

**DEBT MANAGEMENT COMMISSION
WASHOE COUNTY, NEVADA**

ORGANIZATION MEETING

FRIDAY

3:00 P.M.

FEBRUARY 7, 2003

PRESENT:

James Ainsworth, Acting Chairman, GID's
Jim Galloway, Commissioner, Washoe County
Richard Pugh, Commissioner, At-Large
Robert Seach, Commissioner, At-Large
Sharon Zadra, Commissioner, City of Reno*

Amy Harvey, County Clerk
Paul Lipparelli, Legal Counsel

ABSENT:

Tony Armstrong, Commissioner, City of Sparks
Dan Carne, Commissioner, School District

The Washoe County Debt Management Commission (DMC) met in the District Board Room of the Washoe County School District, 425 East Ninth Street, Reno, Nevada, in full conformity with the law, with Acting Chairman Ainsworth presiding. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

PUBLIC COMMENTS

There was no response to the call for public comments.

03-01DMC SWEARING IN OF NEW MEMBERS - APPOINTMENT AND OATH OF OFFICE FOR AT-LARGE MEMBERS

Amy Harvey, County Clerk, administered the Oath of Office to General Improvement District elected representative Robert Wolf and to reappointed At-Large Members Richard Pugh and Robert Seach.

03-02DMC ELECTION OF CHAIRMAN AND VICE CHAIRMAN

Commissioner Pugh nominated Commissioner Galloway for Chairman of the Debt Management Commission, and Commissioner Seach seconded the motion. There being no further nominations, the Board elected Commissioner Galloway Chairman of the Debt Management Commission.

Chairman Galloway nominated Commissioner Pugh for Vice Chairman of the Debt Management Commission, and Commissioner Wolf seconded the motion. There being no further nominations, the Board elected Commissioner Pugh as Vice Chairman of the Debt Management Commission.

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Commissioner Galloway said he is the Washoe County appointee on the Commission, but is not sure whether this is a new term or a continuation of an existing term. Paul Lipparelli, Legal Counsel, suggested that Commissioner Galloway be sworn in.

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3:07 p.m. Jonnie Pullman arrived at the meeting.

Amy Harvey, County Clerk, administered the Oath of Office to Washoe County appointee Jim Galloway and School District appointee Jonnie Pullman.

The Debt Management Commission then assembled as follows:

Jim Galloway, Chairman, Washoe County
Richard Pugh, Vice Chairman, At-Large
Jonnie Pullman, Commissioner, School District,
Robert Seach, Commissioner, At-Large
Robert Wolf, Commissioner, General Improvement District
Sharon Zadra, Commissioner, City of Reno*

Chairman Galloway thanked Jim Ainsworth for his service on the Debt Management Commission.

AGENDA

On motion by Commissioner Seach, seconded by Commissioner Pullman, which motion duly carried with Commissioner Zadra temporarily absent, it was ordered that the agenda for the February 7, 2003, organization meeting be approved.

03-03DMC MINUTES

On motion by Commissioner Pugh, seconded by Commissioner Seach, the minutes of the quarterly meeting of December 6, 2002 were filed. Chairman Galloway advised the minutes were filed because there was no quorum today of the members who were present on December 6, 2002.

**03-04DMC GENERAL OBLIGATION BONDS – WASHOE COUNTY
SCHOOL DISTRICT**

Gary Kraemer, Chief Financial Officer, Washoe County School District, advised the District's rollover bond question was successful on the November ballot, and they are requesting approval for the issuance of bonds in the amount of \$36,000,000 for construction of a Spanish Springs middle school. He stated \$11-million of the bond issue is required by law to be put into a debt reserve fund to show the District is able to support the issuance of the bonds.

Martie Johnson, Johnson Consulting, Financial Advisor for the School District, reviewed financial information in support of the School District's bond proposal and to demonstrate the ability of the District to repay the outstanding and proposed bonds with the revenues of the existing tax rate. Mr. Johnson responded to questions of the Commission concerning how the debt limit of the School District is established and matters relating to the debt service fund.

***3:15 p.m.** Commissioner Zadra arrived at the meeting.

Upon inquiry of Commissioner Pullman, Mr. Johnson advised the bond question includes that the proceeds would support the building of new facilities.

On motion by Commissioner Pullman, seconded by Commissioner Seach, which motion duly carried, it was ordered that the following "2003 Washoe County School District DMC Approval Resolution" be adopted and Chairman Galloway be authorized to execute the same:

RESOLUTION

A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION BY WASHOE COUNTY SCHOOL DISTRICT, NEVADA, OF A PROPOSAL TO ISSUE GENERAL OBLIGATIONS; CONCERNING ACTION TAKEN THEREON BY THE COMMISSION; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to §§ 350.011 through 350.165, Nevada Revised Statutes ("NRS"), the Board of Trustees (the "Board") of the Washoe County School District, Nevada (the "District"), notified the secretary of the Debt Management Commission of Washoe County (the "Secretary" and the "Commission," respectively) of the District's proposal to issue general obligations and submitted a statement of the District's proposal in sufficient number of copies for each member of the Commission; and

WHEREAS, the Board has submitted the following question to the qualified electors of the District at the November 5, 2002 general election and the qualified electors approved the following question at such election:

WASHOE COUNTY SCHOOL DISTRICT BOND QUESTION:

Shall the Washoe County School District be authorized to issue general obligation school bonds to finance the acquisition, construction, improvement and equipping of school facilities? District projections at the time the bonds are issued must indicate that issuance of the bonds will not result in an increase of the existing school bond property tax rate of 38.85 cents (\$0.3885) per \$100 of assessed value. If approved, this authorization will expire November 5, 2012.

(the "Question"); and

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") 350.014(1) and NRS 350.020(4), the Board proposes to incur general obligation debt (subject to the approval of the Washoe County Debt Management Commission) in accordance with the Question approved by the qualified electors of the District and the following proposal:

GENERAL OBLIGATION SCHOOL BOND PROPOSAL:

Shall the Board of Trustees of the Washoe County School District, Nevada, be authorized to incur a general obligation indebtedness on behalf of the District by the issuance at one time, or from time to time, of the District's general obligation school bonds, in one series or more, in the maximum aggregate principal amount of \$36,000,000 for the constructing, expanding, improving and equipping school facilities within the District until November 5, 2012 by constructing or purchasing new buildings for schools, enlarging, remodeling or repairing existing buildings or grounds, acquiring sites for building schools or additional real property for necessary purposes related to schools, and purchasing necessary furniture and equipment for schools, such 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, payable from general (ad valorem) taxes, and to be issued on or before November 5, 2012 and sold at, above, or below par at an effective interest rate (including any sale discount) not exceeding the statutory

maximum rate, if any, as shall be determined at the time of the sale thereof, and otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such other detail as the Board of Trustees 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 of 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 each of the Proposal to each member of the Commission with the notice of the meeting; 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

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 "2003 Washoe County School District DMC Approval Resolution."

Section 2. The provisions of NRS 350.013 to 350.0165, and 350.020(4) have been met, and therefore the Proposal for the issuance of general obligation school bonds proposed by the District hereby is 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 of 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.

**03-05DMC GENERAL OBLIGATION BONDS AND SPECIAL ELECTIVE
TAX OVERRIDE BALLOT QUESTION – NORTH LAKE TAHOE
FIRE PROTECTION DISTRICT**

Martie Johnson, Johnson Consulting, reviewed the bond proposal and financial information in support of the North Lake Tahoe Fire Protection District's request to seek voter approval to authorize the issuance of up to \$14,285,000 of general obligation fire protection bonds and a special elective override tax at the June election. He advised the proposal would set the upper limit of the bonds and tax rate the District would be able to present to the voters. He said the estimates for the assessed value growth at the Lake are from 25 percent to 40 percent. Until the growth rate is actually known and numbers are available from the Department of Taxation, a determination of the actual tax rate impact would not be known. The bonds would be for building, remodeling and expanding the fire fighting facilities at the Lake. The tax override, when combined with the bond rate, would not exceed 10.5 cents, and part of the tax override would be for operational costs of the District.

Jim Linardos, Fire Chief, North Lake Tahoe Fire Protection District, provided additional information concerning the bond proposal and the District's current tax rate. He advised their Board of Directors has scaled the project back substantially and is concerned about the flavor of the community, which is upset with the recent property value reassessments.

Mr. Johnson stated the District Board intends to refine the proposal before it goes on the ballot and what would be delivered to the Registrar of Voters by the April 1 deadline would reflect the project they actually want to go forward with. Based on what their Board did yesterday, it appears the proposal would be in the neighborhood of \$7 million.

Mr. Johnson reviewed how the proposal meets the required criteria and said this is a project for public safety, which is one of the priorities defined in the statutes.

Upon inquiry of Chairman Galloway, Legal Counsel Lipparelli reviewed the statutory requirements if the proposal results in a combined property tax rate in an overlapping district within the County that exceeds 90 percent of the \$3.64 tax cap.

Chairman Galloway said, if this is approved, he would ask that the motion acknowledge the need for public safety. Upon inquiry of Chairman Galloway, Mr. Johnson advised that the intent of the District is to have both a debt rate and a tax override to provide for facility operations, but he believes the intent of the District is for an override of about one-cent to provide for the operating funds. The tax rate would be determined when the size of the project and the assessed values are determined and the amount of money needed is finalized; and one-cent would be added to that tax rate. The

ballot question would be worded such that the combined tax rate would not exceed 10.5 cents. The resolution would authorize the issuance of a certain amount of debt for the cap and the issuance of a tax rate for the cap, and within those numbers the District is allowed to adjust the amounts prior to going to the voters.

On motion by Commissioner Pullman, seconded by Commissioner Pugh, which motion duly carried, it was ordered that the following "2003 North Lake Tahoe Fire Protection District Approval Resolution" be adopted and Chairman Galloway be authorized to execute the Resolution. It was noted that the issue of public safety is a reason for consideration in allowing this proposal to go forward.

RESOLUTION

A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION BY NORTH LAKE TAHOE FIRE PROTECTION DISTRICT, NEVADA, OF A PROPOSAL TO LEVY A SPECIAL ELECTIVE TAX; 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"), the Board of Fire Commissioners (the "Board") of the North Lake Tahoe Fire Protection District, Nevada (the "District"), notified the secretary of the Debt Management Commission of Washoe County (the "Secretary" and the "Commission," respectively) of the District's proposal to levy a special elective tax and submitted a statement of the District's proposal in sufficient number of copies for each member of the Commission; and

WHEREAS, the District determined that there is not an affected governmental entity; and

WHEREAS, the Board proposes (subject to the approval of the proposal by the Washoe County Debt Management Commission), to submit to the qualified electors of the District for their approval or disapproval substantially the following proposal:

GENERAL OBLIGATION FIRE PROTECTION BOND AND SPECIAL ELECTIVE TAX PROPOSAL:

Shall the North Lake Tahoe Fire Protection District be authorized to issue up to \$14,285,000 of general obligation fire protection bonds for the purposes of acquiring, constructing, improving and equipping

District fire protection facilities and to levy an additional property tax rate for the purposes of acquiring, constructing, improving, equipping, operating and maintaining District fire protection facilities of up to 10.5 cents per \$100 assessed valuation for a period not to exceed 30 years? The Bonds are expected to require a property tax levy for 20 years. The Bonds and the fire protection property tax levy are estimated to result in an increase in the property taxes that the owner of a new \$100,000 home will pay which will average \$36.75 per year.

(the "Proposal"); and

WHEREAS, the Secretary, with the approval of 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 notice of the meeting to the chief financial officer of each municipality in Washoe County that has complied with subsection 1 of NRS 350.013 within the past year; 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

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 "2003 North Lake Tahoe Fire Protection District Approval Resolution" (the "Resolution").

Section 2. The provisions of NRS 350.013 to 350.015 have been met, and the Proposal for the levy of the special elective tax proposed by the District is hereby 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.

03-06DMC LEGISLATIVE ISSUES

Legal Counsel Lipparelli stated that John Sherman, Finance Director for Washoe County, advised that the Committee on Local Government Finance has taken the Debt Management Commission's (DMC) suggestions about amending the statutes regarding the public financing of municipal obligations and has worked toward putting the matter into a bill. He said he does not know the status of that process.

Chairman Galloway said, in the beginning, several proposals came forward and some were de facto raising the cap by exempting certain things from the cap. However, he understands the Governor's Task Force proposal is that the State may levy another 15 cents of property tax that would not increase any margin available to local governments or school districts.

Commissioner Pullman stated her understanding is the State already has property tax included under the cap. When the original legislation was proposed it was not anticipated or intended that any of the State property tax be under the cap, and apparently the proposed Legislation does not address that issue at all. Chairman Galloway said his understanding is the State may want to keep what it has but levy an additional amount; and they would leave what they have under the cap but anything new would be exempt from the cap.

Commissioner Pullman said it is important that taxes be easily understood and she does not think it is consistent to have some tax in and some out of the cap, unless there is some rationale for doing so. She believes, as the Legislature moves forward, the DMC could help protect and enable the taxpayers by assuring that the laws, rules and regulations are somewhat consistent and easy to understand.

Legal Counsel Lipparelli stated that the local Government Finance Committee is working on the suggestions that came from the DMC regarding the waiting period and the rights and duties of affected entities. He said the DMC did not submit a proposal regarding what should be within or without the cap, and that is the job of the Governor's Task Force. He stated, once the bill draft comes out, it would be available for review.

Chairman Galloway said he hopes the Task Force would come forward with something to satisfy the DMC's concern about getting all the tax proposals on the table at one time. This would protect a proposal from being preempted that might otherwise be successful if all proposals were not known at the same time.

MEMBER COMMENTS

Commissioner Wolf said it is a pleasure to serve on the DMC, and he looks forward to learning about the bonds and debt finances in the area.

Chairman Galloway thanked the Board members for electing him Chairman and said he would try hard to do a good job.

PUBLIC COMMENTS

There was no response to the call for public comments.

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There being no further business to come before the Board, the meeting adjourned at 3:50 p.m.

JIM GALLOWAY, Chairman
Debt Management Commission

ATTEST:

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

Minutes Prepared By
Barbara Trow, Deputy County Clerk