

**DEBT MANAGEMENT COMMISSION  
WASHOE COUNTY, NEVADA**

**QUARTERLY MEETING**

FRIDAY

3:00 P.M.

MAY 14, 2004

PRESENT:

**Jim Galloway, Chairman**  
**Dave Aiazzi, Commissioner**  
**Geno Martini, Commissioner**  
**Jonnie Pullman, Commissioner**  
**Robert Seach, Commissioner**  
**Robert Wolf, Commissioner**

**Amy Harvey, County Clerk**  
**Paul Lipparelli, Legal Counsel**

ABSENT:

**Richard Pugh, Vice-Chairman**

The Washoe County Debt Management Commission (DMC) met in the Commission Chambers of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairman Galloway presiding. Amy Harvey, County Clerk, administered the Oath of Office to Reno City Councilmember Dave Aiazzi as the Alternate Member representing the City of Reno. Following the Pledge of Allegiance to the flag of our Country, the Clerk called the roll and the Board conducted the following business:

**AGENDA**

In accordance with the Open Meeting Law, on motion by Commissioner Pullman, seconded by Commissioner Martini, which motion duly carried with Commissioner Pugh absent, Chairman Galloway ordered that the agenda for the May 14, 2004 meeting be approved.

**PUBLIC COMMENTS**

There was no response to the call for public comments.

## MINUTES

On motion by Commissioner Martini, seconded by Commissioner Pullman, which motion duly carried with Commissioner Pugh absent and Commissioner Aiazzi abstaining, Chairman Galloway ordered that the minutes of the February 20, 2004 meeting be approved.

### **04-03DMC    RESOLUTION - 2004 INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT SEWER AND WATER BOND**

Jason Mathews, Johnson Consulting Group, financial advisers for the Incline Village General Improvement District, explained the purpose and need for the bonds, the District's total debt noting it would still be within the statutory debt limit, and the revenue and payment calculations. He stated the bonds would be issued over time, the debt service projections take that into account, and no impact on taxes is expected because the bonds would be paid with water and sewer revenues.

On motion by Commissioner Aiazzi, seconded by Commissioner Pullman, which motion duly carried with Commissioner Pugh absent, it was ordered that the following resolution be adopted and Chairman Galloway be authorized to execute the same:

#### **RESOLUTION NO. 04-03DMC**

**A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF PROPOSALS BY INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT TO ISSUE GENERAL OBLIGATION SEWER BONDS IN THE MAXIMUM PRINCIPAL AMOUNT OF \$8,000,000 AND GENERAL OBLIGATION WATER BONDS IN THE MAXIMUM PRINCIPAL AMOUNT OF \$2,000,000; 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"), Incline Village General Improvement 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 proposals to issue general obligations and submitted a statement of the District's proposals in sufficient number of copies for each member of the Commission; and

**WHEREAS**, the Board of Trustees of the District (the "Board") pursuant to NRS § 350.020(3) proposes (subject to the approval of the proposals to issue general

obligations by the Commission) to adopt and publish a resolution of intent to issue general obligation sewer bonds (additionally secured by pledged revenues) and general obligation water bonds (additionally secured by pledged revenues); and

**WHEREAS**, the Board proposes to incur these general obligations without an election unless a petition signed by the requisite number of registered voters of the District representing the requisite assessed value of the taxable property of the District is presented to the Board requiring the Board to submit to the qualified electors of the District for their approval or disapproval the following proposals:

**GENERAL OBLIGATION SEWER BONDS  
(ADDITIONALLY SECURED BY PLEDGED  
REVENUES) PROPOSAL:**

**Shall the Board of Trustees of Incline Village General Improvement District, Nevada, be authorized to incur a general obligation indebtedness (additionally secured by pledged revenues) on behalf of the District by the issuance at one time, or from time to time, of the District's general obligation sewer bonds, in one series or more, in the aggregate principal amount of not exceeding \$8,000,000 for the purpose of acquiring, constructing, improving and equipping sewer projects as set forth in NRS 318.140, 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 (except to the extent pledged revenues and other monies are available therefor), and to be issued 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 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 "Sewer Bond Proposal"); and

**GENERAL OBLIGATION WATER BONDS  
(ADDITIONALLY SECURED BY PLEDGED  
REVENUES) PROPOSAL:**

**Shall the Board of Trustees of Incline Village General Improvement District, Nevada, be authorized to incur a general obligation indebtedness (additionally secured by pledged revenues) on behalf of the District by the issuance at one time, or from time to time, of the District's general obligation water bonds, in one series or more, in the aggregate principal amount of not exceeding \$2,000,000 for the purpose of acquiring, constructing, improving and equipping water projects as set forth in NRS 318.144, 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 (except to the extent pledged revenues and other monies are available therefor), and to be issued 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 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 "Water Bond Proposal;" collectively, the "Proposals"); and

**WHEREAS**, the Secretary, with the approval of the Chairman of the Commission, thereupon, within ten days from the receipt of the Proposals, gave notice of a meeting to be held not more than twenty days thereafter, and provided copies of the Proposals 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 Proposals; 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 "2004 Incline Village General Improvement District Sewer and Water Bond DMC Approval Resolution."

Section 2. The Commission hereby finds that the requirements of NRS §§ 350.013 to 350.015, inclusive, have been met, and the Proposals for the issuance of general obligation bonds proposed by the District 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.

**04-04DMC    2004 WASHOE COUNTY SCHOOL DISTRICT APPROVAL RESOLUTION**

Marty Johnson, Johnson Consulting Group, financial consultants for the Washoe County School District, provided history and background information stating the Commission previously approved the District's request to issue up to \$100,000,000 in bonds, of which \$55,000,000 has been issued. He said the School District has \$45,000,000 approved by the DMC that has not been issued and is now requesting the Board authorize issuance of \$21,000,000 of bonds. He reviewed the financial information in support of the proposal to issue the general obligation bonds for school facilities from the 2002 voter approved "roll-over" ballot question. Mr. Johnson stated the amount does fit within the District's debt limit and drew the Board's attention to the payment schedule depicting the payment of the bonds without raising the tax rate. He further stated another test that must be met for these bonds is that the District must have a balance in the debt service fund equal to the lesser of ten percent of the outstanding and proposed par amount of the bonds or the next year's debt service, which calculation is outlined on page 11 of the handout.

Chairman Galloway noted the projections appear to be based on very conservative growth rates in the future, but the rate for 2004 is ten percent. Mr. Johnson stated that is the rate for 2004, but they did use a more conservative number for 2005 because they do not want to issue bonds based on an assessed value growth that does not happen.

On motion by Commissioner Pullman, seconded by Commissioner Aiazzi, which motion duly carried with Commissioner Pugh absent, it was ordered that the following 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 \$21,000,000 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, replacing 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 "2004 Washoe County School District 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.

**04-05DMC 2004 CITY OF RENO STREET ELECTIVE TAX DMC APPROVAL RESOLUTION**

Andy Green, City of Reno Finance Director, explained the City's proposal to place a question on the November election ballot asking the voters to extend the current property tax for street construction, repair and maintenance. He stated this tax was approved by the voters in 1993 and the voters actually approved leaving the 22.98-cent rate in tact for a pay-as-you-go street repair program until 2007/08. Mr. Green said what they are asking to do is to take this levy to the voters again to extend it again for up to 30 years.

Chairman Galloway asked if anyone was aware of any other ballot measure proposals coming forward from any other entities that, when combined with this proposal, would put the total combined tax over the cap. Mr. Green stated he was not aware of any other proposals.

Gary Stockhoff, Chief Deputy Director Public Works, City of Reno, distributed a handout detailing Reno's Street Maintenance and Rehabilitation Program showing photos, charts, graphs, etc., of the roadwork and what has been accomplished. Mr. Stockhoff noted the progress that has been made in dealing with the backlog of road repairs that had built up over years. He also explained that in 1995 the Reno City Council adopted a long-range plan so that the streets could be repaired and maintained properly. Mr. Stockhoff reviewed pavement ratings and the slurry seal programs and advised that all the local entities are on the same pavement management program now. He said that of the \$44-million the City of Reno has committed to street maintenance, approximately \$25 to \$28-million comes from this tax override.

Commissioner Wolf asked what percent of the total streets are served per year, stating that with a 20-25 year life expectance, if the City is doing four percent per year, they are probably keeping up with the demand. Mr. Stockhoff stated they are keeping up.

On motion by Commissioner Aiazzi, seconded by Commissioner Martini, which motion duly carried with Commissioner Pugh absent, it was ordered that the following resolution be adopted and Chairman Galloway be authorized to execute the same:

#### **RESOLUTION NO. 04-05DMC**

#### **A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF A PROPOSAL TO CONTINUE TO LEVY A SPECIAL ELECTIVE TAX FOR STREET IMPROVEMENTS BY THE CITY OF RENO; 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 City Council (the "Council") of Reno, Nevada (the "City"), notified the secretary of the Washoe County Debt Management Commission (the "Secretary" and the "Commission," respectively) of the City's proposal to continue to levy a special elective tax for street improvements and submitted a statement of the City's proposal in sufficient number of copies for each member of the Commission; and

**WHEREAS**, the City determined that there is not an affected governmental entity since its proposal is not expected to result in an increase in the rate of property taxes in any jurisdiction within the City; and

**WHEREAS**, the Council proposes to submit the following proposal to the qualified electors of the City for their approval or disapproval:

**CITY OF RENO STREET SPECIAL ELECTIVE TAX PROPOSAL:**

Shall the City Council of the City of Reno be authorized to continue to levy the current property tax rate for the purpose of acquiring, constructing, reconstructing, improving and maintaining City streets in the amount of up to 22.98 cents per \$100 of assessed valuation for a period of up to 30 years? The cost for the owner of a new \$100,000 home will not increase, but would continue in the estimated amount of up to \$80.43 per year.

(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 less 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 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 received from the City complete statements of current and contemplated general obligation debt and special elective taxes, a debt management policy, a capital improvements plan and a statement of the chief financial officer, in full compliance with subsection 1 of NRS 350.013; and

**WHEREAS**, the Commission has considered all matters in the premises.

**NOW, THEREFORE, BE IT RESOLVED BY THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION OF WASHOE, NEVADA:**

Section 1) This resolution shall be known as the "2004 City of Reno Street Elective Tax DMC Approval Resolution."

Section 2) The Commission hereby finds that the requirements of NRS §§ 350.011 to 350.0165, inclusive, have been met, and the Proposal for the submission to the qualified electors of the City of the continuation of the special elective tax for street improvements as set forth in the Proposal 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.

#### **04-06DMC LEGISLATIVE ISSUES/CHANGES**

Chairman Galloway reminded the Members that the legislative changes that were sought in the last session did not occur because there was no one to sponsor a bill at the Legislature. Washoe County Finance Director John Sherman distributed summary information listing items staff tried to accomplish through the Committee on Local Government Finance (CLGF), but unfortunately nothing made it through the 2003 session. Mr. Sherman stated the CLGF then agreed to consider changes to the Nevada Administrative Code (NAC) that would accomplish the changes that did not require specific statutory changes, and reported they were successful in changing many of the things that way. He said the items still outstanding, which will require changes to the Nevada Revised Statutes (NRS), are establishing the \$80 stipend for non-elected Board members and changing the timing of hearing and approving all ballot proposals that would affect the combined tax rate. Mr. Sherman reported that it would be possible to handle the stipend issue through an interlocal agreement. Chairman Galloway asked if the timing of ballot proposals could also be dealt with by an interlocal agreement. Mr. Sherman responded that one of the proposed changes, which has not yet been approved, to the NAC would allow the local Debt Management Commission to establish its own rules concerning the timing and submission of such proposals.

Commissioner Pullman stated she believes the Board should request the legislature to control the deadlines for the ballot proposals for an even flow of information for everyone. She stated she would not want to establish any dates or deadlines without input from all of the local entities. Chairman Galloway stated the Board's objective is to try to bring all the items that might conflict to the table at the same time. He said Commissioner Pullman is suggesting something even broader. Commissioner Pullman stated legislation that allowed the local Board to manage these matters in their own time frames would also be better for all the taxpayers.

Commissioner Aiuzzi asked for clarification as to the NAC changes. Mr. Sherman stated that if these NAC changes pass, paragraph 5 would allow the Board to set a rule regarding the deadline entities would have to submit ballot proposals to the DMC. Commissioner Aiuzzi further asked if his belief that proposals that would put the tax rate over the cap can go to the voters was true. Mr. Sherman stated he did not know if the

Statutes would allow the DMC to approve such a proposal or not. Commissioner Aiazzi expressed his belief that if the voters approve something that puts the tax rate over the cap, the entities then have to reduce their general fund rates to get back down to the cap, but the local governments would be doing what the voters want; and that is also letting the voters rank the proposals. Chairman Galloway stated he did not believe the DMC could knowingly approve ballot measures that would put the tax rate over the cap.

Bond Counsel Jennifer Stern advised that it used to be that issues could be put on the ballot that would, when combined, exceed the cap; but now, what the entities need is something that says competing proposals can be put on the ballot that in total would exceed the cap as long as there is a cooperative agreement between the entities concerning how the entities are going to bring the overlapping tax rate back within the \$3.64 if all the measures pass.

Legal Counsel Paul Lipparelli asked if any legal officers have determined that the regulation proposed in paragraph 5 of the NAC changes would be all right in light of the Statutes that allows entities to submit proposals at any time and requires the DMC to act within a certain timeframe. He said it would be safer to seek legislation, rather than regulation, providing for the Commission's ability to establish its own rules.

Commissioner Seach asked if the interlocal agreement was ever approved. Mr. Sherman advised that while the interlocal agreement was being discussed and drafted, it was concluded that it would be more appropriate to seek the legislative changes, so the agreement was basically abandoned.

On motion by Commissioner Pullman, seconded by Commissioner Aiazzi, which motion duly carried with Commissioner Pugh absent, Chairman Galloway ordered that staff be directed to draft and seek legislative changes to the Debt Management Commission statutes concerning establishing timeframes for submission and approval of ballot proposals so that all proposals would have to come to the Board at the same time so the Board would be aware of all of the issues before considering them.

On motion by Commissioner Aiazzi, seconded by Commissioner Martini, which motion duly carried with Commissioner Pugh absent, Chairman Galloway ordered that the matter of the stipend for Board members who do not otherwise receive payment for attending the DMC meetings not be handled through a legislative change and that staff be directed to draft an interlocal agreement for future Board consideration and approval providing that the DMC members who do not receive a salary for service in a related position receive an \$80 stipend for attendance at the DMC meetings. Commissioner Wolf expressed his concern with the unknown amount of the total cost and how it would be split.

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There being no further business to come before the Board, the meeting adjourned at 4:00 p.m.

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**JIM GALLOWAY**, Chairman  
Debt Management Commission

**ATTEST:**

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

*Minutes Prepared by  
Sharon Gotchy, Deputy County Clerk*