

WASHOE COUNTY DEBT MANAGEMENT COMMISSION

FRIDAY

1:00 P.M.

JANUARY 17, 2025

PRESENT:

Naomi Duerr, Reno City Council, Chair
Jeanne Herman, Washoe County Commissioner, Member
Adam Mayberry, Washoe County School District, Member
Dian VanderWell, Sparks City Council, Member
Susan Severt, GID Representative, Member*
Eugenia Bonnenfant, At-Large Member**

Janis Galassini, County Clerk
Trenton Ross, Deputy District Attorney

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:

25-003D **AGENDA ITEM 3** Public Comment.

There was no response to the call for public comment.

25-004D **AGENDA ITEM 4** Oaths of Office, as necessary, for any new Commission members appointed by the Washoe County Commission, Reno City Council, Sparks City Council, or the Washoe County School District Board of Trustees.

Chair Duerr inquired whether all those present had been reappointed to the Debt Management Commission (DMC). Member VanderWell stated the Sparks City Council had not yet determined the matter. Chair Duerr commented that the Reno City Council had reappointed her to the DMC; however, she was unsure whether her term on the Commission had ended. County Clerk Jan Galassini stated that the members remained on the Commission until someone else was appointed by their respective entities.

Ms. Galassini administered oaths of office to Reno City Councilwoman Duerr and Washoe County Commissioner Herman.

Chair Duerr questioned if the members were reappointed because their terms had expired. Ms. Galassini responded that when the Reno City Council designated Chair Duerr as their representative on the DMC, she was effectively appointed.

Deputy District Attorney (DDA) Trenton Ross stated he would review the term limits; however, he noted that the DMC met in January every other year to acknowledge the appointments as determined by the members' respective boards. Board Records and Minutes Division (BRM) Manager Evonne Strickland notified the Commission that she received an email apprising her of Chair Duerr's reappointment to the DMC.

Member VanderWell stated the Sparks City Council would not appoint anyone to the DMC until they met on January 27. Ms. Galassini commented she would be prepared to administer the oath to Member VanderWell when the DMC met again in February. She questioned whether Member Mayberry had been reappointed to the Commission by the Washoe County School District (WCSD) Board. Member Mayberry opined this would be his last meeting with the DMC. Chair Duerr said she was sad to hear this news as it took some time for members to become familiar with the Commission.

25-005D **AGENDA ITEM 5** Acknowledgment of Election of General Improvement District (GID) representative OR resolution of tie by lot per NRS 350.0115, as applicable.

Chair Duerr declared that she had been on the Debt Management Commission (DMC) for ten years and recalled when playing cards were drawn to break a tie for the General Improvement District (GID) seat. County Clerk Jan Galassini noted the last time that happened was in 2018. She commented the playing cards would not be needed this time. Ballots were sent to each GID, and only two nominations were received, both for Susan Severt.

There was no response to the call for public comment.

On motion by Member VanderWell, seconded by Member Mayberry, which motion duly carried on a 4-0 vote, it was ordered to acknowledge Susan Severt as the appointed member representing the General Improvement Districts.

25-006D **AGENDA ITEM 6** Oath of Office for the Commission member appointed by the General Improvement Districts.

County Clerk Jan Galassini administered the oath of office to Member Severt.

*Member Severt formally assumed her seat on the Commission.

25-007D **AGENDA ITEM 7** Discussion, possible interviews, and appointment and/or re-appointment of applicants for two At-Large committee positions with terms to expire December 31, 2026. Applicants include L. Donald Christensen, Brian E. Erbis, Thomas B. Courson, and Eugenia Larmore.

Chair Duerr stated she was familiar with Ms. Eugenia Bonnenfant as she had served on the Debt Management Commission (DMC) for the past two years. County Clerk Jan Galassini advised that Ms. Bonnenfant's last name was incorrectly listed as Larmore on the agenda. Chair Duerr noted Ms. Bonnenfant was in attendance and Mr. Erbis was attending the meeting via Zoom.

She asked if any other applicants were on Zoom and if all the candidates had submitted applications. Board Records and Minutes Division Manager Evonne Strickland stated that no other candidates were in attendance and confirmed that all of them had submitted applications. Ms. Strickland displayed each application on a screen while Chair Duerr read each aloud.

Chair Duerr asked Ms. Bonnenfant to address the members regarding her qualifications and desire to serve on the DMC. Ms. Bonnenfant noted her qualifications were listed in her application. She said she believed in the goal of the DMC and enjoyed working with everyone in the past. She hoped to continue on the Commission but recognized that the other applicants were also very experienced and qualified. Chair Duerr questioned whether Ms. Bonnenfant had experienced conflicts of interest while working as a consultant for local governments. Ms. Bonnenfant said there had never been any conflicts of interest. She clarified that she primarily worked with developers to prepare fiscal impact studies required by local governments. She further explained the studies were required for annexation and zoning changes, as well as for projects that exceeded a certain amount of acreage. She presented to local governments on behalf of developers and was not employed by a local government. Chair Duerr thanked Ms. Bonnenfant for her past service and presence at the meeting.

Mr. Erbis was present on Zoom, though it was noted he was traveling by car in a rural area. Chair Duerr asked him to speak about his background in finance and debt issues and his interest in serving on the DMC. Mr. Erbis said he was a retired New York City police detective specializing in financial crimes investigations. He was also a certified board examiner and believed in fiscal conservatism. He thought it was obvious that governments needed to rein in spending as it was the socially responsible thing to do.

Chair Duerr explained that the DMC considered debt and adhered to strict guidelines specified in Nevada Revised Statutes (NRS) and County Ordinances. She cited a hypothetical example involving the City of Reno's interest in building a pool despite not having the budget. In this scenario, she said the City of Reno might decide to obtain a bond and would present its proposal to the DMC. She explained the DMC would consider whether approval of the bond would result in exceeding the \$3.66 tax cap. If so, the Commission could deny the request or undergo a process for conflict resolution. If it were determined the tax cap would not be exceeded, the DMC would be obliged to approve the request. She explained that members were allowed to ask questions about why a body wanted to go into debt; however, they were not permitted to opine about those reasons. Mr. Erbis stated he believed in examining the facts presented and not weighing in on personal biases. In response to questions about how long he had lived in Washoe County and whether he had served on any other local boards, Mr. Erbis stated he had not served on any other boards but had applied for several. He said he also applied for the County's Leadership Academy. He said he had lived in Washoe County for six and a half years; however, he had been visiting Washoe County and the Carson City area for approximately 20 years. He commented that he had friends in the area and that his son was a Washoe County School District (WCSD) student. Mr. Erbis maintained his desire to serve the local government and the citizens of Washoe County.

Chair Duerr asked for further review of Mr. Christensen's and Mr. Coursen's applications. Ms. Galassini read both applications aloud. Member Mayberry stated his top choices

were Mr. Christensen and Ms. Bonnenfant; however, he thought something was to be said for people who showed up for a meeting. He acknowledged Mr. Erbis' presence and stated he was ready to make a motion to appoint Ms. Bonnenfant and Mr. Erbis.

Chair Duerr recalled a past member who possessed an extensive financial background and served on the DMC for many years. Ms. Galassini commented that the individual chose not to apply for the At-Large position that year. Chair Duerr remarked that the DMC was an arcane committee with a unique set of rules that required an understanding of State law. For this reason, it took considerable time to get up to speed. She noted that since she had been Chair, the DMC had been undergoing study by having agency representatives give presentations at their meetings.

Member VanderWell recognized that familiarity with the Nevada Revised Statutes (NRS) was necessary to be an effective member of the Commission. However, she agreed with Member Mayberry regarding the impact of attending the meeting. She commented on Mr. Erbis' experience as a licensed private investigator. She stated her belief that he was knowledgeable regarding NRS and federal laws due to his experience investigating financial crimes. She thought he would bring a different perspective to the DMC.

Member Severt stated Ms. Bonnenfant possessed a wealth of knowledge and had been on the Commission before. She said she valued her opinions.

Member Herman stated she was also in favor of appointing Ms. Bonnenfant.

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 5-0 vote, it was ordered that Ms. Bonnenfant and Mr. Erbis be appointed to the Commission.

Chair Duerr inquired whether the new members could immediately take their seats on the Commission. County Clerk Jan Galassini responded that the new members could take their seats as soon as they had taken their oaths. Chair Duerr asked if Mr. Erbis could take his oath virtually. Deputy District Attorney (DDA) Trenton Ross responded that he could not since it was required to sign the oath. Ms. Galassini noted the next meeting would take place in February; however, Mr. Erbis could arrange to meet with her before then to take his oath. Chair Duerr welcomed Mr. Erbis to the DMC and said she looked forward to his wisdom and input.

25-008D **AGENDA ITEM 8** Oaths of Office for At-Large Commission members.

County Clerk Jan Galassini administered the oath of office to Eugenia Bonnenfant.

**Member Bonnenfant formally assumed her seat on the Commission.

25-009D **AGENDA ITEM 9** Presentation of the Gerlach General Improvement District's debt position.

Chair Duerr remarked that since she had become Chair of the Debt Management Commission (DMC), the Commission had requested presentations from various entities, especially those that foresaw the potential need to incur debt within the next few years. She said she appreciated the representatives of the Gerlach General Improvement District's (GGID) attendance at the meeting and said she looked forward to what they had to say.

GGID Office Manager Susan Jackson and Public Works Supervisor Russell Bierle introduced themselves. Chair Duerr mentioned that presentations to the DMC were typically shown in a specific format and asked if the Clerk's Office provided them with an example. Ms. Jackson stated that the document they prepared was sent to the Commission. Mr. Bierle noted that there were no visual aids to display; there was simply a two-page report. Chair Duerr asked for that document to be displayed on the screen.

Ms. Jackson noted a correction to the report regarding a \$470,000 United States Department of Agriculture (USDA) loan, saying the GGID made a \$50,000 payment in 2018 and a \$40,000 payment in 2020. She said the loan would be fully repaid in 2038, although the report mistakenly reported the loan would be paid in 2029. After some discussion about the size of the report displayed on the screen, Member VanderWell asked that the Commission be provided with paper packets of meeting materials in the future.

Ms. Jackson said the Gerlach Improvement Association was formed when the railroad gave the town of Gerlach to the association. Later, the association was dissolved, and the GGID was established. Five elected members served on the GGID Board of Trustees, and there were four employees. She explained Mr. Bierle was the Public Works Supervisor and supervised two part-time employees, while she was the Office Manager.

Ms. Jackson informed the Commission that Gerlach's water was supplied by two large springs located on Granite Mountain, and the facilities had approximately 19 miles of pipeline. At one point, she said, Gerlach had the only ion exchange treatment plant in the State, though she believed Truckee Meadows Water Authority (TMWA) was ultimately forced to install one as well. She explained the treatment plant was the reason the GGID had to maintain reserve accounts that were held at the State Treasurer's Office.

Chair Duerr said she found it interesting that Gerlach had two springs, 19 miles of pipeline, 156 water hook-ups, and 120 residents year-round because it gave the Commission a sense of the size and complexity of the GGID organization.

Ms. Jackson said all the occupied properties had water meters, and water use was charged at water meter rates. There were various meter sizes, including one 3-inch meter that serviced a Bureau of Land Management (BLM) facility. She mentioned the water rates were determined in 10,000-gallon tiers, starting at \$39.20 for the first 10,000 gallons. The next \$10,000 gallons would cost an additional \$8.00, and so on, until usage reached the 40,000-gallon mark. At that point, the rate would remain consistent, with water usage being charged at about \$16.00 per 10,000 gallons. She explained that previously, the vacant properties in town were not being charged anything, so the Board of Trustees instituted system obligation fees of \$24 per month. She further expounded by saying the Board hoped the fee would encourage people to either develop

their vacant lots or sell them to someone who wanted to live in the area. She clarified that one of the town's biggest issues was that there was nowhere to live in Gerlach as all the available property was occupied.

Regarding the GGID's debt, Ms. Jackson said the only debt they were currently servicing was the \$470,000 they had borrowed from the USDA to line their sewer ponds in 2009. An annual payment of \$24,703 was made via monthly installments. She said there had been two principal paydowns, one in 2018 and another in 2020, which meant the loan would be fully paid off in 2038 rather than in 2045.

Ms. Jackson said the GGID also put reserves in their local government investment pool (LGIP) accounts with the State Treasurer's Office for their sewer pump, short-lived assets, and capital improvements. She said those contributions were made monthly, and she was responsible for ensuring those accounts were adequately funded.

One of the biggest issues in town, Ms. Jackson explained, was the Burning Man festival. She said Gerlach sold water to festival participants, which accounted for about half the town's water-related income. She stated that Mr. Bierle would discuss some of the other projects they were working on; however, she wanted to mention that the GGID received funding from the State Revolving Fund to replace all the meters and service saddle clamps, and to replace the sewer line that ran underneath the railroad. She explained those lines were starting to collapse due to the weight of the rail cars moving over them.

Mr. Bierle stated the GGID's upcoming projects included the restoration of one of the springs that supplied the town's drinking water. He said the spring was last worked on during the mid-1980s, and he expected the project to be fully funded by principal forgiveness loans from the State Revolving Fund. This meant it would not impact the GGID's debt profile. Additionally, they were planning a wastewater capacity increase project, which would also be funded by the State Revolving Fund, though some of the preliminary engineering work would be funded by a Community Development Block Grant (CDBG) they received the previous year. The GGID had also been working in cooperation with Washoe County on renewable energy projects. They were exploring the addition of a local microgrid and a solar array but had not yet committed to any expenses.

Chair Duerr commented that a lot was going on in the small town and it seemed to her that Gerlach had benefitted from State and federal largesse in terms of the State Revolving Fund. She said she noticed there had not been any mention of the Assembly Bill (AB) 198 grant. She explained this was of particular interest to her because she used to be an administrator of that program. She said she was thrilled that such a program existed to help small communities come into compliance with Safe Drinking Water Act requirements. She had been proud to work all over the State, and she thought Gerlach was a prime example of the kind of community the program was designed to help. She remarked that between the water grants and the revolving loans, it seemed the GGID enjoyed a fair amount of forgiveness on their loans.

Ms. Jackson remarked that her report mentioned that the AB198 grant helped to fund the ionic exchange treatment plant. She said the GGID had to maintain reserves in the State Treasurer's Office so they could replace the plant and the water meters when it was time to do so.

Chair Duerr said she was one of the first administrators of the AB198 grant. She recalled that the grant had increased twice; it started at \$25 million, then increased to \$60 million, and finally rose to \$120 million when she was involved. She remarked that the grant had further expanded since then. She commented that one of the things they considered once a grant was provided was whether the entity would be able to take care of and replace their projects when it was time. She said she appreciated the information about the GGID's reserves. She asked if they anticipated that any of the mentioned projects would rise to a level that would require DMC approval.

Mr. Bierle did not think there was any reason to believe they would exceed the assumed costs to the extent that they would incur debt; however, one of the projects was a spring restoration, which could be tricky. He explained they would not know what was happening with the spring until they dug it up. The assumption was that the collection apparatus had been clogged with root intrusions, which was considered normal wear and tear for that type of installation. However, there was a chance they would find the natural output of the spring had decreased for geological reasons. At that point, he said, they would have to go back to the drawing board. Chair Duerr commented it was possible the GGID would need to appear before the DMC if they received bad news about the spring. Mr. Bierle responded that he sincerely hoped that would not be the case.

Chair Duerr stated that when she was the head of the AB198 grant program, she was the State Water Planner and spent a lot of time looking at future water supplies. She knew that springs were quite sensitive and said an issue with the spring would be interesting for Gerlach since it was in a remote location and had an independent water system. She noted Washoe County was looking at turning treated effluent to a high enough standard for drinking water. She said if the technology worked as predicted, this could be a way for Gerlach to become self-sustaining if something were to happen to the spring. However, this would cost a lot, and she thought the GGID would have to bond for such a project.

Member VanderWell inquired about the GGID's annual budget, and Ms. Johnson stepped away from the meeting to retrieve the information. While waiting for Ms. Johnson to return, Chair Duerr recalled that in the past the Commission encouraged presenters to submit their reports in the format of a two-page spreadsheet. She requested the Clerk to provide information about that format to future presenters proactively. She stated her belief that such a spreadsheet would have been a helpful supplement to the GGID's report. She further requested the Clerk's Office to provide the Commission with paper meeting packets in addition to the digital information they received.

Once Ms. Jackson returned to the meeting, Member VanderWell reiterated her request for information regarding the GGID's annual budget. Ms. Jackson stated their approved budget for 2025 included an income of \$390,000 with expenses totaling \$494,000, of which \$106,000 was depreciation. They also had non-operating revenues of about \$89,000, which earned

interest. She explained those were the reserve accounts that were held in the State Treasurer's Office. She said they had earned \$55,000 in interest on those funds the previous year. She also mentioned there were non-operating expenses, which primarily consisted of the loan they were paying back to the USDA.

Chair Duerr inquired whether there were 126 residents in Gerlach. Ms. Jackson confirmed there were between 120 and 130 permanent residents, although there was a big influx of people in the summertime who worked for Burning Man. In response to a comment regarding the lack of space for growth, Ms. Jackson replied there were empty lots in Gerlach, but they were not available. The people who owned those lots lived out of town and were not developing the land, so no additional housing was available. Additionally, she noted Gerlach was surrounded by public land.

Chair Duerr said the DMC appreciated learning more about the GGID. She thanked Ms. Jackson and Mr. Bierle for their attendance and presentation.

25-010D **AGENDA ITEM 10** Review and accept the City of Reno's corrected 2024 Indebtedness Report and final C-1.

Board Records and Minutes Division Manager Evonne Strickland stated she received an email from the City of Reno stating the need to correct the Indebtedness Report they submitted to the Debt Management Commission (DMC) on August 16, 2024. The correction was on the 2018C Subordinate Lien reTRAC Refunding Bond amount on the C-1 and the Revenue Bonds amount listed on Page 2 of their Indebtedness Report. Chair Duerr asked if there was any further explanation regarding the correction and was informed no further information had been provided. Chair Duerr requested that the Clerk's Office ask entity representatives to come forward and explain these types of corrections at future meetings. She said the City of Reno's reTRAC project was large, and because of that, it would have been preferable for someone to come and provide an explanation about the correction.

There was no response to the call for public comment.

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

25-011D **AGENDA ITEM 11** Approval of the minutes for the regular DMC meeting of August 16, 2024.

There was no response to the call for public comment.

On motion by Member VanderWell, seconded by Member Severt, which motion duly carried on a 6-0 vote, it was ordered that Agenda Item 11 be approved.

25-012D **AGENDA ITEM 12** Board Member Comments.

Chair Duerr explained this was an opportunity for the commission members to request and discuss any future agenda items they would like to see. It was also a chance to review which entities had presented to the Debt Management Commission (DMC) in the past and make requests for future presentations.

County Clerk Jan Galassini commented that oaths of office would be administered to the members representing the City of Sparks and the Washoe County School District (WCSD) Board of Trustees at the next meeting, which would be held in February. Additionally, there would be an agenda item for the election of the DMC’s Chair and Vice-Chair. She informed the Commission about past presentations, which included those from Washoe County, Gerlach, Sun Valley, the Washoe County Assessor, the WCSD, the Truckee Meadows Fire Protection District (TMFPD), the Reno-Sparks Convention and Visitors Authority (RSCVA), and Truckee Meadows Water Authority (TMWA).

In response to Chair Duerr’s inquiry, Ms. Galassini stated the City of Reno had not presented to the DMC since 2020. Chair Duerr preferred that the City of Reno come forward with another presentation. Member VanderWell requested that the City of Sparks do the same. She asked if the Reno-Tahoe Airport Authority (RTAA) had ever been invited to a DMC meeting. Deputy District Attorney (DDA) Trenton Ross explained the RTAA was not under the DMC’s purview and further stated that any debt requests from the RSCVA would be included in bond proposals put forward by Washoe County. Ms. Galassini reminded the Commission that the RSCVA had given a presentation in 2021. Member Severt mentioned other General Improvement Districts (GIDs) could be called to provide a presentation, and Ms. Galassini said her office would contact them to see who was willing to do so.

Chair Duerr requested that Mr. Erbis meet with DDA Ross to get up to speed on the regulations that guided the Commission. She noted Mr. John Sherman was the former Chief Financial Officer (CFO) of Washoe County and had previously provided a presentation to explain the complex and nuanced set of ordinances and laws pertinent to the DMC. She thought it would be good for Mr. Erbis to become familiar with those things. She wondered if Mr. Erbis had served on any other boards subject to Open Meeting Law. Mr. Erbis expressed his understanding of Chair Duerr’s requests.

25-013D **AGENDA ITEM 13** Public Comment.

There was no response to the call for public comment.

* * * * * * * * * *

2:03 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
Catherine Smith, Chief Deputy County Clerk*