

**WASHOE COUNTY DEBT MANAGEMENT COMMISSION
QUARTERLY MEETING**

FRIDAY

1:00 P.M.

MAY 16, 2025

PRESENT:

Naomi Duerr, Reno City Council, Chair
Eugenia Bonnenfant, At-Large Member, Vice-Chair (via Zoom)
Joe Rodriguez, Sparks City Councilmember* (via Zoom)
Jeanne Herman, Washoe County Commissioner, Member
Christine Hull, Washoe County School District, Member
Brian Erbis, At-Large Member

Janis Galassini, County Clerk
Trenton Ross, Deputy District Attorney

ABSENT:

Susan Severt, GID Representative, Member

The Washoe County Debt Management Commission convened at 1:00 p.m. in regular session in the Caucus Room of the Washoe County Administration Complex, 1001 East Ninth Street, Reno, Nevada, and via the Zoom application. Following the Pledge of Allegiance to the flag of our Country, County Clerk Jan Galassini called roll, and the Board conducted the following business:

25-023D AGENDA ITEM 3 Public Comment.

There was no response to the call for public comment.

25-024D AGENDA ITEM 4 Approval of the minutes for the DMC meeting of February 21, 2025.

There was no response to the call for public comment.

On motion by Member Herman, seconded by Member Erbis, which motion duly carried on a 5-0 vote, with Member Severt and Member Rodriguez absent, it was ordered that Agenda Item 4 be approved.

***1:02 p.m. Member Rodriguez arrived at the meeting via Zoom.**

25-025D AGENDA ITEM 5 Presentation of the City of Sparks' debt position.

Chair Duerr recommended that Members attending via Zoom turn their cameras on.

City of Sparks Chief Financial Officer (CFO) Jeff Cronk displayed a document, copies of which were distributed to the Board and placed on file with the Clerk.

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Mr. Cronk encouraged Members to ask questions during his presentation. Chair Duerr recalled that asking questions during the presentation was beneficial because some presentations were lengthy and contained difficult material.

Mr. Cronk reported that the City of Sparks would have a debt reduction due to mature bonds. He referred to the *City of Sparks & Redevelopment Agency Issued Debt and Long-Term Employee Benefit Liabilities* document and said that the debts were arranged by type. He explained that the scheduled debt maturity dates were within four years, except for the General Obligation CTAX Bond, Series 2023 (Fire Station Project). The City of Sparks would not make a principal payment for the \$15 million Fire Station Project until Fiscal Year (FY) 2027 and the CTAX Bond Series 2014 would mature in FY 2026. He indicated that the debt service payment of \$1.7 million would decrease to \$1.3 million once the Fire Station Project was the only active bond. The CTAX Bond series 2014 helped build the Golden Eagle Regional Park, the Larry D. Johnson Community Center, and downtown Sparks improvements.

Mr. Cronk indicated that the Senior Sales Tax Anticipation Series A Refunded 2019 Bond created the Outlets at Legends and that its principal payment could change due to the Outlets at Legends' sales performance. The Local Improvement District #3 Special Assessment Bonds Series 2016 was a revenue bond for the development of the Outlets at Legends and would mature in 2027.

Member Hull reported that the Legislature's economic forum proposed lower Nevada sales taxes and asked if the City of Sparks' bonds would be impacted. Mr. Cronk asserted that the bonds would not be affected because consolidated tax (c-tax) bonds and revenues were pledged at 15 percent.

Chair Duerr mentioned that the reason for debt position presentations was to receive an update regarding agencies' bond indebtedness. She said that the Debt Management Commission (DMC) could not exceed certain tax limits and that the presentations were non-action items that better prepared the DMC for future discussions. She reported that agencies made proposals to the DMC before they could accrue debt.

Mr. Cronk said that the Fire Station Project was a general obligation (GO) bond and noted that all other City of Sparks bonds were based on revenue and paid through sales tax generated by the property the bond was for. He noted that the City of Sparks was not allowed to pay into performance bonds, and the investors were obligated to pay if the property did not perform. He explained that GO bonds were the only bonds the City of Sparks took the risk of paying. He reported that the Agency Area #2 Tax Increment Revenue Bond Series 2014 and 2016's redevelopment issued debt pertained to the Outlets at Legends. He commented that the City of Sparks planned to engage with redevelopment agencies to issue tax increment revenue to be paid from the Outlets at Legends for the purpose of the bond.

Mr. Cronk communicated that the City of Sparks expanded the Truckee Meadows Water Reclamation Facility (TMWRF) in 2004 in partnership with the City of Reno. He explained that the TMWRF was one-third co-owned by the City of Sparks and two-thirds co-owned by the City of Reno. He pointed out that the TMWRF Expansion Loan – Sparks Portion of Reno-issued

SRF Water Pollution Bond was due in 2025 and that the outstanding sewer debt was roughly 25 years old and had been refinanced multiple times, with only \$3.7 million left. He noted that the City of Sparks was not contemplating new debt other than a potential sewer bond.

Mr. Cronk mentioned that the City of Sparks & Redevelopment Agency Issued Debt bar graph on the *City of Sparks & Redevelopment Agency Issued Debt and Long-Term Employee Benefit Liabilities* document referred to the various types of City of Sparks debt, the original amount of issuance, the outstanding principle as of June 30, 2025, and the FY 2026 debt service. The City of Sparks Long-Term Employee Benefit Liabilities as of 6/30/2024 pie chart on the *City of Sparks & Redevelopment Agency Issued Debt and Long-Term Employee Benefit Liabilities* document contained employee sick leave conversion, compensated absences, workers' compensation, other post-employment benefits (OPEB), and net pension liability statistics. He said that the employee liabilities were long-standing and could represent 40 to 50-year liabilities. Some liabilities represented overtime pay, and the net pension liability was not a liability of the City of Sparks but had to be included per the Government Accounting Standard Board (GASB). The \$131.7 million net pension liability was the City of Sparks' portion of the underfunded Public Employees Retirement System (PERS). He pointed out that liabilities were determined at the end of the FY and that FY 2024 was the most recent data he had. He asserted that the City of Sparks paid PERS through contributions and would never write a check for an employee's retirement.

Chair Duerr asked Mr. Cronk to review the City of Sparks & Redevelopment Agency Issued Debt bar graph on the *City of Sparks & Redevelopment Agency Issued Debt and Long-Term Employee Benefit Liabilities* document with more detail. Mr. Cronk reiterated that the bar graph was a summary of the information on the *City of Sparks & Redevelopment Agency Issued Debt and Long-Term Employee Benefit Liabilities* document and read the original amounts issued, outstanding principals as of June 30, 2025, and the FY 26 debt services for the bonds on the bar graph. He reported that the \$11.5 million in FY 26 debt services for the city-issued revenue and tax allocation bonds may fluctuate depending on the project's performance. He noted that the City of Sparks was currently paying the outstanding principal for the city-issued sewer and effluent general obligation bonds that would terminate in 2029.

Chair Duerr explained that all regional agencies' debt situations were different from their operating budgets. She reported that agencies created processes to maintain coverage and ensure debt payments were made; however, there was no flexibility for operating costs. She indicated that all agencies made cuts, such as vacant positions, layoffs, or paused capital projects. She mentioned that the City of Reno did not purchase another fleet vehicle, decreased capital investments, and froze vacant positions to reduce costs. She noted that many individuals conflate debt with basic finances and asked if Mr. Cronk agreed with her speculation. Mr. Cronk agreed with Chair Duerr and said that debt and budgets were popular topics amongst community groups. He commented that the City of Sparks historically held a low debt portfolio with a decreased outstanding principal. He said that a heavy debt load was impactful on all budgets.

Chair Duerr indicated that the City of Reno paid over \$200 million in debt during her first eight years with the Reno City Council, with no other purchases or projects. She explained that the City of Reno paid off inherited debts before building the Moana Springs Community

Aquatics and Fitness Center. She reported that most agencies were conservative with their debt.

Mr. Cronk noted that he categorized the *City of Sparks & Redevelopment Agency Issued Debt and Long-Term Employee Benefit Liabilities* document into bond types because he believed that other agencies had similar categories. He opined that it was important to understand that revenue bonds needed to be paid from different revenue sources. He indicated that some agencies had a large debt position; however, a lot of the City of Sparks' debt was revenue bonds.

Chair Duerr mentioned that the City of Reno had approved the Grand Sierra Resort and Casino (GSR) redevelopment district, but the project would not accrue further debt because the GSR would produce revenue that would outweigh the debt. Member Hull recalled that she educated the public about the debt misconception, saying the project would not be completed with the City of Reno's General Fund. Chair Duerr reported that there was a denied proposal to extend the eight-year GSR redevelopment district to 30 years and thought that the current redevelopment process was structured well, with an efficient timeframe that did not prolong the project. She expressed a desire to discuss a new fire station once the eight-year GSR redevelopment district was complete. She appreciated Mr. Cronk's redevelopment discussion and said that there was not much redevelopment activity among all agencies. She recalled that the City of Reno's Redevelopment Department was dissolved. Mr. Cronk pointed out that the maturity dates of existing bonds were set near the termination of the City of Sparks' Redevelopment Area Number Two. He reported that there would still be a redevelopment agency without a designated area of focus with the completion of Agency Area #2 Tax Increment Revenue Bond Series 2014 and 2016.

Chair Duerr asked Mr. Cronk if there were any proposals for another redevelopment area. Mr. Cronk asserted that there were no proposals being considered. He indicated that the Agency Area Number 1 was extended for the Victorian Square project. Member Hull recalled that the Sparks Marina saved her house during a flood. Mr. Cronk mentioned that the Agency Area Number 1 was the first redevelopment area in the State and was challenged by the previous City of Sparks CFO at the Supreme Court because he thought the redevelopment was unconstitutional. He said that the Agency Area Number 1 was extended to 45 years and terminated in 2023.

Chair Duerr noted that the regional agencies' debt position presentations were educational. She believed that there had been many revolving DMC members, and she thought it was important for the new members to understand the agencies.

25-026D AGENDA ITEM 6 Board Member Comments.

County Clerk Jan Galassini reported that all agencies would provide their debt positions during the August Debt Management Commission (DMC) meeting and that the DMC would set their annual priorities and thresholds. Chair Duerr indicated that there was a presentation every few years regarding the DMC's purpose and priorities. She asked if the DMC wanted the Washoe County Chief Financial Officer (CFO) or the Deputy District Attorney (DDA) Trenton Ross to provide the presentation. She noted that the previous CFO performed a different style of presentation than DDA Ross and opined that it would be appropriate for Washoe County CFO Abbe Yacoben to provide an overview of the priorities and purpose of the DMC. DDA Ross

reported that he provided Members with the DMC's purpose and priorities when they were appointed and speculated that CFO Yacoben's presentation would be redundant.

Chair Duerr asked Member Hull if she felt comfortable and well-educated with the information provided by DDA Ross. Member Hull confirmed that the information she was provided was sufficient. Chair Duerr asked DDA Ross to summarize the NRS that explained why the DMC discussed their purpose and priorities at the beginning of the August DMC meeting. She mentioned that the former CFO attended a previous meeting where Members argued about competing priorities. She noted that Ms. Galassini was present at that meeting and requested that she provide an explanation of what happened. She indicated that the DMC's priorities were theoretical but served a purpose. Ms. Galassini said that every situation and board was different. Chair Duerr asked Ms. Galassini if she was able to provide the DMC with details of the previous contentious debate at the upcoming August meeting. Ms. Galassini reported that she would research the occurrence. Chair Duerr asserted that she wanted the DMC to understand the impact of their decisions.

Chair Duerr asked if the DMC's priorities could be modified. DDA Ross said that the priorities were decided annually and changed if desired. He explained that the priorities were equally shared and had not needed to be modified in the past. Chair Duerr recalled that priorities were debated before. She mentioned that there would be a 1,100-page document delivered to the DMC electronically before the August meeting that would summarize the regional agencies' debt positions. She reiterated that there were different priorities the DMC would need to agree upon during the August meeting.

Ms. Galassini reported that the tentative future DMC meeting dates were August 15, 2025, November 14, 2025, February 6, 2026, and May 8, 2026. She asked the Members to inform her if the dates were agreeable.

25-027D AGENDA ITEM 7 Public Comment.

There was no response to the call for public comment.

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1:40 p.m. There being no further business to discuss, the meeting was adjourned without objection.

NAOMI DUERR, Chair
Debt Management Commission

ATTEST:

JANIS GALASSINI, County Clerk
and Ex Officio Secretary,
Debt Management Commission

*Minutes Prepared by
Lizzie Tietjen, Deputy County Clerk*