MINUTES OF THE CHURCHILL COUNTY DEBT MANAGEMENT COMMISSION

155 N. Taylor St., Fallon, NV 89406
August 18, 2021

Call to Order:

The regular meeting of the Debt Management Commission was called to order at 4:00 PM on August 18, 2021.

PRESENT:	Member Lynn Pearce, Chair
	Member Kelly Frost
	Member Alan Kalt
	Member Robert Erickson
	Member Christy Lattin
	Commissioner Gregory Koenig
	Deputy Clerk to the Board Pamela D. Moore
ABSENT:	Member Matt Hyde

Pledge of Allegiance:

The Pledge of Allegiance was recited by the board and public.

Public Comment:

Chairman Pearce asked if there was any public comment but there was none.

Verification of the Posting of the Agenda:

It was verified by Pamela D. Moore, Deputy Clerk to the Board, that the Agenda for this meeting was posted on the 11th day of August, 2021, between the hours of 1:30 and 4:30 PM at all of the locations listed on the Agenda, in accordance with NRS 241.

Consideration and possible action re: Approval of Agenda as submitted or revised:

Member Robert Erickson made a motion to approve the Agenda as submitted. Member Alan Kalt seconded the motion, which carried by unanimous vote.

Consideration and possible action re: Approval of Minutes of the meeting held on:

A- February 18, 2021.
The Minutes of the meeting held on February 18, 2021 are provided for the board's consideration and approval.
FISCAL IMPACT: N/A
EXPLANATION OF IMPACT:
FUNDING SOURCE: N/A

ACTION REQUESTED: Accept

Member Kelly Frost made a motion to approve the Minutes of the meeting held on February 18, 2021 as submitted. Member Robert Erickson seconded the motion, which carried by unanimous vote.

Consideration and possible action re: Submission of Debt Management Plans/Reports as required by NRS 350.0035:

A- Consideration and possible action re: Submission of Churchill County's Debt Management Policy, Indebtedness Report, and 5-Year Capital Improvement Plan.

The Churchill county Debt Management Policy, Indebtedness Report, and 5-Year Capital Improvement Plan are presented for the board's review and acceptance.

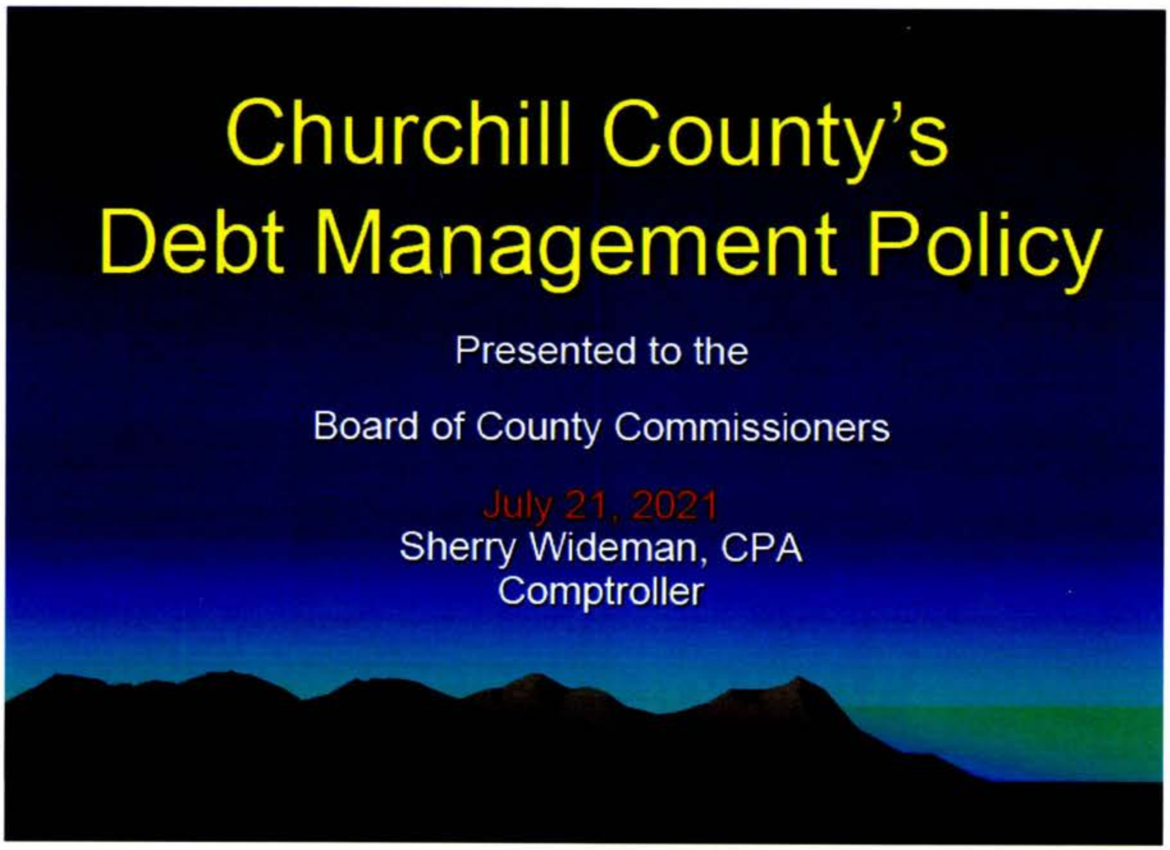
FISCAL IMPACT: N/A

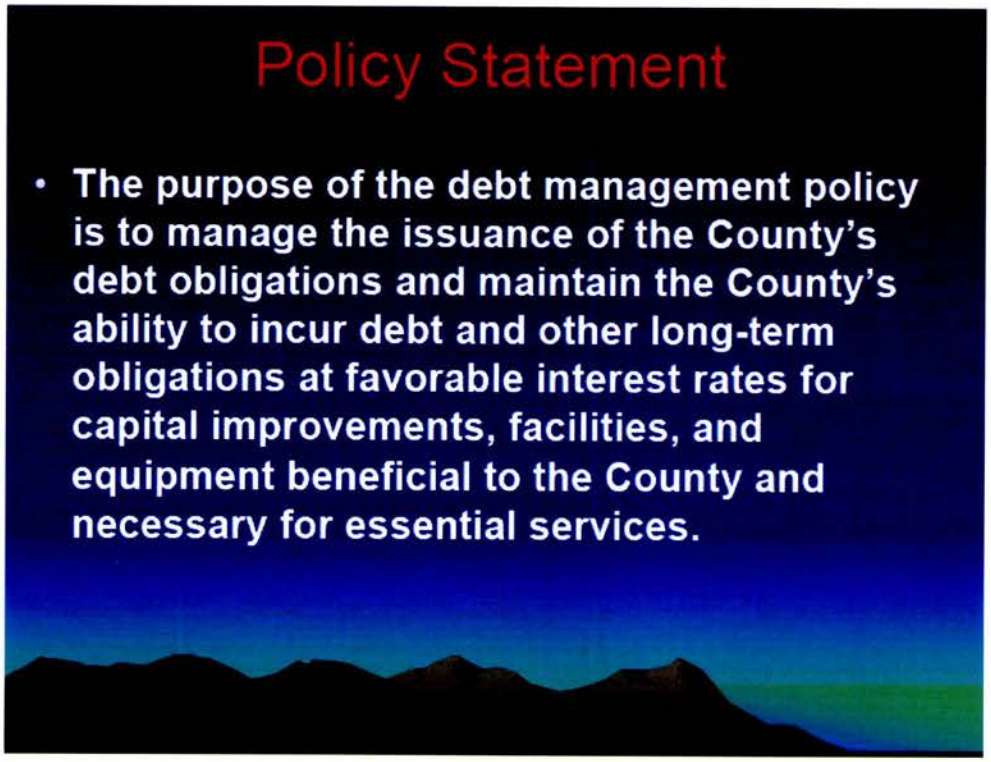
EXPLANATION OF IMPACT:

FUNDING SOURCE: N/A

ACTION REQUESTED: Accept

Comptroller Wideman had a PowerPoint presentation as follows:





Comptroller Wideman said we did get some debt this year. We got some debts for the new Civic Center because the rates were very low this year, so we got a revenue bond with the same revenues that we were paying the jail loans with and we will not have to add any more revenues that would be encumbered or pledged to any debt. Also, CC Communications went and got a loan this year, as well. They are using that for the new building. Their loan is 10 years and our new loan is 20 years.

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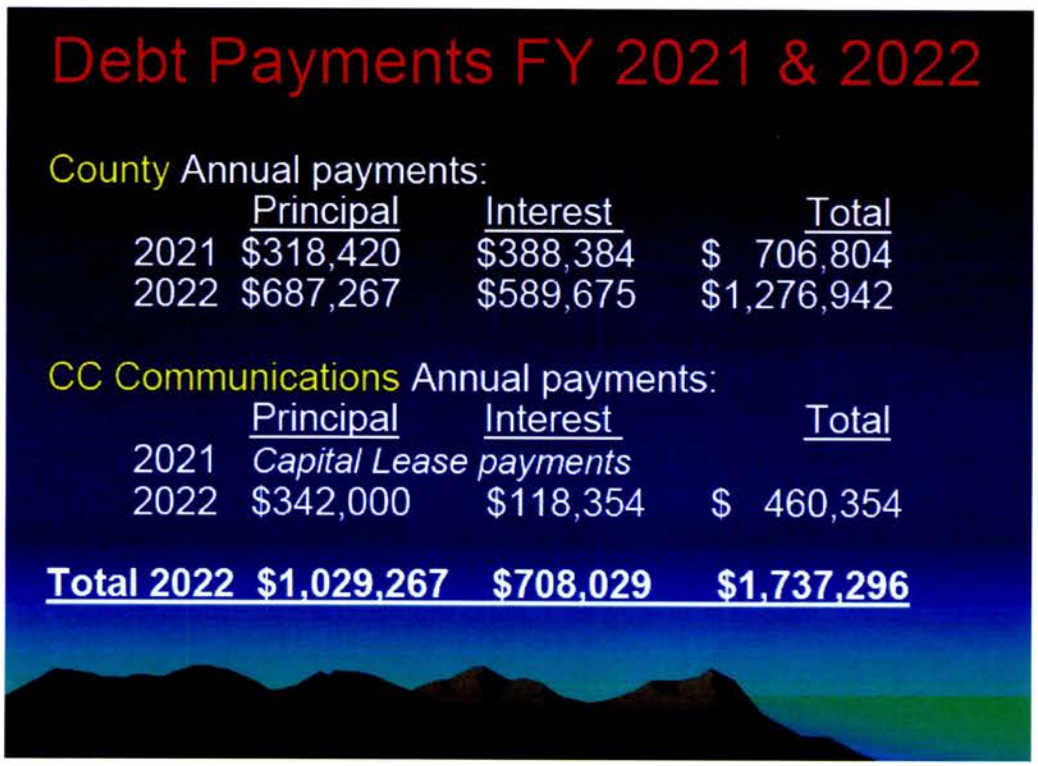
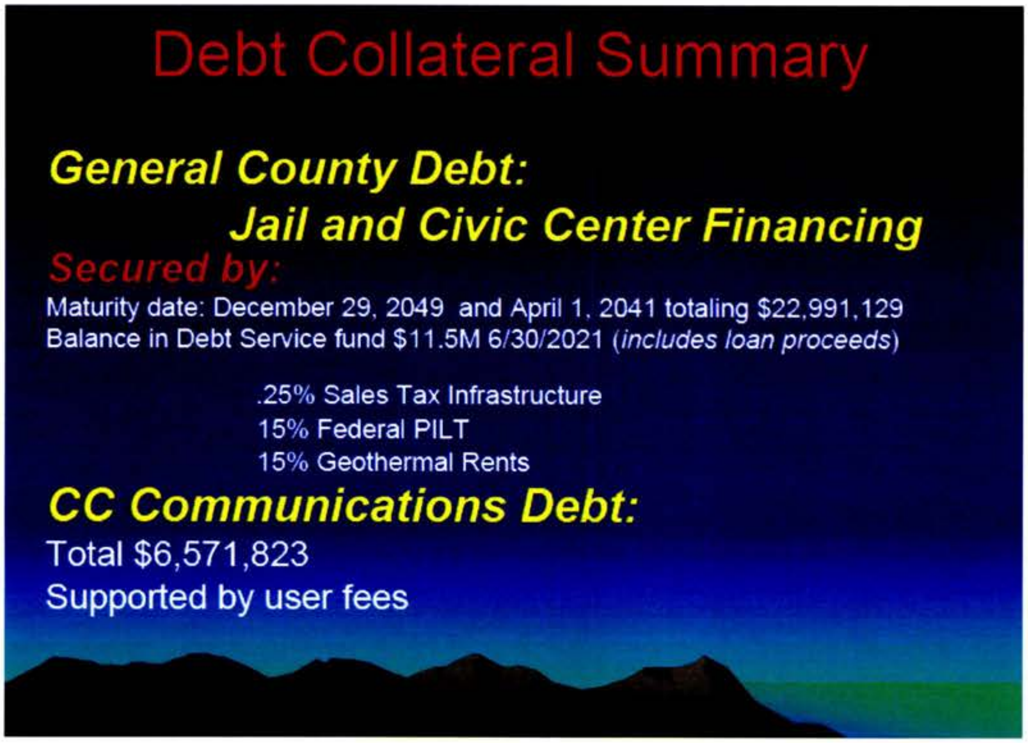
This slide shows our annual payments.





These are our possible future projects. They are not budgeted or approved by the Commissioners, at this point.

Member Kalt said to Comptroller Wideman how much is your General Obligation Bond debt?

Comptroller Wideman said we don't have any General Obligation Bond debt. All we have is Revenue Bonds. If they were to come after us if we didn't pay was those revenue streams, they could come to the whole revenue stream in its entirety because it is pledged for the bonds. Our total assets for the county are not pledged. As for CC Communications, it is the same thing. It is a Revenue Bond, which is their user fees. If they were not to pay, that would be the only thing they could come after.

Member Kalt said what is the property tax rate that Churchill County has that is budgeted as debt service for outstanding debt? Comptroller Wideman said we do not use any of the property tax dollars, we only use the revenue sources. Member Kalt said, so there is no General Obligation Debt because you don't have that source. Comptroller Wideman said that is right and if we did, we would have had to come and ask you first.

Chairman Pearce asked if there was any public comment but there was none.

Member Alan Kalt made a motion to accept the Debt Management Policy, Indebtedness Report, and 5-Year Capital Improvement Plan from Churchill County. Member Kelly Frost seconded the motion, which carried by unanimous vote.

B- Consideration and possible action re: Submission of the City of Fallon's Debt Management Policy, Indebtedness Report, and 5-Year Capital Improvement Plan.
The City of Fallon submits its Debt Management Policy, Indebtedness Report, and 5-Year Capital Improvement Plan for the board's consideration and acceptance.
FISCAL IMPACT: N/A
EXPLANATION OF IMPACT:
FUNDING SOURCE: N/A
ACTION REQUESTED:

Sean Richardson, City Clerk/Treasurer, made the presentation as presented.

The City oof Fallon's Debt Management Policy, Capital Improvement Plan, and Indebtedness Report was approved by the City Council on July 27, 2021. The reports discussed the outstanding and proposed debt of the city, its ability to afford such debt, and other items related to the issuance of bonds by the city. The city is comprised of 7 utility enterprise funds. The majority of debt obligations are related to the equipment needs and infrastructure for these utility funds. As of June 30, 2021, the city had general obligation debt of $9,078,841, which consisted of $2,021,398 of medium-term inter-fund obligation debt and $7,057,443 in general obligation revenue-supported debt. The revenue-supported debt includes one sewer bond and two water refunding bonds. In addition, the city has $268,644 in lease purchase obligations and a revenue bond related to our electric system of $5,560,000. With all of these obligations combined, the city has a total indebtedness of $14,907,485 as of June 30, 2021. To take advantage of the low interest rates this past year, the city refinanced its electric system revenue bond in August. We were able to lower the interest rate for that bond from 2.7% to 2.33%. The city expects to realize about $423,000 in savings over the next 12 years. Also, the city took out $2M medium term obligation bond, which paid off the lease obligation of our water vacuum truck that we purchased in FY20. We were happy to see that low interest rate. In addition, we are planning to use this to make renovations for our Public Works Building. We plan to build an FBO Building at the Airport and provide renovations at City Hall.

Over this fiscal year, the city has several capital purchases and projects planned. It includes, but is not limited to, general road improvements, renovations for the public works building, patrol vehicles, work trucks, continuing our electric meter replacements, a building at the airport, improvements for Maine Street and several miscellaneous water and sewer infrastructure projects. That is the current debt position of the city and the capital improvement plans for the city. I would be happy to answer any questions.

Member Kalt said how many pennies of that tax rate is used to pay off existing debt or could be used for future debts in your tax rate? Sean Richardson said we use no tax rate to pay off any debt.

Chairman Pearce asked if there was any public comment but there was none.

Member Alan Kalt made a motion to accept the Debt Management Policy, Indebtedness Report, and 5-Year Capital Improvement Plan from the City of Fallon. Member Christy Lattin seconded the motion, which carried by unanimous vote.

C- Consideration and possible action re: Submission of the Churchill County School District's Debt Management Policy, Indebtedness Report, and 5-Year Capital Improvement Plan.

The Churchill County School District's Debt Management Policy, Indebtedness Report, and 5-Year Capital Improvement Plan will be presented for the board's review and acceptance.

FISCAL IMPACT: N/A

EXPLANATION OF IMPACT:

FUNDING SOURCE: N/A

ACTION REQUESTED: Accept

Christi Fielding, Comptroller for the Churchill County School District, said, last year, as I was listening to the presentations, there was mention of refunding bonds due to lower interest rates. I took that back to our bond counsel. We had 2 bonds that were eligible for refunding and we started that process in October and, at that point in time, it was estimated it would save the district about $1.1M. We closed the refunding on March 2, 2020, with a savings of $1.5M in an almost unheard-of interest rate of .55%, so it was a really good investment of time and energy for the school district. This savings is spread over the life of the bonds but it represents a substantial savings. It was also PSF guaranteed, which allowed us to get the AAA long-term rating.

For some background of the finances, we have had some substantial changes in our funding. The Department of Education has put in place a new funding formula beginning July 1st and it is known as the Pupil Centered Funding Plan (PCFP). The changes that this encompasses, probably the largest change, is that all of our General Fund taxes from Ad Valorem, LSST, Vote

Registration, GST taxes, net proceeds, and franchise fees are now being paid directly to the Department of Education instead of to the school district. That money is being rolled into the PCFP and then it is distributed out as part of the per pupil amount, rather than us collecting taxes and then getting a slightly less per pupil amount. The other large difference was that they took almost $2M in our school district of previously grant-funded programs and rolled those into the PCFP funding model also. A big factor in that is our class size reductions, which is almost $1M, is now just part of the PCFP.

We, along with 14 other districts, were initially categorized as 'Hold Harmless' for the 22-23 biennium, which meant that we were guaranteed to not receive less than our 2019-2020 funding and the commission on school funding recommended to the Legislature that the PCFP be phased in over two biennium so that, in this first biennium, the property taxes would still come to the school district and then, in the next biennium, they would go to the Department of Education. That was the information we had when we created our final budget. Then the Legislature closed and they approved full implementation of the PCFP and our district, along with 7 other districts, fell out of the 'Hold Harmless' status, which has raised huge concerns statewide. There has been talk of a Special Session in September but we do not have anything concrete, at this point. As we stand right now, $25M of the $30M in potential funding is directly driven by student enrollment. Due to COVID and all of the still great-unknowns of what is going to happen, we have no idea what our budget is going to look like until we get our October 1st student count. The $30M potential funding, which is dependent upon maximum enrollment, also included portions for special programs for at-risk students. The Department of Education is still working through how we are supposed to categorize those expenses, so we don't even know how much of that is General Fund or Special Funds, as that is still up in the air.

The $2M in expenditures that we had in those grant funds have been transferred over to our General Fund. We are not able to get a straight answer from the Department of Education on whether that money is actually included dollar-for-dollar in the PCFP. Because of all of the unknowns, we chose not to do a revised final budget because we do not have answers to spend the time to do another pretend budget. We are choosing to be extremely cautious and conservative with any spending and will revise our budget in December when we, hopefully, have some more concrete information to base that budget on.

Our Capital Improvement Plan is robust. We have a never-ending list of repairs and multiple safety-based projects in the works. We continue to focus on one-to-one access with our students, especially with the unknowns from COVID and the possibility of them having to do online or remote learning. Our vehicles are in dire need of replacement. We are trying to replace 2 busses a year and replacing some of the vehicles in our white fleet to ensure that we have safe and reliable transportation for our students and faculty.

Our tracks, parking lots, sidewalks, and the middle school roof and entrance stairs are high-dollar repairs that we are looking at doing this year due to safety concerns. There is never enough money to do everything that needs to be done but we continue to place safety, student connectivity, and access as top priorities. Our students are the future of our community, so every educational opportunity that we can give them benefits not only them but our community as a whole.

Member Kalt said, of your property tax rate that is debt service, how much of that is needed to pay to service the existing debts and how much is going into pay-as-you-go and what is the forecast on those numbers? Christi Fielding said, as it stood at the end of 2021, if I am understanding your question, our debt service will cover 100%, plus there was an additional 5% in debt service at the end of FY21. We are hoping that it increases now because of the refunding that we did reducing our payments, going forward. We refunded the 2013 and 2019 and those will both be paid off in 2031, so we have 10 years where we will recognize that $1.5M savings. I don't know an exact dollar amount but I know we do have enough to meet our debt in full, with a small addition. Member Kalt said, if we could look at page 5 of 16, I apologize, I have not studied this comprehensively, but if I understand it correctly, it says Debt Service Fund for Property Tax Revenues for the 2020 audited, there was $3,922,432. For 2021, it is estimated at $4,066,126, and the 2022 budgeted is $ 4,466,524. So, if those are the revenues that the property tax debt rate generates, then I go to page 4 and it says the total outstanding debt service for 2022 is $2,838,220, so I guess the back of the napkin calculation it appears that there is $1.6M tax rate that is being collected and paid for by the residents to pay for other additional capital projects beyond the pay-as-you-go, is that correct? Christi Fielding said, in theory, that would be correct, however, that $4.4M is the dollar amount that we receive from the Department of Taxation but that is assuming 100% collection rate, which we have never seen. I have to budget the number that they provide to us, knowing that it is not a real number and knowing that amount is not what we are going to collect. Member Kalt said so are you going to collect $2.8M? Christi Fielding said we should. I would hope so. We should be fully covered in our debt. Member Kalt said are you confident that the audited number of $3.9M is an accurate number? Christi Fielding said yes. Member Kalt said, when I drive around town, I see more houses, not less houses, and more businesses, not less businesses, so that number based on assessed value is going to be greater than $3.9, probably, in the upcoming year. Is that a fair assessment? Christi Fielding said I am afraid to answer that with 100% certainty because of COVID. There are a lot of people not paying taxes. I would like to say that it is a fair assumption but given how people are paying their bills and based on their income and who is working, I have a hard time answering that. We did have reduced collections due to the pandemic but I don't have an exact percentage.

Member Kalt said, categorically, I have talked about this for years, that difference between what is required by statutes to extinguish the existing debt, that amount above that, there is question as to whether the taxpayers intended that to be used as a capital project/slush fund usage to pay for additional capital projects. I looked at the City of Fallon's Debt Management Plan and they want to do improvements to the restrooms, they need to get a generator in one of their buildings, they need to renovate the court and another building, they want to buy patrol vehicles, software for Spielman, radios for the Police Department, park infrastructure replacements, and the remaining list of items. The county has a similar list. I would argue that the city and county have similar needs to what your needs are, such as that laundry list that you just talked about that included buses, the white vehicles, and safety in the classroom, which is the same as the city having safety issues at the city facilities. One of the things that we talked about, which I tried to find in the Minutes on the website but failed to find it from last year's meeting, but the question becomes, is there a movement where maybe you would reapportion that rate? I think there was supposed to be a meeting between you finance folks to see if, in fact, maybe you could reapportion some of that rate. I asked the county and they do not have any property taxe rate to use for debt service. Mr. Richardson, like Mr. Cordes did over the years, said they don't have property tax rate to support debt, so there are projects that they don't have funding for and they are unable to do those projects without that funding source. There is a needed list that all these entities have, and Nancy will step up and tell us what the needs may or may not be for the Mosquito District, also. I just continue to raise that as an issue because, to find balance in the community, is important. It is important to address everyone's needs and their cooperation in using those limited resources that the taxpayers have to make sure that everyone has adequate, fair, and safe facilities. When law enforcement goes Code 3 on a 911 call, they need reliable vehicles. In the same way, it is important that we have safe busses to bring our children to and from school. I brought this up last year but it is the first time you have heard it. You did awesome last year and you are doing awesome this year. That is just a categorical concern that I have as someone who understands local government finances and understands community needs. They extend beyond the walls of the County Commission, the City Council, the Board of Trustees, and trustees of the Mosquito, Vector, and Noxious Weed Abatement District. Working together, we can achieve more and sometimes that might mean helping out a sister entity where there might be a need. Maybe Capital Improvements could help work with the Youth Club, which is serving some of the same constituents that you have. Those are just some principles that I think this committee is charged with - which is to make sure that the community needs are met, not just the needs of one entity. We just can't take care of one entity. We have to take care of everyone. Christi Fielding said you said that the city and the county don't have tax revenue. Do they not have tax revenue or do they not use it? Member Kalt said they do not have property tax rate that is designated as a debt service rate but the school district does. The school district has \$0.55, I believe it is and, if you do the back of the napkin calculation, you don't need that. As a matter of fact, your debt service is, Sherry what is an estimated penny worth of assessed value? About \$75,000, okay, so if you take \$2,8M divided by \$75,000, you need \$0.38 and you have \$0.55. So, if we say you needed \$0.40, because exactly what you said, you need that cushion in case you don't collect taxes because of COVID and people aren't paying their property taxes. So, you have that cushion of \$0.40, then you have \$0.15 available, so you turn around and say, of that \$0.15, maybe the brothers and sisters at the city, the county, and the special districts may need, let's make up a number, \$0.06 or \$0.08 or something, and then you guys keep an additional amount because you have that need, just like you said, you ticked off the list of those things that are needed outside of what the bonds are. That is a holistic approach, so that you for asking the question because it allows me to the opportunity to explain what I am talking about. In this scenario, there is \$0.18 but we will call it \$0.15 that could be used for debt service by the community, some of which might be outside the friendly confines of the school district. If the school district lowered that debt service rate to \$0.50, the city or county may work cooperatively or even all of these entities, which was what the suggestion for the meeting was, for you all to work together and determine that the city get \$0.03 and the county get \$0.02 or whatever. That would be up to the entities to determine what the best use of that allocation would be, while, at the same time, not "hurting" the school district because, clearly, there are projects that need to be done. That is the cooperative nature that I would suggest ought to be looked at.

Member Erickson said I would like to speak a little bit along the same lines as Alan. Of course, I am fairly new on the board but I have been involved in local government for a number of years around here. For the record, I think I can speak for the Mayor and City Council and all of the Commissioners, we have always supported when school bond issues went before the voters for specific projects. This community has always stepped forward and supported those bond issues. I cannot recall, in the years I have lived here, which is over 4 decades, a single school bond issue that didn't pass by a significant majority of the voters. The concept of rollover bonds came out of Clark County because of explosive population growth where they couldn't keep up with the number of demands and, therefore, it was done to allow the school district to issue more and more bonds and continue to roll them over to keep up with the demand for new schools without having to go to the voters each time. In the past few years, the bonds have continued to roll over without any say of the voting public as to whether or not they supported the specific projects that the bond money would be used for. This has resulted in the $0.55 becoming a permanent tax rate, not a tax rate that was authorized and supported by the voters. It used to be that you had to go to the voters for each project and each bond issue you wanted.

Mr. Erickson said the current situation is that there are many needs in this community and Alan just alluded to one of them. We have opened up the Fallon Youth Club, which goes along with the philosophy of the Mayor, the City Council, the County Commission, who all worked very diligently to get a private grant to build the facility. Now, it comes to the question of perhaps the ad valorem tax rate could be used to supplement the operating of budgets of the Fallon Youth Club to make it an asset that truly meets all of the needs of all of the children in this community. The only way that is possible is if somebody gives up some of their allocation of the ad valorem rate, which is fixed statutorily by law. As Alan suggested, the finance people should get together to determine if there is room in that statutory allocation that currently exists in the community because we are right at that $3.66 maximum to support some of these other great needs in the community. Once again, our priorities at the city have always been children and seniors. I think that, if we could use some of that rate but allowing a reduction in that rate that would give us room to where we can allocate some money to supplement the operations at the Fallon Youth Club and, thereby, truly benefit the children in this community that need the services of the Fallon Youth Club after school, it makes a tremendous difference in their lives to have that facility. It is a beautiful, state of the art, building. They do need additional funds to maximize the utility of that building. I think we really ought to consider and encourage the trustees to consider lowering that $0.55 to provide some room so that those funds could be utilized by other entities.

Commissioner Koenig said, as a point of clarification, the last school bond passed by barely 200 votes and that was before Oasis split off. I do not see the school district ever passing another bond in this community, so you need to take that into consideration. They passed easily in the past but this last one squeaked by and now we have split off a whole other group that will not want to pay extra taxes for it to go to the school district when they are not considered part of the district at Oasis. I really would be surprised, although I do not want to be Mr. Negative, but I do not see another bond passing.

Member Kalt said that presents a challenge because the Debt Management Commission has the ability to shut off the tax rate when that rollover question expires and that is in the not too distant future. Not that I want to tip my hand, but the roll that I would probably play is to maybe say that we need to have the public's vote on it, not this board. If you went to the vote of the public, I think you would have that challenge that Dr. Koenig talks about where it would be difficult.

City Councilwoman Frost said I would encourage the finance people from the county, city, and school district to get together and see what possibly can be worked out and see if the Board of Trustees would consider lowering their debt on that tax rate.

Chairman Pearce asked if there was any public comment but there was none.

Member Alan Kalt made a motion to accept the Debt Management Policy, Indebtedness Report, and 5-Year Capital Improvement Plan from the Churchill County School District. Member Robert Erickson seconded the motion, which carried by unanimous vote.

D- Consideration and possible action re: Submission of the Churchill County Mosquito, Vector, and Noxious Weed Abatement District's letter regarding its indebtedness.
The Churchill County Mosquito, Vector, and Noxious Weed Abatement District submits its letter indicating that the district has no general obligation debts, special assessments, or retirement schedules as indicated under NRS 350.0035.
FISCAL IMPACT: N/A
EXPLANATION OF IMPACT:
FUNDING SOURCE: N/A
ACTION REQUESTED: Accept

Nancy Upham, District Manager, presented the letter indicating that the Mosquito, Vector, and Noxious Weed Abatement District has no general obligation debt. The district made its last payment for their building on July 3rd. I spoke with Kellie Grahmann, from the Nevada Department of Taxation, and the district will be revising its Capital Improvement Plan because, originally, we had received a figure of about $80,000 to repair the roof of the building that they are in but, on July 29th, their board approved contracting out some repair work for less than $2,000 on the one side of the building that is leaking. They will do that and see if these repairs take care of the problems we have had. The comparison of the $80,000 that we thought we had to budget for to the $2,000 that we will be spending is why I wanted to withdraw and revise our 5-year Capital Improvement Plan. I am working with Kellie on that right now.

Member Kalt said to Pam that he did not see where we received their reports. Deputy Clerk Moore said that is correct. I did not get that. Ms. Upham said you did not get that because I was working between the indebtedness and 5-year CIP and then contracting out to get figures for all of this. Kellie suggested that I just hold onto it and then we will sit down and get it turned in. Member Kalt said the question I have is do you anticipate going out to debt between now and June 30, 2022? Ms. Upham said I do not.

Member Alan Kalt made a motion to accept the letter from the Churchill County Mosquito, Vector, and Noxious Weed Abatement District and the statement that the district anticipates no debt between now and June 30, 2022. Member Christy Lattin

seconded the motion, which carried by unanimous vote.

E- Consideration and possible action re: Submission of the Carson Water Subconservancy District's Indebtedness Report and 5-Year Capital Improvement Plan.

The Carson Water Subconservancy District submits its Indebtedness Report and 5-Year Capital Improvement Plan for the board's review and acceptance. CWSD is not proposing to issue any debt, so they are not updating their Debt Management Policy.

FISCAL IMPACT: N/A

EXPLANATION OF IMPACT:

FUNDING SOURCE: N/A

ACTION REQUESTED: Accept

The Carson Water Subconservancy District submitted its debt management reports for the board's consideration.

Member Alan Kalt made a motion to accept the debt management reports from the Carson Water Subconservancy District. Member Kelly Frost seconded the motion, which carried by unanimous vote.

F- Consideration and possible action re: Submission of the Carson-Truckee Water Conservancy District's Indebtedness Report and 5-Year Capital Improvement Plan.

The Carson-Truckee Water Conservancy District submits its Indebtedness Report and 5-Year Capital Improvement Plan for the board's review and acceptance.

FISCAL IMPACT: N/A

EXPLANATION OF IMPACT:

FUNDING SOURCE: N/A

ACTION REQUESTED: Accept

The Carson-Truckee Water Conservancy District submitted its debt management reports for the board's consideration.

Member Alan Kalt made a motion to accept the debt management reports from the Carson-Truckee Water Conservancy District. Member Robert Erickson seconded the motion, which carried by unanimous vote.

G- Consideration and possible action re: Submission of the Truckee-Carson Irrigation District's letter regarding its Indebtedness.

The Truckee-Carson Irrigation District submits its indebtedness letter for the board's review and acceptance.

FISCAL IMPACT: N/A

EXPLANATION OF IMPACT:

FUNDING SOURCE: N/A

ACTION REQUESTED: Accept

Rusty Jardine, District Manager, submitted the letter indicating that the Truckee Carson Irrigation District has no general obligation debt.

Member Robert Erickson made a motion to accept the letter submitted by the Truckee Carson Irrigation District. Member Christy Lattin seconded the motion, which carried by unanimous vote.

General Discussion on Debt Management Matters:

There was no further discussion.

Public Comment:

Chairman Pearce asked if there was any public comment but there was none.

Adjournment:

The meeting was adjourned at 4:50 PM.

APPROVED: [signature]
Lynn Pearce, Chairman

APPROVED: [signature]
Alan Kalt, Vice-Chairman

APPROVED: [signature]
Kelly Frost, Member

APPROVED: [signature]
Greg Koenig, Member

APPROVED: Christy Lattin
Christy Lattin, Member

ATTEST:
Linda Rothery, Clerk/Treasurer

Pamela D Moore
Pamela D. Moore, Deputy Clerk to the Board