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Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
August 28, 2014
1:30 p.m.

The meeting was held at the Nevada State Legislative Building located at 401 South Carson Street, Room 2135, Carson City, Nevada, and video-conferenced to the Grant Sawyer State Office Building located at 555 East Washington Avenue, Room 4412E, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt, Chairman
John Sherman, Vice Chairman
Alan Kalt
Beth Kohn-Cole
Julia Teska
George Stevens
Mark Vincent
Mary Walker

COMMITTEE MEMBERS ABSENT:

Andrew Clinger
Marty Johnson
Jeff Zander

COUNSEL TO COMMITTEE

Dawn Buoncristiani

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Warner Ambrose
Heidi De'Angelo
Bill Farrar
Penny Hampton
Susan Lewis
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

Name	Representing
Greg Titus	Bank of America
Mitch Andreini	Canyon General Improvement District
Phyllis Dowd	Churchill County School District
Sandra Sheldon	Churchill County School District
Dan Newell	City of Yerington
Jeffrey Share	Clark County
Steve Osburn	Clark County School District
Richard Schmalz	Las Vegas Valley Water District
Leslie Boucher	Lincoln County
Paul Matthews	Lincoln County
Carole Vilaro	Nevada Taxpayers Association
Amy Fanning	Nye County
Wayne Carlson	PACT
Carol Shank	Pershing County
Steve Boline	Pershing General Hospital / Nevada Rural Hospital Partners
Ron Dreher	PORAN
Rusty McAllister	Professional Firefighters of Nevada
Jeffrey Church	Reno Resident
Rew Goodenow	South Truckee Meadows General Improvement District
Hugh Gallagher	Storey County
Janet Houts	Storey County Resident
Mark Foree	Truckee Meadows Water Authority
Michael Sullivan	Town of Pahrump
Jeff Tissier	Truckee Meadows Water Authority

1. Roll Call and Opening Remarks

Warner Ambrose, Budget Analyst, Department of Taxation, took roll call and stated eight of the eleven members were present, and there is a quorum.

2. Public Comment

Chairman Leavitt requested public comment for the Heart-Lung Regulations.

3. For Possible Action: Report from Subcommittee on Heart-Lung Regulations, LCB File No. R010-13

Terry Rubald, Deputy Executive Director, Department of Taxation (Department), gave a brief overview of the regulations. These regulations were first adopted as temporary regulations in November 2012. They were effective for the 2013-2014 fiscal year. The Department collected information in 2013 from local governments regarding the liabilities associated with providing the benefits required under NRS Chapter 617, and produced summary information which was published on the Department's website. NRS Chapter 617 provides disability insurance and compensation to eligible public safety employees and eligible non-current public safety employees for certain occupational diseases which include heart and lung, cancer and hepatitis. The Committee on Local Government Finance (CLGF) then proceeded to make the regulations permanent. Workshops were held, and ultimately the regulations were adopted by this body on November 15, 2013.

Subsequently the adopted regulations were originally submitted to the Legislative Commission in December 2013, but we were asked to postpone presentation to the Legislative Commission. It was actually heard in March 2014. During the Legislative Commission hearing in March, Assemblyman Daly expressed concern over the term "compensation and medical benefits." He stated that these benefits are not compensation. They are an exclusive remedy required by law in exchange for injured workers not suing public bodies. Assemblyman Daly also expressed concern about placing an unfunded mandate on local governments. He suggested the Commission defer R010-13 until his concerns were addressed. Senator Settelmeyer also stated that the smaller counties he represents generally support the regulations, but he requested more time to discuss it with them. The Legislative Commission moved to defer these regulations.

The CLGF was still interested in adopting the regulations, so the Heart-Lung Subcommittee of Committee on Local Government Finance met again on May 29th. In order to address Assemblyman Daly's concern over using the term "compensation and medical benefits," the Subcommittee recommended the regulations should reference the cost of financial or monetary liabilities of local governments connected with the payment of claims under NRS Chapter 617. Some other minor changes were also recommended, particularly in Section 12. As a result of the May 29th workshop, a major change to the regulations creates the definition for the term "occupational disease obligation," which is in Section 5, and removes the previous definition of "compensation and medical benefits." The regulations would track the obligations of local governments associated with the payment of a claim for compensation related to an occupational disease. The other major change occurs in Section 12 which removes a statement regarding the purpose of reporting compensation and medical benefits. Section 12 also modifies the statement about not requiring estimated actuarial liabilities to be reported in the financial statements of the local government except as otherwise required pursuant to GASB statements. There is a handout of the minutes of the workshop so the comments of the attendees can be reviewed. There were representatives of various public safety employee unions including the Professional Firefighters of Nevada, the Las Vegas Police Protective Association and the Police Officers Research Association of Nevada. Among their comments, they said that public safety employees were being singled out even though there are long-term obligations for all public employees. They expressed concern that through these regulations, these benefits would be stripped away.

Vice Chairman Sherman stated Ms. Rubald summarized the points very well. The subcommittee approved the minutes to these regulations on a 2:1 vote to send to the full committee. One of the points discussed was the request by the Speaker and the Chairman of the Legislative Commission to review these proposed regulations and get back to the Commission with some changes.

Chairman Leavitt asked for public comment.

Ron Dreher, representing the Peace Officers Research Association of Nevada, came forward for public comment. They gave an overview of their concerns on May 29th. He asked that the full committee review these concerns and make recommendations. The minutes are accurate regarding his comments. There is no

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change in his opinion, and he respectfully asks this committee to not go forward with the permanent regulations.

Rusty McAllister, representing Professional Firefighters of Nevada, came forward for public comment. He echoed Mr. Dreher's comments. He also reviewed the minutes, and they appear very accurate to his previous testimony in May. In summary, there is nothing in statute that says any local governmental entity in the state cannot do this already. He has actuarial reports from ten years ago where this was done. At that point in time, all the local governmental entities had provided actuarial data to the Legislature stating the sky was falling and the world was going to end. It did not. The actuarial evaluations that were done are not remotely close to the reality over the last ten years. These benefits were established, created and amended back in 1965 and 1967. The amount of money spent on these benefits up to now does not even remotely come close to the projected \$2.2 billion in long-term liability that they see going forward. The only long-term liability is for medical care. That medical care does not go forward to any dependents. To project that there is a \$2.2 billion long-term liability is disingenuous. Mr. Sherman stated this was not on the fast track, but it was obvious from previous hearings that it was. There was no desire to take into account their concerns. In 2011, Ms. Villardo tried to limit these benefits going forward and was not successful. It is interesting that there has been concern regarding the long-term liability for employees who work five years, get vested in these benefits and then leave. Yet, Ms. Villardo and Mr. Carlson both had an opportunity to get rid of this four years ago and chose not to do it. The lobbyist for Mr. Carlson stated that they wanted it all, or they did not want anything. They were not successful in 2011, so they bring these regulations through in 2014, prior to the 2015 legislative session. Mr. McAllister believes that if they really want to pursue permanent regulations where an unfunded mandate of actuarial studies must be done by all the local governments that have public safety employees, this should be brought before the Legislature. Let us have a debate at the Legislature where there is equal footing and equal ground and all sides can be expressed in a fashion that brings equality to the situation. The Professional Firefighters of Nevada respectfully opposes these permanent regulations, and hope their concerns will be taken into consideration.

Chairman Leavitt asked for any additional public comment.

Carol Shank, Pershing County Commissioner came forward for public comment. She wanted to comment on Agenda Item 7(a) and express how proud Pershing County is of their hospital, the staff and administration and the help they receive from Steve Boline. They have made a tremendous turnaround on their financial condition. The Pershing General Hospital is a focal point of their community. Most importantly, she wanted to thank the members of the Committee on Local Government Finance for allowing the hospital one more chance. The hospital was close to being taken over by the state. The county and the members of the community are grateful the hospital is doing so well. Thank you very much.

Jeffrey Church, resident of the City of Reno, came forward for public comment. He runs a law enforcement consulting business and is a retired Reno police sergeant. He has appeared before on issues related to the City of Reno. He wishes to put the CLGF on notice and request that they either seek a legal opinion or taxation opinion on the failure of Reno to comply with the law and the ballot measure for the allocation of Reno taxpayer money for "additional" firefighters and equipment. In 1996, Reno voters approved a measure known as R-3 for an increase in taxes at 7.15% of \$100 of assessed value. That measure brings in about four million dollars annually. Instead of using that money as required, Reno has fallen back at or below the 1996 floor in firefighters and equipment and is using that money in the general fund for other purposes. The 1996 floor was approximately 226 firefighters and per the Reno Gazette, current staffing is about 204. CLGF needs to require Reno to report the funding and makeup of the 1996 fire department and demonstrate that the \$4 million is used specifically for the ballot purposes. If used for other purposes, wouldn't that be criminal in nature? Mr. Church referred to the Nevada Attorney General Opinion #2011-4 which in part says: "The number of police officers funded by sources other than the revenue received under the Act must be at least the same number of officers as were funded and supported prior to the time the act became effective..." Because the public safety and

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various tax ballot measures are in the general fund and not shown on any tax bill, it allows for the inappropriate use of the monies. Our tax bills should reflect all ballot measure levies especially since this one, like Safety 88, does not set a prescribed levy but instead the council is supposed to set it yearly in public hearing "... at a rate (to be determined yearly by the city council) not to exceed 7.15..." He urges any CLGF member or the Deputy Attorney General to not ignore having been put on notice and to direct an inquiry as appropriate. He included a copy of the ballot measure in the handouts.

Mr. Church also wanted to express his opinion that the City of Reno is one banana peel away from insolvency. Do not take his word for it. There are six separate experts; recently two Fact Finders found Reno's financial situation so severe they sided with Reno over labor unions. There are two reports on Reno's other post-employment benefits (OPEB) debt, including one from Jeremy Aguero, saying Reno could be broke by 2016, if not sooner. Then we look at our last audits, and we see in the State of the City address yesterday, the present OPEB debt is \$120 billion. It has not gone down, and there is nothing in the present budget that addresses this. The overall debt of the City of Reno is over \$500 billion. The latest shoe to drop was the legal decision prohibiting Reno from laying-off firefighters after a \$10 million grant ended. Even with the burden of the extra firefighters, Reno has closed fire stations during a federally-declared drought and various federally-declared high fire danger days. Where are the rights of citizens? He believes that Reno is one more shoe drop away from insolvency, and it is better for the CLGF to put them under watch now than when it is too late. He asked the CLGF to seek an opinion on various labor issues. These are in the handouts. It deals with the labor contracts that create a monopoly for the City of Reno, and does not allow the City of Reno to contract with the county or private enterprise. It also prohibits Reno from having less than four-person crews. When there is a perfectly good three-person fire station under the contract and a fourth person calls in sick or is gone, they close the station. Sparks, the county and everyone else has three-person crews. He does not have a problem with Reno having four-person crews, but he does have a problem with closing a perfectly good station. He asked the CLGF and the Attorney General to look into the legality of this.

Ron Dreher, representing the Peace Officers Research Association of Nevada, came forward for public comment. He believes we need to put things into perspective. For over 30 years, he has been part of the Reno Police Protective Association negotiating contracts with the City of Reno. He takes exception to Mr. Church's statement that the City of Reno is a banana peel away from insolvency. While there has been an economic downturn throughout the state, the City of Reno has been a pay-as-you-go organization for the past 30 years and continues to be that way. They chose to do things differently than Washoe County and Sparks. Mr. Dreher does not like the threats that the City of Reno is going to soon be insolvent, and the Department of Taxation is going to take over. This is simply not true. Having been part of the Fact Finding of various labor groups in Washoe County and Reno, he can say that the City of Reno is making strides to move out of the economic downturn.

Janet Houts, resident of Storey County, came forward for public comment. She has issues with the Virginia City Tourism Commission (VCTC) account. She does not understand why the account has not been clearly identified. Now Tom Gransbery is the tax consultant of Storey County. Before he retired from the Department of Taxation, he was in charge of the VCTC. She does not understand why, after two years, she still cannot get information on the VCTC accounts. The money is still taken from the taxpayers. Ms. Houts pointed out what she believes are discrepancies in the debt management policy. She would like the CLGF to look into the Storey County financial accounts. Their debt is going higher and higher. The residents are not getting a benefit; 80% of the revenue goes to payroll. She does not know where the other 20% is going. The community does not have very much. The park does not have water.

Chairman Leavitt stated that there have been quite a few comments over a period of time from people that have dissatisfaction with their local government. He understands it is appropriate to be dissatisfied with your local government. When your local government enters into debt, you may not like it. However, as long as the local government does it in a legal manner, files the proper financial reports, is not in violation of statutes

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pertaining to finances and is not in great financial difficulty, it is not a matter of the CLGF. Your unhappiness should be felt at the ballot box. If there are violations of bond covenants, this would show up in audit reports. That is the way the information officially comes to the CLGF.

4. For Possible Action: Adoption of Permanent Regulations

LCB File No. R010-13 (Heart-Lung Liability Reporting)

The regulations provides for appropriate financial reporting and liability disclosures of health care and disability benefits required by NRS Chapter 617 for local government public safety employees

Vice Chairman Sherman moved to approve the regulations, with a second from Member Kalt. Member Kohn-Cole stated that she is concerned about the fact that we need the regulations. Most of the larger governmental entities are already disclosing their heart-lung liability under the workers' compensation contingencies. Most of the others are probably part of PACT. She is going to oppose these permanent regulations.

The motion carried with one opposed.

5. For Possible Action: Reports on Regulatory Matters

(a) Report from Subcommittee on Definition of a Local Government; criteria for determination of whether an entity is a local government for purposes of the Local Government Budget and Finance Act, NRS Chapter 354; and recommendations

Member Walker stated the Subcommittee on Definition of a Local Government met on August 19th and received excellent information from the Department staff. It is a big puzzle. We are getting some additional information from the Department and looking at some regulations for clarification. When looking at the definition of a local government, NRS 354, the entity must be able to receive taxes. We are trying to clarify what this really means.

Member Kohn-Cole requested the minutes from the August 19th subcommittee meeting.

Member Kalt, who is serving on this subcommittee, thanked the Department for putting together a binder of information. The goal is transparency, accountability and oversight in trying to define a local government. There were six or seven specific examples, and the Department has been dealing with this issue in order to get consistency. There is much work to be done, but much work has been done by the Department.

6. For Possible Action: Report by Staff on Lincoln County Financial Condition; Update on Nevada Tax Commission Hearing Held July 15, 2014

Terry Rubald stated the report on Lincoln County's financial condition is being brought to your attention as a result of a testimony received by the Nevada Tax Commission at the hearing on July 15th. They had convened a special session to investigate the circumstances surrounding the receipt of a very large payment of \$1.8 million from the Air Force pursuant to a Memorandum of Agreement with Lincoln County. That agreement provided a framework for how to determine the property taxes on possessory interest and federal property in Area 51 by contractors as well as the contractor's property. As part of that agreement, the Air Force made that \$1.8 million payment to discharge the Air Force from any and all claims. The Air Force might have underreported the taxable value of government-owned facilities on the property for several years prior to that agreement. The Department expressed its opinion to Lincoln County officials that the money received should be considered a property tax and distributed to local government entities accordingly. There are a number of issues connected with the proper calculation of the taxable value and the proper distribution of the tax. The matter is currently tied up in a lawsuit initiated by Lincoln County. The Nevada Tax Commission is continuing

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its investigation. Beginning on Page 100 of the exhibits, Chairman Barengo of the Nevada Tax Commission referenced a news report where one of the county commissioners stated that without the Air Force payment, the county would have been \$40,940 in the hole. That commissioner confirmed the statement during the July 15th hearing. Chairman Barengo asked Ms. Rubald if the county commissioners comments were something the Department may want to look at and review their budgets to see if they are sufficient. Ms. Rubald responded to Chairman Barengo and the Nevada Tax Commission that the CLGF often makes inquiries into the financial status of local governments. Chairman Barengo replied that the Nevada Tax Commission recommended the CLGF look into the matter and Lincoln County solvency.

With that background, the Department reviewed the quarterly reports and other financial information received from the county. They made special inquiry of the Lincoln County Recorder-Auditor regarding the commissioner's comments on the shortfall. Page 130 of the exhibits pertains to a cash flow issue which was caused by a late-arriving distribution of centrally assessed property taxes. It was not a permanent condition. The recorder-auditor reported to the county commission in January 2014 that services and supply bills would remain accounts payable until the property tax revenue was received. In addition, exhibits on Pages 133 through 138 confirm the cash balances of all the various funds at that time. Only one had a negative ending fund balance. It was material, and that was for Caliente City.

Kelly Langley, Supervisor, Local Government Finance, Department of Taxation, stated that Local Government Finance did review the financials. We have had discussions with Leslie Boucher, Lincoln County Auditor, regarding the concerns of their financial status, including the January 2014 data showing the delay of the centrally assessed property taxes were the cause of the cash flow issue. We have concluded that Lincoln County is not insolvent and is not in financial distress.

The representatives from Lincoln County did not wish to comment.

Chairman Leavitt stated there does not appear to be a serious financial condition that would require CLGF to implement steps toward severe financial emergency.

Terry Rubald agreed. We do not have any findings from the various quarterly reports, audits or other information showing anything occurred that was a long-term situation. The Department believes they are solvent.

7. Briefing to and from the Committee on Local Government Finance and Local Government Finance Staff

(a) Pershing County Hospital was recognized and received a national award

There was applause.

Terry Rubald stated she could not wait to share the good news about Pershing General Hospital. We came close to determining that Pershing General was in severe financial emergency. It started back in 2004 when we learned the hospital was eleven months in arrears at PERS. The hospital was incurring losses and had major collection problems. In 2008, CLGF was starting to consider severe financial emergency. The hospital made appearances before this body at nearly every meeting between 2004 and January 2013. In October 2010, Patty Bianchi became the new CEO. Between her and Steve Boline and the Nevada Rural Hospital Partners they began the long, slow, hard work to turn it around. The hard work that the hospital staff, the board, the community and Nevada Rural Hospital Partners put in did the trick. As seen on Page 177 of the exhibit packet, the hospital won a national award. They are the recipient of the Critical Access Hospital Recognition Certificate for financial turnaround from the National Rural Health Resource Center and Technical Assistance and Services Center. As the article notes, the hospital got rid of unprofitable service lines, did a comprehensive review of community health needs, pursued an aggressive strategy of managing expenses and

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promoted use of the facility by the community rather than having community members drive to Reno for healthcare. They implemented financial management tools and created a culture of success. What a success story this is! Ms. Rubald stated she is proud of them and congratulated them on their award.

Chairman Leavitt voiced his appreciation and congratulations to the hospital.

Member Walker gave congratulations to the hospital and Steve Boline. They did a fantastic job. Robin did a great job helping them out.

Member Kalt said thank you on behalf of the travelers on Interstate 80. Through this situation, he has learned a great deal about hospital finance.

(b) Acquisition of Washoe County Division of Water Resources and South Truckee Meadows GID by Truckee Meadows Water Authority -- Anticipated completion date 12-31-14

Kelly Langley stated we have another success story. Truckee Meadows Water Authority is in the process of completing an acquisition of the South Truckee Meadows GID and the Washoe County Division of Water Resources. This proposed consolidation has been many years in the making. There was a subcommittee created to study the feasibility and advisability of consolidating the water-related services in Washoe County back in 2005. In 2006 through Senate Bill 487, the Committee on Natural Resources outlined a comprehensive plan to include the evaluation and recommendations regarding the consolidation. Ms. Langley referred to Exhibit B which shows the GANTT chart. They are on target to achieve this goal by December 31, 2014. Ms. Langley wanted to be sure the Committee was aware of this acquisition which has been accomplished by all three of these local government entities.

Member Walker stated this has probably been twenty years in the making. Congratulations, this is a wonderful step.

Chairman Leavitt gave congratulations. He is glad to see governments work out these opportunities.

(c) Report by Staff regarding 2004-2013 Audit Summaries Report

Kelly Langley referenced the Audit Summaries Report in the binder. The summary pages at the beginning summarize the counties, school districts and the cities.

Chairman Leavitt asked if there was anything in the Audit Summaries Report that causes concern regarding any particular local government.

Kelly Langley stated there are some trends where general fund ending balances have been reduced over the years. There is no cause for concern. If we see problems, we bring them to the Committee as we see them. There are a couple of school district that must notify us. You can see this information in the graphs. You can see the revenue as well as the expenses on a trending basis.

Chairman Leavitt stated it appears we are coming out of the huge trough we went into during the severe recession. Most of these local governments need to be congratulated for looking at the economic situation and doing something about it.

Kelly Langley agreed.

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Member Kalt stated Storey County was in a severe financial difficulty, but through the help of their leadership, Pat Whitten and Hugh Gallagher, they have a strong ending fund balance in the general fund. White Pine County is very strong. Mining has helped get them out of the hole. It is good to see the positive trend.

(d) Report by Staff regarding School Districts for which the ending fund balances have dropped for three consecutive fiscal years

Kelly Langley stated that in accordance with NRS 387.3045, school districts are required to report when they experience a reduction for three consecutive years in the ending fund balance of the general fund. Three school districts have experienced such reductions, Clark County, Carson City and Churchill County. These reductions are due, in part, to the Nevada special legislative session concluded in February 2010 when the 2011 DSA appropriation was reduced per pupil. There were further reductions in the DSA allocations during the 2012-2013 biennium. Specifically, Clark County School District experienced reductions from 2009 to 2012 due to economic challenges. They have seen an increase in the past year and projects the increase will continue. Carson City School District had over \$17 million in general fund reserves in 2010. With approval from its board of trustees, they have elected to strategically use the general fund reserves to lessen the impact of lost revenues on school district operations. In addition, the board has directed the staff to maintain no less than 8.3% of its annual expenditures in reserves and begin to rebuild those reserves as economic conditions permit. Churchill County School District anticipates a three-year decline. They have provided us a letter. The third year would be for 2014. They do anticipate that it will be a three-year decline and have provided us this courtesy notification while they await the completion of their annual audit. Churchill County has referenced a 25% decline in net proceeds of minerals in their most recent 2014 quarterly economic survey. They would not need to report to the Department until next year to be in compliance with this statute.

Chairman Leavitt commented that Clark County School District is a huge organization. It is disconcerting when you see the balances dropping. It looks like their ending fund balance in 2013 is actually higher than it was in the beginning.

Kelly Langley clarified that the one year we show Clark County going up, it included the net proceeds. The original numbers they provided did not include some net proceeds numbers. We updated that table. In the binders, it show three years declining, but we have fixed that.

(e) Recognition of Warner Ambrose upon his retirement

Terry Rubald stated it was a bittersweet occasion to recognize Warner Ambrose upon his retirement. Warner has worked for the Department since 1988, first as an Auditor. In 1996, he was promoted to a Budget Analyst II. Since he has been a Budget Analyst in the Local Government Finance section, he has been involved in most of the major events. The entities that he has served include Clark County, Elko County, Nye County and White Pine County. Warner is well respected by the officials in these local governments. He is a wealth of knowledge about the budget process and is often called upon to share his knowledge. Ms. Rubald has relied on Warner for his advice for many years. He will truly be missed. Warner was congratulated for a job well done and wished well in his retirement.

Warner Ambrose thanked the Committee. He stated it had been both a pleasure and an honor to serve this Committee.

Chairman Leavitt commented that Warner's contributions have always been valuable. The Committee very much appreciates it.

Terry Rubald introduced Warner's replacement, Bill Farrar. He joined the Department a few months ago as an Auditor but was promoted to a Budget Analyst II. Bill has an accounting degree from Arkansas Tech

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University, and he is a current CPA. He has a wealth of experience auditing municipalities as well as budget preparation and analysis, cash flow analysis, regulatory compliance, financial review and planning at executive levels in private industry. We are very glad to have him, and he looks forward to working with the local governments.

Member Vincent thanked Warner Ambrose for tolerating his questions early in Mr. Vincent's career.

Richard Schmalz with the Las Vegas Valley Water District and Southern Nevada Water Authority stated that on behalf of himself and these organizations, he would like to express gratitude to Warner for his outstanding service to them for more than a decade. They wish him the best in all of his future endeavors.

8. For Possible Action: Discussion by Committee Regarding Matters Affecting the Committee

There was no discussion regarding this agenda item.

**9. Review and Approval of Minutes
Committee on Local Government Finance Meeting – April 25, 2014**

Vice Chairman Sherman moved to approve the minutes of April 25, 2014, as submitted, with a second from Member Kohn-Cole. Member Vincent abstained from voting on the approval of the minutes since he was not present. The motion carried.

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

Terry Rubald stated the only thing pending is a report from the City of North Las Vegas. The Committee wanted to wait until the middle of the fiscal year. Ms. Rubald asked if the Committee would like to meet in December or January.

Chairman Leavitt recommended waiting until after we get audit statements.

Terry Rubald stated she would send out an email as that time approaches.

Chairman Leavitt stated at that time we should also be ready to have some discussion regarding the definition of a local government.

11. Public Comment

Jeffrey Church came forward for public comment. He stated he appreciated the comments from Chairman Leavitt. Mr. Church wanted to reiterate that he is saying Reno is potentially violating the law with regards to Safety 88 and R-3. He went to the Attorney General and was referred to the CLGF. At the previous meeting, the CLGF referred him back to the Attorney General. He feels he is getting the runaround. He retained counsel for research purposes. His counsel's advice was to resolve this at the CLGF level. He is asking for the Committee's Attorney General representative for a legal opinion. He already has the Attorney General legal opinion from Las Vegas. He is alleging a possible legal violation. Regarding the labor contracts, he cited specific NRS. Again, he is alleging potential legal violations. Mr. Church stated if he is correct about these legal violations, it would be \$14 million and insolvency for Reno. After the documents were submitted to the CLGF by the City of Reno in October, no one expected the judges were waiting for the prohibition on 35 layoffs of firefighters in the \$10 million loss of the SAFER grant. This is something that changes everything. Also, we have the growing OPEB liability. Today he got statistics that there are 25 police and fire retirees in the first half of this year. This is \$180,000 just for health care per year. The average age of the fire retirees is 56, and the

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average age of the police retirees is 49. Mr. Church stated he is not just talking about his opinion. He has the report from the expert, Jeremy Aguero, stating Reno will be broke by 2016 if not sooner. He also has the two Fact Finder reports. No one expected the judge's decision on that lawsuit. The Nevada Supreme Court

denied a stay. This is significant. Mr. Church reviewed NRS, and it does allow the CLGF to act unilaterally. This could include just a watch, not an actual takeover. The volunteer City of Reno Financial Advisory Board are experts. They heard the budget, and at their last meeting were so disturbed that they requested the action item issue of state takeover be on their agenda for October 2nd. The labor contracts are in progress. The news media reports the fire departments asked for an 8% pay raise. Yesterday the city council discussed over \$400,000 in legal fees of taxpayer money expended thus far over labor issues. This was \$100,000 over their budget of \$300,000. He appreciates the comments made by everyone.

Chairman Leavitt stated that prior to next meeting, we will have a submission of the audit report from the City of Reno. The auditors have an obligation in their report to comment on matters relating to legal compliance in financial matters. The Committee takes notice of this information. Rest assured that we will be taking a look at this one.

Carole Vilardo with the Nevada Taxpayer's Association thanked John Sherman and Heart-Lung Subcommittee. She wanted to assure the members this had nothing to do with worker's compensation. This is strictly a transparency issue with the budget to make sure the liability is identified. Right now GASB is looking at all benefits and reporting for purposes of liability. She began this request three years ago for pure purposes of transparency.

Janet Houts came forward for public comment. She stated that if her local government was doing a good job, she would congratulate them directly. She added that one of the board members mentioned Storey County was in good financial status. The debt management report conducted by JM Consulting states the assessed value of Storey County was \$497,587,221. It is her understanding that debt should not exceed 10%. Ms. Houts referred to other reports showing debt and stated she does not see how it shows Storey County is in good financial condition. She asked if we should wait until her county fall apart, or start taking initial steps. Many of the Storey County residents are asking the CLGF to help them out. She understands the county cannot have zero debt because they need to progress. The school is now running a non-profit organization. What about the students' education? She is a very concerned resident. She loves this country and is passionate toward the people. Please look into Storey County's financial situation.

12. For Possible Action: Adjournment

The meeting adjourned at 2:49 p.m.