

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
ANNUAL MEETING**

FRIDAY

11:00 A.M.

AUGUST 10, 2012

PRESENT:

Michelle Salazar, Member At-Large, Vice Chairperson
Geno Martini, Sparks City Mayor, Member
Dan Gustin, Reno City Council, Member
Dan Carne, Washoe County School District, Member
James Hunting, Member At-Large, Member*
Ted Fuller, GID Representative, Incline Village, Member

Jaime Dellera, Deputy County Clerk
Peter Simeoni, Assistant District Attorney

ABSENT:

John Breternitz, Washoe County Commissioner, Chairman

The Washoe County Debt Management Commission met 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 Vice Chairperson Salazar presiding. Following the Pledge of Allegiance to the flag of our Country, Deputy Clerk Dellera called the roll and the Board conducted the following business:

12-01DMC AGENDA ITEM 4

Agenda Subject: "Public Comments."

There was no response to the call for public comment.

* **11:04 a.m.** Member Hunting arrived.

12-02DMC AGENDA ITEM 5

Agenda Subject: "Elect Chairman and Vice Chairman."

Member Martini stated he wished to nominate Michelle Salazar as Chairperson.

Member Gustin moved to close the nominations, which was seconded by Member Fuller and carried unanimously with Member Breternitz absent.

On motion by Member Martini, seconded by Member Fuller, which motion duly carried with Member Breternitz absent, it was ordered Michelle Salazar be elected Chairperson.

Member Martini stated he wished to nominate James Hunting as Vice Chairperson.

Member Gustin moved to close the nominations, which was seconded by Member Fuller and carried unanimously with Member Breternitz absent.

There was no public comment on this item.

On motion by Member Martini, seconded by Member Fuller, which motion duly carried with Member Breternitz absent, it was ordered that James Hunting be elected as Vice Chairperson.

12-03DMC AGENDA ITEM 6

Agenda Subject: "Approval of the minutes of the DMC November 4, 2011 quarterly meeting."

There was no public comment on this item.

On motion by Member Martini, seconded by Member Fuller, which motion duly carried with Member Breternitz absent, it was ordered that Agenda Item 6 be approved.

12-04DMC AGENDA ITEM 7

Agenda Subject: "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."

There was no public comment on this item.

On motion by Member Fuller, seconded by Member Martini, which motion duly carried with Member Breternitz absent, it was ordered that Agenda Item 7 be established.

12-05DMC AGENDA ITEM 8

Agenda Subject: "Discussion and action to specify a threshold percentage of the statutory ceiling for the combined property 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 (Pursuant to NRS 350.0155(1) the percentage must not be less than 75 percent).”

There was no public comment on this item.

On motion by Member Hunting, seconded by Member Fuller, which motion duly carried with Member Breternitz absent, it was ordered to maintain 90 percent as the current threshold percentage of the statutory ceiling for the combined property tax rate.

12-06DMC AGENDA ITEM 9

Agenda Subject: “Review and accept the following 2012 Annual Reports from all Washoe County political subdivisions: Debt Management Plan, Indebtedness Reports and Capital Improvement Plans.”

Member Fuller asked if there was anything to be done regarding the missing report from Grandview Terrace General Improvement District. Jennifer Stern, Swenseid and Stern Bond Counsel, stated there would be no penalty assessed, but if they came before the Debt Management Commission with a proposal to issue bonds, the Board could not approve it.

There was no public comment on this item.

On motion by Member Martini, seconded by Member Fuller, which motion duly carried with Member Breternitz absent, it was ordered that the following annual reports be accepted:

- A. Indebtedness Reports
- B. Debt Management Plans
- C. Capital Improvement Programs

Airport Authority:	Letter showing no outstanding debt
Carson-Truckee Water Conservancy District:	A
Gerlach General Improvement District 2011	A, C
Gerlach General Improvement District 2012	A, C
Incline Village General Improvement District:	A, B
North Lake Tahoe Fire Protection District:	A, B, C
Palomino Valley General Improvement Dist.	A
Regional Transportation Commission:	A, B, C
Reno, City of:	A, B, C
Reno Redevelopment Agency:	A
Reno/Sparks Convention & Visitors Authority:	A, B, C
Sierra Fire Protection District:	A, B, C
S. Truckee Meadows Gen. Improvement Dist:	A, C

Sparks, City of:	A, B, C
Sparks Redevelopment Agency Area 1:	A, B, C
Sparks Redevelopment Agency Area 2:	A, B, C
Sun Valley General Improvement District:	A, B, C
Truckee Meadows Fire Protection District:	A, B, C
Truckee Meadows Water Authority:	A, B, C
Verdi Television District:	A
Washoe County:	A, B, C
Washoe County School District:	A, B, C
Western Regional Water Commission	A, C

12-07DMC

AGENDA ITEM 10

Agenda Subject: “Discussion and possible action on a Resolution concerning the submission to the Washoe County Debt Management Commission by the Washoe County School District, Nevada, of a proposal to issue up to \$45,000,000 of General Obligation Bonds previously approved by the voters; and approving certain details in connection therewith.”

Member Fuller stated he recalled a similar Resolution was passed by this Board previously. Marty Johnson, Financial Advisor JNA Consulting Group, confirmed similar Resolutions had been adopted several times before. He explained every time the Washoe County School District (District) wanted to issue new money for improvement projects, they had to receive the approval of the Debt Management Commission (DMC). Member Fuller stated he understood that; however, this was the exact same amount of money as the previous Resolution (August 12, 2011). Mr. Johnson responded it was the same amount of money but for a different issue.

Mr. Johnson stated page 6 of the supporting document showed the District’s debt limit. He explained that even after issuing these bonds, 15 percent of the assessed value would leave over \$1 billion in debt limit. He stated page 8 showed how the District would repay the bonds within the existing tax rate. He noted the “Expected Subsidies” column represented an interest subsidy program from the federal government under various stimulus bond programs. Mr. Johnson stated page 10 referenced the District’s projections from property tax revenues and outstanding debt service. He said one of the criteria for the rollover question was that the District would be able to repay the bonds with the existing tax rate from those revenues. He noted a small decline in the tax rate was projected in 2014, staying flat in 2015, increase by an average of 1 percent through 2022 and projected at zero percent growth thereafter. He said those projected revenues would cover the estimated debt service. He explained the District was not allowed to use those revenues for purpose of this test but for repayment purposes of any interest earnings the District had on their debt service fund.

Mr. Johnson stated page 11 showed the other test the District had to pass in order to issue bonds, which was to demonstrate they had in the debt service fund a reserve amount equal to at least 10 percent of the outstanding proposed principal amount or 25 percent of next year’s debt service. He said that changed from the previous amount of 100 percent. He reviewed

page 11 stating the ending fund balance was projected to be over \$12 million and based on the 2014 debt service, 25 percent of that was \$11.4 million, which meant the District met the test of having sufficient reserves set aside for these bonds.

Member Hunting questioned the required balance used to be 100 percent, but was now 25 percent. Mr. Johnson stated that was correct and had been changed by the 2011 Legislative session. The District took the balance that was left, based on the new percentage and paid off old outstanding bonds. He said the District met both of those tests related to the rollover and were not projecting a need to increase the existing tax rate (\$0.3885) and there would be no adverse impact on any other overlapping government entity.

Member Gustin questioned the reserve being at \$12 million. Mr. Johnson stated that would be the balance in 2013 and then as revenue came in over and above the debt service, that balance would continue to increase. He said the District's ability to issue rollover bonds would expire November 5, 2012, which meant this would be the last issue the Board would see from the District until they went to the voters to renew the program.

Member Gustin stated he was concerned about the accuracy of the projection because projections went up and down and sales taxes were not improving. Mr. Johnson responded when the District came before the Board four years ago projections looked a lot different than they do now. He said he thought property taxes were stabilizing and believed the projections should be reasonable.

Member Hunting asked how would the \$4 million be replenished and over what time period. Mr. Johnson said if the District drew down the debt service reserve below its required level they would not be able to issue additional bonds until it was brought back up, which could be done in a number of ways. He explained as property tax revenue increased in the future anything over and above the debt service would replenish it. The District could look at restructuring their bonds, taking some of their payments of these years and moving them back to where they could be afforded. He said if the District went back to the voters for renewal of the rollover before they got back to the 25 percent level, they could put bond proceeds into that reserve fund to bring it up to the level they needed. Member Hunting stated if the District was not at the 25 percent threshold they could not issue any additional money. Mr. Johnson stated that was correct.

There was no response to the call for public comment.

Member Martini made a motion to adopt the Resolution. Member Gustin seconded the motion.

Member Gustin asked if Member Carne had to recuse himself from voting due to him being on the District's Board of Trustees. Peter Simeoni, Legal Counsel, stated he did not know if there was a conflict of interest that would force Member Carne to recuse himself, but felt it would be safe to disclose for the record he was a member of the District's Board of Trustees.

Member Fuller disclosed he was currently involved with the State Ethics Commission regarding something similar to this situation. He said historically members had voted on issues concerning their entity and there had been no problem. However, he said there were two individuals bringing action against him for voting on behalf of general improvement districts. He noted that previously Paul Lipparelli, Legal Counsel, advised the Board there was no problem with a member voting on their own entity's issues.

Member Carne stated he would receive no personal gain from this action.

On the call for the vote, the motion passed 6-0 with Member Breternitz absent.

12-08DMC **AGENDA ITEM 11**

Agenda Subject: "Set Dates/Times for DMC Meetings for 2012/13."

Friday, November 9, 2012
Friday, February 8, 2013
Friday, May 10, 2013
Friday, August 9, 2013

There was no public comment on this item.

On motion by Member Gustin, seconded by Member Fuller, which motion duly carried with Member Breternitz absent, it was ordered that the dates listed above be confirmed.

12-09DMC **AGENDA ITEM 12**

Agenda Subject: "Reports - Copy of Certificate of Superintendent and Financial Advisor's Report, pursuant to NRS 350.155(4)"

There was no action or public comment on this item.

12-10DMC **AGENDA ITEM 13**

Agenda Subject: "Member Comments"

Member Fuller inquired if there was a liability policy for Washoe County covering Directors and Officers. He said he would like to make sure it had coverage for members of this commission even when they were no longer sitting on the Board. He suggested the coverage be in concert with the statute of limitation and the circumstances that could arise.

Peter Simeoni, Legal Counsel, asked why particular members of a committee or commission would be personally liable. Member Fuller stated action could be brought against a member after they were no longer sitting on a Board, which would then become a personal expense. He requested a future agenda item and recommendation from legal counsel for the meeting set for November 9, 2012 for possible action.

Agenda Subject: "Public Comment."

There was no response to the call for public comment.


* * * * *

ADJOURNMENT

11:31 a.m. There being no further business to come before the Board, on motion by Member Fuller, seconded by Member Martini, which motion duly carried with Member Breternitz absent, the meeting was adjourned.


MICHELLE SALAZAR, Chairperson,
Debt Management Commission

ATTEST:


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

*Minutes Prepared by
Jaime Delleria, Deputy County Clerk*

RESOLUTION

A RESOLUTION CONCERNING THE SUBMISSION TO THE WASHOE COUNTY DEBT MANAGEMENT COMMISSION BY THE WASHOE COUNTY SCHOOL DISTRICT, OF A PROPOSAL TO ISSUE UP TO \$45,000,000 OF GENERAL OBLIGATION BONDS PREVIOUSLY APPROVED BY THE VOTERS; AND APPROVING CERTAIN DETAILS IN CONNECTION THEREWITH.

WHEREAS, pursuant to Nevada Revised Statutes ("NRS") 350.011 through 350.165, 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 \$45,000,000 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 not later than thirty (30) years from the date of issuance, 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 "2012 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 improvement 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.

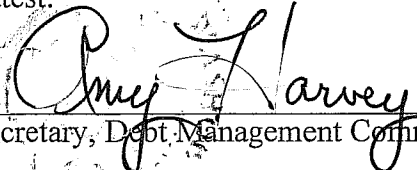
Section 5. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of the section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

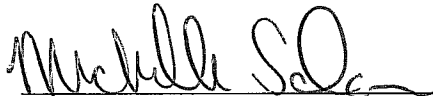
Section 6. This resolution shall become effective and be in force immediately upon its adoption.

ADOPTED this August 10, 2012.

(SEAL)

Attest:


Secretary, Debt Management Commission


Chairman
Debt Management Commission

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

I, Amy Harvey, the County Clerk of Washoe County, State of Nevada, ex officio Secretary of the Debt Management Commission of Washoe County, State of Nevada, do hereby certify:

1. The foregoing pages are a full and correct copy of a resolution designated as "2012 Washoe County School District Approval Resolution".

2. At the August 10, 2012 meeting of the Debt Management Commission of Washoe County, Nevada, the resolution was passed and adopted. The members of the Commission voted on the passage of the resolution and were present at such meeting as follows:

Those Voting Aye:

~~John Breternitz~~
Ted Fuller
Dan Gustin
Dan Carne
James Hunting
Geno Martini
Michelle Salazar

Those Voting Nay:

none

Those Absent:

John Breternitz

3. Pursuant to NRS 350.0145, all members of the Commission were given due and proper notice of the meeting. Pursuant to and in full compliance with NRS 241.020, written notice of the meeting was given no later than 9:00 a.m. on the third working day before the meeting including in the notice the time, place, location, and agenda of the meeting:

(a) By posting a copy of the notice not later than 9:00 a.m. on the third working day before the meeting at the principal office of the Commission, or if there is no principal office, at the building in which the meeting is to be held, the Commission's website, if any, and at least three (3) other separate, prominent places within the jurisdiction of the Commission, to wit:

- (i) Washoe County Administration Complex
1001 East Ninth Street
Reno, Nevada
- (ii) Washoe County Courthouse
Virginia and Court Streets
Reno, Nevada
- (iii) Reno City Hall
450 Sinclair Street
Reno, Nevada
- (iv) Sparks Justice Court
630 Greenbrae Drive
Sparks, Nevada

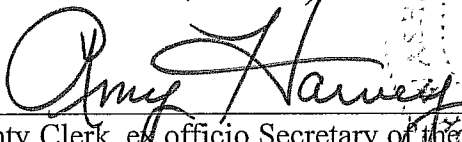
and

(b) By giving a copy of the notice to each person, if any, who has requested notice of the meeting of the Commission in accordance with the provisions of Chapter 241 of NRS.

4. Upon request, the Commission provides at no charge, at least one copy of the agenda for its public meetings, any proposed ordinance, resolution or regulation which will be discussed at the public meeting, and any other supporting materials provided to the Commission for an item on the agenda, except for certain confidential materials and materials pertaining to closed meetings, as provided by law.

5. A copy of the notice given of the meeting of the Commission is attached as Exhibit A.

IN WITNESS WHEREOF, I have hereunto set my hand on this August 10, 2012.



County Clerk, ex officio Secretary of the Debt
Management Commission

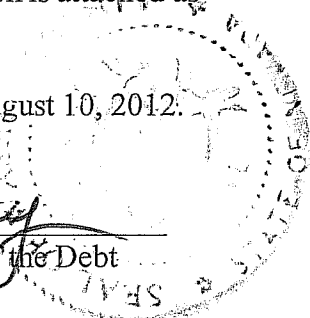


Exhibit A

(Attach Copy of Notice of Meeting)