

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
ORGANIZATIONAL MEETING**

MONDAY

12:30 P.M.

FEBRUARY 23, 2015

PRESENT:

Sandra Ainsworth, GID Representative, Sun Valley, Chairperson
Veronica Frenkel, Washoe County School District
Geno Martini, Sparks City Mayor, Member (via phone)
Bob Lucey, Washoe County Commissioner, Member
Naomi Duerr, Reno City Council **

Jaime Deller, Deputy County Clerk
Paul Lipparelli, Assistant District Attorney
Dania Reid, Assistant District Attorney

ABSENT:

Thomas Cornell, At-Large, Member
Michelle Salazar, At-Large, Member

The Washoe County Debt Management Commission met at 12:34 p.m. in the Washoe County Caucus Room, Administration Complex, 1001 East Ninth Street, Reno, Nevada, in full conformity with the law, with Chairperson Ainsworth 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:

15-003DMC AGENDA ITEM 4

Agenda Subject: "Public Comments."

Jeff Church said he ran a website entitled *RenoPublicSafety.org* and he presented a flyer to the Board, which was placed on file with the Clerk. He said he had addressed the Reno Citizen Advisory Boards about his concerns, which included the City's current debt. He noted he was looking for a legal opinion before the Debt Management Commission (DMC) made any decisions regarding Reno's debt. The issue was Reno had ballot measures for more police and more firefighters; however, he said those numbers had fallen below the level of when that was passed. He believed the taxpayer's money was going into the General Fund for other purposes and not used for the intended purposes. Reno's overall bond debt was \$534 million, the other post-employee benefits (OPEB) debt was \$228 million, which equated to over \$600 million in debt. He noted the article on the last page of the handout dealt with Reno's Redevelopment Agency and possible bankruptcy. He stated the City Manager was quoted as saying "right now we (Reno) are good through 2019", but his concern was when an entity was massively in debt

and only funded through 2019, how long should we wait before dealing with this issue. Mr. Church also talked about Assembly Bill 182 and Senate Bill 168 and collective bargaining.

Paul Lipparelli, Assistant District Attorney, introduced Dania Reid, Assistant District Attorney, who would be sitting as legal counsel for the Debt Management Commission in the future.

***12:45 p.m.** Member Duerr arrived at the meeting.

15-004DMC **AGENDA ITEM 5**

Agenda Subject: “Acknowledge election of General Improvement District (GID) representative.”

Jaime Dellera, Deputy Clerk, informed the Commission the election was conducted during November and December, 2014, and January, 2015, for the representative of the General Improvement Districts. She stated Roberta Barlow, Gerlach General Improvement District (GID); Tim Callicrate, Incline Village GID; and, Sandra Ainsworth, Sun Valley GID were nominated. She reported one vote was cast for Ms. Barlow and two votes were cast for Ms. Ainsworth; thereby electing Ms. Ainsworth as the GID representative.

15-005DMC **AGENDA ITEM 6**

Agenda Subject: “Appointment of At-Large members.”

Jaime Dellera, Deputy Clerk, informed the Board that Michelle Salazar and Thomas Cornell were the current At-Large members. Ms. Salazar requested to be reappointed and Mr. Cornell respectively declined a reappointment. She said that due to Mr. Cornell's disinterest, she began recruitment efforts to fill his vacancy. She reported there were no new applications received, so she contacted the people who had previously applied in 2013 and received confirmation from Bob Kirtley that he was still interested in becoming an At-Large member.

Paul Lipparelli, Legal Counsel, informed the Board there were designated seats on the Debt Management Commission (DMC) for the School District, the County and the cities, but in addition to the General Improvement District, there were two seats for At-Large members. Those At-Large members would be selected by the DMC. He explained Ms. Salazar had served on the DMC for two terms.

Member Duerr said since most of the members were new to the Board this year, she asked if the Board could recruit additional applicants and also request resumes from Ms. Salazar and Mr. Kirtley. She noted her experience with other boards and how difficult recruitment was, but she felt this item should be continued to re-announce the vacancies and hopefully get more applicants and more information on the two proposed candidates.

Member Lucey said there had not been a lot of activity when recruiting to the DMC, but he agreed it was difficult to make a decision at this time. He said the DMC only met four times a year and getting someone on the Commission now was important. He disclosed he knew Ms. Salazar on a personal level and thought with her years already served on this Commission and her expertise, she would be a great fit. He asked Mr. Kirtley to give the Board a brief resume.

Member Duerr stated she also served on Reno's City Financial Advisory Board and they had a bunch of people who had been on the Board for a while and was told they did not receive any applications. She said with some reluctance they reappointed those individuals, but then immediately had five people apply for the position. She requested copies of resumes from the individuals who showed an interest in being At-Large members.

Bob Kirtley gave a brief history of his background working with Kafoury Armstrong as an auditor, Hewlett Packard, City of Sparks, Dell, and Microsoft Office. In his personal career he dealt with several million dollars' worth of bonds in the municipal market. He said he was very familiar with the tax and legal ramifications required for bond structures. As lead auditor for Kafoury Armstrong, he worked extensively with the City of Sparks and prepared their Comprehensive Annual Financial Report (CAFR) each year. He was also familiar with the CAFRs and sewer bonds for Washoe County and the City of Reno.

Member Lucey asked Mr. Kirtley if he would be interested in remaining on the list should the Board proceed to extend the deadline to find additional members. Mr. Kirtley stated he would, as he had been interested in being a member of this Board for a number of years.

Member Frenkel stated she concurred and thought various types of mechanisms could be utilized to gain more applicants for the two At-Large positions.

On motion by Member Lucey, seconded by Member Duerr, which motion duly carried with Members Cornell and Salazar absent, it was ordered to extend the deadline for 30 days to obtain additional applications for the At-Large positions.

15-006DMC AGENDA ITEM 7

Agenda Subject: "Oath of Office for appointed GID representative and At-Large Members."

Jaime Deller, Deputy Clerk, administered the Oath of Office to Sandra Ainsworth, General Improvement District representative.

15-007DMC **AGENDA ITEM 8**

Agenda Subject: “**Elect Chairman and Vice Chairman.**”

Member Lucey nominated Sandra Ainsworth as Chairperson. Chairperson Ainsworth respectively declined to be reappointed. Member Lucey then nominated himself as Chairman. Member Duerr stated she would be happy to serve as Vice Chairperson.

On motion by Member Frenkel, seconded by Member Ainsworth, which motion duly carried with Members Cornell and Salazar absent, it was ordered that Member Lucey be elected as the Chairman.

On motion by Chairman Lucey, seconded by Member Frenkel, which motion duly carried with Members Cornell and Salazar absent, it was ordered that Member Duerr be elected as the Vice Chairperson.

Chairman Lucey assumed the gavel.

15-008DMC **AGENDA ITEM 9**

Agenda Subject: “**Approval of the minutes for the DMC annual meeting of August 15, 2014.**”

Member Duerr stated she would like to have the minutes moved to a future meeting as she had not had time to read them.

On motion by Member Duerr, seconded by Member Ainsworth, which motion duly carried with Members Cornell and Salazar absent, it was ordered that the minutes be brought back at a future meeting for approval.

15-009DMC **AGENDA ITEM 10**

Agenda Subject: “**Review and accept Amendment to the City of Reno’s Annual Indebtedness Report for Fiscal Year 2013/14.**”

Paul Lipparelli, Legal Counsel, briefed the Board as to why this report was on the agenda. He explained state law and the Nevada Revised Statutes (NRS) governed all municipalities who proposed the issuance of debt. He stated the Clerk’s Office coordinated the collection of those documents and this item was a supplement by the City of Reno to amend their Indebtedness Report as required by NRS.

On the call for public comment, Jeff Church stated at a recent meeting in Carson City, the Reno Finance Director indicated that part of their approach to managing debt was to establish a trust fund, although he noted there was no money in the trust. He stated his concerns with that proposal and asked the Board for a legal opinion on this item. Mr. Church reviewed the

document he submitted to the Board regarding Reno's overall debt, their policies addressing their debt, Safety 88, Nevada Ethics Manual, police contract, other post-employment benefits (OPEB), illegal Reno Fire Department drug and alcohol policy, and subsidizing the proposed crime lab.

Member Duerr stated the trust fund for OPEB was established and she knew the last contract they had with Reno police had been funded, so she did not believe the amount in the trust fund was zero. She said both the city and employees had contributed to that fund.

Member Frenkel inquired if the amendment was in compliance with all the requirements in terms of review by the Department of Taxation. She said their debt was approved by the Department of Taxation last year and she wanted to know if this would exceed an approved amount. Mr. Lipparelli stated the City of Reno was apparently alerted to a discrepancy found in the process of review and have filed an amendment to their earlier filing. He was unsure if the amendment met any sort of standard with regard to their financial status. After some additional discussion, the members all felt it would be beneficial to have financial individuals from the entities present during these meetings to answer questions for these types of issues.

Chairman Lucey stated he felt this item should be continued to a future meeting to allow for more information and follow-up from the City of Reno or Washoe County.

Member Duerr asked if the Debt Management Commission (DMC) had been provided with staff support regarding these financial situations in the past. Member Martini responded that had occurred only during bond issues. He explained if he had something specific of concern, he would speak directly with his financial people. Mr. Lipparelli stated under NRS the Board of County Commissioners had an obligation to provide the DMC with necessary staff and from time to time the County's Finance Director would attend. If this Board found they had some specific questions and needs, they could ask the County to provide support staff. In addition, he noted it was common that when an entity was proposing debt, that their financial advisors would appear and make a presentation to the DMC. He believed each entity would want their own financial advisors present to represent their proposals.

Member Ainsworth stated the City of Reno was not actually asking for new debt, they were simply reporting on their debt. She believed that when an entity was asking for a new bond or debt, they would appear and present. Chairman Lucey stated since three of the five members were new to this Board, he asked that an entity submitting a report have a financial representative appear in person to answer any questions from the Board.

Member Martini stated every entity would be coming forward with their reports in August and he did not know if the Board should set a precedent by requesting every entity bring a representative to each and every one of the DMC's meetings. Mr. Lipparelli stated typically, the reports were submitted by the entities to the Clerk and then presented to the Board for approval. The Board would scrutinize the reports and compare those to any proposals and ask questions then. He said the report the City of Reno submitted to supplement their original report was in question with regard to compliance and no one was present to confirm or deny that information.

Chairman Lucey asked Member Duerr if she would like to direct someone from the City of Reno to appear at the next meeting. Member Duerr stated she would ask her financial director to come to the next meeting to discuss this item.

On motion by Chairman Lucey, seconded by Member Duerr, which motion duly carried with Members Cornell and Salazar absent, it was ordered to continue this item to a future meeting.

15-010DMC AGENDA ITEM 11

Agenda Subject: “Review and accept a corrected Indebtedness Report ending June 30, 2014 from the Gerlach General Improvement District.”

Member Frenkel stated it appeared this was to correct an error identified by the Department of Taxation, which was slightly different from the previous item.

On motion by Member Frenkel, seconded by member Duerr, which motion duly carried with Members Cornell and Salazar absent, it was ordered to accept Agenda Item 11.

15-011DMC AGENDA ITEM 12

Agenda Subject: “Review and accept an amended Debt Management Policy for the Truckee Meadows Water Authority as of December 31, 2014.”

Member Duerr stated she knew the consolidation of the County’s Water Resource Department with the Truckee Meadows Water Authority (TMWA) had just concluded, but a lot of the issues outstanding had to do with debt. She would prefer to have this item continued to a future meeting.

Member Martini inquired what would happen if the Board did not approve these types of items. Paul Lipparelli, Legal Counsel, responded that if one of these entities was proposing debt or a special elective tax and their financial statements and reports were not in good order that would be a basis for the Board to deny their request to issue debt. He said some of the smaller districts who lacked the resources and staff that other entities enjoyed and were either tardy or absent from time to time, the question was what were the consequences of not submitting their report. He stated there were not really any consequences unless they were proposing debt, but it was a statutory duty. He explained there was no mandate as to when it had to be supplemented and the new reports would start coming out in August. If the Board did not act between now and August; they could act on the new reports in August. Member Martini stated if the report was not acted on, it appeared it was denied and his question was could the entity request new debt. Mr. Lipparelli stated that could be a consideration by the Board, but there was no mandate that said they could not request new debt.

On motion by Member Duerr, seconded by Member Ainsworth, which motion duly carried with Members Cornell and Salazar absent, it was ordered to continue this item and

invite someone from the Truckee Meadows Water Authority to attend the next meeting and address concerns from the Board.

15-012DMC AGENDA ITEM 13

Agenda Subject: “Member Comments.”

Member Duerr stated she appeared before the Debt Management Commission years ago and found the County’s financial presence and knowledge of the debt very reassuring and helpful to the proceedings. She did not know if there was someone designated for that role at this time. Paul Lipparelli, Legal Counsel, explained that position had been redefined, but it was the County’s obligation to provide staff assistance. Member Duerr stated the individual who was present during those times, had a tremendous amount of knowledge and she would like to see that happen in the future. Mr. Lipparelli pledged to pass the Board’s concerns on to the County Manager’s office to bring them up to speed and hopefully provide assistance to the Board.

15-013DMC AGENDA ITEM 14

Agenda Subject: “Public Comments.”

There was no response to the call for public comment.

ADJOURNMENT

1:28 p.m. On motion by Member Duerr, seconded by Member Frenkel, which motion duly carried with Members Cornell and Salazar absent, the meeting was adjourned.

BOB LUCEY, Chairman
Debt Management Commission

ATTEST:

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

*Minutes Prepared by
Jaime Deller, Deputy County Clerk*