Duerr acknowledged they had done that before but conceded it might not have been authorized. She proposed the idea of establishing a meeting in January and cancelling it for lack of business.

Member Sherman said he reviewed the bylaws and noticed they had a provision requiring appointing bodies to have procedures for appointing alternates. He did not know whether the DMC could impose such a provision. Additionally, the bylaws dictated the DMC had to follow Robert's Rules of Order. He noted he was always advised to not say a body was following them. He expressed concern that a lawsuit could nullify an action taken by the DMC because some nuance was not followed. He said he appreciated having rules to follow regarding motions and seconds but was reluctant to adopt Robert's Rules as a whole. He pointed out the order of the agenda listed in the bylaws did not make sense.

Member Caudill indicated no action was taken by the Washoe County School District regarding alternates; no other trustee had the authority to come to a DMC meeting. Chair Duerr mentioned an item could be put on a subsequent agenda to do so. She referenced another board where the City of Reno appointed a primary representative and made every other Councilperson an alternate. She added she had no alternate appointed for the DMC.

Mr. Lipparelli noted the NRS said appointing alternates was dependent upon the law that created the board and he would look up whether that applied to the DMC. Chair Duerr commented the at-large representatives did not have alternates.

Member Sherman suggested adding an effective date to the bylaws.

Member Caudill stated this item was an action item and wondered whether the DMC had to take action. Mr. Lipparelli said they did not have to. Chair Duerr said they were all raising issues of concern but she was not planning to ask for a motion. She indicated she would ask for the item to be placed on a future agenda during the next item.

Member Morris recommended clarifying the language on page 3 that said the Board would have quarterly meetings; he pointed out they might not if there was not enough business.

County Clerk Nancy Parent explained the DMC typically selected dates during the August meeting for the upcoming four meetings, even if they eventually were to be cancelled for lack of business.

There was no public comment or action taken on this item.

19-024D AGENDA ITEM 10 Board Member Comments.

Chair Duerr mentioned the Debt Management Commission (DMC) had been requesting presentations and had received them from the Cities of Reno and Sparks as well as Washoe County. She asked whether the Board wanted to continue the process and asked who they might want to invite next. Member Anderson thought the presentations were helpful and wanted them to continue, an opinion echoed by Members Caudill and Morris.

Chair Duerr asked whether the DMC wanted the Incline Village General Improvement District (GID) to make the next presentation. Member Morris said he saw value in it. Chair Duerr noted the Clerk's Office would reach out to the Incline Village GID to arrange it and suggested Mr. Morris mention it to the board. Member Morris indicated he would convey that to the board at their next meeting.

Chair Duerr inquired whether the DMC wanted a second presentation, perhaps by the Sun Valley GID. Referencing a discussion held during the February 8, 2019 DMC meeting, she said she learned the Sun Valley GID had 22,000 people, though she did not know how large the Incline Village GID was.

Member Sherman thought it did not make sense to hear presentations from entities which did not issue debt.

12:28 p.m. Member Anderson left the meeting.

Derek Sonderfan, Supervisor of the Boards Records and Minutes Division of the Clerk's Office, noted the Chair requested that figures from past presentations be included in the backup materials for all presentations. He noted he did not include the Regional Transportation Commission's presentation because they did not actually appear before the Board. He asked Chair Duerr if he should continue including prior reports for comparison. She responded it could be helpful.

Chair Duerr asked whether any Member knew of any requests for bonds that might come up. Member Caudill responded the Washoe County School District (WCSD) might come before the DMC in May. Based on how the WCSD Board of Trustees worked, he felt they would prefer to come before the Board in May and not August. Regarding presentations made by entities, he suggested requiring any entity who was requesting bond approval to also provide a short presentation on their debt position. This would provide more updates to the DMC for entities who came before them more frequently and would allow Members to make better

informed decisions. This could be in addition to presentations by other entities. Chair Duerr concurred.

Chair Duerr mentioned in past there had been times where an entity was scheduled to give a presentation but there were no other action items. Typically she cancelled these meetings, though she recalled at least one meeting that was held without an action item on the agenda.

Member Sherman said the DMC often received a lot of information about an entity's debt issues and plans for capital improvement projects but no metrics on the financial health of the entity. He expressed concern about a situation where an entity might request a large bond issuance but have a significantly declining annual fund balance. He noted many entities were required to file brief financial disclosure forms with the Department of Taxation which listed many of those things. He thought those documents could be useful.

Member Duerr agreed and said also she wanted to know the bond rating of each entity, noting the City of Reno had recently increased its rating to A+. She asked whether there was one universal ranking. Member Sherman said there were three primary credit rating agencies: Standard & Poor's, Fitch Ratings, and Moody's Investors Service. One basic metric was the credit-enhanced credit rating. Using general obligation revenue bonds enabled an entity to get a higher credit rating than if they used a straight revenue bond, even with the same pledged revenue. He felt the Board needed to be mindful of the nuances used by credit agencies and thought the disclosure forms asked that question.

Member Caudill opined the previous presentation documents were helpful to review. He commented the Washoe County representative noted their presentation documents were for the prior fiscal year and they were not updated every month. He thought it would be helpful to receive a new packet from each agency every August. Washoe County Assistant County Manager noted all entities had to submit their debt management policy, disclosures, and capital improvement program summaries to the DMC every August. After a brief discussion it was determined Member Caudill desired a brief, 2-page snapshot update from all entities since they were concise and allowed him to understand the entity's position. Ms. Vuletich pointed out all the same information was included in the August paperwork.

Chair Duerr suggested adding an item in May to discuss and provide possible direction about the August documentation request process. She mentioned possibly requesting entities to create or update a short 2-page snapshot of their finances.

Washoe County Budget Manager Lori Cooke noted information about long-term employee benefit liability might not be available at that time. Chair Duerr thought the totals would just have aged from that entity's previous comprehensive annual financial report (CAFR). Ms. Cooke pointed out the County's CAFR was approved in December.

Chair Duerr suggested someone bring a copy of the 2018 DMC book of documents that was presented the previous August. County Clerk Nancy Parent said her office did not supply books for everyone because they were voluminous and former Members did not

use them for reference. Chair Duerr thought there could be a discussion determining things like the availability of paper copies of the documentation book and whether the DMC wanted additional information included. She wondered whether Members did not need paper copies of the books once they saw one. Ms. Parent said she would do whatever the Commission wanted to help them understand. She would send language for the agenda item to the Chair and to Assistant District Attorney Paul Lipparelli to ensure it was correct.

Member Sherman requested an electric copy of the documents. Ms. Parent said her office would send a link for 2018's documents to all Members.

Member Caudill suggested informing any entity that might come in May to prepare an updated debt presentation. Ms. Parent clarified that entity would have to get in touch with her.

19-025D AGENDA ITEM 11 Public Comment.

There was no response to the call for public comment.

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12:42 p.m. There being no further business to discuss, on motion by Member Caudill, seconded by Member Sherman, which motion duly carried with Members Herman and Salazar absent, the meeting was adjourned.

NAOMI DUERR, Chair
Debt Management Commission

ATTEST:

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

*Minutes Prepared by
Derek Sonderfan, Deputy County Clerk*