

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
ANNUAL MEETING**

FRIDAY

11:00 A.M.

AUGUST 20, 2021

PRESENT:

Naomi Duerr, Reno City Council, Chair
John Sherman, At-Large Member, Vice-Chair
Jeanne Herman, Washoe County Commissioner, Member
Diane Nicolet, Washoe County School District, Member
Michelle Salazar, At-Large Member (via Zoom)
Dian VanderWell, Sparks City Council, Member (via Zoom)

Janis Galassini, County Clerk
Jennifer Gustafson, Deputy District Attorney

ABSENT:

Sandra Ainsworth, GID Representative, Member

The Washoe County Debt Management Commission met in regular session at 11:02 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 County Clerk's call of the roll and the Pledge of Allegiance to the flag of our Country, the Board conducted the following business:

21-027D **AGENDA ITEM 3** Public Comment.

There was no response to the call for public comment.

21-028D **AGENDA ITEM 4** 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.

Deputy District Attorney Jennifer Gustafson stated entities typically submitted proposals to the Debt Management Commission (DMC) to do one of three things: incur debt, enter into installment purchase agreements with a term of more than ten years, or levy a special elective tax. In those cases, the DMC considered the proposal but did not weigh in on the underlying merits of the proposal. However, she continued, if the proposal would result in the combined property tax rate in any of the overlapping entities within Washoe County exceeding the percentage set by the DMC, the Commission could consider the public need which would be served by the proposal. The priorities set here would then be taken into account.

Last August, Ms. Gustafson noted, the DMC set the percentage at 90 percent of the \$3.64 limit, which would be \$3.276. For any proposal that would push the combined property tax rate above \$3.276, the DMC would need to compare the competing public needs in accordance with the priorities that would be established in this item. She commented the County was already at the maximum tax rate, but the DMC still had a statutory duty to set the priorities. She said Nevada Revised Statute 350.0155 indicated facilities and services related to public safety, education, and health were considered essential; everything else was considered nonessential. In previous years, the DMC moved to establish those as essential priorities with each receiving the same weight, and all other facilities were deemed nonessential.

In response to Chair Duerr's query, Vice Chair Sherman suggested parks and government services buildings as examples of a nonessential services. Member Nicolet wondered whether parks could submit a request for debt to address flooding if it became a public health issue. Vice Chair Sherman responded he felt the general purpose of the facility debt should be the deciding factor; the purpose of a park was not typically public safety, health, or education. The DMC would need to make such a determination, though he had never experienced that situation.

Chair Duerr asked whether Vice Chair Sherman was comfortable with the action the DMC had previously taken. Vice Chair Sherman indicated he was.

On motion by Vice Chair Sherman, seconded by Member Herman, which motion duly carried on a 6-0 vote with Member Ainsworth absent, it was ordered that the Debt Management Commission establish public safety, health, and education facilities and services as essential and all having priority, and all other facilities and services be established as nonessential.

21-029D **AGENDA ITEM 5** Discussion and action to specify a threshold percentage of the statutory ceiling for the combined 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.

Deputy District Attorney Jennifer Gustafson stated that, pursuant to Nevada Revised Statute (NRS) 350.0155, the Debt Management Commission (DMC) needed to specify the percentage of the combined property tax rate somewhere between 75 and 100 percent. She noted the DMC had set the percentage at 90 percent since 2001, including in 2020.

Chair Duerr pointed out the combined property tax rate limit had already been reached, meaning the DMC would have to balance the priority issues on every proposal. Vice Chair Sherman responded the limit was \$3.64 of \$100 of assessed value, and that had been reached in the corporate boundaries of the Cities of Reno and Sparks, including the entities within. However, if certain areas of unincorporated Washoe County, such the Palomino Valley and Gerlach General Improvement Districts, came forward with proposals that would take their property tax rate over \$3.276, the DMC could then consider the public purpose. He provided an example that the overlapping tax rate for the City of Reno would also include the tax rates for the

State, the Washoe County School District, and Washoe County, but this would not impact the tax rate for the City of Sparks. If the Gerlach General Improvement District (GGID) wanted to propose debt that would exceed 90 percent of its tax rate, or \$3.276, the DMC could consider the need.

Chair Duerr conjectured that, if the GGID wanted to install a public pool with debt that would exceed the 90 percent limit, the DMC might not necessarily disapprove of the measure since the project was not about public safety, health, or education, but they could evaluate the merits of the project. Vice Chair Sherman agreed, though he thought the DMC would not approve something that was not determined to be an essential facility or service. He added he had never heard of something like this being litigated.

There was no response to the call for public comment.

Member Nicolet observed the 90 percent threshold had been successful since 2001. When asked by Chair Duerr if he could think of a proposal where this had become important, Vice Chair Sherman recalled an issue with a combined animal shelter where Washoe County and the Cities of Reno and Sparks had to lower their tax rates to fit into the \$3.64 cap, but that had been a long time ago.

On motion by Member Nicolet, seconded by Vice Chair Sherman, which motion duly carried on a 6-0 vote with Member Ainsworth absent, it was ordered that the percentage called for in NRS 350.0155(1) be set at 90 percent.

- 21-030D** **AGENDA ITEM 6** Review and accept the following 2021 Annual Reports from all Washoe County political subdivisions:
- a. Debt Management Plans
 - b. Indebtedness Reports
 - c. Capital Improvement Plans

Chair Duerr remarked it was a challenge each year to review and evaluate the reports from 20 jurisdictions, accepting them as sufficient to meet Nevada Revised Statute provisions. She pointed out the forms were beginning to become a bit more uniform.

Vice Chair Sherman asked which agencies did not provide documents. County Clerk Jan Galassini replied no documents were received from the Grandview Terrace Water District or the Verdi TV District. She believed Grandview no longer had any members and was looking at some form of dissolution. The Verdi TV District was still believed to be an entity. She thought the Board of County Commissioners would either need to dissolve them if there were no members or appoint new members. She did not think those two entities collected or spent any money. Ms. Sherman inferred they were effectively non-existent, even if they had not legally dissolved. Chair Duerr wondered whether the County should make an inquiry into that, with Member Herman adding both agencies were in her district.

Chair Duerr asked about the process for collecting these documents. Ms. Galassini replied Clerk's Office staff sent out annual reminders and kept track of how and when the documents were received, at which point the materials were compiled. Most agencies were used

to sending them in, and any districts who would be late typically let the Clerk's Office know. Vice Chair Sherman commented the agencies also needed to provide the same documentation to several other agencies. Ms. Galassini said issues typically arose only when the staffs of these agencies changed and people needed to be trained.

There was no response to the call for public comment.

Vice Chair Sherman observed none of the information he reviewed raised any concerns for him.

Member Nicolet asked whether it was critical that the entities' management policies and capital improvement plans (CIPs) be current. Vice Chair Sherman felt the important point was if the policies had changed, and he believed each entity had a debt management policy. Another question answered by the documents was whether the entities planned to issue debt. He posited many answered they did not anticipate issuing any, but they reserved the right to do so. He offered an example of an entity that did not submit a CIP with their annual documents but later wanted to issue debt. Before they could come to the Debt Management Commission, the Vice Chair stated, they would have to formally update their CIP to include the item for which they wanted to issue debt.

Member Salazar indicated she reviewed the documents for some of the larger entities and had no concerns.

On motion by Member Herman, seconded by Member Salazar, which motion duly carried on a 6-0 vote with Member Ainsworth absent, it was ordered that Agenda Item 6 be accepted.

21-031D **AGENDA ITEM 7** Discussion and possible action to set dates/times for DMC meetings for 2021/22 which must be held at least quarterly pursuant to NRS 350.012(3). Suggested dates are set forth below and the suggested time for the meetings is 11:00 a.m.

- Friday, November 12, 2021
- Friday, February 18, 2022
- Friday, May 20, 2022
- Friday, August 19, 2022

Chair Duerr noted meeting dates were recommended earlier in holiday months to prevent conflicts. She asked for clarification about the requirements for having meetings in January and February. Deputy District Attorney Jennifer Gustafson responded February and August meetings were required in even years like this one. In odd years, she continued, meetings were required in January, February, and August. She said quarterly meetings were also set but could be cancelled if there was not enough business to warrant them.

There was no response to the call for public comment.

On motion by Member Sherman, seconded by Member Herman, which motion duly carried on a 6-0 vote with Member Ainsworth absent, it was ordered that the dates for the future Debt Management Commission meetings be Friday, November 12, 2021; Friday, February 18, 2022; Friday, May 20, 2022; and Friday, August 19, 2022.

21-032D **AGENDA ITEM 8** Approval of the minutes for the DMC meeting of February 19, 2021. Commission members may identify any additions or corrections to the draft minutes as transcribed.

There was no response to the call for public comment.

On motion by Member Nicolet, seconded by Member Herman, which motion duly carried on a 6-0 vote with Member Ainsworth absent, it was ordered that Agenda Item 8 be approved.

21-033D **AGENDA ITEM 9** Commission Member Comments.

Chair Duerr stated the Debt Management Commission (DMC) had previously invited some of the 20 entities who submitted annual documents to present summaries of their information to the DMC. She felt some entities were due to return. County Clerk Jan Galassini responded there had not been much interest in entities making presentations unless they had a debt issue proposal. It was determined that Washoe County and the Cities of Reno and Sparks had not made presentations in some time.

There was a discussion where a consensus was reached that these presentations were beneficial, particularly to new members. Chair Duerr and Member VanderWell discussed the prospects of their respective councils issuing debt and whether it would be a good time to hear from them. Member VanderWell added it could be timely given the large amounts of federal funding received. Further discussion revealed that the City of Reno would receive \$51 million in federal funding, the Washoe County School District would receive \$77 million, the City of Sparks would receive over \$16 million, and Washoe County would receive \$91.5 million.

Chair Duerr noted these presentations would not typically cover that, but requests could be made to those agencies. She asked that requests for presentations be made by Washoe County and the Cities of Reno and Sparks at the next three meetings.

At Chair Duerr's request, the following people introduced themselves: Chief Deputy Clerk Cathy Smith, Deputy Clerk Carolina Stickley, Chief Financial Officer for the Washoe County School District Mark Mathers, and Chief Financial Officer for Washoe County Christine Vuletich.

21-034D **AGENDA ITEM 10** Public Comment.

There was no response to the call for public comment.

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11:43 a.m. There being no further business to discuss, the meeting was adjourned without objection.

NAOMI DUERR, Chair
Debt Management Commission

ATTEST:

JANIS GALASSINI, County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared by
Derek Sonderfan, Deputy County Clerk*

Pending Board Approval