

DRAFT
Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
April 30, 2015
9:00 a.m.

The meeting was held at the Nevada Gaming Control Board located at 1919 College Parkway, Board Room #100, Carson City, Nevada, and video-conferenced to the Nevada Gaming Control Board located at 555 East Washington Avenue, Room 2450, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt, Chairman
John Sherman, Vice Chairman
Andrew Clinger
Beth Kohn-Cole
Marty Johnson
George Stevens
Jeff Zander

COMMITTEE MEMBERS ABSENT:

Alan Kalt
Jim McIntosh
Mark Vincent
Mary Walker

COUNSEL TO COMMITTEE

Gina Sessions

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Heidi Rose
Bill Farrar
Penny Hampton
Susan Lewis
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	Representing
Dave Empey	City of Mesquite
Darren Adair	City of North Las Vegas
Debbie Barton	City of North Las Vegas
Ryann Juden	City of North Las Vegas
Linda Poleski	City of North Las Vegas
Jeffrey Share	Clark County
Michael Ramirez	LVPPA/SNCOPS
Ricardo Bonvicin	NLVPSA
Leonard Cardinale	NLVPSA
Joni Eastley	Nye County
Tim Ross	PORAN
Jeanne Bleecker	Smoky Valley Library District
Andrea Madziarek	Smoky Valley Library District
Lisa Schwarz	Smoky Valley Library District
Michael Sullivan	Town of Pahrump
Dan Sweeney	Town of Round Mountain
James Eason	Town of Tonopah

1. Roll Call and Opening Remarks

Chairman Leavitt called the meeting to order at 9:02 a.m. Kelly Langley, Supervisor, Local Government Finance, Department of Taxation (Department), took roll call. Chairman Leavitt stated there was a quorum.

2. Public Comment

Chairman Leavitt requested public comment. There was no public comment in Carson City, Las Vegas or on the teleconference.

3. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

a) For Possible Action: Discussion and Consideration of City of North Las Vegas Financial Condition

1) Report by City on the following matters:

- a) FY 15/16 Tentative Budget, including revenue, expenditures, cash flow analysis and scheduled debt repayments;**
- b) Status of payments made to date regarding Writ of Garnishment by 5th & Centennial, LLC et al;**
- c) Status of collective bargaining agreements expiring 6/30/15;**

2) Report by Department on cash flow statements received from the City and monthly reports of cash balance in General Fund.

Member Johnson disclosed that he owns bonds that were issued by the City of North Las Vegas (CNLV) and Member Kohn-Cole recused herself in connection with discussion regarding the City of North Las Vegas.

Bill Farrar, Budget Analyst, Local Government Finance, Department of Taxation, stated that he oversees the City of North Las Vegas for the Department, and wanted to allow the City of North Las Vegas an opportunity to provide updates to the Committee on Local Government Finance

Darren Adair, Director of Finance, City of North Las Vegas, referenced the presentation that was recently given to the North Las Vegas City Council during their recent Budget Workshop on April 15, 2015 (*See Page 8 of the Exhibit Packet*) discussing the following highlights:

- Striving to achieve FY15 Ending Fund Balance of \$10.1 million 8% as required by their commission
- CNLV has experienced a 3.6% increase in franchise, business license and medical marijuana taxes
- FY16 CNLV does not anticipate any property tax increased rates
- CNLV will be adding 5 new positions – public safety (police and fire)
- Contingency fund of \$500,000 will be achieved; this is small and they realize this
- Add 2 financial positions to ensure better timely reporting
- FY16 assumptions include \$2.0 million in medical marijuana, 3.95% increase in benefits, merits and COLAS frozen, which allow for a balanced budget
- FY16 there will be no increase in PILT or Sewer, consistent with previous communication, and they will receive \$24 million as in prior years
- FY16 CNLV has seen further appreciation in property values
- Grow-nomics – with streamlined permitting policies, they will be able to grow out of this problem
- Expenditures in FY16 – shift of \$2 million from Judicial to Public Safety and Public Works able to accomplish 5 new staff due to award of grant funding
- No changes in Community Services
- Cannot continue to fund via attrition; they will need to hire soon, starting with 2 new financial analysts

Chairman Leavitt inquired regarding the FY14 audit. He noted that it was late, and that the Department had granted numerous extensions to the deadline.

Darren Adair acknowledged that they FY14 audit was late. He further stated that it was their goal to have this FY15 audit done in a timely fashion. Although the FY14 audit was not, he cited that there were only two material weaknesses, and that these issues are being addressed. One weakness was that the financial staff was insufficient to meet the demands and could not keep up with the requests from the auditors. They are

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hiring two new positions which will bring them back to pre-FY13 staffing levels to address this concern. These new positions in Finance should ensure more timely filings to the Department, as well.

7-Year Projections: These should be revised later in the year to reflect the audit and the bargaining union negotiations; yet to date these have been accurate and a fair reflection of fund balances.

Concerns: Succession planning, PILT transfer, Grow-nomics, risk of shortfall in the Utility Enterprise Funds, budget stabilization, no current rainy day fund, and bond ratings

Ryann Juden, Executive Government Affairs Liaison, City of North Las Vegas, spoke regarding legislative impacts. He commented that the City of North Las Vegas is not going from crisis to crisis anymore and is headed in the right direction. He stated that the State of Nevada now realizes the importance of helping with APEX, and the need for infrastructure. There was discussion regarding SB 1. The tax abatement recently provided to Tesla needs to be considered when creating an economic package for the City of North Las Vegas. Mr. Juden mentioned a potential large multi-developer who has put \$150,000 into a feasibility study. Potential abatements would go into the Utility Enterprise Fund to ensure funds for the infrastructure necessary for the APEX. Meeting with the Legislature is good public policy.

Chairman Marvin Leavitt inquired whether the City is current and up-to-date on all PERS payments, accounts payable, and employee obligations. Mr. Adair responded yes. Chairman Leavitt inquired whether all debt obligations are current with necessary funding available. Mr. Adair responded yes. With regard to the 5th Street condemnation payments, Chairman Leavitt inquired whether the settlement payments have been made.

Darren Adair responded the total settlement is \$6.3 million. The City has made the first \$1.5 million payment, expects to make another \$1 million payment later this year, and has or will deposit \$3.8 million with the Bank of Nevada for disbursement on the following payment plan:

- a. \$1.9 million on 7/1/15
- b. \$1.9 million on 7/1/16

Chairman Leavitt inquired whether there was sufficient cash on hand going into FY16 to meet monthly obligations, and Mr. Adair responded yes. Mr. Adair was also asked to provide an update regarding the FY17 debt payments.

Darren Adair responded that the summary debt exhibit reflects the General Fund Obligations and that the payments for these maturities were included in the 7-year forecast. Currently there is a shortfall. They will keep the Committee posted, but hopes for Grow-nomics to help them grow out of the long-term problems. Mr. Adair further discussed that the cash flow reports that the City of North Las Vegas shares with the Department reflects the best information and the summary reports are up-to-date.

Vice-Chairman Sherman asked whether the acting City Manager and City Finance Director positions have been made permanent. Mr. Adair responded that both positions have now been made permanent.

Chairman Leavitt requested that the City report back to this Committee at its next meeting in August or September, as they will be preparing for their audit, and can provide additional updates at that time.

3. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

- b) For Possible Action: Discussion Regarding Smoky Valley Library District Financial Condition**
- 1) Report by Library District regarding going concern audit opinion in the FY13/14 Annual Audit Report**

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Bill Farrar explained he requested that the Smoky Valley Library District appear at the Committee on Local Government Finance meeting to discuss their recent audit for FY13/14 in which their auditor referenced a “going concern.”

Jeannie Bleecker, Co-Director, Smoky Valley Library District, stated they did not know of this problem until the audit highlighted it, and that they are taking the following actions to remedy this issue:

- Terminated excess staff
- Eliminated overtime
- 5% reduction in staff pay
- Fundraisers
- Net proceeds receipt
- Internet provider allowing free internet reduces expense
- \$0.09 tax increase in budget. It came to her attention yesterday that the county was considering creating a hospital district
- \$300,000 loan from town of Round Mountain
- Budget for this year was \$1,020,000. They have spent \$800,000 leaving approximately \$220,000 in the budget which gets them to approximately \$500,000 Ending Fund Balance.

Chairman Leavitt asked if someone was in the audience to talk about the hospital district. He stated net proceeds of mines is a volatile revenue source. For long-term stability, they need to wean off of the net proceeds of mines. Both the library and the hospital have a big problem just a month away from the final budget.

James Eason, Tonopah Town Manager and Chairman of the Board for PrimeCare 501(c)3 Nye Regional Hospital, discussed that they are considering reinstating a county hospital district in Tonopah. The biggest issue is how this would be funded to pay off the debt that was assumed when they came out of bankruptcy. The amount of debt is approximately \$4.3 million. The hospital district would cover most of Nye County with the exception of Pahrump and Beatty. Pam Webster, County Manager, is working on a plan.

Chairman Leavitt asked if the negotiations with the county include the Department of Taxation. He stated that he would like Nye County at the August meeting.

4. For Possible Action: REQUEST TO INITIATE RULE-MAKING REGARDING AMENDING NAC 287.788 TO CLARIFY THE ROLE OF CLGF IN THE APPROVAL OF OPEB TRUST FUND INVESTMENT PLANS

Vice-Chairman Sherman discussed the possibility of initiating rule-making regarding amending NAC 287.788. He asked if a subcommittee needs to be formed to look at this entire matter again.

Chairman Leavitt agreed to the formation of a subcommittee for this rule-making initiative. Member Sherman will be the Chair, along with Member Walker and Member Stevens. If the subcommittee meets after the Legislature, possibly Member Kohn-Cole can participate.

5. For Possible Action: REPORT FROM SUBCOMMITTEE REGARDING GUIDANCE ON ENTERPRISE FUNDS AND SPECIAL REVENUE FUNDS

Beth Kohn-Cole, Chairman of the Subcommittee on Enterprise and Special Revenue Fund Guidance, reported that the Subcommittee met on April 24th to discuss the proposed guidance letter. The Subcommittee accepted

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comments from the public. Subcommittee members suggested some modifications to the guidance and will meet again in July to consider the amended letter.

6. BRIEFING TO AND FROM THE COMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF

a) Report by Department on legislative bill drafts

Terry Rubald, Deputy Executive Director, Department of Taxation, discussed two bills currently working their way through the Legislature. AB 19 proposes to change the budget hearing dates to provide more flexibility to governing boards in setting hearing dates. Right now the language permits a governing body to hold hearings anytime between the third Monday in May but not later than the last day in May. The Department informed the sponsor of the bill about the deadline of June 1st for getting budgets into Taxation, so they are aware of the difficulties that local government fiscal staff will have should a budget adoption hearing be held at the end of May.

Terry Rubald also reported on AB 54 regarding updates to the Severe Financial Emergency laws. AB 54 has passed the Assembly and is scheduled to be heard on May 11th in the Senate Government Affairs Committee. The original bill called for the ability to suspend collective bargaining agreements, if necessary, but there was quite a bit of opposition to that proposal. The Department was able to work out a compromise with union representatives, which is in Section 8 on Page 231 of the Exhibit Packet. Basically, if certain financial conditions exist, such as deficit fund balances in the audit report, then the existing collective bargaining agreement can be reopened, and we can negotiate in good faith. There were also amendments from bond guarantee insurance companies to renegotiate, in good faith, the terms of bonded indebtedness.

7. REVIEW AND APPROVAL OF MINUTES
For Possible Action: CLGF Meeting – February 6, 2015

Member Kohn-Cole moved to approve the minutes of February 6, 2015, with a second from Vice-Chairman Sherman. The motion carried and the minutes were approved unanimously.

8. For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting

Chairman Leavitt discussed that he is scheduled for travel in June and July. Possibly the next meeting could be in August or September. Chairman Leavitt suggested the following items be considered for the agenda for that next meeting in September.

- Nye County/Tonopah Town Hospital – creation of new district
- Smoky Valley Library
- City of North Las Vegas to discuss ongoing issues and audit plan
- Report from Subcommittee on Enterprise and Special Revenue Fund Guidance
- Subcommittee meeting on recommendation for initiating rule-making regarding NAC 287.788
- Legislative update and potential action required

9. Public Comment

There was no public comment.

10. For Possible Action: ADJOURNMENT

The meeting was adjourned at 10:32 a.m.