**MINUTES OF THE CHURCHILL COUNTY**
**DEBT MANAGEMENT COMMISSION**

**155 N. Taylor St., Fallon, NV 89406**
**August 18, 2022**

**Call to Order:**

The regular meeting of the Debt Management Commission was called to order at 4:01 PM on August 18, 2022.

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| PRESENT: | Member Lynn Pearce, Chair<br>Member Kelly Frost<br>Member Alan Kalt<br>Member Christy Lattin<br>Member Tricia Strasdin<br>Member Mike Berney<br>Deputy Clerk to the Board Pamela D. Moore |
| ABSENT: | Member Greg Koenig |
| OTHERS PRESENT: | County Comptroller Sherry Wideman<br>City Clerk/Treasurer Sean Richardson<br>Comptroller Christi Fielding, CCSD<br>Dr. Summer Stephens, CCSD |

**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 12th day of August, 2022, between the hours of 2:00 and 5:00 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 Kelly Frost made a motion to approve the Agenda as submitted. Member Mike Berney seconded the motion, which carried by unanimous vote.**

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

**A- August 18, 2021;**

The Minutes of the meeting held on August 18, 2021 are presented for the board's consideration and approval.
FISCAL IMPACT: N/A

EXPLANATION OF IMPACT:
FUNDING SOURCE: N/A
ACTION REQUESTED: Accept

**Member Mike Berney made a motion to approve the Minutes of the meeting held on August 18, 2021 as presented. Member Kelly Frost seconded the motion, which carried by unanimous vote.**

**B- February 4, 2022.**
The Minutes of the meeting held on February 4, 2022 are presented 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 4, 2022 as presented. Member Christy Lattin 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 the following PowerPoint presentation:

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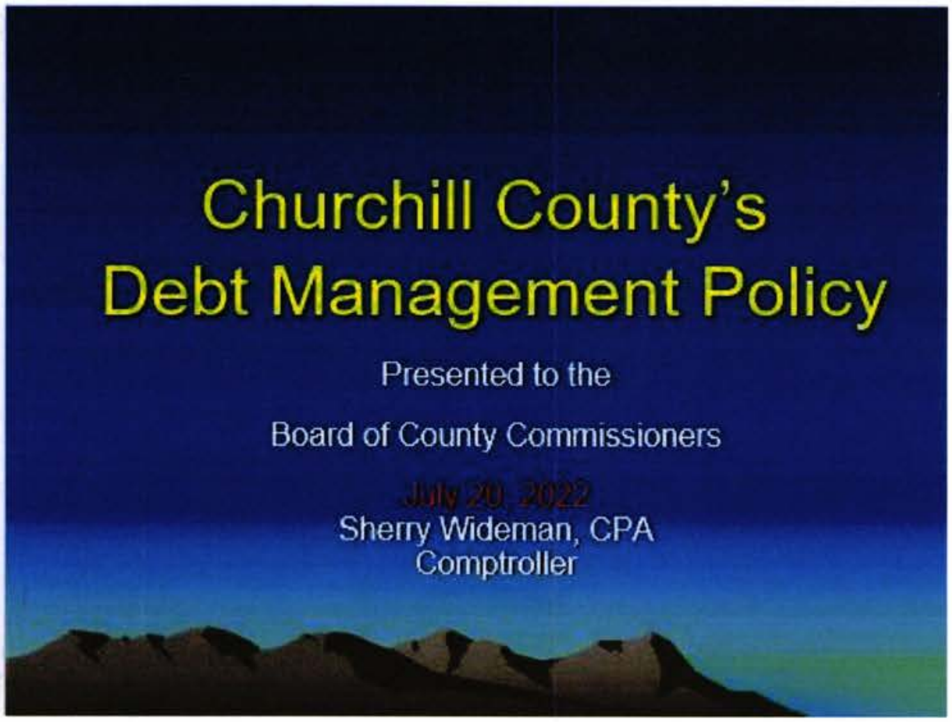
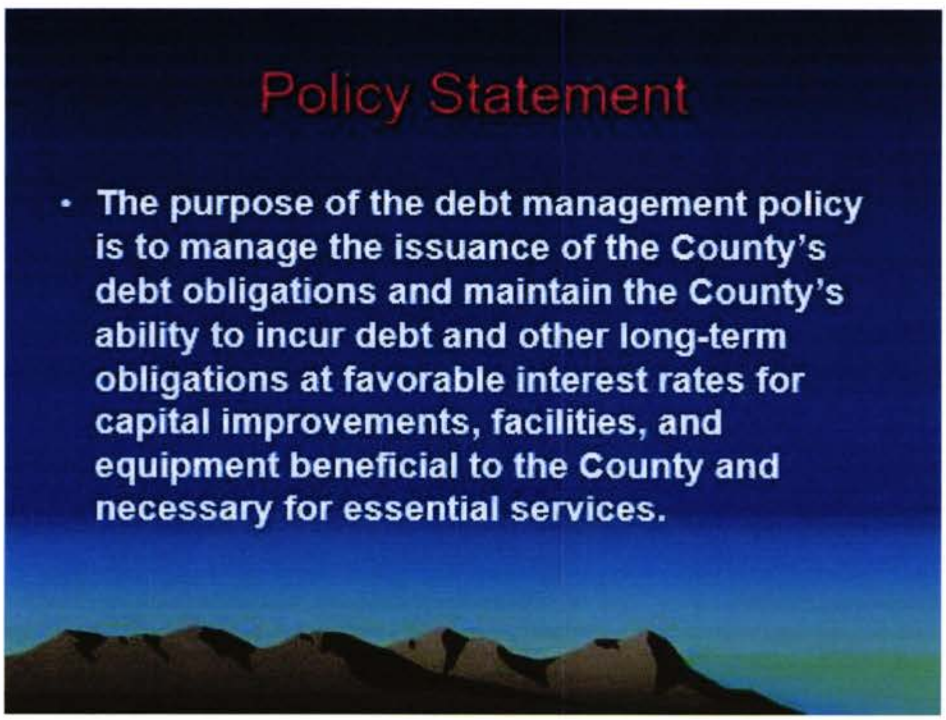

Churchill County's
Debt Management Policy
Presented to the
Board of County Commissioners
July 20, 2022
Sherry Wideman, CPA
Comptroller


Policy Statement
• The purpose of the debt management policy is to manage the issuance of the County's debt obligations and maintain the County's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities, and equipment beneficial to the County and necessary for essential services.

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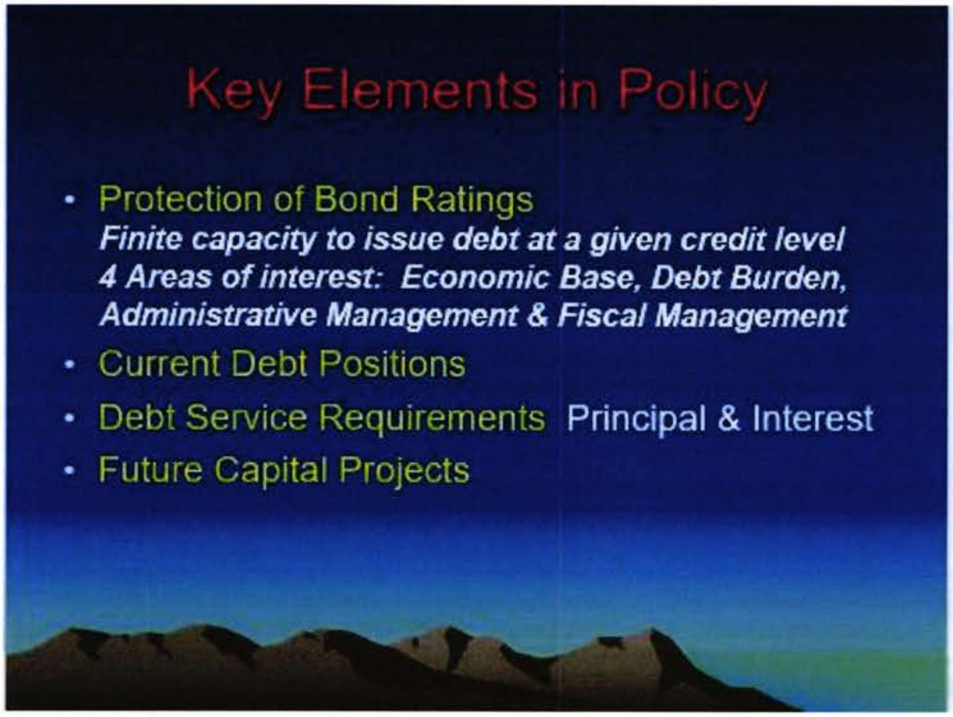
Key Elements in Policy
Protection of Bond Ratings
Finite capacity to issue debt at a given credit level
4 Areas of interest: Economic Base, Debt Burden, Administrative Management & Fiscal Management
Current Debt Positions
Debt Service Requirements Principal & Interest
Future Capital Projects


Current Outstanding Debt
General County Debt
Jail Construction Loan - USDA 2.75%
Revenue Bond Series 2017A $ 7,921,851
Revenue Bond Series 2017B $ 5,674,011
Civic Center Construction Loan 2.35%
Revenue Bond Civic Center $ 8,708,000
$22,303,862
CC Communications
Revenue Bond 2.185% $ 5,658,000
Revenue Bond 3.390% $ 9,000,000
$14,658,000
Total Outstanding Debt $36,961,862

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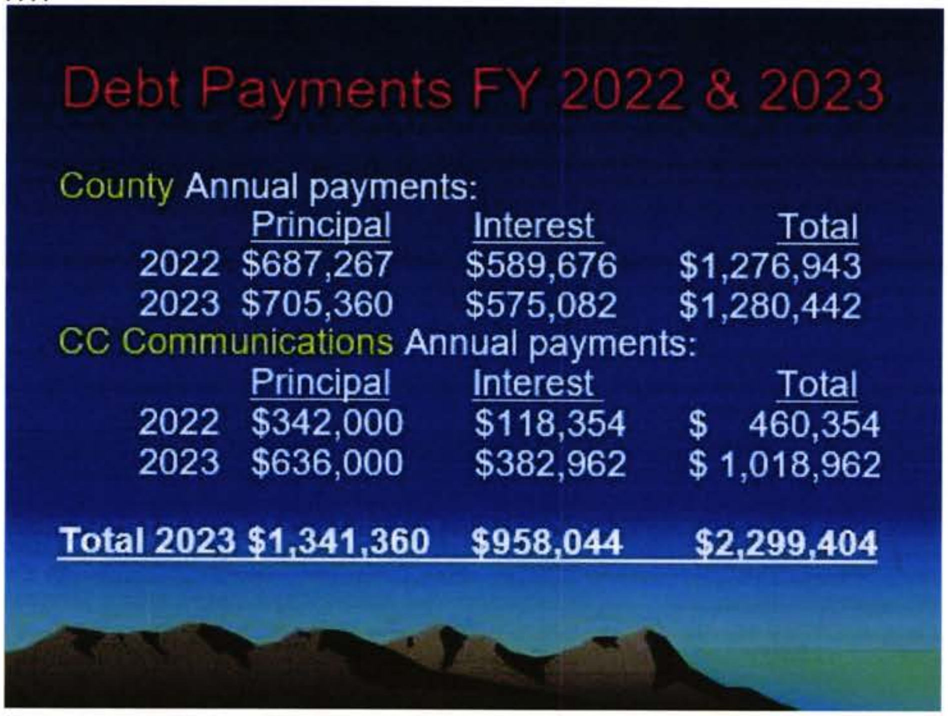
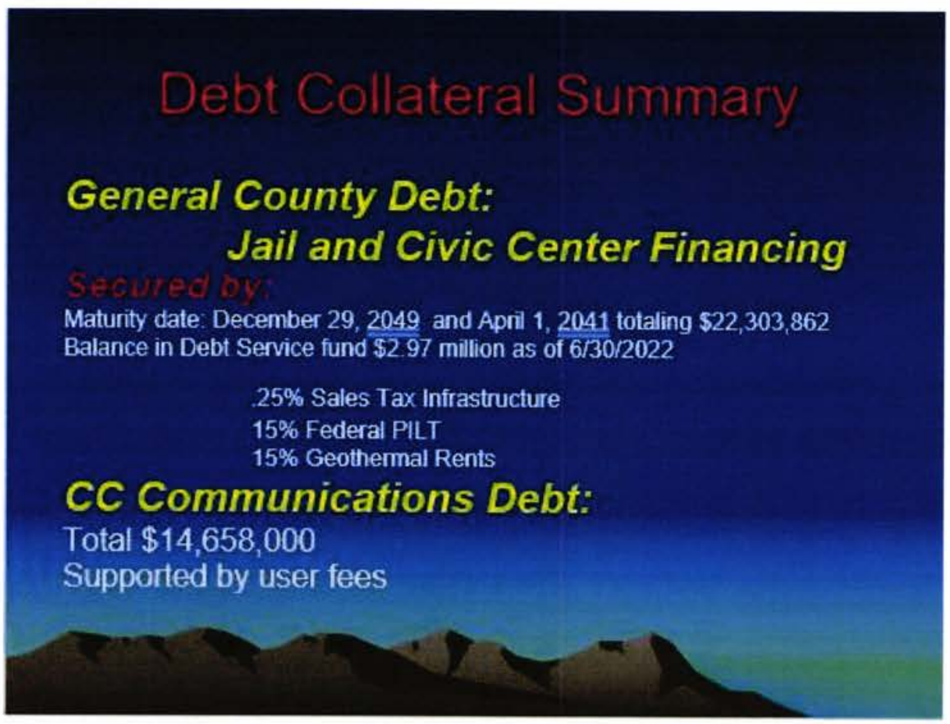

Debt Payments FY 2022 & 2023
County Annual payments:
Principal Interest Total
2022 $687,267 $589,676 $1,276,943
2023 $705,360 $575,082 $1,280,442
CC Communications Annual payments:
Principal Interest Total
2022 $342,000 $118,354 $ 460,354
2023 $636,000 $382,962 $ 1,018,962
Total 2023 $1,341,360 $958,044 $2,299,404


Debt Collateral Summary
General County Debt:
Jail and Civic Center Financing
Secured by:
Maturity date: December 29, 2049 and April 1, 2041 totaling $22,303,862
Balance in Debt Service fund $2.97 million as of 6/30/2022
.25% Sales Tax Infrastructure
15% Federal PILT
15% Geothermal Rents
CC Communications Debt:
Total $14,658,000
Supported by user fees

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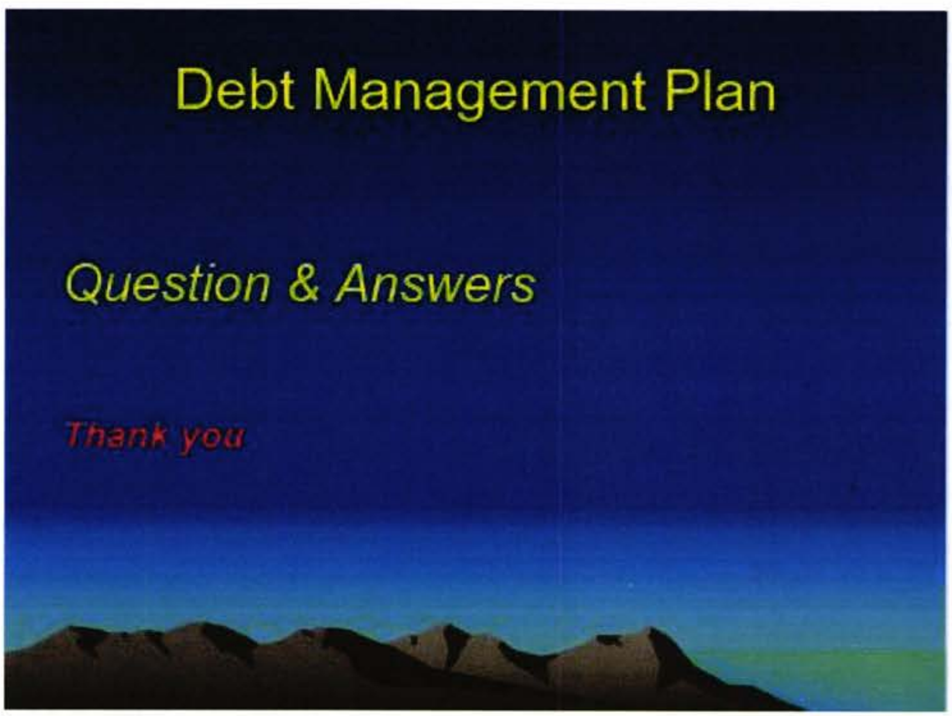
Possible Future Projects
• District Court Expansion
• County Wastewater System Improvements
• Economic Development of Industrial/Commercial
• Library and Museum Expansion
• Parks & Recreation Capital Projects
• Road Equipment and Road Projects
• Land, TDR and Water Right Acquisitions


Debt Management Plan
Question & Answers
Thank you

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

**Member Alan Kalt made a motion to approve the Debt Management Reports as presented. 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:

City Clerk/Treasurer Sean Richardson said the City of Fallon's Debt Management Policy, Capital Improvement Plan, and Indebtedness Report included in your packet was approved by the City Council on July 22, 2022. The city's Debt Management Policy discusses the outstanding and proposed debt of the city, it's ability to afford such debt, and other items related to the issuance of the bonds by the city. The city is comprised of seven utility enterprise funds. The majority of the debt obligations are related to the equipment needs and infrastructure of our utilities. As of June 30, 2022, the city had general obligation debt of $8,309,108, which consists of $1,783,000 medium-term obligation debt and $6,526,108 of general obligation revenue-supported debt. The revenue-supported debt includes one sewer bond and two water refunding bonds. In addition, the city has $120,355 in lease purchase obligations and a revenue bond related to our electric system of $5,129,000. With all of the obligations combined, the city had a total indebtedness of $13,558,463 as of June 30, 2022. During the last fiscal year, the city made all of its debt payments as scheduled and no additional debt was issued.

Over the next fiscal year, the city has several capital purchases and projects plans, which includes but is not limited to, road improvements, including reconstruction, renovations for our public works building, patrol vehicles, work trucks, park improvements, park projects, airport FBO building, electric meter replacement program, and improvements to our water and sewer infrastructure.

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

**Member Mike Berney made a motion to accept the Debt Management Reports as submitted. Member Alan Kalt 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 I have a few items that I want to note on the district's Debt Management Policy. The district received voter approval in November 2008 for authorization to issue general obligation bonds over a 10 year period via a rollover bond question, which allowed the district to utilize revenues from the existing tax rate to repay bonds and provide funding for capital projects. The Nevada State Legislature extended this authorization term in its 2015 Session by 10 years and, again, in its 2021 Session, with Senate Bill 450, for an additional 10 years. This authorization will expire in March 2035.

The district has been extremely diligent with its debt, taking every possible opportunity to refund their bonds in a concerted effort to make the most fiscally responsible decisions and use of the taxpayers' dollars. The district refunded bonds in 2009, 2013, 2017, 2019, and 2021. These refunded bonds allowed the district to reallocate the tax revenue from paying interest to being able to fund capital improvements. This not only extends the life of our existing schools and other properties and defers the needs for future bond issuance, but it also makes better use of the revenue by putting money into something tangible instead of simply paying interest. The district is currently keeping 100% of the next year's debt service payments in the debt services fund and it transfers the remaining balance to the capital improvement fund at the end of each fiscal year.

The district receives tax revenue from governmental service taxes and residential construction taxes, which are the only source of direct funding for the capital improvement fund. In fiscal year 2021-22, we received about $600,000 between these two taxes but have to pay their medium term bond out of this fund, as well, which is over $200,000 per year. Fiscal year 2022-23 will be the final payment on this bond, which will help but, with budgeted repairs and maintenance in the millions every year, these taxes of less than $400,000 for the next fiscal year do not provide any where near the adequate funding necessary to appropriately maintain our facilities.

Ms. Fielding said our general fund budget is comprised of between 85%-90% of payroll expenses, which leaves a very small remaining budget balance to cover operating costs. We do not have the financial ability to fund capital projects out of our general fund and we do not have adequate revenue funding from GST and residential construction taxes to make a dent in our capital needs.

Because the district takes every available opportunity to refund bonds to reduce our interest rates, we have been able to substantially reduce our debt payments over the years. For fiscal year 2021, we expended 72% of our debt service property tax revenue on our bond payments, being able to utilize the remaining 28% on capital improvements. In fiscal year 2021-22, due in large part to the large interest savings generated from the 2021 refunding, we are expending 69% of the tax revenue on debt service payments, allowing us to use the remaining 31% of the revenue on capital improvements. Being able to maintain our facilities is heavily reliant on our debt service tax revenue. We have reduced our debt service tax three times since 2003. We have reduced our 62¢ per $100 in debt tax rate to 60¢ per $100 in 2007 and again to 55¢ per $100 in 2009. These amounts were absorbed by the other entities into their operating rates.

Our primary focus with our capital improvements remains safety for our students and staff, one-to-one connectivity and modernization for our students, and extension of the existing life of our facilities and equipment. As discussed in previous meetings, some of our vehicles age back as far as 1980s, with a good majority being up to 15 years old. With age, comes increased wear and tear, increased maintenance costs, and safety concerns. About 25% of our bus fleet is at least 20 years old, which is not just a safety concern but also a constant financial commitment to maintain. Our HVAC systems are aging out and we are no longer able to find parts to maintain them. As our buildings age, more maintenance is required to keep them in safe conditions. Some of our roofs, floors, tracks, parking lots, and sidewalks have become a safety issue that needs to be addressed. With school shootings on the rise nationwide, security has become an increasingly important topic, requiring capital outlay for items such as camera systems, fencing, single-point of entry, shatterproof window coverings, visitor management systems, and upgraded door security.

Due to COVID and its aftermath, we are behind in our projects and are actively working to get back into rotation for these capital projects. As everyone has experienced, it has been difficult to find contractors to perform the work and supply chain issues are continuing to hold up the receipt of materials. Prices have skyrocketed with inflation. What we had initially budgeted for our Capital Improvement Plan now will not cover the full cost of the repair or purchase. There are endless projects necessary to ensure the safety, security, and comfort of our children, all of which are key to their educational success. They are the future of our community.

Ms. Fielding said, lastly, I wanted to mention that we met with Comptroller Wideman and City Clerk/Treasurer Richardson to discuss the tax rate and get a feel for the financial need of all three entities. We discussed the fact that our debt service tax revenue is our primary source of funding for capital improvements and how the need for capital continues to grow with each passing year for all entities involved. We asked both entities if there was a direct need that they saw that related to children that would require additional tax revenue but, as of today, I have not received any specific requests. We discussed the services and funding that we currently provide to outside entities, such as the Fallon Youth Club. We partner with the Fallon Youth Club in a grant and provide teacher and instructional assistant tutors for the 21st Century Learning grant, as well as a coordinator of the program and transportation from school to the program, where we also utilize our facilities in the afternoon at our Northside Early Learning Center. We discussed the importance of communication to ensure that we are not duplicating efforts when looking to potentially provide additional funding or services to these types of entities. We believe that continued open communication is important and are in full support of us continuing to work together.

Regarding our debt service plan, all of our debt payments have been made timely. We did not take on any debt in 2021-22 and we did not refund anything in 2021-22. With that, I am open to any questions.

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

Member Kalt said how much money has been transferred from your debt service fund to your capital projects fund? What is the tax rate equivalent of that? Ms. Fielding said I do not have my computer in front of me but, in this fiscal year, we used 69% for debt services, so the other 31% was transferred to capital improvements. Mr. Kalt said, according to the document, on page 130 of our packet, for 2022-23, the pay as you go transfer in, does that represent the amount that is in excess of the current year debt service payment, as well as the one-year reserve on the debt that goes into pay as you go? Ms. Fielding replied that the one year reserve stays in debt services. This just represents the capital transfer and this represents if we receive 100% of our taxes, which, this year, we were about $550,000 short of what we were told to budget. Mr. Kalt said that is interesting because, based on your Annual Financial Report, your collection rate is 99.014, 99.76, 99.923, 99.994, 99.994, 99.996. That was for the last eight years, going from 2021 and I think I stopped at 2015, but the rest are 99.99. He noted that property collectability does not appear to be an issue. The transfer amount represents the excess debt service rate collected that is not needed to pay down the outstanding debt of the District.

Member Kalt said the argument of lack of collection as discussed in this morning's Committee on Local Government Finance meeting in Carson City, for local governments, that is not an issue. This Technical Advisory Committee for the Department of Taxation was very surprised at the actual collection rate of property tax across the State. The other thing that was very surprising to the committee was the amount of growth in assessed valuation. Churchill County is not immune to that growth. Churchill has been blessed with an assessed valuation that has bloomed significantly. With that, comes additional tax dollars to support local governments – the city, county, school district, and special districts. With that $2,181,297 rate transferred to the capital projects fund, multiply it by .95 to say that you are only going to collect 95% of the revenue, even though, historically, according to your financial reports, you are going to collect .99+, that will give me $2,072,000. Based on the County's audited financial statements, a penny of ad valorem rate, right now, generates over $80,000. If we conservatively reduce it to $78,000 and divide that, which gives me 26.56615 cents. Twenty six and a half cents, conservatively, is being transferred from the debt service to the pay as you go. Your current assessment is 55¢. If we take 55¢ and subtract 26.5¢, your current need is 28.5¢, per assessed valuation, which is ironic. If you look at the statewide county debt service rates for school districts throughout the state, which includes Clark and Washoe Counties, that is about what the average statewide debt service rate is. Churchill County has 55¢. You are moving 26.5¢ over to the pay as you go projects.

If we continue to go down on that same page, you list out your projects that you plan to do. When I see those projects, what I see is $1,310,000 for Chrome books, classroom servers, HVAC, buses, and white fleet. When I did the math, the equivalent of that is 16¢. I used $80,000 for every penny, so it would be a little bit more than 16¢ if we used the $78,000.

Mr. Kalt said the point I am trying to make is that you are investing debt service rate that has increased because of the increased assessed valuation and using it for the cost of repairs and maintenance and capital projects. Thank you for reading the sample ballot question, however, you stopped at a key point. Let me read the last two sentences. This is in the ballot question that the voters of Churchill County voted on. "District projections at the time the bonds are issued must indicate the issuance of bonds will not result in an increase in the existing school property tax rate of 55¢ per $100 of assessed value." An important next sentence reads: "If approved, this authorization will expire on November 4, 2018." Mr. Chairman, what is today's date? Chairman Pearce replied that it was August 18, 2022. Mr. Kalt said that is four years after the expiration date noted in the ballot question. As you so appropriately indicated, the Legislature changed it in 2015 to allow for an additional ten years and then, in 2021, SB 450 allowed for another ten years. That allows for up to March of 2035 is what statutorily, legally, you could do. In a time of transparency, open and honest, it's important that we respect the will of the voters. As noted in the Minutes, Dr. Koenig said that the ballot passed by only about 200 votes. It was actually 212 votes. The ballot question proposed to the voters that, if approved, this authorization will expire on November 4, 2018. Clearly, that has not happened. In addition to the ballot question, there was a list of items that the voters were presented with in 2008. Has the district gone through that list and seen that everything has been completed and new items have been added? Obviously, you have your list and you are investing in necessary and needed things but where is the taxpayer? Who in the room will stand up for the taxpayer and say, "Wait a minute. This was going to expire in 2018, which was four years ago." The first installment of taxes is due to the county this week. If the taxpayers are paying the 55¢ for school district debt, what is interesting is that you are showing that you are transferring 26¢ to capital projects which is above and beyond the payment of principal and interest what the voters approved for bonds into a capital fund that was supposed to expire. How do you explain that on the front page of the *Lahontan Valley News* or *The Fallon Post* when that issue gets raised? If a taxpayer says their taxes have not gone down and this rate hasn't been reallocated.

I am sure you are well aware that Elko County went ahead and reduced their school district debt service rate so that the city, county, and fire district could pick up that rate because they had needs for computers, roofs, HVAC, parking lots, and safety equipment – the same that you have. I do not want to rehash my position. The board approved the Minutes and I think I stated it very clearly. I do not want the overall tax rate to go down but I think it is fair for a reapportionment to help out the other local governments. Look at it from a community focus, not just a Churchill County focus, not just a school district focus, not just a Mosquito and Weed Abatement focus, and not just a City of Fallon focus. You know where my passion is for this reapportionment. I have clearly tipped my hand to the Fallon Youth Club. I think they need financial funding to keep them operational into perpetuity serving the same constituents. That is where my passion is but that is not up to me – that is up to the elected officials to decide where that allocation is in the same way that the elected officials in Elko County got together and determined how best they could reallocate that property tax rate to positively affect all governmental entities within the community. They agreed to it and there was an asterisk that indicated if the school district needs money they should come back. They said they would help in that instance, even if they had to lower the county rate or fire district rate but they would come together in the same way we came together to figure out how we would reallocate that difference. They lowered it 75¢ based on the presentation today at the Committee on Local Government Finance meeting. You said that you lowered it from 62¢ in 2003 to 60¢ in 2007 and then, in 2009, it went to 55¢, if I heard you said correctly. Mr. Chairman just told me that it is 2022. In thirteen years, it hasn't been lowered and historically every four years the district was lowering it 2¢. If you were to take that 2¢ every four years, because of the increase in assessed values, it is the differential and the district would get the same amount of money for capital projects. If you were to go look how that 2¢ went down, I can tell you that is how it happened. You would have 6¢ that would be made available for another local government. Wow, that is kind of magic. That is what I have been advocating for over the years.

Mr. Kalt apologized for being passionate on this issue. I love the school district. I love kids and I love retirees. We need to support the senior center, as well. I am not anti-tax. I want the tax rate to stay the same because the taxpayers will pay the same property tax if you were to lower that rate and nobody were to pick it up, because of the current tax abatement formulas, we are all going to pay, on a primary residence, unless they changed the tax formula, a 3% increase. It is not about trying to harm the school district and give the taxpayers a break; it is about trying to help other local governments and their capital and operating needs. That is the point I am trying to make. I really appreciate you guys getting together. Your opening statement was amazing, Christi, and I was impressed. Thank you for your intellectual thought and your analysis in your presentation. If I am on an island by myself and I am the only one that thinks this way, that is great. Please let me know and I will quietly go and not beat this drum anymore because, obviously, this board has seven board members but I think it is something that ought to be evaluated.

Member Kelly Frost said I will piggyback on you, Alan. I think that the 55¢ is not fully being put towards the bond that voters approved back in 2008. Again, in our community, we have always been known to work together and to solve problems as a community. I really feel that we need to seriously discuss how some of that, just a little bit, I am not talking about a ton of money, needs to be looked at and reallocated, especially, with the Fallon Youth Club serving your constituents, it would be a very adequate reallocation, as well.

Member Mike Berney said probably before either of you were sitting here at this table, we did have this conversation, because a couple of us have been on this board for a long time, about the fact that what we need to have the county and the city to take a proactive look at that and decide if there are some issues we need to address, although I realize you did meet already. We need you to determine if there are some needs that we need to address and whether it makes sense to take a little bit of rate from the school district and determine if that works for everybody involved. We are not here to go after the school district, for certain. I happened to sit on the bond committee to help get the bond passed, so I know all of that. I know we talked about it a long time ago.

**Member Alan Kalt made a motion to accept the Debt Management Reports as presented.**

**Member Kelly Frost 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

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

**Member Mike Berney made a motion to accept the Debt Management Reports as presented. 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

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

**Member Alan Kalt made a motion to accept the Debt Management Reports as presented. Member Mike Berney 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

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

**Member Mike Berney made a motion to accept the Debt Management Reports as presented. Member Alan Kalt 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

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

**Member Alan Kalt made a motion to note receipt of the letter from the Truckee-Carson Irrigation District. Member Mike Berney seconded the motion, which carried by unanimous vote.**

**General Discussion on Debt Management Matters:**

There was no further discussion of matters.

**Public Comment:**

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

**Adjournment:**

The meeting was adjourned at 4:37 PM.

APPROVED: ______________________
Lynn Pearce, Chairman

APPROVED: ______________________
Alan Kalt, Vice-Chairman

APPROVED: Tricia Strasdin
Tricia Strasdin, Member

APPROVED: Mike Bern
Mike Berney, Member

ATTEST:
Linda Rothery, Clerk/Treasurer

Pamela D Moore

Pamela D. Moore, Deputy Clerk to the Board