

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
SPECIAL MEETING**

FRIDAY

2:00 P.M.

FEBRUARY 8, 2019

PRESENT:

Naomi Duerr, Reno City Council, Chair
Jeanne Herman, Washoe County Commissioner, Member
Paul Anderson, Sparks City Council, Member
Andrew Caudill, Washoe County School District, Member
Peter Morris, GID Representative, Member*
Michelle Salazar, At-Large Member†
John Sherman, At-Large Member†

Nancy Parent, County Clerk
Michael Large, Deputy District Attorney

The Washoe County Debt Management Commission met in regular session at 2:00 p.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 Pledge of Allegiance to the flag of our Country, the County Clerk called the roll and the Board conducted the following business:

19-003DMC AGENDA ITEM 4 Public Comment.

On the call for public comment, Chair Duerr said she would review the order of the agenda. She stated normally the Debt Management Commission (DMC) held four meetings a year with the first meeting held in February, though statutorily the first meeting should be in January. She thought one reason for this was because most parties appointed representatives in January. Additionally, there was a tie for the General Improvement District (GID) representative and there would be a card draw to determine that representative. She indicated there were three applicants for the At-Large member position and the DMC would select two. She noted the Board's counsel would provide a presentation about the duties and expectations of the DMC and its members. She said the Board would then elect a Chair and a Vice-Chair, though she noted that could be rescheduled for the next meeting.

Chair Duerr commented she had been requesting presentations from all groups that appeared before the DMC to authorize the sale of their bonds. She recalled the Washoe County School District and the Cities of Reno and Sparks had already presented. She anticipated they would next request presentations from the GIDs and then get updated presentations from the others. This was being done to help the Board be as knowledgeable as possible about the function of the DMC.

19-004DMC AGENDA ITEM 5 Approval of the Agenda for February 8, 2019.

There was no public comment on this item.

On motion by Member Anderson, seconded by Member Herman, which motion duly carried on a 4-0 vote of eligible members, it was ordered that Agenda Item 5 be approved.

19-005DMC AGENDA ITEM 6 Oaths of Office as necessary for new Board members.

Nancy Parent, County Clerk, administered the Oaths of Office to Paul Anderson, Andrew Caudill, and Jeanne Herman.

19-006DMC AGENDA ITEM 7 Acknowledgement of Election of General Improvement District (GID) representative OR resolution of tie by lot per NRS 350.0115.

Chair Duerr summarized there was a voting process for the General Improvement District (GID) representative and three of the GIDs did not vote. Two other GIDs each nominated one representative and voted for that person, resulting in a tie. The tie would be resolved by a card draw; she announced aces would be high and the suit strength would be clubs highest, followed by diamonds, hearts, and spades.

County Clerk Nancy Parent provided an unopened deck of cards and they were shuffled. A coin was tossed and it was decided Sandra Ainsworth would draw first.

Sandra Ainsworth of the Sun Valley GID drew a three of clubs.
Peter Morris of the Incline Valley GID drew a six of clubs.

There was no public comment on this item.

On motion by Member Caudill, seconded by Member Herman, which motion duly carried on a 4-0 vote of eligible Members, it was ordered that Peter Morris be appointed as the GID representative to the Debt Management Commission.

Chair Duerr acknowledged Ms. Ainsworth who had served at least three two-year terms on the Commission. She praised her fantastic service and thanked her for her attendance. Ms. Ainsworth thanked the Board members she worked with and mentioned she could return in the future.

19-007DMC AGENDA ITEM 8 Oath of Office for General Improvement District representative.

Nancy Parent, County Clerk, administered the Oath of Office to Peter Morris.

2:15 p.m.* Member Morris assumed his seat on the Debt Management Commission.

19-008DMC AGENDA ITEM 9 Discussion and possible interviews of applicants for two At-Large members, and possible appointment of two At-Large members.

Chair Duerr emphasized she wanted to see both At-Large positions seated during this meeting, even if it was not the two applicants who were in attendance. She mentioned Mr. Jeremy Alltop could not attend the meeting so she would say a word about him. She would then allow Ms. Michelle Salazar and Mr. John Sherman to introduce themselves. She indicated she did not have a chance to speak with Mr. Alltop but she reviewed his application with the Board.

Ms. Salazar stated she was a member of the Debt Management Commission (DMC) since 2009. She said she was a help to the DMC because of her financial background, indicating she was a certified public accountant (CPA), a certified valuation analyst, and she was a certified fraud examiner. She indicated her value was her ability to review financial statements and assist other Members who did not have a financial background.

Chair Duerr asked whether Ms. Salazar held office with the Board. Ms. Salazar noted she had been both Chair and Vice-Chair in the past.

Mr. Sherman mentioned he was the Finance Director for Washoe County for 10 years and, as such, he was in charge of budgeting, accounting, purchasing, and risk management. He also managed the County's debt in addition to issuing new debt. He reviewed his education credentials and noted he had been a CPA until he retired. He added he was the Vice-Chair of the Committee on Local Government Finance, which had the responsibility of the fiscal oversight of local governments. He mentioned as the Chief Financial Officer of Washoe County he was staffed to the DMC for many years. He explained he was the first person to come before the DMC to set the overlapping rate threshold. He summarized by saying he brought a lot of knowledge about the purpose of the committee and its operations.

Mr. Anderson asked why Mr. Alltop could not be present. Supervisor of the Boards Records and Minutes division Derek Sonderfan replied Mr. Alltop had a previously-planned out-of-state vacation he could not alter. Ms. Duerr said his absence was not reflective of a lack of interest.

Chair Duerr remarked she relied heavily on the At-Large Members because they were financial experts. She noted her agency sold bonds and she managed large budgets but she did not have their financial training and expertise.

Member Anderson thought it would be a good idea for continuity to utilize people who have had experience with the DMC. Member Morris concurred, saying his background was in sales and marketing. He thought it would be valuable to have people with experience on the DMC.

Member Caudill stated he was an elected official without a background in finance and he thought it would be valuable to have At-Large Members with a financial background. Member Herman agreed. Chair Duerr responded there was a requirement for the At-Large member to have a minimum level of financial experience.

There was no response to the call for public comment.

On motion by Member Anderson, seconded by Member Caudill, which motion duly carried on a 5-0 vote of eligible Members, it was ordered that Michelle Salazar and John Sherman be appointed as the At-Large Members of the Debt Management Commission.

Chair Duerr congratulated the new Members and said she would call Mr. Alltop to thank him for applying. She said the DMC would need to build its cadre and in the meantime she would encourage Mr. Alltop to apply to either City or County Advisory Boards to gain additional government expertise.

19-009DMC AGENDA ITEM 10 Oaths of Office for At-Large members.

Nancy Parent, County Clerk, administered the Oaths of Office to Michelle Salazar and John Sherman.

2:27 p.m.† Members Salazar and Sherman assumed their seats on the Debt Management Commission.

19-010DMC AGENDA ITEM 11 Approval of the minutes for the DMC annual meeting of August 17, 2018.

Chair Duerr said the minutes for approval were from a meeting held six months prior; there had not been any meetings since August at which to approve them. She remarked nobody from the current Commission was present at that meeting except herself and Member Salazar, so she requested a legal opinion about approving the minutes.

Deputy District Attorney Michael Large said the Open Meeting Law required the approval of meeting minutes. He said the Members could have the Clerk's Office testify as to how they recorded the minutes, or Members could rely on the remaining Members to affirm the substance and content of the minutes. He noted the item could be moved to the next meeting if testimony was required or if corrections were needed. He recommended new Members rely on those Members that were present at the meeting.

Chair Duerr said she was at the meeting and was amazed at the detail of the minutes. Ms. Salazar noted she was absent at the August meeting.

County Clerk Nancy Parent offered to provide an audio recording of the meeting.

There was no public comment on this item.

On motion by Member Chair Duerr, seconded by Member Herman, which motion duly carried on a 7-0 vote, it was ordered that Agenda Item 11 be approved.

19-011DMC AGENDA ITEM 12 Presentation by Kendra Follett of Sherman & Howard LLC, Bond Counsel to Washoe County, providing an overview of the roles and responsibilities of the Debt Management Commission.

Ms. Kendra Follett of Sherman & Howard introduced her colleague Ryan Henry. She said Sherman & Howard was the bond counsel to every entity that issued bonds in Washoe County. She noted their presentation would be based on the material provided with the agenda item, a copy of which was placed on file with the Clerk.

Ms. Follett mentioned the Debt Management Commission (DMC) statute was amended in 2001 to provide for oversight about affected entity status. As the overlapping entities in the state approached the \$3.64 limitation, there had been concern about the remaining tax rate and how it would be allocated to various entities. The DMC had oversight on proposed tax rate increases, property tax levies or overrides, and other bond issues; it did not have oversight on operating rates, which were set by Nevada Revised Statute (NRS). She stated operating rates could be increased by 6 percent a year except for the school district, where the rate was set by statute at 75 cents and could not be raised. She added the DMC had oversight of entities who requested a ballot question to increase the property tax rate for bonds or a tax override.

Chair Duerr asked for clarification about a ballot initiative for tax overrides. Ms. Follett explained property tax rates could be in the form of a bond issue and provided the example of an entity wanting a ballot question for a \$10 million bond. The question would go to the voters and whatever property tax rate would be necessary to pay back the \$10 million would be levied. She went on to explain a tax override, also known as a special elective tax, was a levy of a property tax rate that went to capital or operating costs. It would not override the \$3.64 cap.

Chair Duerr asked for an explanation of that in the context of Washoe County Question 1 (WC-1), the Washoe County School District (WCSD) initiative. She added the question was approved to create a special tax to generate capital.

Ms. Follett clarified WC-1 was a sales tax and the DMC did not approve sales taxes. It did however come before the DMC because it was a general obligation revenue-backed (GORB) bond. Once the WCSD question was put on the ballot and passed, the School District came to the DMC for approval when they were ready to issue the GORB bonds. The bonds did not have any property tax rate associate with them so they would not impact the \$3.64 cap. Chair Duerr noted it was one of the first bonds approved by the Board in many years.

Member Sherman thought it would be helpful to explain that the property tax rates of all entities who levied property tax in a particular area could not exceed \$3.64. Right now the combined rates between the Cities, the WCSD, the County, and the State added up to \$3.64, so putting something on the ballot to increase that rate would require special legislation to allow for that exemption. He asked whether the DMC could approve a situation where an entity requested an increase without having that exemption.

Ms. Follett confirmed the overlapping rate amongst those entities listed by Member Sherman was at \$3.64, though tax bills indicated it was \$3.66 because the State

exempted \$.02 of their rate from the cap. It was authorized by the State Legislature as a result of Question 1 (Q1) for natural resource bonds. She confirmed Chair Duerr's assertion this was done in 2000. Chair Duerr stated all \$65 million had been appropriated over the prior 20 years. Ms. Follett added the State Legislature authorized additional amounts under Q1.

Member Morris stated the DMC did not have control over sales tax but the example Ms. Follett provided was a sales tax bond that came before the DMC for authorization. He presumed the Board could have denied authorization, a point Chair Duerr confirmed.

Ms. Follett responded there were different kinds of bonds in Nevada; one was a general obligation (GO) bond which was backed by property tax. She reiterated the example of issuing \$10 million for parks which was achieved by putting it on the ballot, having the voters approve it, and then levying the property tax necessary to repay the bond. Another type were GORB bonds which were often used for utility systems or in situations where an entity had an independent source of revenue, such as the WCSD's sales tax. Those bonds had the security of whatever revenue stream was being pledged as well as the security of the general obligation. She explained if revenues were ever insufficient during the life of a GORB bond, the bondholders would look to the general obligation pledge, which required the entity to levy a property tax to make up the deficiency in revenue. She provided an example of a sewer system, noting Washoe County would be presenting such a bond at the following meeting. She clarified statute required the DMC to approve such a bond if the entity's revenues were sufficient and the entity never expected to have to pay the property tax. She stated the DMC's role would be to decide when things were unreasonable, such as 25 percent annual sales tax increases.

Chair Duerr asked whether the DMC would have to assure there was sufficient property tax or that an entity could even raise property tax if it was determined their revenues were insufficient. Ms. Follett answered the DMC only had to know if revenues on a GORB bond were sufficient.

Member Salazar stated it was the DMC's job to ensure the NRS was being followed, a point confirmed by Ms. Follett. She commented it was not the DMC's job to make an independent judgment of whether the presentation made sense. If a presentation met NRS requirements, the Board would be required to approve it. Ms. Follett reiterated the Board could say a plan was unreasonable, such as a 25 percent annual tax increase.

Member Sherman posed the scenario of an entity getting approval for and issuing GORB bonds and later deciding to levy an additional penny to make up for insufficient revenue. He asked whether other overlapping entities would need to reduce their combined taxes to stay under the \$3.64 cap in this situation.

Ms. Follett replied if an entity levied a 10 cent operating rate and their GORB bonds were insufficient, one penny would go toward their debt and nine cents would go toward the operating rate. Chair Duerr surmised the entity might have to cut employees or services in that situation, to which Ms. Follett agreed. Chair Duerr stated the bond was preeminent and Ms. Follett indicated that was what NRS said. Ms. Follett said bondholders wanted to see the power of the levy when they bought GO bonds; their levy would take precedence over any other levies.

Ms. Follett said some entities did not have an operating rate because they collected other kinds of fees. If that entity did not levy a property tax but had an outstanding GORB bond, the Department of Taxation would determine if that entity was in a financial emergency. She stated an entity that was unable to pay its debt was one situation where the \$3.64 overlapping rate could be exceeded; it could go up to \$5. The Department of Taxation would then assume the operational role governing that entity. She pointed out White Pine County could not pay their GO bond debt and the Department of Taxation took over and exceeded the \$3.64 cap until the situation was under control. She reminded the Board the cap was really \$3.66 but those extra two cents did not count toward the limit.

Ms. Follett reviewed page 1.I. of the handout regarding proposals that required a two-thirds majority vote, or five members. That would hold true even if only five members were present. She remarked the District Attorney's (DA's) office would give advice in a situation where abstention was needed. She reviewed page 1.II and explained the only entities who would come before the DMC with a proposal for revenue bonds would be any GID with a population of fewer than 5,000; other entities in Washoe County could issue them without DMC approval.

There was a discussion where it was determined Incline Village GID might be the only GID in Washoe County with more than 5,000 members. Ms. Follett confirmed a proposal submitted by a GID of less than 5,000 members could be approved with a simple majority vote.

Ms. Follett indicated redevelopment agencies did not need to come before the DMC, nor did joint power agencies like the Truckee Meadows Water Authority (TMWA). Chair Duerr asked about the Regional Transportation Commission (RTC). Ms. Follett replied they were a governmental entity by statute and they could only issue revenue bonds. Since they were not a GID with fewer than 5,000 members, they could issue revenue bonds on their own or the County in which they were located could issue on their behalf. She explained statute was changed five years before to allow regional transportation commissions to issue bonds on their own, though Washoe County's RTC continued to issue theirs through the County.

Chair Duerr stated the RTC could issue bonds without coming before the DMC, a point confirmed by Ms. Follett. Chair Duerr noted TMWA was one of the entities that provided documents to the DMC though they chafed at doing so. Ms. Follett asked whether redevelopment agencies submitted documents, to which Chair Duerr said she believed they did.

Mr. Henry said each municipality within the County needed to submit certain documents to the DMC before August 1 except for the Reno-Tahoe Airport Authority who did not need to do so if they did not have outstanding GO debt or any proposals to issue them. He reviewed page 1.III and page 2.IV of the handout. He explained a test was used to determine whether an entity was an affected governmental entity (AGE). It involved adding the overlapping combined existing tax rate, the unlevied maximum operating rate, and the proposed tax increase to determine if the sum was above the \$3.64 cap. Only the maximum operating rate was used for the AGE analysis. He reiterated each entity could raise its rate by 6 percent a year except the WCSD, whose operating rate was capped at \$.75.

Mr. Henry noted the DMC was responsible for resolving any conflict caused by a governmental entity rejecting a proposal, though it was unclear how that should be accomplished. Ms. Follett said if an organization wanted to levy 10 cents and there was room, the affected entity analysis considered an entity's legal entitlement to levy their maximum operating rate. She said the Legislature was trying to preserve an entity's ability to levy its maximum operating rate and did not want that possibility to be eliminated by someone proposing a bond issue or an elective tax. She added Washoe County was at the \$3.64 cap so the issue would not come up until they dropped below the limit.

Member Sherman stated a situation where overlapping entities collectively agreed to reduce their rates if another entity wanted to levy additional pennies could come before the DMC. Ms. Follett cautioned there were limitations on that since the State prohibited larger entities to enter into agreements with smaller ones. Member Sherman recalled an instance with the Regional Animal Shelter which would have exceeded the maximum; Reno and Sparks decided to lower their rates to allow the County to raise its rate. He remarked it was not a rate swap and voters approved it. He concluded situations like these were rare.

Member Anderson inquired how an affected entity would proceed if they had concerns. Chair Duerr asked the presenters to use real entity names in a hypothetical scenario to make it easier to understand. Mr. Henry stated for the purposes of an example Reno wanted to increase property taxes and it was determined Washoe County would be an affected entity. He repeated the formula used to determine whether an entity would be an AGE. In the hypothetical scenario, Reno would notify the County about an increase. The County would then have the ability to adopt a resolution approving the proposal knowing they could not levy their maximum rate or they could deny the proposal.

Chair Duerr asked whether the WCSD could do this since they did not levy property taxes. Ms. Follett corrected the school district did not get annual increases; their operating rate was static at \$.75 by statute.

Chair Duerr asked for a scenario involving three entities. Ms. Follett said one could involve the City of Sparks and a GID. Mr. Henry admitted his scenario was not the best since he picked a smaller entity than the County. He put forward Washoe County requesting a proposed new rate as an example. They would go through the analysis with both Reno and Sparks.

Ms. Follett said the DMC would have veto power. An entity could disapprove of a proposal but the DMC could override an entity's resolution. Member Morris asked whether the DMC could veto a situation where three entities made an agreement amongst themselves. Ms. Follett said that would be a different situation. Deputy District Attorney Michael Large said conflict is what triggered the involvement of the DMC.

3:04 p.m. Member Caudill left the meeting.

Mr. Henry said it was acceptable if the entities resolved the issue before coming to the DMC. He said the DMC would be aware of which aspects of a proposal an affected entity did not approve.

Chair Duerr suggested a scenario where Sparks would be fine with a County proposal but Reno rejected it; the DMC could decide that Reno had to accept the proposal. Mr. Henry confirmed that was the case, though he indicated the likelihood of anyone requesting that now that the cap had been reached was not high. He said the proposals that came to the DMC were either GORB bonds that did not require an increase or the WCSD's rollover bonds. In these cases that analysis would be moot, but it was important because it was statutorily part of the DMC's role.

Ms. Parent noted she had been with the County for 18 years and she recalled a time when the DMC had to decide which organizations received the remainder of the \$3.64 cap. Proposals such as swimming pools and libraries were discussed and the Commission utilized a chalkboard to determine how to split up a penny. Ms. Follett stated that was before the statute changed to include AGEs. State Legislature decided something was needed in statute to allow the DMC to supervise that process. When asked by Ms. Parent whether that would happen again, Ms. Follett replied it would not.

Ms. Follett stated the Board would be put on notice when they received documentation in August detailing those agencies' five-year plans should any room open up below the \$3.64 cap. Chair Duerr pointed out nobody was reducing that rate. Ms. Follett wondered whether entities might reduce their rates due to increased revenues if abatements were not utilized. Abatement caps, which were put in place to help climb out of the recession, limited the rates.

Mr. Henry said a set of criteria existed for the DMC to approve or disapprove of certain proposals. However there were certain exceptions regarding public need. Chair Duerr asked whether the entity in the hypothetical scenario which did not include a capital improvement in its plan could amend that plan. Mr. Henry said they could and the DMC could disapprove of a proposal if the entity refused to amend the plan to include a project. The approval could even be contingent on the entity returning with an amended plan. He reviewed page 2.V of the handout.

Regarding a situation where the combined tax rate in any of the overlapping tax rates exceeded \$3.64, Mr. Henry indicated the DMC could not approve a proposal unless an agreement existed between the overlapping entities to come into compliance. Further, that agreement had to comply with a law that prohibited swapping tax rates from a bigger entity to a smaller entity. He noted the DMC could adopt a plan to bring the overlapping entities under the \$3.64 cap, which would have to be approved by the Department of Taxation. Those were the only scenarios where the DMC could approve a proposal where the combined overlapping rate would be above \$3.64.

Ms. Follett clarified the DMC could not exceed the \$3.64 cap but it could utilize agreements to bring the total under the cap. The stated proposal would exceed \$3.64. Member

Anderson looked for confirmation that the DMC would not set the amounts for each entity but it would work with the entities to reach an agreement. Ms. Follett agreed and said the DMC would work as a mediator. Additionally the DMC could deny a proposal because it exceeded the cap without an agreement among the overlapping entities.

Mr. Henry reviewed page 3.VI of the handout and said County entities and the County Clerk communicated well to facilitate the hearing of any proposals in a way to satisfy statute. Ms. Follett clarified they needed to ensure a quorum would be present and the entity was available to present. Ms. Parent indicated special meetings were held on occasion. Mr. Henry thought this was in place to prevent a debt management commission from ignoring an entity by not calling a meeting, though he stated that did not happen in Washoe County.

Mr. Henry pointed out the law dictated no formal action could be taken on bond or ballot question proposals without the approval of the DMC. Further the law allowed the Commission to adjourn a meeting once for up to 60 days, but proposals had to be approved at least 30 days before the deadline to submit ballot questions to the County Clerk. These restrictions were meant to prevent entities being prohibited from proposing ballot questions. Chair Duerr thought any adjournment would result in no action taken, but felt Mr. Henry meant continuances would put off any vote. Ms. Follett agreed and said statute did not allow that.

Ms. Follett reviewed page 4.VII of the handout. She stated the DMC had to set the percentage at which it would consider public need in situations where the cap would be exceeded; it was set at 90 percent by the DMC in August. This would come into effect if the County was below the \$3.64 cap, which it was not currently. She mentioned statute allowed that percentage to be set at 75 percent or higher. Statute considered public safety, health, and education as essential needs and all others were non-essential. She said that would only come into play when an entity wanted to increase the property tax rate. GORB bonds for utilities would not come into play, nor would WCSD rollover bonds because they kept the property tax rate the same. Since those were not public needs, the DMC would not consider the use of the proceeds or the facility that would be financed.

Ms. Follett thought everything could be related to public safety, health, and education. Member Anderson asked who determined whether things related to those essential needs and Ms. Follett answered the DMC did. There was a discussion where members suggested several projects and whether they could relate to one of the essential needs. Ms. Follett concluded it was difficult to imagine a government entity enacting a rate increase for something that did not relate to an essential need. Member Sherman pointed out this part of the statute was moot in Washoe County unless the law changed.

Chair Duerr asked for a lengthier discussion on establishing the rate which had been set in 2018 at 90 percent. Ms. Follett reiterated it could be set at 75 percent or higher and Clark County set theirs at 80 percent. Member Salazar remarked the DMC generally relied on the presentation of the DA's office. Chair Duerr thought it might be worth considering lowering the percentage.

Chair Duerr summarized the presentation by saying the DMC had an important role but many issues were moot since the tax cap had been reached. She did not anticipate a lot of disagreements before the DMC.

Ms. Follett noted Washoe County would come before the DMC with a sewer bond at the next meeting and the WCSD would present their GORB sales tax bonds. She acknowledged a flood item came before the DMC in 2018 which statute would have allowed to go outside the \$3.64 cap if it had passed. It would have been like the State Legislature authorizing their own \$.02 outside the cap.

Prompted by Chair Duerr's inquiry about when this happened, Ms. Follett said it was during the last legislative session in 2017. She added when WC-1 went before an oversight committee, there were a number of different taxes to consider including sales tax, property tax, and real property transfer tax. They decided on a sales tax. She stated it did not mean anything to the Legislature to allow a property tax rate in Washoe County unless it specifically exempted it from the overlapping rate.

Chair Duerr asked whether bonds that had been used for streets in Reno were authorized through a ballot initiative. Ms. Follett responded she thought it was a 30-year tax override and it was coming to the end of its life. Mr. Henry pointed out Q1 resulted in the cap being listed as \$3.66. Chair Duerr wondered what the new cap would have been had the flood project passed. Ms. Follett said it would have been more than \$3.68 in Washoe County.

Mr. Large asked whether Sherman & Howard was tracking how current proposed legislation in Carson City would affect the DMC. Ms. Follett said they were since it would impact all their clients. Ms. Duerr pointed out the DMC was scheduled to have a meeting in May and wanted Ms. Follett and Mr. Henry to be present at both the other February meeting and the one in May. Ms. Follett stated Mr. Henry would be present at the February meeting and they could attend in May, though she pointed out legislation could get passed at the end of the session. Chair Duerr thought they could have an agenda item about legislation at that time.

Chair Duerr noted WC-1 and Q1 were ballot initiatives that would have required State authorization to exceed the cap. Ms. Follett clarified the State Legislature could allow the people to decide if a proposal was exempt from the cap. Member Sherman recalled an instance where a rural county did not have the authority to exceed the operating rate even though the people approved it, which was confirmed by Ms. Follett. Ms. Follett pointed out the Legislature could change the cap from \$3.64 to anything up to \$5. Mr. Sherman added that \$5 rate was a constitutional rate.

When asked by Member Anderson about bills proposing to change the cap, Ms. Follett said there were none.

Member Morris asked who members could turn to for advice when considering proposals. Chair Duerr responded that, in addition to legal counsel and the County Clerk, Washoe County Assistant County Manager Christine Vuletich and her staff were appointed by statute to staff DMC meetings. Ms. Vuletich introduced herself. Chair Duerr responded Ms.

Vuletich was available to help and, even though they were present, the bond counsel attended meetings on behalf of the jurisdiction making a proposal. Mr. Large noted either Assistant DA Paul Lipparelli or another member of the DA's office would provide legal counsel. Ms. Vuletich introduced Washoe County Budget Manager Lori Cooke, who would give a presentation on the County's outstanding debt at the February 15 DMC meeting.

Chair Duerr summarized members could seek information from County staff, the DA's office staff, the Clerk, and bond counsel when they were not representing other parties. Ms. Follett noted her firm specialized only in bond counsel work.

Chair Duerr pointed out the DMC had bylaws that had not been discussed since 1997 and they would come up at the next meeting. She thought a discussion would be appropriate and she would mention it during the member announcements item.

Chair Duerr stressed the importance of asking questions because they helped the Commission understand what it was doing. She encouraged members to ask them. She thanked Ms. Follett and Mr. Henry for the presentation.

There was no public comment or action taken on this item.

19-012DMC AGENDA ITEM 13 Election of Chair and Vice Chair.

Chair Duerr asked whether everyone was prepared to move forward with this item. There was general consensus it was appropriate to hear the item.

Member Morris asked whether Member Salazar had held office with the Debt Management Commission (DMC). Member Salazar said she had in the past. Chair Duerr said she had been Chair for roughly two years. She mentioned Bob Kirtley was Vice-Chair during the last term but he had to leave before his term was complete; Don Abbott was appointed as the Vice-Chair for one meeting. She added Member Salazar served as both Chair and Vice-Chair before Chair Duerr was on the DMC.

On motion by Member Salazar, seconded by Member Morris, which motion duly carried on a 6-0 vote with Member Caudill absent, Naomi Duerr was elected as Chair of the Debt Management Commission.

On motion by Member Anderson, seconded by Member Herman, which motion duly carried on a 6-0 vote with Member Caudill absent, John Sherman was elected as Vice-Chair of the Debt Management Commission.

There was no public comment on this item.

19-013DMC **AGENDA ITEM 14** Discussion of member availability to ensure a quorum will be present for the February 15, 2019 Debt Management Commission organizational meeting and possible action to continue or reschedule if necessary.

Chair Duerr pointed out the Debt Management Commission had a meeting scheduled and she wanted to ensure there would be a quorum. County Clerk Nancy Parent added at least five members would need to be present for the required two-thirds vote.

Members Salazar and Herman said they could not attend. Chair Duerr indicated Member Caudill had previously said he was available the entire day. There was a lengthy discussion where it was determined no other date was available to ensure the five-member attendance necessary. Washoe County Assistant County Manager Christine Vuletich pointed out both County staff and bond counsel had already committed to the February 15 date, so it was decided the next meeting would continue as scheduled on February 15.

Deputy District Attorney Michael Large asked whether Ms. Salazar could be available by phone and she replied she could.

There was no public comment or action taken on this item.

19-014DMC **AGENDA ITEM 15** Board Member Comments.

Chair Duerr reiterated her request to have an agenda item regarding Debt Management Commission (DMC) bylaws to be placed on the next agenda. She wanted to discuss a conflict between Nevada Revised Statute's requirement of a meeting in January and the DMC's practice of holding that meeting in February.

County Clerk Nancy Parent recalled Chair Duerr wanted a short presentation on the Open Meeting Law. Chair Duerr said she had had a question about conflicts of interest regarding a member voting on a bond issue that was requested by their jurisdiction. She mentioned she received an answer about an ethics case in Washoe County. The presentation would go over when members should disclose or recuse themselves from an item. Deputy District Attorney Michael Large requested verbiage be added to the presentation item dealing with ethics, which would include disclosure requirements and financial interests. Chair Duerr did not think a full presentation was needed about serial communication or basic open meeting law requirements.

Chair Duerr noted she asked a different entity to make a presentation at each meeting, so she expected to hear from a general improvement district at the May meeting. She requested a compilation of the financial summaries submitted by the entities who already presented be attached to the County's item for the February 15 meeting.

19-015DMC AGENDA ITEM 16 Public Comment.

There was no response to the call for public comment.

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3:47 p.m. There being no further business to discuss, the meeting was adjourned without objection.

NAOMI DUERR, Chair
Debt Management Commission

ATTEST:

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

*Minutes Prepared by
Derek Sonderfan, Deputy County Clerk*