

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
ANNUAL MEETING**

FRIDAY

11:00 A.M.

AUGUST 14, 2020

PRESENT:

Naomi Duerr, Reno City Council, Chair (via Zoom)
John Sherman, At-Large Member, Vice-Chair (via Zoom)
Paul Anderson, Sparks City Council, Member (via Zoom)
Andrew Caudill, Washoe County School District, Member (via Zoom)
Jeanne Herman, Washoe County Commissioner, Member (via Zoom)*
Michelle Salazar, At-Large Member (via Zoom)

Nancy Parent, County Clerk
Jennifer Gustafson, Deputy District Attorney (via Zoom)

ABSENT:

Peter Morris, GID Representative, Member

The Washoe County Debt Management Commission met in regular session at 11:05 a.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:

20-016D **AGENDA ITEM 4** Public Comment.

There was no response to the call for public comment.

20-017D **AGENDA ITEM 5** 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.

Chair Duerr said the purpose of this item was to determine the statutory ceiling used to evaluate any agencies requiring more debt.

Deputy District Attorney Jennifer Gustafson stated an entity would normally submit a proposal to the Debt Management Commission (DMC) for one of three reasons: to incur debt, to enter into an installment purchase agreement with a term of more than 10 years, or to levy a special elective tax. In these cases, the DMC would consider the proposal, but it would not determine whether the proposal sought to accomplish a public purpose or satisfy a public need. In normal circumstances, the DMC would not weigh in on the merits of the proposal, only the

financials. However, Ms. Gustafson continued, if a proposal would result in the combined property tax rate in any of the overlapping entities in Washoe County exceeding the specified percentage set by the DMC, the Board would consider the public need based on the priorities they set.

Ms. Jennifer Gustafson indicated the DMC set the rate at 90 percent of \$3.64 per \$100 of assessed valuation, which was the limit on the total ad valorem tax levy provided for in Nevada Revised Statute (NRS) 361.453. If a proposal pushed the combined property tax rate above \$3.276, the DMC would need to compare the competing public needs in accordance with the priorities they had set. She pointed out NRS 350.0155 stated that facilities related to public safety, education, and health were considered essential and all others were nonessential. She confirmed the DMC voted in 2019 that those three services were essential, and all had equal priority.

Chair Duerr asked whether anyone had information about any conditions that might have changed because of the COVID-19 (C19) pandemic. She acknowledged different entities were impacted in different ways, adding the City of Reno was evaluating how C19 impacted revenue streams and its ability to manage bond debt. She said a final analysis would be completed in September. She asked Assistant County Manager Christine Vuletich whether anything happened that should influence the DMC to change its priorities.

Ms. Vuletich responded she did not see a change. NRS required public safety, health, and education to be considered essential, which she thought was appropriate. She felt those three areas were the focal points.

Chair Duerr asked to hear from members of the other jurisdictions about how their finances were being affected. Member Anderson acknowledged the City of Sparks did not know how long the pandemic would last. They did not feel any additional measures needed to be taken beyond what was already being done. Because things looked better than originally forecasted, he said, wages were not impacted as heavily as predicted. The City anticipated making cuts to programs they invested in. When asked about the level of cuts that would need to be made, Member Anderson said much would be covered by transferring funds from the Vehicle Fund, but parks and recreation would unfortunately be impacted the most; a \$1 million revitalization project for Golden Eagle Regional Park would be put on hold. He added those predictions assumed a continued economic rebound.

***11:16 a.m. Member Herman joined the meeting.**

Member Caudill said the Distributive School Account for the Washoe County School District (WCSD) was not impacted during the special legislative session. He mentioned some categorical funding was lost, but the State was trying to backfill that with Coronavirus Aid, Relief, and Economic Security Act funding. He added the sales tax portion of revenue from Washoe County Question 1 was impacted by C19 but not as badly as projected. Currently, the WCSD's share was expected to be about the same as received in 2019. He said the WCSD was being conservative when considering debt, noting they paid for the construction of John C. Bohach Elementary School with cash. Speaking about Hug High School, he remarked they had expected it to cost over \$200 million, but changes in the market resulted in the cost now being around \$120

million. He admitted a stall in the economic recovery would be problematic, but so far the District had withstood the C19 impacts.

Both Vice Chair Sherman and Member Herman informed Chair Duerr they would have to leave the meeting early.

Responding to Chair Duerr's query, Member Herman said Washoe County was in fairly good shape financially. Chair Duerr stated the City of Reno had projected up to a 25 percent loss in revenue, but the actual losses were less than 5 percent. She offered that northern Nevada was situated differently than southern Nevada regarding the impact on tourism.

There was no response to the call for public comment.

On motion by Member Anderson, seconded by Member Herman, which motion duly carried on a 6-0 vote with Member Morris absent, it was ordered that the Debt Management Commission establish public safety, health, and education facilities and services as essential and all having priority, and to establish all other facilities and services as nonessential.

20-018D **AGENDA ITEM 6** Discussion and action to specify a threshold percentage of the statutory ceiling for the combined 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 non-essential facilities and services and compare that public need to other public needs that appear on certain filed statements of current and contemplated debt.

Deputy District Attorney Jennifer Gustafson pointed to Nevada Revised Statute 350.0115(1), which stated the Debt Management Commission (DMC) needed to specify a percentage that, if exceeded, would trigger its duty to weigh the public need being served by a proposal. The DMC could set the percentage anywhere between 75 and 100 percent. She understood the percentage had been set at 90 percent every year since 2001.

Vice Chair Sherman recommended staying at 90 percent as a practical matter. He pointed out the \$3.64 cap had already been reached, so any proposal made by the County, the Cities, or the Washoe County School District, no matter how small, would need to be evaluated by the DMC based on the priorities they just set. He thought there could be possible ramifications in certain parts of the County, such as the Incline Village General Improvement District. He felt it made sense to keep it at 90 percent.

There was no response to the call for public comment.

On motion by Member Herman, seconded by Member Salazar, which motion duly carried on a 6-0 vote with Member Morris absent, it was ordered that the percentage called for in NRS 350.0155(1) be set at 90 percent.

- 20-019D** **AGENDA ITEM 7** Review and accept the following 2020 Annual Reports from all Washoe County political subdivisions:
- a. Debt Management Plans
 - b. Indebtedness Reports
 - c. Capital Improvement Plans

Chair Duerr hoped the Commission Members had a chance to review the reports, adding it was the job of the Debt Management Commission (DMC) to accept the reports. She wondered whether anyone saw anything in the reports that stood out.

Member Herman pointed out there was a lot of variation in the information supplied by each entity. Chair Duerr agreed and said that was one reason the DMC requested that entities presenting their debt position use a standardized format.

Member Salazar asked whether the DMC would continue to have entities make those presentations. There was a brief discussion about which entities had already made presentations and which declined. Chair Duerr thought the Truckee Meadows Water Authority (TMWA) did an outstanding job on their financials because they were so involved in setting rates, the revenue from which paid for connections, capital improvements, and day-to-day water service. She mentioned TMWA had other revenue streams besides customers, and they were considering separating from NV Energy. She acknowledged the annual reports included a lot of information, which was another reason why the DMC invited entities to make smaller presentations.

There was no response to the call for public comment.

On motion by Member Herman, seconded by Member Caudill, which motion duly carried on a 6-0 vote with Member Morris absent, it was ordered that Agenda Item 7 be accepted.

Chair Duerr lauded the Clerk's Office for the compiling the paperwork. Member Anderson agreed that the entity presentations were enlightening. After a brief discussion, it was determined they wanted to hear presentations from TMWA and the Sun Valley General Improvement District.

- 20-020D** **AGENDA ITEM 8** Update of Debt Management Commission By-laws, Rules, Policies and Procedures — A review, discussion, and possible action to adopt the updated Debt Management Commission By-laws, Rules, Policies and Procedures to reflect current Commission policies and standard practices.

Deputy District Attorney Jennifer Gustafson indicated the supporting materials included three versions of the bylaws: a clean version, a version showing the redlined changes decided at the February 2020 meeting, and a version showing all the changes made to the 1997 bylaws; she would be referring to the middle version.

Chair Duerr noted almost every word of the 1997 bylaws had been changed, deleted, or reorganized. She expressed appreciation for the work Ms. Gustafson had done.

Ms. Gustafson said the goal was to get a vote of approval by the Board, at which point she would make any final changes and send a clean copy of the bylaws to the Chair for her signature. The final bylaws would then be distributed to the Members and posted on the website for the Debt Management Commission (DMC).

Ms. Gustafson said no changes had been made to Article I since the prior meeting. She noted she changed Article II's heading for clarification purposes and added notes to the start of each subsection. She reviewed the qualifications she added to section 2, which were taken from Nevada Revised Statute (NRS) 350.0115.

Chair Duerr asked for clarification about the requirement that At-Large Members have knowledge of Washoe County's financial structure. Ms. Gustafson said that language was taken from the NRS, but she did not think she was qualified to opine on the meaning. Vice Chair Sherman did not see that At-Large Members needed to have knowledge of the financial structure of Washoe County as an entity; they just needed a knowledge of Nevada local government fiscal structure. He pointed out the DMC considered many entities, not just the County. He suggested substituting 'Nevada local government fiscal structure' for 'Washoe County financial structure'.

Ms. Gustafson read from NRS 350.0115(4) where it said At-Large Members must have knowledge of the County's financial structure, though she agreed that Vice Chair Sherman's suggestion made sense. Assistant County Manager Christine Vuletich recognized that the NRS language was literal, but very few people would have literal knowledge of Washoe County's financial structure. She recommended language that required At-Large Members to have knowledge of local government entities within Washoe County so the focus was not so narrow. Ms. Gustafson summarized the language would read that At-Large Members needed to have knowledge of the financial structure of local governmental entities within Washoe County. The DMC Members agreed.

Ms. Gustafson brought up a section of the NRS which said DMC Members were to be chosen in January in each odd-numbered year to hold two-year terms; Members selected by the Cities of Reno and Sparks should be selected after elections but before the DMC's annual meeting in August. She had thought this might be an exemption for elected officials.

She asked for the Board's understanding about those Members' term limits. Chair Duerr said that was managed by the Clerk's Office. County Clerk Nancy Parent indicated the roster included termination dates and how many terms each Member served. She further opined the Cities of Reno and Sparks confirmed appointments after elections, and representatives often changed then. Chair Duerr said the County did not take office until January 6, though Ms. Parent clarified they took office the first Monday in January. Ms. Parent also indicated the Board of County Commissioners did not always assign board and commission appointments on the first meeting of the year.

Responding to Chair Duerr's request for advice, Ms. Gustafson thought it would be beneficial to include a provision about terms in the bylaws. She also felt the DMC needed to hold a meeting in January 2021 to elect the At-Large Members.

Chair Duerr said the DMC usually did this in February because the County Member was not always appointed in time and nobody had ever brought it up as a problem. She thought language could be included that the DMC would do this at its first meeting of the year. Ms. Gustafson said the 1997 bylaws spoke of having five meetings in odd-numbered years; the February and August meetings were required under NRS. In response to DMC Members giving their approval for that change, she said she would add a terms provision to the bylaws.

Chair Duerr asked whether partial terms would be addressed. Ms. Gustafson stated there was no limitation on terms in NRS 350, though the County's general policy was two terms. She felt the DMC should not have term limits since specialized knowledge was required to be on the board. Chair Duerr recommended addressing this by specifying At-Large Members' terms were not limited. Ms. Gustafson commented fulfilling partial terms came up if there were term limits, but DMC terms were set as January 1, 2021 to December 31, 2023. Chair Duerr suggested the bylaws say At-Large Members could be appointed to an unlimited number of consecutive terms.

Ms. Gustafson asked whether the Board wanted the election of officers to happen each year or for them to be elected for two-year stints. Members Anderson and Salazar thought a two-year stint would work best. Ms. Gustafson said there was no requirement to elect officers each year. Chair Duerr pointed out At-Large Members would be appointed in January so she felt the election of officers should happen during the February meeting. Ms. Gustafson added that could also be done at the August meeting. The consensus was to elect officials at the end of the August meeting.

Ms. Gustafson said Article IV originally contained an amalgam of different concepts, so she moved the language about quorum to Article V. She reviewed Article IV, which laid out the duties of the Chair, the Vice Chair, and the Clerk. The language about the Chair's duties was standard language on many boards, and the language on the Vice Chair's duties was included based on prior DMC direction.

Because Vice Chair Sherman and Commissioner Herman had to leave the meeting, Chair Duerr opened Agenda Item 9 so the following year's dates could be determined. See Item 20-021D for that discussion.

Having concluded the action on Agenda Item 9, Chair Duerr reopened this item by asking Vice Chair Sherman if he had any additional input on the bylaws. He did not.

12:00 p.m. Vice Chair Sherman left the meeting.

Ms. Gustafson confirmed there were no language changes in Article V other than moving the quorum language into this section. Regarding Article VI(3), she pointed out the new language was added in response to the DMC's input at a prior meeting. The subscription language in section 4 was also added based on Board direction. She brought up that the deletion of section 5 in Article VII was based on prior discussion where the DMC determined NRS 350.0145 already governed the timelines and it did not make sense to repeat them in the bylaws. The change in

Article VIII was also based on a consensus of the Board during the February 2020 meeting. She noted no changes were made to Article IX.

Ms. Gustafson said the language in Article X(1) was included on DMC agendas as a requirement of Open Meeting Law. She reviewed the remainder of the meeting order, which she said would give a general framework for how meetings would be conducted. She mentioned the language about public hearings being scheduled before other items was changed because public hearings were not required; this was so people did not have to wait around while the DMC discussed items like their bylaws. Moving approval of the minutes to the end of the meeting was suggested at the prior DMC meeting. Chair Duerr suggested that roll call be placed on agendas before the Pledge of Allegiance, a request noted by Ms. Parent.

Ms. Gustafson said Article XI addressed the question of public hearings. She said she found nothing that indicated the DMC needed a formal public hearing on proposals for debt issuance. Other situations, such as passing a local government ordinance, required public hearings, but the DMC did not have to go through those formalities. Article XI was changed to reflect the procedure for business items requesting debt issuance. She reviewed the changes made to the 1997 bylaws regarding this section.

With regard to subsection A about the public submitting a request to speak slip, Chair Duerr said that did not need to be included and the Clerk could determine the procedure for public comment. Ms. Parent mentioned the public comment system had changed so many times during the years and it was probably best not to be specific. Chair Duerr suggested adding language that the methods the public could use to request to speak would be posted in the agenda, adding the City of Reno did this because they changed their methods frequently during the pandemic. She brought up an Open Meeting Law complaint the City received for conducting public comment differently than what was posted on the agenda. Ms. Gustafson said she would add language that the Clerk would determine the format for receiving public comment, which would also be posted on the agenda.

Chair Duerr asked to amend subsection B because commenters during Reno City Council meetings had been making public comment with non-trackable phones. She wished to see a requirement that public commenters include verifiable contact information as determined by the County Clerk.

Ms. Gustafson pointed out the additional language about speakers limiting their comments to three minutes should be labeled as subsection D. She explained the remaining verbiage for that subsection was removed at the Board's direction.

Chair Duerr asked whether the bylaws should use the term 'hearing procedures', as included in Article XI(1), if the rest of the language about public hearings was removed. Ms. Gustafson opined it was used as a general term there and it was okay. Member Herman suggested adding the language 'hearing or meeting'. Ms. Gustafson said she would modify the language to say 'hearing/meeting procedures'. The Deputy District Attorney then reviewed the remainder of the changes to Article XI, as well as the language of Article XII, which she noted was an addition to the 1997 bylaws.

Hearing no further recommendations for changes, Ms. Gustafson said she wanted the DMC to make a motion to adopt the bylaws with the changes discussed during the meeting. She would incorporate those changes and send a clean copy to Chair Duerr for her signature.

Chair Duerr said they had been working on the bylaws for over two years and she praised Ms. Gustafson for her work on them.

There was no response to the call for public comment.

On motion by Member Herman, seconded by Member Salazar, which motion duly carried on a 5-0 vote with Vice Chair Sherman and Member Morris absent, it was ordered that the updated Debt Management Commission By-laws, Rules, Policies and Procedures be approved with the changes discussed during this meeting.

20-021D **AGENDA ITEM 9** Discussion and possible action to set dates/times for DMC meetings for 2020/21 which must be held at least quarterly pursuant to NRS 350.012(3). Suggested dates are set forth below and the suggested time for the meetings is 11:00 a.m. [FOR POSSIBLE ACTION]

Friday, November 13, 2020

Friday, February 19, 2021

Friday, May 21, 2021

Friday, August 20, 2021

Chair Duerr stated all the suggested meeting dates worked for her. Deputy District Attorney Jennifer Gustafson reminded the Chair they would need to schedule a January meeting as well. County Clerk Nancy Parent asked whether Chair Duerr would like to consider the final Friday in January. After some discussion, it was determined that Friday, January 22, 2021 would be the date for the January meeting.

There was no response to the call for public comment.

On motion by Member Herman, seconded by Member Anderson, which motion duly carried on a 6-0 vote with Member Morris absent, it was ordered that the dates for the future Debt Management Commission meetings be Friday, November 13, 2020; Friday, January 22, 2021; Friday, February 19, 2021; Friday, May 21, 2021; and Friday, August 20, 2021.

Agenda Item 8 was reopened at this point; see Item 20-022D for that discussion.

12:17 p.m. Member Herman left the meeting.

20-022D **AGENDA ITEM 10** Approval of the minutes for the DMC meeting of February 28, 2020.

There was no response to the call for public comment.

On motion by Member Caudill, seconded by Member Anderson, which motion duly carried on a 4-0 vote with Vice Chair Sherman and Members Herman and Morris absent, it was ordered that Agenda Item 10 be approved.

20-023D **AGENDA ITEM 11** Board Member Comments.

Chair Duerr stated Member Herman had requested that Sun Valley General Improvement District (SVGID) be invited to make a presentation before the Debt Management Commission (DMC), and she wanted the Truckee Meadows Water Authority (TMWA) to do the same.

County Clerk Nancy Parent mentioned she had a list of all reporting entities and which ones had presented before the DMC, which she would send out to all Members. Ms. Parent noted the following agencies had not yet made a presentation: the Airport Authority, the Carson-Truckee Water Conservancy District, the Gerlach General Improvement District, the Grandview Terrace Water District, the North Lake Tahoe Fire Protection District (NLTFPD), the Palomino Valley General Improvement District, the Reno Redevelopment Agencies, the Reno/Sparks Convention and Visitors Authority (RSCVA), the Sparks Redevelopment Agencies, the Truckee Meadows Fire Protection District, the Truckee River Flood Management Authority, Verdi Television District, and the Western Regional Water Commission. She added several of these entities had very little happening as illustrated by their reports.

Chair Duerr mentioned she wanted to hear from the Airport Authority and the RSCVA. Mr. Anderson agreed and said he wanted to hear from the NLTFPD. Chair Duerr directed the Clerk's Office to reach out to SVGID, TMWA, the Airport Authority, the RSCVA, and the NLTFPD to make presentations spread out over the following three meetings. She acknowledged the RSCVA and the Airport Authority each recently elected new chairs.

20-024D **AGENDA ITEM 12** Public Comment.

County Clerk Nancy Parent announced this was her final Debt Management Commission meeting as she would retire in October. She thanked the Board and said she learned so much during Chair Duerr's time as Chair. She introduced Chief Deputy County Clerk Jan Galassini, who would hopefully be appointed as her replacement. She added the Clerk position was not up for election until 2022. When asked about a special election, Ms. Galassini said she would run for County Clerk in 2022, but the Board of County Commissioners would appoint someone to fill the vacancy.

Chair Duerr praised Ms. Parent as an amazing Clerk and said her retirement would be a great loss for the County. She remarked Ms. Parent would not pick Ms. Galassini to take over the role unless she had confidence in her.

Members Salazar, Anderson, and Caudill expressed their appreciation for Ms. Parent's help in understanding Board Member roles, thanked her for her work, and congratulated her on her retirement. Chair Duerr thought Ms. Parent could bring her knowledge and experience to other boards and commissions, which would be lucky to have her.

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12:26 p.m. On motion by Member Anderson, seconded by Member Caudill, the meeting was adjourned.

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*