WASHOE COUNTY DEBT MANAGEMENT COMMISSION

ANNUAL MEETING

FRIDAY 1:00 P.M. AUGUST 16, 2024

PRESENT:

Naomi Duerr, Reno City Council, Chair
Michelle Salazar, At-Large Member, Vice-Chair (via Zoom)
Eugenia Bonnenfant, At-Large Member
Jeanne Herman, Washoe County Commissioner, Member
Adam Mayberry, Washoe County School District, Member
Susan Severt, GID Representative, Member

Janis Galassini, County Clerk
Trenton Ross, Deputy District Attorney

ABSENT:

Dian VanderWell, Sparks City Council, 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:

* * * * * * * * * * *

Chair Duerr asked Ms. Galassini to introduce her staff. Ms. Galassini introduced Chief Deputy County Clerk Cathy Smith, Board Records and Minutes Manager Evonne Strickland, and Deputy Clerk Heather Gage.

Principal Fiscal Analyst Patsy Buxton introduced herself and stated that neither Chief Financial Officer (CFO) Abbe Yacoben nor Budget Manager Lori Cooke could attend that day. Ms. Buxton informed that she would be available to answer questions regarding the County budget.

24-022D **AGENDA ITEM 3** Public Comment.

There was no response to the call for public comment.

24-023D **AGENDA ITEM 4** Discussion and possible action on a resolution concerning the submission to the Washoe County Debt Management Commission by the Washoe County School District of a proposal to issue general obligation bonds, in one series or more, in an aggregate principal amount not to exceed $100,000,000; concerning action taken thereon by the Commission; and approving certain details in connection therewith.

Chair Duerr pointed out there were two proposals from the Washoe County School District (WCSD) on the agenda that day. Principal Fiscal Analyst Patsy Buxton advised that JNA Consulting Group, LLC (JNA) President Marty Johnson was joining the meeting by Zoom and would lead the presentation.

Mr. Johnson explained that JNA was the financial advisor for the WCSD. He expected to be joined by the WCSD Chief Financial Officer (CFO) Mark Mathers and the WCSD bond counsel, Ryan Henry, from Sherman & Howard, LLC. It was noted that Mr. Henry was already present, but Mr. Mathers had not yet arrived.

Mr. Johnson described the two proposals before the Commission that day. He said one was to issue $100 million of general obligation rollover bonds, and the other item was for $200 million of bonds that were secured by sales tax revenue established from a 2016 ballot measure, Washoe County Question 1 (WC1). He stated the presentations for Agenda Item 4 and Agenda Item 5 contained information germane to both items.

Mr. Johnson reviewed the 2024 rollover authorization packet, which highlighted the criteria used by the Debt Management Commission (DMC) to evaluate proposals received from local governments. He pointed out that the specific projects the WCSD intended to pay for out of the bonds were listed on the first page of the packet. Chair Duerr requested an explanation of the projects and was especially curious about the Annual Capital Renewal Program (ACRP). Mr. Johnson said that Mr. Mathers would be able to elaborate on specific details of the projects and noted the plans were also included in the WCSD Capital Improvements Plan (CIP) in Agenda Item 8.

Deputy District Attorney (DDA) Trenton Ross clarified that although the DMC was not yet able to hear about project details, it was possible to evaluate the proposal based on the information presented and proceed with discussion and a vote. He suggested Mr. Mathers could be asked for additional information when he arrived.

Mr. Johnson reviewed the DMC criteria. He informed that the primary considerations were the impact on the debt limit of the individual entity and the impact on the overlapping tax rate. He directed attention to Page 4 of the packet, which listed all the WCSD's outstanding debt. He indicated the total was just over $1.2 billion. He said if members turned to Page 5, they could view a list of proposed bonds. He explained the first line showed $68 million remained from bonds that were previously authorized by the DMC. In addition to those outstanding bonds, what had already been approved, and what was being proposed on the agenda that day, there would be $368 million of proposed bonds that were not yet outstanding. He noted the table at the bottom of Page 5, where the debt limit for the WCSD was calculated, independent of any other County debt. He commented that the County and cities had their own debts, and he articulated that even if all bonds were issued immediately, another $3 billion of debt would still be available before the debt limit was reached. He affirmed the issuance of the bonds proposed would fit within the WCSD's debt limit.

Mr. Johnson spoke about the tax rate and how the WCSD bonds were repaid. He described them as rollover bonds which were repaid by a property tax rate of $0.3885 levied by the WCSD. He asked the Commission to look at Page 7, which showed payment tables for outstanding bonds. He said those payments were made exclusively using property tax revenues, and the total outstanding bond amount was approximately $668 million. Page 8 outlined the payment schedule for the proposed bonds, including $68.5 million that was already authorized but not yet issued. He advised it would be issued as part of the 2024 transaction. He disclosed that in the fall of 2024, assuming the DMC's approval, the WCSD intended to issue $32 million and the remaining $68.5 million of what was previously authorized. He expected the remaining $68 million would be issued in 2025. Mr. Johnson indicated the pro forma payments on the proposed bonds were detailed on Page 8. He noted that both bonds assumed a 5 percent interest rate. He theorized that if the bonds were issued at present, a rate near 4 percent would probably be used. He assured there was a significant amount of cushion in the interest rates.

Mr. Johnson said Page 9 showed projected revenues from the $0.3885 property tax. The chart outlined outstanding, proposed, and combined debts compared to projected revenues. He pointed out that revenues were expected to be approximately $94 million, and the debt service would be between $84 million and $85 million for the next few years, then reduce markedly. He supposed additional bonds would be requested at some point in the future but affirmed there was substantial coverage from property tax revenues at present. He noted the stability of property tax revenues and said the abatement in place meant there was not much fluctuation. He felt the charts demonstrated the ability of the WCSD to repay the requested bonds within the $0.3885 tax rate, which meant there would not be any negative impact on other local government entities that might want to raise their rates. He believed that his overview fulfilled the rollover bond authorization requirement to demonstrate the capacity to repay within existing rates to the DMC and to the WCSD Board of Trustees.

Mr. Johnson said the table on Page 10 outlined that at least 25 percent of next year's debt service was set aside, which was not part of the regular DMC criteria but was a metric strictly imposed by the rollover authority. The table showed the cashflows in the WCSD's debt service fund, which included the debt service fund for both the rollover bond and the WC1 bond. He said the fund balance was expected to be $100 million at the end of the 2025 fiscal year (FY25). He observed, based on the numbers in the proposal and the outstanding debt, that the WCSD had substantially more than the required reserve amount of $33 million. He offered to address any questions on the proposal.

Chair Duerr noted not everyone was on the DMC when WC1 was passed, and she requested an overview of the question. Mr. Johnson explained that WC1 was a 0.54 percent sales tax that was approved by voters in 2016 and was used exclusively for the WCSD's capital projects. He said the WCSD used those funds to repay bonds and for pay-as-you-go. He informed that the tax was currently bringing in more than the amount required for debt service. He said the WCSD was using a hybrid approach to help pay for school district projects. He stated the money was restricted to capital projects and debt service on bonds issued for those projects and could not be used for operations.

Chair Duerr observed that some pages of the 2024 rollover authorization packet included WC1 funds and others did not. She asked him to clarify the distinctions between what did and did not qualify for WC1 revenue use and why. Mr. Johnson conveyed that the only relevant part of the criteria to be aware of with WC1 bonds and the outstanding WCSD medium-term bonds was the debt limit calculation. He said WC1 bonds were paid from a separate source of money. He noted that in the packet presented for Agenda Item 5, the debt limit presentation was identical, but the bond repayment revenue source differed. He specified that Agenda Item 5 exclusively addressed WC1 bonds and WC1 revenues.

Chair Duerr asked Mr. Johnson what the term *rollover* meant in the context of the item. She understood it was not a reissuance or refinance of the loan, and she wanted to know exactly what the term meant. Mr. Johnson explained the term came into being in 1995 when the concept was approved by the Nevada Legislature at the request of the Clark County School District (CCSD). Mr. Johnson said the provision allowed a school district to levy a $0.3885 tax, and the rollover authority enabled that tax rate to be retained every year to allow the school district to use those revenues to pay new bonds without requiring voters to approve the tax every two years. He described that prior to 1995, any time a school district wanted to issue bonds, the question needed voter approval, which resulted in school districts going back to the voters every two years. He advised that the process became inefficient and prompted the Legislature to authorize school districts to borrow money as long as they could afford to do so within the established tax rate. He noted that authorization helped keep the debt rate consistent.

Chair Duerr likened the authorization to a lifetime approval. Mr. Henry specified that when voters initially approved the measure in 2002, it was for 10 years. Since then, the Legislature approved two different 10-year extensions that allowed bonds to be reissued without a ballot measure being put to the voters. He said the authority came from Nevada Revised Statutes (NRS) 350.020(4). He added there was now authority from the Legislature, codified in NRS, to allow the WCSD to issue bonds as needed prior to March 3, 2035, so long as they were able to repay the bonds with the existing property tax debt rate and had approval from both the oversight panel and the DMC. The authority was not indefinite, but Mr. Henry theorized the Legislature could further extend it by adding another 10 years. He noted, as Mr. Johnson said, different words were used for the same thing, but the informal term used was *rollover authority*. He acknowledged the word *rollover* had many different meanings. Chair Duerr cautioned that jargon terms, including *rollover*, were unclear to some DMC members because they were not immersed in financial work. Mr. Henry recognized the dates were confusing, but he stated they were specified in NRS 350.020(3).

Mr. Henry acknowledged that evaluating both Agenda Items 4 and 5 at the same time could be confusing. He summarized that, as Mr. Johnson described, Agenda Item 4 sought approval of general obligation bonds to be repaid from the existing property tax rate, whereas Agenda Item 5 sought approval for revenue-backed general obligation bonds to be repaid from the WC1 sales tax. He said they were two separate sources of repayment, and even though the names of the bonds looked similar, the funding sources for repayment were different. For that reason, the authorization steps for each bond were slightly different. He advised that both bonds needed the DMC's approval because they were both general obligation bonds. Chair Duerr appreciated the explanation provided by Mr. Henry. She restated her discomfort with the term *rollover*, which she maintained was unclear. She thought the term made it sound like the bonds had already been issued and were being rolled over. She now understood that the bond requests were new, but the authority to issue the bonds was already in place. Mr. Henry confirmed her understanding was correct. He affirmed, as Mr. Johnson mentioned that there was no expectation of any impact on the overlapping entities because the bonds would be repaid from established sources, and there would not be any property tax increase. Chair Duerr summarized that the $100 million request was tied to the property tax source, and the $200 million request was tied to the WC1 source. Chair Duerr recalled that WC1 funds could only be used for new capital and wondered if there was less restriction on bonds funded by other sources. Mr. Henry explained that WC1 defined the purposes for which the funds could be used, primarily capital projects. He said the rollover statutes allowed the WCSD to use excess revenues towards pay-as-you-go projects, though there were criteria they had to meet. He disclosed they had to have enough money for the reserve requirement that Mr. Johnson mentioned but advised that each year, excess amounts could be used for pay-as-you-go. He affirmed that, as with WC1, rollover bonds could not be used to pay for operational expenses.

Chair Duerr believed the ACRP was to fix assets that were already built. Mr. Johnson informed that the ACRP addressed old schools that did not have the same type of equipment or facilities as new schools. He related that the WCSD evaluated facilities to ensure older schools were brought up to current conditions. He described that meant replacing roofs, heating, ventilation, and air conditioning (HVAC) systems, repaving asphalt, and doing other repairs that helped those schools become more current facilities and extend their useful life. Mr. Johnson said Member Mayberry might also have some information.

Chair Duerr wondered if computers could be considered equipment. Mr. Johnson responded that he did not believe computers were purchased using bond proceeds. Chair Duerr asked if buses and other vehicles qualified. Mr. Henry said the parameters set in NRS 387.335 detailed what general obligation funds could be used for. He specified the WCSD was permitted to finance equipment like buses, but he understood that that the WCSD generally borrowed from other sources to pay for buses. He explained the ACRP included capital projects that could be viewed as rehabilitation. He mentioned those capital projects could include things like roofs, floors, and HVAC replacements, but were still fundamentally capital costs. Mr. Johnson added that the WCSD generally used medium-term financing to replace buses and other vehicles.

Chair Duerr questioned if a project was being done at the central transportation yard, which she thought might be on Toll Road. Member Mayberry clarified there were multiple bus locations, including Greg Street and Toll Road. He said improvements to those facilities were considered capital expenses. Chair Duerr asked whether anything new was being constructed, and Member Mayberry clarified that there were plans to refurbish the maintenance centers but not for new buildings. He disclosed a contract had recently been approved for Getto Transportation Center, which he explained was in the Sparks industrial area. He divulged that the location was prone to flooding and the pavement needed to be replaced. He said those refurbishment expenses were all capital-related.

Chair Duerr commented she was inclined to keep that information in mind and move on to Agenda Item 5, where members would possibly learn more and could then vote on both items.

*   *   *   *   *   *   *   *   *   *   *   *

> Agenda Item 4 was reopened during the discussion on Agenda Item 5, Minute Item Number 24-024D. For additional discussion on this item and the motion, please see Agenda Item 5, Minute Item Number 24-024D.

*   *   *   *   *   *   *   *   *   *   *   *

24-024D **<u>AGENDA ITEM 5</u>** Discussion and possible action on a resolution concerning the submission to the Washoe County Debt Management Commission by the Washoe County School District of a proposal to issue general obligation bonds (additionally secured by pledged revenues), in one series or more, in an aggregate principal amount not to exceed $200,000,000; concerning action taken thereon by the Commission; and approving certain details in connection therewith.

JNA Consulting Group, LLC President Marty Johnson advised that Agenda Item 5 was very similar to Agenda Item 4. He said if the Debt Management Commission (DMC) members looked at Page 1 on the 2024 rollover authorization packet, they could see the projects proposed. He informed the project funding source was bonds secured by sales tax revenue established from a 2016 ballot measure, Washoe County Question 1 (WC1). He stated the 0.54 percent sales tax was approved by voters and levied by the Washoe County School District (WCSD). He described the initial criteria as the same as Agenda Item 4: impact on the debt limit and impact on the overlapping tax rate. He reiterated the debt limit conversation was identical in both Agenda Item 4 and Agenda Item 5. He directed attention to Page 4 of the packet, which indicated there was $1.2 billion outstanding. Page 5 showed the proposed issuance of $368 million, after which there would be a remaining debt limit of $3.1 billion.

Mr. Johnson advanced to Page 7, which detailed the proposed bonds. He reiterated that the bonds would be repaid from the WC1 sales tax revenue. He said the WCSD pledged to repay the bonds from that revenue source and that as long as revenues were coming in, the WCSD had to make the payments on the bonds. He advised there was approximately $920 million of debt service remaining, and the WCSD proposed the issuance of another $200 million. He described that they expected to issue $50 million shortly after the first of the year, then another $150 million later in the summer or early fall. He showed the $200 million of pro forma payments at a 5 percent interest rate. He theorized, as he mentioned in Agenda Item 4, that 4 percent was a more accurate current rate. He added that 2 and 3 percent interest rates were aberrations, and rates of 4 to 5 percent were more typical for bonds of that type.

Mr. Johnson informed that Page 8 showed the ability of the WCSD to make payments on the bonds. He said revenues were kept flat for the fiscal year 2025 (FY25) WCSD budget. He shared that as the WCSD made projections on the capital plan and what future issuances may look like, they structured the bonds to maintain a minimum of 1.25 times coverage, recognizing sales tax was somewhat more volatile than property tax. He reasoned that with a 1.38 times coverage factor and flat revenues, the projections for the future were conservative and favorable. He disclosed that with that level of coverage, the WCSD did not anticipate that they would ever need to levy a property tax to repay the bonds, which meant they would not adversely affect the ability of any other local government to levy a property tax for operating or capital purposes. He stated that the WCSD met both DMC criteria for the bonds proposed in Agenda Item 5. He noted two requirements for rollover general obligation bonds that did not apply to the issuance in Agenda Item 5: the ability to pay within the existing tax rate and the impact on the debt service reserve account amount.

Chair Duerr remarked on the long list of projects on Page 1, which she perceived as ambitious. She asked Mr. Johnson to confirm the intention to issue the bonds periodically rather than simultaneously. Mr. Johnson restated the issuance plan. He added that the issuance schedule depended on the WCSD's plans and contract costs. Chair Duerr observed that the WCSD was subject to arbitrage issues and could not sell bonds too quickly and leave proceeds unused. Mr. Johnson advised that was the reason for issuing over the space of a year.

Member Bonnenfant said she liked the lack of growth rates on revenue projections. She thought it was very conservative and noted the property tax abatement, which provided a lot of leeway. She felt the coverage ratio was very comfortable. Chair Duerr agreed and surmised everyone was doing their best to predict the future. She noted the City of Reno had also taken a very conservative approach. She cited factors, including inflation and the upcoming presidential election, that contributed to a degree of economic uncertainty.

The WCSD Chief Financial Officer (CFO) Mark Mathers opined that if the revenue growth of a normal 5 percent year was seen, the WCSD would very quickly be at 2 times coverage. Chair Duerr asked if she correctly understood that the coverage ratios shown on Page 8 would be doubled with a 5 percent growth rate. Mr. Mathers said that was correct and also noted there were significant reserves.

The WCSD bond counsel, Ryan Henry from Sherman & Howard, LLC, advised that Mr. Johnson reviewed the reserve numbers during Agenda Item 4. He reminded everyone that for the purposes of the DMC's oversight, only one times coverage was required, but the WCSD was being more conservative. He disclosed that he was not a financial advisor, but for the purposes of the DMC, only one times coverage was needed for approval. Mr. Mathers added that the WCSD had close to $100 million in reserve, which would allow them to maintain a year of debt service coverage with no revenue.

* * * * * * * * * * * *

Chair Duerr reopened Item 4, Minute Item Number 24-023D, and discussion followed with Agenda Items 4 and 5 heard concurrently.

* * * * * * * * * * * *

Chair Duerr reviewed the list of projects on Page 1 of the packet. She requested more information about the central transportation yard and the Annual Capital Renewal Program (ACRP).

Mr. Mathers said Stead Elementary was planned to be a completely new school, not a modernization. He informed that the ACRP included miscellaneous site improvements like carpeting, roofing, heating, ventilation, and air conditioning (HVAC) systems, and single-point entry security improvements. He advised there were 100 schools in the WCSD, and because of the age of the facilities, there was a significant need for improvements in many of them. He stated rather than viewing them as hundreds of individual projects, the WCSD planned for them collectively and called it the ACRP. He noted that, in recognition of the age of the WCSD facilities, the annual ACRP budget was increased from $20 million to $50 million.

Mr. Mathers described that the Central Transportation Center item included necessary improvements to modernize and address flooding issues at Getto Transportation Center in Sparks. He expressed that location was where most buses were housed and parked, and security improvements were needed because the fleet was valued in the millions of dollars. He explained the proposal was equivalent to a significant new transportation yard and was estimated to cost $40 million. Chair Duerr said she was only aware of the facility on Toll Road. Mr. Mathers advised that there were three bus yards. He acknowledged the Getto Transportation Center was in a flood zone in the Sparks industrial area, and improvements would include various grading improvements and rerouting of traffic to help protect the fleet. He divulged when there were potential floods, the fleet was moved to higher ground. He summarized the proposal was for a rebuild that would replace an aged facility.

Mr. Mathers noted E. Otis Vaughn Middle School would be a complete rebuild of a very old middle school. He said a new school was first built on the field, then the existing building was demolished, and finally, the fields were rebuilt where the original building was. He added that furniture, fixtures, and equipment were also needed for the students in the new school.

Chair Duerr asked if a rebuild meant something akin to what was being done with the bus yard. Mr. Mathers explained that a rebuild meant a completely new school with larger classrooms, collaborative space, a single-entry point, and facilities equal to other new schools. He stated William O'Brien Middle School was the first rebuild of that kind, and E. Otis Vaughn Middle School would be the second. He advised Echo Loder Elementary School would also undergo a complete rebuild. He described the modernizations were significant improvements, like what was done at Darrel C. Swope Middle School. He said the intention was to bring older facilities up to current education standards and specifications so the students at those schools had the same basic experience as students at the seven new schools that had been built since 2017.

Chair Duerr noticed the term study in some items and asked Mr. Mathers to explain what a study was. He responded that a study was indicated for special situations, like schools in Gerlach and Incline Village. He informed those were unique facilities where further analysis and construction options were in order. He conveyed the WCSD wanted to gather community input on the decisions and needed further engineering and analysis to be conducted.

Deputy District Attorney (DDA) Trenton Ross stated a supermajority was needed to approve Agenda Items 4 and 5.

* * * * * * * * * * * *

The action contained within the asterisks took place regarding Agenda Item 4.

There was no response to the call for public comment.

On motion by Member Herman, seconded by Member Bonnenfant, which motion duly carried on a 6-0 vote with Member VanderWell absent, it was ordered that Agenda Item 4 be approved. The Resolution for same is attached hereto and made a part of the minutes thereof.

* * * * * * * * * * * *

There was no response to the call for public comment.

On motion by Member Mayberry, seconded by Member Severt, which motion duly carried on a 6-0 vote with Member VanderWell absent, it was ordered that Agenda Item 5 be approved. The Resolution for same is attached hereto and made a part of the minutes thereof.

24-025D **<u>AGENDA ITEM 6</u>** 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 explained that the purpose of the discussion in Agenda Item 6 was to ensure that the combined tax rate was not exceeded by debt or special elective tax and to evaluate and compare various public needs. Deputy District Attorney (DDA) Trenton Ross provided an overview of the item. He confirmed that when there was going to be an overlapping tax rate, it was necessary for the Debt Management Commission (DMC) to analyze the needs of the projects. He established that the DMC, pursuant to Nevada Revised Statutes (NRS) 350.0155, was required to rank the priorities of public safety, education, and health. He clarified the rankings were only considered if overlapping tax rates of entities would exceed 90 percent of the 3.64 percent combined tax rate. In that case, projects would be evaluated based on the priorities established by the DMC. Chair Duerr understood there were discussions taking place among Washoe County and the Cities of Reno and Sparks about consolidation of fire services. She said no consolidation proposal would be brought forward in the 2025 Nevada Legislative Session, but that could change in the 2027 session. She recalled that Washoe County had a special 0.54 percent tax override to fund the Truckee Meadows Fire Protection District (TMFPD). She wondered how the 0.54 percent tax being brought into other jurisdictions might affect the overlapping tax rate. Member Mayberry advised that although he worked for TMFPD, he was not familiar with the tax override Chair Duerr was asking about.

DDA Ross recalled that the last time this was a real issue was when Animal Services was consolidated, which he thought was approximately 20 years prior. He said if there was any impact on the overlapping tax rate, it would have to go before the voters. He theorized the 0.54 percent tax rate was not separated and was already under the purview of Washoe County. Chair Duerr wondered if he was talking about the 0.54 percent tax to fund the TMFPD. DDA Ross said yes and explained that regardless of what the percentage was and whether it was sales tax or property tax, the item under consideration referred to the percentage of the assessed tax valuation on the ad valorem tax levied. Chair Duerr asked Member Mayberry if he happened to know what the property tax rate was for TMFPD. Member Mayberry said the TMFPD rate was a 0.54 percent property tax. Chair Duerr asked if it was an override that was only taxed to unincorporated Washoe County residents on top of the 0.365. Member Mayberry thought that it was within the 3.64 and was only levied for properties in unincorporated Washoe County. He believed it fell under thresholds.

Chair Duerr hypothesized a scenario in which Reno City, which was already in a 0.366 percent tax rate, would do a 0.54 percent tax. She asked if Reno City would have to go to the voters in order to do that and if the rate would be incorporated at the DMC. DDA Ross said he did not have the process of the overlapping tax rate in front of him, but affirmed the DMC would have to rank the priorities to stay under that threshold. Chair Duerr said public safety was one of those priorities. She noted that, up until now, it had been a far-off consideration because, although the DMC had been prepared to make decisions like that, it had not had to in the ten years that she was part of the DMC.

DDA Ross explained that if any municipalities had requests that would cause the overlapping rate to be exceeded, they would first have to work together to try to figure out how to stay under that threshold. He said, if necessary, it was possible to get a negotiator. He advised steps would be taken behind the scenes, which included the municipalities working together to arrive at a solution before matters were escalated to the DMC.

Chair Duerr asked for a reminder of the three categories specified in the NRS. DDA Ross stated the three categories were public safety, education, and health. He added everything other than those three was considered non-essential. He offered that in the past, the DMC had supported a motion to establish public safety, health, and education facilities and services as essential, with all having equal priority, and to establish other facilities and services as not essential. Chair Duerr asked if anybody thought another category was needed. She remarked there were many other services supported by the County, like Parks and Recreation, Social Services, and the Public Guardian that were not covered by the three categories listed in NRS. She noted Northern Nevada Public Health (NNPH) was its own separate agency and wondered if some of the services she listed might be considered public safety or health.

DDA Ross responded that additional categories could theoretically be important if entities were looking for bonds related to other services. He said bonds were typically requested for broad purposes, like the proposal for constructing and updating schools that the DMC considered earlier in the meeting. He acknowledged there were more narrow requests occasionally, for example, to build a specific fire station. He recalled requests had historically been easy to address within the existing DMC frameworks and categories. He did not recommend the DMC delve too deep into details of what was considered essential or not, because projects were usually much larger in scope.

Chair Duerr asked if DMC members were satisfied with the established categories.

Member Bonnenfant queried whether it was up to DMC members to decide what fell within those three categories.

DDA Ross said he did not think the NRS defined specific examples of what constituted those three categories; he thought it was within the discretion of the DMC. He restated that the municipalities tried to work out solutions before escalating matters to the DMC. He advised he could consult Chapter 350 of NRS to clarify the category definitions further, if it was the desire of the Commission.

Chair Duerr recalled historical differences of opinion about public needs, including the consolidation of Animal Services.

There was no response to the call for public comment.

Member Mayberry asked for a very plain explanation of what the DMC was trying to achieve with Agenda Item 6.

Chair Duerr divulged that other DMC members had received in-depth training prior to Member Mayberry joining the Commission.

DDA Ross explained the statutory requirement in NRS 350 to rank the priorities at the annual meeting of the DMC in August. He related it was possible to either renew the priorities as previously established or make changes. At the request of Chair Duerr, he elaborated to say the rankings established by the DMC became important if a proposal affected the overlapping tax rate. He noted it did not happen frequently, and was unlikely to, but the DMC evaluated the rankings every August just in case. Member Mayberry asked if it was possible for the DMC to choose which agencies they were going to rank. DDA Ross responded that the DMC ranked services and facilities, not individual agencies. Chair Duerr provided the example of Animal Services and guessed the tax rate was maxed out at the time when that project was being considered. DDA Ross affirmed that was the case. Chair Duerr asked if he knew what had happened. DDA Ross stated that he reviewed materials from the prior year, but did not review the materials from the year when Animal Services was considered. He supposed that Washoe County and the Cities of Reno and Sparks had to work together to come under the overlapping tax rate to make it work. Chair Duerr informed the agencies that they had to figure out how to fund the new Animal Services proposal without raising taxes. DDA Ross confirmed that was correct. Chair Duerr asked Ms. Galassini if she recalled any more about the negotiations regarding Animal Services. Ms. Galassini advised that the matter was 20 years prior, and she had not been with the County at that time. Chair Duerr recalled that Washoe County and the Cities of Reno and Sparks were all operating animal services independently, and individuals came to feel a collaborative effort might be better, such as something similar to how the Washoe County Library System worked together. DDA Ross agreed with that summary. He said the Washoe County School District's (WCSD) presentation was a good example of how an entity would outline plans to repay proposed bonds within existing rates. Alternately, he supposed it would be possible for an entity to acknowledge their proposal would affect the overlapping tax rate and, for example, provide letters of agreement with other municipalities to demonstrate the arrangement they worked out.

Chair Duerr remarked there were times when agencies disagreed and had a hard time proving their case to one another, particularly when they wanted to do new things. She said the DMC was called on to be the arbiters at those times, and she theorized the consolidation of fire services could bring up disagreements about how to rank public needs. She reasoned controversy was probable when funding sources were unclear and when some entities were already at their cap.

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

24-026D **AGENDA ITEM 7** 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 nonessential 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 (DDA) Trenton Ross advised the Debt Management Commission (DMC) was required by Nevada Revised Statutes (NRS) 350.0155(1) to specify a percentage threshold at the annual meeting in August. He stated that if the established percentage of the combined property tax rate was exceeded, it triggered the duty of the DMC to weigh the public need served by the proposals. He said the percentage could be set between 75 percent and 100 percent, and he shared that the DMC had opted to set it at 90 percent each year since 2001. He noted setting the threshold at 90 percent gave some leeway to the outlying areas, specifically some of the general improvement districts (GIDs). He restated that the Cities of Reno and Sparks were already at 100 percent, and reasoned it was useful to have space to consider proposals that came in. Chair Duerr asked what would be triggered at 90 percent. DDA Ross replied that exceeding 90 percent would cause the DMC to evaluate the public need served by proposals received. He added that the DMC would use the priorities set in Agenda Item 6 to inform that evaluation.

Chair Duerr cautioned that setting the percentage too low would result in excessive discussion by the DMC.

There was no response to the call for public comment.

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

24-027D **AGENDA ITEM 8** Review and accept the following 2024 Annual Reports from all Washoe County political subdivisions:
a. Debt Management Plans
b. Indebtedness Reports
c. Capital Improvement Plans

Chair Duerr explained that 21 entities submitted annual reports of varying lengths. County Clerk Jan Galassini noted all entities submitted reports in 2024, which Chair Duerr remarked was rare. They both acknowledged the work of the Clerk's Office Board Records and Minutes Manager Evonne Strickland for successfully gathering all the reports. Chair Duerr asked Deputy District Attorney (DDA) Trenton Ross to verify her understanding that the Debt Management Commission (DMC) expected to receive annual reports from all 21 entities and that if entities wanted to issue debt, they would share that intention with the DMC. She also asked him to provide details about a number of entities on the list, including the Reno-Tahoe Airport Authority (RTAA) and the Truckee Meadows Water Authority (TMWA), and describe what degree of autonomy they had outside of the jurisdiction of the DMC. DDA Ross and bond counsel Ryan Henry from Sherman & Howard, LLC, responded to Chair Duerr's queries. DDA Ross offered to look further into any areas Chair Duerr wanted more detail about.

There was no response to the call for public comment.

On motion by Member Severt, seconded by Member Herman, which motion duly carried on a 6-0 vote with Member VanderWell absent, it was ordered that Agenda Item 8 be accepted.

24-028D **AGENDA ITEM 9** Discussion and possible action to set dates/times for DMC meetings for 2024/25 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 1:00 p.m.

Friday, November 8, 2024
Friday, January 17, 2025
Friday, February 21, 2025
Friday, May 16, 2025
Friday, August 15, 2025

County Clerk Jan Galassini noted that if conflicts arose that would prevent a quorum, it was helpful for her to know as soon as possible.

Chair Duerr said there might be new Debt Management Commission (DMC) members in early 2025.

There was no response to the call for public comment.

On motion by Member Mayberry, seconded by Vice Chair Salazar, which motion duly carried on a 6-0 vote with Member VanderWell absent, it was ordered that the dates for the future Debt Management Commission meetings be set for Friday, November 8, 2024; Friday, January 17, 2025; Friday, February 21, 2025; Friday, May 16, 2025; Friday, August 15, 2025.

24-029D **AGENDA ITEM 10** Approval of minutes for the regular DMC meeting of May 17, 2024. Commission members may identify any additions or corrections to the draft minutes as written.

There was no response to the call for public comment.

On motion by Member Severt, seconded by Member Herman, which motion duly carried on a 6-0 vote with Member VanderWell absent, it was ordered that Agenda Item 10 be approved.

24-030D **AGENDA ITEM 11** Status update from Commission members regarding potential upcoming bond proposals from the entities within the Debt Management Commission's purview.

Chair Duerr informed that she was not aware of any potential upcoming bond proposals from the City of Reno. She divulged that the city issued a number of bonds for some large projects, and she was happy to report that one of those bond-funded projects, the new public safety center, opened the prior day. She said the city used an existing building and kept the exterior, added solar panels, made some earthquake stability improvements, and completely redid the interior of the building. She reasoned that using an existing building saved money, and because it was a steel building from the 1980s, the reuse and recycling of materials was also good from a sustainability standpoint. She advised that people were moving into the building the rest of the week, and it would officially open in October. She offered that the building featured a space that was available for community meeting use. She shared that the city would be celebrating the opening of the Moana Springs Community Aquatics and Fitness Center the next week. She disclosed that project was funded by another bond the city issued. She stated that the project was completed, and the city was offering tours. She said the ribbon cutting would be Tuesday, September 3, 2024, at 1:30 p.m., and invited Debt Management Commission (DMC) members to attend. Chair Duerr spoke about the features of the new facility and added that if anyone wanted to use the pool in the next couple of weeks, limited reservations were being accepted. She reported the city was anticipating tight budgets and did not expect any bond proposals in the next two years.

Member Mayberry remarked on the impact of a 2016 ballot measure, Washoe County Question 1 (WC1), which generated funding to build new facilities and ensure students in lower socioeconomic areas had equitable access to high-quality facilities. He said Procter R. Hug High School was an example of that and thanked the DMC for their role in approving the funds. He did not expect the Washoe County School District (WCSD) to have additional funding requests for a while.

Member Bonnenfant advised she did not have any potential bond proposals to report.

Member Herman stated she was not aware of any County plans to issue bonds.

Member Severt disclosed that the Sun Valley General Improvement District (GID) was close to paying off two bonds and was not looking to reissue anything.

Vice Chair Salazar did not have any bond proposals to report.

Member Mayberry shared there would be school openings in the fall of 2025. He said Stead Elementary and the other rebuilds were a few years away from opening.

24-031D **AGENDA ITEM 12** Board Member Comments.

Chair Duerr asked County Clerk Jan Galassini if she had any recommendations for the Debt Management Commission (DMC). Ms. Galassini recalled a discussion about inviting the Gerlach General Improvement District (GID) to present. She noted the drive from Gerlach was two hours each way and requested input from the Board about having a representative from the Gerlach GID conduct their presentation via Zoom. Board Records and Minutes Manager Evonne Strickland advised that she had email contact with a Gerlach GID representative, and they expressed concern about traveling to Reno to present at a DMC meeting. She said she would reach out to them to see if they were available to present virtually in November. She recalled that at the DMC meeting in May 2024, Truckee River Flood Management Authority (TRFMA), Reno Redevelopment Agency (RDA), and Verdi Television (TV) District were all suggested as possible presenters.

Chair Duerr liked the idea of a presentation from TRFMA. She theorized they would have a lot to report on and disclosed she was going to a celebration the following week of a TRFMA project in Nixon. She divulged a recent conversation about the RDA. She said conversations were occurring about restarting, but there was currently no infrastructure and no advisory board. She informed that the RDA had just voted to approve an application form for organizations who wanted to work with them on projects. She did not think the RDA was in a position to discuss their finances yet. She stated there was no new data yet, but she mentioned they had started generating new tax statements in the last two years. She projected they would be ready to present within a year.

Chair Duerr remarked that she said she did not know much about the Verdi TV District and asked if anyone could speak about them. Ms. Strickland observed it was the general consensus that nobody knew much about them, and said she would reach out, though she noted it was somewhat difficult to obtain reports from them. Member Severt added she was not aware of any meetings they had held, and Member Herman advised she had never heard from anyone with Verdi TV District.

Ms. Galassini asked Chair Duerr to confirm that Gerlach GID and TRFMA were the preferred presenters for November, which she did.

Member Severt spoke about the indoor pool complex in White Pine County and thought the new Moana Springs Community Aquatics and Fitness Center superseded it. She said it was nice to have an indoor facility.

Member Severt shared that she worked in the North Valleys and had heard lots of positive comments about William O'Brien Middle School. She opined the parking area was markedly better and she liked that people could pull up and watch their kids play rather than having everything blocked from view. She noted the improvements to the traffic pattern, pickup area, and overall safety with the new location.

24-032D **AGENDA ITEM 13** Public Comment.

There was no response to the call for public comment.

* * * * * * * * * * *

2:25 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
Heather Gage, Deputy County Clerk