GOVERNMENT AFFAIRS COMMITTEE

MINUTES OF THE MEETING

APRIL 9, 1975

MEMBERS PRESENT:

CHAIRMAN DINI
VICE-CHARMAN MURPHY
ASSEMBLYMAN CRADDOCK
ASSEMBLYMAN HARMON
ASSEMBLYMAN MAY
ASSEMBLYMAN MOODY
ASSEMBLYMAN SCHOFIELD
ASSEMBLYMAN FORD
ASSEMBLYMAN YOUNG

ALSO PRESENT:

Steve Erickson, Miller & Schroeder
Andy Hall, Wilson, Jones, etc.
Mike Marfisi, McCulloch
Lester Berkson, Esq.
Dan M. Nelley, McCulloch
Mike Milner, Department of Commerce

(The following bills were discussed at this meeting: ACR 32, A.B. 510, A.B. 415, A.B. 407, A.B. 511, A.B. 384, A.B. 178, A.B. 385, A.B. 491, S.B. 100, A.B. 230).

Mr. Dini called the meeting to order at 8:00 A.M.

The first bill to be discussed was ACR 32, which directs legislative commission to study financing of general improvement districts. Assemblyman Benkovich testified. Mr. Benkovich stated that this was a personal favor for the committee and that it would be nice to have a bill that would ask the Legislative Council Bureau for a study. He stated that that was the scope of A.C.R. 32.

Mr. Dini stated that the Resolution makes some broad statements and asked Mr. Benkovich for some background.

Mr. Benkovich stated that the committee would hear that on the other bills before them today.

Mrs. Ford stated that she thought that this was a good idea but that she would prefer to have a broader study. She stated that it should be looked at in relationship to unincorporated towns. She asked Assemblyman Benkovich if he would have any objection to broadening it to this type of a study.

Mr. Benkovich stated no.

Mr. Andy Hall testified next. He stated that they represent 200 to 300 public entities. He stated that they have been involved in 20 general improvement districts in Nevada. The general improvement district law was adopted in 1959 to provide a means of financing public improvement districts in incorporated areas. In 1963 and 1964 problems developed. Nevada was going through a land development boom. Rules and regulations applying to public entities were non-existant. In 1965 the Legislature took action. The first thing that they did was to adopt a conflict of interest law. The Public Service Commission was given authority over rates and charges. The most important adoption was the adoption of the local government budget act. All public entities were not required to audit. In 1967 the legislature did two more things. It adopted the district reorganization act which took all districts and converted them to 318 districts. They adopted the special district control law. This is a procedure under NRS 308. The county commissioners can require a petition to be filed before they will commence proceedings to form a district. Any subsequent deviation from that plan must be approved by the county commissions. In his experience since 1967 there have been only two districts that have attempted to form raw districts. He referred to White Pine and McCulloch in Pallimino Valley. The district is composed of five trustees. The Chairman is a certified public accountant. They are not related to McCulloch.

The conclusion is that there has been action taken to stop abuses with respect to general improvement districts. They are providing limited government in unincorporated areas. They provide sewer systems. What you have then is local control of the rates and maintenance. That is basically what the general improvement law is supposed to do.

Mr. Craddock asked what happens when a district is formed and it is then annexed into a city.

Mr. Hall stated that when you have a general improvement district there is a special assessment and then there is an ad velorum back up if assessments are not paid.

Mr. Craddock asked what would happen if you were at the constitutional maximum on taxes.

Mr. Hall stated that ad velorum back up is not priority.

The next bill to be discussed was A.B. 510, which authorizes county commissioners to exercise any improvement powers delegated to board of trustees of general improvement district and to fill existing vacancies on such board.

Mr. Bill McDonald of Humboldt County testified. He stated that they had two tv districts and 3 sewer districts. They have six or 7 fire districts but they are not a 318 district. He informed the committee that one of the sewer districts serves 101 homes. One services the town of McDermitt and one is in the process of attempting to serve the town of Paradise Valley. It has 200 lots but only 20 or 25 have residences on them. He stated that each time they have to have a general improvement district, it costs the taxpayers

money. He stated that there was a five member elected board. He stated that once a sewer is built, the need for the board dwindles away. As a result you are faced with election after election with no one filing. The commissioners fill the vacancies. The general improvement district board of trustees has the right to levy an advelorum tax.

He stated that A.B. 510 gives the board of county commissioners the power to provide any improvement in an unincorporated area that can be provided by a general improvement district.

Mr. Young asked if the law allowed members of the district compensation.

Mr. MacDonald stated that the law permits compensation up to $150.00 per month.

Mr. Berkson testified next. He stated that he represents a number of 318 districts. He stated that he objected to page 2 which would change the existing law. He then read that portion to the committee. The districts he represents are viable. They all have five trustees. They all conduct elections. They are elected by the people within those districts. The trustees feel that when a vacancy occurs they should have the right to fill the vacancy. He feels that this law should be left the way it is and that it is workable the way it is.

Mr. Laird testified next. He stated that all three districts in Humboldt were talking of almost total government funding. He stated that there is very little that the board of trustees does as far as a trustee in connection with chapter 318. He stated that there is a great deal of confusion. The burden of the control of the fiscal powers and financing of these districts lies within the board of county commissioners.

Mr. Frank Fahrenkopf testified next representing Washoe County. He stated that he was testifying with regard to Section 5 on page 2. The Washoe County Board of Commissioners considered this provision and are in favor of having the opportunity to fill vacancies by appointment. There are a number of vacancies.

Mr. Lien testified next. He stated that they respect what Mr. MacDonald has stated. They have problems with Section 2. They have the authority to fill vacancies after 30 days. There are many viable districts in the State. They do have strong elections. Mr. Lien suggested leaving section 2 the way it is now.

Mr. Dini stated that testimony on this bill was now now completed.

The next bill on the agenda was A.B. 415, which amends general improvement district law as to initial board of trustees and special assessment bonds.

Assemblyman Wagner testified. She discussed the significant changes with the committee. Mrs. Wagner stated that there seems to be a great many bills on general improvement districts.

Mrs. Wagner stated that these bills were in response to many problems. This bill attempts to solve some problems and abuses.

Mr. Dini questioned bidding from local counsel.

Mrs. Wagner stated that it was her understanding that it would be two bond counsel firms that would be involved here.

Mr. Laird testified next. He stated that he was formerly a trustee of the general improvement district in Horizon Hills. He recognizes the abuses. He stated that as a citizen he has concern that these laws be strenthened in just this way. He stated that the firm of Wilson Jones had monopolized the bonding business over the eears. He stated that there was no public representation on the board. He stated that this committee should appoint a committee to investigate the chapter 318 laws. He stated that he would like to see this bill passed.

Mr. Fahrenkopf stated that Mr. MacDonald could not be here. He stated that they are in favor of A.B. 415 except for the provision on Page 7 commencing on Line 40 and ending on line 31. It is the feeling that there may be some serious ethical considerations for attorneys to submit bids. Under the cannons of ethics you cannot submit bids to do legal work. The commissioners have the ability to weigh and consider the pros and cons and costs.

Mr. Young asked if Russ McDonald approved of the three repealers. He stated that the only objection was on page 7, lones 30 and 31.

Mr. Melner, the State Commerce Director testified next. He stated that he worked on the Horizon Hills District. He stated that Mr. Laird had a real problem, and that it goes back to the formation stage. He does not think that the power of government should be given to a developer to form an entity. He would suggest that the board of county commissioners be responsible. They should sit as the initial board of the district. It would solve a good part of the problems. There is no place to go. This will prevent it from happening to other districts.

Mr. Dini stated that Mr. Hall had indicated that in 1967 amendments were adopted to help tighten the law. Since then there have been problems. Mr. Dini asked if this was created before.

Mr. Milner stated yes.

Mr. Lien testified and stated that they agree with the concept of 415 and that they are concerned with (b). They find that they do have some problems. He stated that he would be willing to work on that section. He indicated that the committee might consider the possibility that the county commissioners determine whether it would be a three man or a five man board. A member of the board should be a resident taxpayer of that district. He stated that he does not agree with the portion of the bill on page 7, lines 30 and 31. The sections which

are deleted have to do with the private sale of the bonds.

Mr. McDonald stated that the concept of having commissioners involved in the organization of a district presents no problem. The problem is with the amount of time that the board of county commissioners will have to spend.

He stated that default in this type of obligation will have an effect on every entity.

Mr. Marfesi, Attorney, testified next. He stated that he was supporting this bill. The purpose of this legislation is for the benefit of the public. The public can be provided with improvements and these improvements would be on a scattered base over the area that is intended to be improved. The intent of the bill is excellent. There is no conflect with Mr. MacDonald's approach. He suggested that a study be made. He suggested not making it mandatory but just to give it to the county commissioners.

Mr. Les Berkson testified in opposition of the bill. Mr. Berkson reviewed the bill with the committee. He stated that the first portion of the bill is not necessary. He stated that it should be under Section 510 which extends authority under Section 244.

Mrs. Ford stated that one of the problems are out of state owners. Mr. Berkson stated that it should be within the state of Nevada.

Miss Debbie Shetra testified in support of the bill.

The next bill to be discussed was A.B. 407. Mr. Broadbent stated that if it was permissive they would not object to it.

Mr. Dini asked how it worked in Clark County.

Mr. Broadbent stated that the Board of County Commissioners sits as a board. It is mandatory. Mr. Fahrenkopf stated that the Board of County Commissioners of Washoe County are in favor of the bill.

The next bill to be heard was A.B. 511. Mr. Bill MacDonald testified. He stated that this was another bill from Humboldt County and that there was an attorney general opinion that stated that if they wanted to utilize the county's tax bill procedure to collect a service fee for a general improvement district they cannot do so unless the general improvement district is also levying an ad velorum tax. They feel that this was not the intent and that it was merely a drafting problem and that the attorney general had no choice in rendering his opinion.

Mr. Berkson stated that this would affect Incline Improvement Disttict.He then referred to the wording on page five and suggested that this wording be left in on line 5. The bill could then go through.

Mr. MacDonald stated that they have no objection to it.

Mr. Lien stated that they agree with that. He stated that the word "it" should be stricken.

Mr. Nick Smith testified next. He stated that A.B. 465 is a good bill. He suggested some changes. He stated that in Section 2 some language should be inserted to clarify the parent company. Not all industrial bonds are guaranteed by a parent.

Mr. Erickson stated that he agrees with Mr. Smith's comments. He stated that sections (b), (c) and (d) are restrictive. He referred to a letter which he had given the committee, a copy of which is attached hereto and made a part hereof.

The committee took the following action.

With regard to A.B. 384, Mrs. Ford moved for an amend and and do pass which was seconded by Mr. Young. All of the committee members were in favor of the motion. Mr. Schofield, Mr. Harmon and Mr. Moody were not present at the time of the vote. See attachment

A.B. 178. Mr. Murphy moved for an amend and do pass which was seconded by Mr. Moody. All of the members were in favor of the motion and it was unanimously carried. Mr. Harmon and Mr. Schofield were not present at the time of the vote.

A.B. 385. Mrs. Ford moved that this bill be sent with the amendments to Ways and Means. The motion was seconded by Mr. Murphy. All of the members were in favor of the motion and it was unanimously carried. Mr. Schofield and Mr. Harmon were not present at the time of the vote.

A.B. 491. Mrs. Ford moved for an amend and do pass which was seconded by Mr. Murphy. All of the commitee members were in favor and the motion carried unanimously. Mr. Harmon and Mr. Schofield were not present at the time of the vote.

A.B. 510. Mr. Murphy moved for an amend and do pass which was seconded by Mrs. Ford. The amendment would be the deletion of Section 2. All of the committee members were in favor of the motion and it was unanimously carried. Mr. Harmon and Mr. Schofield were not present at the time of the vote.

A.B. 511. Mr. Craddock moved for an amend and do pass which was seconded by Mr. Harmon. All of the members were in favor of the motion and it was carried unanimously. Mr. Schofield was not present at the time of the vote.

A.B. 407. Mrs. Ford stated that she felt that this should be permissive. Mr. Dini stated that this bill was mandatory. Mr. Dini suggested that a section be put in that said "any counties of 100,000 may be permitted to use this.

Mr. Moody moved for an amend and do pass which was seconded by Mr. Young. All of the members were in favor of the motion and it

carried unanimously. Mr. Schofield was not present at the time of the vote.

The committee discussed the request for introduction of S.B. 100. All of the members were in favor of the request for committee introduction and it carried unanimously.

Mr. Dini then discussed A.B. 230 with the committee. He appointed Mr. Craddock to review the bill.

There being no further business to come before the meeting the meeting adjourned.

Respectfully submitted.

Barbara Gomez

Barbara Gomez
Committee Secretary

ASSEMBLY

AGENDA FOR COMMITTEE ON GOVERNMENT AFFAIRS
WEDNESDAY,
Date April 9, 1975 Time 8:00 A.M. Room 214 2-0692

Bills or Resolutions to be considered	Subject	Counsel requested*
A.B. 415	Amends general improvement district law as to initial board of trustees and special assessment bonds. NOTIFY: Assemblyman Wagner, Mr. W.W. White	
A.B. 407	Increases number of counties where county commissioners serve as ex-officio trustees of certain improvement districts. NOTIFY: Mr. Benkovich, Mr. Christensen, Mr. Latimore Mr. Heaney, Mr. Wittenberg, Mr. Barengo Mr. W.W. White, Humboldt County District Attorney	
A.C.R. 32	Directs legislative commission to study financing of general improvement districts. NOTIFY: Mr. Benkovich	
A.B. 465	Makes changes in Economic Development Revenue Bond Law. NOTIFY: Assemblyman Ford, Mr. Guild Gray	
A.B. 510	Authorizes county commissioners to exercise any improvement powers delegated to board of trustees of general improvement district and to fill existing vacancies on such board.. NOTIFY: Assemblyman Howard	
A.B. 511	Permits service charges and fees of general improvement districts to be collected on county tax roll. NOTIFY: Mr. Corky Lingenfelter	

*Please do not ask for counsel unless necessary.

GOVERNMENT AFFAIRS COMMITTEE

2-0700

GUEST REGISTER

DATE: April 8, 1975

NAME	BILL #	REPRESENTING	TESTIFYING
Steve Erickson	465	Miller & Schroeder	
ANDY HALL	465	WILSON, JONES, MORROW LYNCH	
Mike Murphy	465	McCulloch	
Les Bjerken	415		
Don McNally	465	McCulloch/Hallyburton Co	
[illegible]	415	DEPT OF COMMERCE	

II.

FINDINGS

PART A. This portion of the findings is devoted to a factual account of the history of the District under the pertinent sections of Chapter 318 of the Nevada Revised Statutes.

The District was initiated under Ormsby County Ordinance No. 1964-7, passed on August 5, 1964. It was created under Ordinance No. 1964-8, which was effective on September 11, 1964. These ordinances established the District for the purpose of paving, curbs, gutters, sidewalks, storm drainage, sanitary sewer improvements, water improvements, street lighting and garbage and refuse collection and disposal, and were both adopted upon a declaration that an emergency existed which permitted them to be adopted and made effective with no waiting period.

The first meeting of the Board of Trustees of the District was on August 24, 1964. Robert E. Bawden was elected President, Joseph E. Lauck was elected Treasurer and Joanne F. Copp was appointed Secretary of the District and of the Board.

The District, on November 30, 1964, filed its "Articles of Incorporation" with the Secretary of State, State of Nevada, and on that date qualified to exercise therein all of the powers recited in its Chapter on Articles of Incorporation and to transact business in the State of Nevada.

N.R.S. 318.075. The first purported meeting of the District was on August 24, 1964. At that time the Board of Trustees adopted resolutions calling for sealed bids on its first project, for the acquisition of public improvements and for the sale of bonds in the amount of $425,000. They also passed resolutions employing bond counsel and local counsel. All of these actions were consummated prior to the creation of the District by

Ormsby County Ordinance No. 1964-8 and prior to the filing of the Articles of Incorporation with the Secretary of State on November 30, 1964.

N. R. S. 318.085. This provision requires, in part, that the Secretary keep, in a well bound book, a record of the Board's proceedings together with minutes of all meetings and other important documents. Testimony revealed that the minutes were not read to the Board of Trustees nor approved by them. Further, minutes of any meeting held after January 6, 1966, could not be found as required by law.

N. R. S. 318.085 (5). "No member of the Board shall receive compensation for his services." The audit of the District revealed the payment of $7,000. to Silver Sage Investment Corporation for Business Manager for the period that Robert E. Bawden was the District President and, if this is payment to the President of the District for services, it is the opinion of the Grand Jury that it is in conflict with N. R. S. 318.085. L. A. Dunson was paid $10,000 for services. Joseph A. Lauck was paid $600 for services as District Treasurer. Thomas Brown was also paid $1,000 for services as District Treasurer at a subsequent time. District minutes reveal that the payments to Silver Sage for District Improvement Manager was authorized October 2, 1964. Present at this meeting, besides District Trustees, were bonding attorney Ernest A. Wilson and local counsel Richard R. Hanna. L. A. Dunson testified that bonding attorney Ernest A. Wilson advised the District that it was legal for L. A. Dunson to accept a salary from the District. Further, Trustee Edwin Thomas received commissions for bonds and insurance from the District in his private capacity as an insurance man.

N.R.S. 318.150. This provision requires, in part, that before making improvements which exceed a cost of $5,000, a contract be entered into following a bidding procedure, in which the lowest responsible bid must be accepted, after due public notice. As mentioned above, in the item for "soil erosion and drainage control" in Project 64-2, the District stipulated that the cost would be $211,500. Thus, there was no competitive bidding for that item. As previously mentioned, a total of $343,837 was spent under that item of which $234,869 was paid to White-Nevada Construction Company direct from the District, although the prime contract had been awarded to Savage Construction Company; and it appears that the District circumvented its Savage Construction Company contract by its arrangement with White-Nevada. White-Nevada Construction Company was a Nevada corporation and at the time of the work done, its stockholders included Robert E. Bawden and Scott Shaw. Each of them owned a 1/3 interest in White-Nevada Construction Company, served as an officer in such company and simultaneously served as a trustee of the District. Further, Mr. Bawden received a salary and dividend from White-Nevada Construction Company and Mr. Shaw received a dividend.

On June 1, 1965, by resolution No. 45, the Board of Trustees approved the acquisition of improvements for Project 65-1. In the resolution, it was stated that all of the properties within Project 65-1 were known to be within the boundaries of the improvement district. On July 6, however, Attorney Richard R. Hanna reported to the Board of Trustees that the Ormsby County Commissioners had declined to permit the annexation of the Fairview Lane area to the District; and thus it is apparent that the subject property of Project 65-1 was not even within the District boundaries. The minutes of

that same meeting of the Board of Trustees reflect that the contractor had already commenced work on the Fairview Lane area and, in fact, a bill for a progress payment in connection therewith was approved. Further, the bonds for Project 65-1 were not issued until September 15, 1965, and yet work continued to progress and the District continued to incur obligations in connection therewith. It was not until September 15, 1965, that the property was even annexed to the District. Prior to the date on which the property was annexed and the bonds sold, approximately $33,000 had been paid out to the contractor for the work from funds from sources other than Project 65-1.

Project 65-1 included the expenditure of $84,745.21 to Savage Construction Company for improvements. There was no bidding whatsoever for this work and the expenditures were made without a contract having been entered into between Savage Construction Company and the District.

Under Project 64-2, P & S Hardware performed work and labor and provided supplies in connection with shrubbery and the sprinkler system for which they were paid $64,664.03. This expenditure was made by the District without bids having been submitted as required by the above statute.

Although subsection 3 of the above statute requires that supplies and materials costing $500 or more may not be aquired by the District without a bidding procedure, the District purchased sprinkler system equipment amounting to $2,291.22 from Carson Auto Electric, fencing at the nursery area costing $1,253.38 from Tholl Fence Company, sprinkler supplies costing $1,277.39 from Crane Supply Company, sprinkler materials costing $6,839.81 from Record Supply Company, and sprinkler materials costing $720.72 from J. R. Bradley Company, all without bids.

The foregoing expenditures commented on under this section of Chapter 318 were made without objection by bond counsel, local counsel, engineers, contractors or trustees.

substantiation of the purpose for which the money was spent, or justification for the expenditure whatsoever. It should be noted that the Grand Jury was unable to ascertain any records of the District whereby the District negotiated for the purchase of rights-of-way within the 64-2 project. Included within this project were approximately 10.8 acres of streets.

It was not until September 30, 1966, that easements for the streets within Projects 64-1 and 64-2 were acquired by the District.

N.R.S. 318.175. This section gives complete authority to the Board of Trustees to manage the business affairs of the District. The Jury concludes that with the exception of R. E. Bawden, President of the Board of Trustees, and his successor in that job, L. A. Dunson, the members of the Board of Trustees did not involve themselves in the day-to-day affairs of the District and were largely unaware of the activities of the District. In fact, many of the trustees testified that they had not even read the provisions of Chapter 318. Each trustee testified that he placed total reliance upon Mr. Bawden, Mr. Ernest Wilson, Mr. Richard Hanna and Capital Engineering, Inc. concerning the operations of the District. It should be noted that the following persons served as members of the Board of Trustees, from the first meeting on August 24, 1964, through February 18, 1965: Robert E. Bawden, Scott Shaw, Garth S. Richards, Edwin S. Thomas and Joseph Lauck. The only objection expressed to any of the procedures of the District during that period which appears of record is of Mr. Lauck to the matters surrounding the expenditure of $80,000 for rights-of-way heretofore discussed. As a result of that objection, Mr. Lauck was asked to resign as treasurer and trustee of the District; and on March 10, 1965, his resignation was accepted.

Commencing with the meeting of March 10, 1965, the following persons served as trustees: L. A. Dunson, Garth S. Richards, Edwin Thomas, Scott Shaw and Thomas Brown. These trustees continued to serve into the calendar year 1966, by which time substantially all of the bond proceeds had been expended. The minutes of the District were not completed or prepared after January 6, 1966, through the date of the commencement of the Grand Jury investigation.

Except as noted with respect to Mr. Lauck's objections to certain expenditures, the record is devoid of any objection by any of the trustees to any of the expenditures. Commencing February 8, 1965, the expenditures required the approval of not only the trustees but of Western Improvement Bonding Company, Inc. and the law office of Mr. Wilson. The record is devoid of any objection by either of those firms to any of the expenditures.

As heretofore indicated, the minutes of the Board of Trustees are totally missing from January 1966 through November 1967. During that period of time there was virtually no management of the District affairs until September 20, 1967, when the County Commission appointed Richard Felt, Gene Gold, Edwin Thomas and Garth Richards to the Board. Immediately following their appointment, a dispute arose among the members of the Board of Trustees concerning the allocation of the assessments within the District. Litigation then ensued concerning this matter and that litigation remains unresolved as of this date. Since 1967 the Board of Trustees has again ceased any aggressive pursuit of the District affairs pending the outcome of that litigation. During the long period of vacancy on the Board, no one associated with the District actively attempted to seek the assistance of

the County Commissioners or other public agencies in connection with their dilemma and problems.

N. R. S. 318. 180 and N. R. S. 318. 185. These provisions give the Board of Trustees the power to hire and retain employees and prescribe that the Board shall fix their respective duties. It has been heretofore noted that the Board hired two successive presidents of the Board to serve as employees and this action was justified by the Board under these sections with the advice of bond counsel Ernest A. Wilson. Further, the treasurer received compensation while serving as a member of the Board of Trustees. The Grand Jury feels that these two sections are not intended as vehicles to circumvent N. R. S. 318. 085, subsection (5) and that these two sections were relied upon as a subterfuge by the Board to do just that. Richard Hanna, local counsel for the District, served simultaneously for a substantial period of time as attorney for Silver Sage Investment Corporation.

It was pursuant to this paragraph that Capital Engineering, Inc. was retained to do the engineering work for the District. The contract provided that they were to receive 10% of the cost of construction. The District paid Capital Engineering, Inc. $164, 938. 06 which is between $63, 000 and $87, 000 more than their contract would allow. These fees included the cost of retaining Ormsby County Planning Consultant Raymond Smith to design the entire trailer park area, both public and private at a cost of $17, 000. Further, Robert E. Bawden was retained as a consultant by Capital Engineering, Inc. and received $10, 229. 12 from them. Capital Engineering, Inc. also furnished Mr. Bawden with an automobile. It should also be noted that Capital Engineering, Inc. was employed simultaneously by the District and Silver Sage, thereby creating a possible conflict of interest. As heretofore noted in the discussion regarding N. R. S. 318. 150, White-Nevada Construction Company was paid $234, 869. As these amounts were received by White-Nevada Construction

four types of borrowing. Only one of the four types, namely, special assessment bonds was used by the District. Each of the three bond issues was a special assessment issue.

N. R. S. 318. 360. This provision requires that prior to the making of any improvement, a resolution be adopted by the Board with respect thereto. In part, it is required that the resolution shall "describe definitely the location of the improvement". The records of the District disclose that the resolutions were extremely vague and nebulous. It is impossible from the resolutions to tell the areas where the improvements were to be made. In fact, identical resolutions were used to cover two entirely different areas which were to be subsequently improved.

N. R. S. 318. 365. This section requires that prior to the approval of a special assessment bond issue an estimate be made of the expenses of the improvement. It further requires that plats and diagrams be filed with the District Secretary for public examination. The Grand Jury could find no evidence that the plats and diagrams were properly filed and, to the contrary, the plats, diagrams and plans were not among the District records and the relatively few plats and diagrams located were found in the garage of Ben Lewis, an official of Capital Engineering.

The District records and testimony before the Grand Jury indicated that with respect to all sections of the statute requiring notice to "owners" of property, the holders of deeds of trust were not deemed by the District to be "owners". For example, after an $80, 000 down-payment to Harold Heitmiller on a $320, 000. 00 purchase price on the trailer area by Silver Sage Investment Corporation, Silver Sage received a deed and gave

PART B. This portion of the findings is devoted to miscellaneous facts determined by the Grand Jury.

1. The Grand Jury finds that the Office of the Ormsby County District Attorney should review the transcripts of the testimony and the Grand Jury report and commence criminal actions where appropriate.

2. The Board of Trustees of the Improvement District should immediately take action to preserve the assets of the District. Specific reference is made to pipes and sprinkler equipment.

3. The Grand Jury finds that much of the problem which exists today stems from the fact that all of the property within the District was held in single ownership during the time of the formation of the District and bond issues by it. The result was an inordinate amount of control of the conduct of the District by persons motivated for private gain.

4. The Board of Trustees of the District should vigorously pursue the litigation by which it seeks a declaratory judgment concerning the procedure for allocation of special assessments. As quickly as feasible, these allocations should be made, the assessments should be levied and payment on the bond redemptions should commence. The Grand Jury specifically recommends that no part of the assessment be assumed by the County of Ormsby. Particular effort should be made in the allocation of the assessments to see that the specific private properties upon which many improvements were made are charged with the expense of those improvements. All other litigation concerning the District should be expedited in order that the validity of bonds and the rights of all interested parties be determined as quickly as possible.

5. In all future requests for an ordinance enabling the formation of a district under Chapter 318, the Board of County Commissioners should

make diligent inquiry into the proposed district to determine the feasibility of the project, the background of the persons requesting the formation of the district and their financial ability.

6. There should have been more liaison between the Board of Trustees and the County Commissioners after the initial formation of the District and between the Board of Trustees and the County Engineer. It is recommended that the County Commissioners fill the existing vacancies on the Board of Trustees and meet regularly with the Trustees.

7. The members of the Board of Trustees should have been more diligent in inquiring into the operation of the District. They relied too heavily upon the private developers, legal counsel, the District engineers, the appraisers of the property and bonding companies.

8. The bond issues which were approved by the Trustees and purchased by the bonding companies were excessive in view of the value of the property and the economic feasibility of the private development upon the property from which redemption was intended to be made. The Trustees relied upon an appraisal by Marvin G. Marquardt, of Lemon Grove, California, which fixed inflated values on the property within the District.

9. The District officials did not require the dedication of the private property prior to construction thereon of improvements by the District. They should have done so.

10. In audits dated June, 1967, and January, 1967, presented to the Grand Jury by a member of a reputable accounting firm retained at that time by the District which had compiled the audits by analyzing the combined records and transactions of the District, Silver Sage, Capital Engineering and White-Nevada, the conclusion of the auditors was that in transfers of amounts totalling $236,141.59 from the District to White-Nevada, thence to Silver Sage, that only $43,212.97 was used to the benefit of the

suggested that the Board of County Commissioners and the Board of Trustees of the District meet and explore all possible methods of resolving the problem including the possibility of dedicating all streets and roadways in the District to Ormsby County, except those portions located in Parkland Village.

III.

LEGISLATIVE RECOMMENDATIONS

The Grand Jury concludes that the Nevada State Legislature should consider amending N. R. S. Chapter 318 in an effort to protect the public. The Grand Jury suggests the following changes:

1. Trustees for the District should be paid for their services as trustees.

2. Improvement Districts should employ full-time construction inspectors during construction periods.

3. All contract documents should be reviewed and approved by the County Engineer prior to the awarding of any contract by an improvement district; the County Engineer should be required to make periodic inspections during construction and approve all progress payments to the contractor.

4. It is recommended that all bidding procedures for purchase of bonds and construction items conform to the requirements imposed on cities and counties by Nevada law.

5. The provisions of N. R. S. 318. 085 (4) governing the bond required by the Treasurer of the District should be amended to require a bond of not less than $50, 000; and accordingly the provisions of N. R. S. 318. 080 regulating the amount of bond required of other members of the Board of Trustees should be for not less than $10, 000 each.

13. It is further recommended that N. R. S. 318. 0956, prohibiting Trustees from being interested in sales or contracts, be amended to provide also that such contracts are void at the instance of the District interested or of any other party interested in such contract; and such activity shall, in addition to being a criminal offense, result in forfeiture of office by the Trustee.

14. The Jury concludes that there were a number of irregularities in the proceeding prior to issuance and sale of bonds which would justify a deletion or modification of N. R. S. 318. 475. That section indicates that the issuance of special assessment bonds is conclusive evidence of the regularity of proceedings.

15. Many of the provisions of the law were too liberally interpreted to the detriment of the public. It is recommended that N. R. S. 318. 040 which provides for liberal interpretation of the law be modified or deleted.

16. We recommend that N. R. S. 318. 352 pertaining to the acquisition and construction of improvements be amended to also make the provisions of N. R. S. 318. 150 which pertains to contracts, contractors' bonds and purchase of supplies and materials applicable to the former section.

Respectfully submitted,

ORMSBY COUNTY GRAND JURY

By W R Butler
W. R. Butler, Foreman

Dated this 17 day of February, 1969.

2-

PRELIMINARY CIRCULAR **NEW ISSUE**

NATIONAL MUNICIPAL BOND COMPANY

324 So. Third Street, • Suite 9 • Las Vegas, Nevada 89101 • (702) 385-5245

INVESTMENT BANKERS

Interest Exempt from present Federal and Utah Income Taxes

KARMA CORPORATION
$850,000
WASHINGTON INDUSTRIAL DEVELOPMENT AUTHORITY
WASHINGTON, UTAH
INDUSTRIAL DEVELOPMENT REVENUE BONDS
1ST MORTGAGE — REVENUE

Dated: May 1, 1975
July 1, 1975

Due: May 1, 1978/1985 and May 1, 1995
July 1, 1978/1985 and July 1, 1995

Coupon bonds in $1,000 denominations. Principal and semi-annual interest (May 1 and November 1 for bonds dated May 1) (July 1 and January 1 for bonds dated July 1), payable at Zions First National Bank, Salt Lake City, Utah, Trustee.

The bonds are subject to redemption prior to maturity in inverse order in 1985 on bonds due in 1995 at par plus accrued interest plus a premium equal to one year's interest, such premium decreasing 1 %.

YEAR	AMOUNT	Coupon
1978	25,000	9.00%
1979	25,000	9.00%
1980	25,000	9.00%
1981	25,000	9.00%
1982	50,000	9.25%
1983	50,000	9.25%
1984	50,000	9.25%
1985	50,000	9.25%
1995	$550,000	9.50%

LEGALITY:

These bonds are offered when, as and if issued and received by US, subject to the unqualified approval of legality by co-BOND COUNSEL John W. Palmer, St. George, Utah.

THE PROJECT

The proceeds of this Bond issue will be used to purchase 4 acres of land located in the city of Washington, Utah on which will be constructed a 15,000 square foot building, leaving adequate room for planned expansion. Located in the plant will be complete fiberglass manufacturing facilities along with metalwork and woodworking facilities, assembly area, prototype laboratory, warehousing and truck loading docks, shipping and receiving facities and plant management offices of Karma Corporation.

The plant will be equipped with modern equipment, tools and tooling, manufacturing jigs,fixtures, rolling stock, office furnishing, temperature controls, employee facilities and fireproof storage equipment. The facility will operate on an eight hour shift per day, twenty-two days per month initially, and the company will phase into a second shift after the first year of operation or sooner, if necessary.

The Company will produce and market (of its own design and patent as well as under contract to other firms) various consumer products using fiberglass, structural metals, or a combination of the two. Among the products are: Manx SR2 (an 80" wheelbase kit car body). Manx SR 2 + 2 (a 94" wheelbase kit car body), Pegasus XL (a 94" wheelbase Gran Turismo kit car body), automobile chassis pans, sundry automobile after-market products and in addition, a small trailer with motorcycle and camping facilities. The company's Climax Automobile Air Conditioning Division, will manufacture and market auto air-conditioning systems, including compressors, for compact and sub-compact cars.

THE COMPANY, IT'S PRODUCTS AND MARKET

Karma Corporation was formed in February 1975 under the laws of the state of Utah and is the successor to Karma Coachworks, Ltd., a fibesrglass kit car manufacturer which owns, manufactures, and markets the MANX SR-2 which is widely known as a very high quality compact car body designed to fit onto a Volkswagon chassis and which uses a wide variety of engines.

The Climax Auto Air Condition Division is the ultimate successor to Mierline, Inc. which has been manufacturing these systems since 1965. The compressor pump, patented by the company is most unusual in that it uses under 2 horsepower from the engine, most important in this new age of sub-compact cars.

The kit car market has been viable market for more than fifteen years to a widely scattered sub-culture of people who are loosely organized through magazines, shows, races, gymkhanas, etc. It has long been conducted as a low volume, high profit business by at least six successful companies. The current market in the U.S. is between 5,000 to 10,000 units per year, a miniscule percentage considering the 100 million cars on the road.

1. New techniques in the state of the art for fiberglass design and manufacture.
2. The energy crisis, making highly desirable the increased mileage inherent inlightweight fiberglass
3. Inflation, which has left a hole in the market for futuristic automobiles in the $3,000 to $4,000 price rang (low maintenance cost and negligible depreciation are also factors in this area)
4. Repugnant Federal regulation regarding cars, which are avoided by the individual kit car owner.

The market is now spreading rapidly to the general public through increased advertising exposure and participation in consumer shows. Pre-assembly of the kit is making this new market quite saleable.

USE OF BOND PROCEEDS

Industrial building structures	$150,000
Land and site preparation	20,000
Production equipment and machinery	140,000
SR-2 and SR-2 + 2 molds, plugs, jigs and tooling	85,000
Pegasus molds, plugs, jigs and tooling	70,000
Pegasus engineering, patents and license	30,000
Office equipment	5,000
Legal fees	25,000
Contingencies and miscellaneous expenses	34,375
Bond and prospectus printing	18,000
Fiscal fees	25,000
Escrowed interest	119,625
Net interest cost adjustment discount	127,500
TOTAL ESTIMATED COST	$850,000

SECURITY:

The Bonds are payable solely from lease rentals and revenues derived from the Project and receipts therefron. and is further secured by a first mortgage on the real property, buildings, equipment and other improvements so acquired in the lease and deeded in trust to the Trustee under the terms of the indenture.

A Lease agreement has been executed between the Washington Industrial Development Authority and Karma Corporation, a Utah Corporation, as Lessee, which provides for basic rent to be paid directly to the Trustee by the Lessee of monthly installment payments in amounts sufficient to pay the principal, interest, premium, if any, the Bonds as the same shall become due and payable and which shall be deposited in a special account of the Authority designated *Washington Industrial Development Authority Sinking Fund, $850,000 Industrial Revenue Bonds, Karma Corporation Series A 1975" (the "Sinking Fund").* Project revenues (including particularly rentals under the Lease), have been duly Pledged by the Indenture to the payment of the principal of and interest on the Bonds, and are secured by a lien on and security interest in the project subject to the Lease and permitted encumbrances, as specified in the Indenture. The Bonds do not constitute an indebtness of the Authority within the meaning of any constitutional or statutory limitation.

In addition to the above, the Lessee has agreed to the following additional security provisions and financial restrictions, which are incorporated in the Trust Indenture and Lease Agreement:

(1) Karma Corporation will maintain its corporate existence and will not consolidate with or merge into another corporation, provided that it may consolidate or merge if the surviving corporation has a net worth greater than the consolidated net worth of Karma Corporation.

(2) In the event the proceeds of this issue areinsufficient to pay the cost of completing the Project and the installation of the equipment, Karma Corporation covenants to complete the Project at its own expense. No diminution of the rentals payable shall be made as the result of any such expenditures by Karma Corporation.

(3) Karma Corporation will maintain proper books of record and account and will furnish its Annual Audit by an independent certified public accountant, which Audit shall render an opinion and will, upon request, submit quarterly statements to the Trustee and Underwriter.

(4) Karma Corporation shall carry insurance of the kind usually carried on like facilities. Such insurance shall be for the benefit of Karma Corporation and the bondholders and shall be assigned and made payable to the Trustee and the Trustee shall have the sole right to receive any proceeds from such insurance policy. As additional security for the bondholders thereof, the Lessee will deliver to the Trustee within 30 days after receipt of funds, diminishing term life insurance policies on the officers in the aggregate amount of $50,000 each with the exceptions of Donald M. Bertiner, Chairman and Paul D. Bob, President, for which policies of $250,000 will be issued and all said policies shall be payable to the trustee for the company.

(5) Escrowed interest $119,625.

The Bonds are payable solely from the "TRUST ESTATE" consistion of the Authority's interests in the real estate, (including the manufacturing plant and related facilities to be financed from the proceeds of the Bonds) in the Lease (including the rentals payable by the Lessee) and certain other rights, privileges and property, assigned conveyed and deeded in trust to the Trustee under the Indenture. The Lease provides for the payment directly to the Trustee by the Lessee of rentals in amounts sufficient to pay the principal, interest and premium, if any, on the Bonds as the same become due and payable.

NOTE:

No person has been authorized to give any information or to make any representations other than those contained in this Preliminary Circular or the Official Statement in connection with the offers made hereby and if given or made, such information or representation must not be relied upon as having been authorized by the Authority, Karma Corporation, or the Underwriters. Neither the delivery of this Preliminary Circular nor any sale hereunder shall under any circumstances create any implication that there had been no change in the affairs of Karma Corporation since the date hereof. This Preliminary Circular does not constitute an offer or soliciation in any state in which such offer or solicitation is not authorized, or in which the person making such offer of solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

2- 0714 AB384

Municipal Financial Consultants
Tax Free Bonds Since 1899

Suite 209 Nevada Building
109 South Third Street
Las Vegas, Nevada 89101
Telephone (702) 382-4422

and

Suite 1003 Kearns Building
Salt Lake City, Utah 84101
Telephone (801) 328-1511

Burrows, Smith and Company
of Nevada

April 2, 1975

The Honorable Jean Ford
Nevada State Assemblyman
Legislative Building
401 South Carson Street
Carson City, Nevada 89701

SUBJECT: A.B. 384

Dear Jean:

Relative to your questions concerning the scope of borrowing allowed in the County Bond Law (NRS 244.781 through 244.807) compared to the City Bond Law (NRS 268.672 through 268.740) it should be noticed that the list of projects authorized in the General Improvement District Law (NRS 318.010 through 318.535) when added to the list of projects in the County Bond Law makes it possible for the Counties to initiate as many kinds of projects as the Cities.

As a lay reader of the laws, I see no great problem with these laws and the proposed new city if existing County 318 Districts are grandfathered into the new boundaries of the proposed city. I hope that the attorneys drafting the legislation for the new city will keep in mind the Clark County Sanitation District which to the best of my knowledge, is the only 318 District in Las Vegas Valley. Hopefully, you good people will get the new city on and eventually the Sanitation District will be expanded to include the present boundaries of the City of Las Vegas.

Sincerely,

R. Guild Gray

b

AB465

2- 0715

Municipal Financial Consultants
Tax Free Bonds Since 1899

Suite 209 Nevada Building
109 South Third Street
Las Vegas, Nevada 89101
Telephone (702) 382-4422
and
Suite 1003 Kearns Building
Salt Lake City, Utah 84101
Telephone (801) 328-1511

Burrows, Smith and Company
of Nevada

April 1, 1975

The Honorable Jean Ford
Nevada State Assemblyman
Legislative Building
401 South Carson Street
Carson City, Nevada 89701

SUBJECT: A.B. 465

Dear Jean:

Excuse the delay in sending you my comments relative to A.B. 465.

Page 1 - Lines 8-10 NRS 244.920

I believe the parent company - lessee or purchaser relationship might be restated and suggest the following:

> (b) Receives a 5-year operating history from the contemplated lessee or purchaser, or from a parent or other company which guarantees principal and interest payment on any bonds issued.

Page 1 - Lines 11-13 NRS 244.920

Some proposals might well demand the services of financial consulting firms specializing in evaluation studies and I suggest the following wording which would prohibit either unknown accountants or consultants.

> (c) Receives an evaluation study of the feasibility of the proposed project and the availability of financial resources to satisfy the requirements of subsection 1 from an independent certified public accountant or a financial consulting firm which in either case shall be licensed or incorporated in the State of Nevada.

Page 1 - Lines 14-16 NRS 244.920

It is suggested that the rating wording be the same or similar to that suggested for the Public Trust Act. I have also investigated the cost and feasibility of obtaining ratings on small issues and believe that we need not excuse any application from a rating.

I suggest the following wording:

> (d) If furnished with evidence that the contemplated lessee or purchaser or company guaranteeing principal and interest payments has a bond rating by a nationally recognized bond rating organization sufficiently high for the controller of the currency to allow National Banks to invest in the bonds of the lessee or purchaser or company guaranteeing principal and interest on the bonds to be issued.

Page 2 - Lines 5-7 NRS 244.920

It is suggested that the words in italics be deleted.

Page 2 - Line 19 NRS 244.9202

It is suggested that the interest rate be consistent with whatever rate is approved by the committee with AB 384.

The same kinds of changes are suggested for NRS 268.530 and 268.534.

Sincerely,

R. Guild Gray

b

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2- 0717
AB465
714
454-7163

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Northwestern Financial Center
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Minneapolis, Minnesota 55431
(612) 831-1500

Miller & Schroeder

MUNICIPALS, INC.
TEL: 714-454-7163

April 1, 1975

Mr. Joseph Dini, Jr.
Chairman, Committee on Government Affairs
State Assembly of Nevada
401 South Carson Street
Carson City, NV 89701

Dear Mr. Dini:

Mr. R. E. Goodman, the director of the Department of Economic Development for Nevada, has sent us a copy of Assembly Bill No. 465 and has asked us to review and comment on the proposed bill.

Miller & Schroeder has had extensive experience in underwriting and placing industrial revenue bond issues. In fact, in the last five years we have underwritten fifty industrial revenue bond issues with a total dollar amount in excess of $56,000,000. Thus, we welcome the opportunity to share our thoughts with you on the proposed amendments which are set forth in Assembly Bill No. 465.

We are concerned with the provisions contained in subsections (b), (c) and (d) of Section 1 of NRS 244.920. Subsection (b) requires that the lessee or purchaser furnish a 5 year operating history to the Board of County Commissioners. We areee that the furnishing of financial statements is a necessity. However, we are of the opinion that the lessee or purchaser should be required to furnish statements for a 3 year period. This would coincide with the registration provisions of most state securities laws which require only 3 year statements.

Subsection (c) requires an evaluation study of the feasibility of the project from an independent public accountant. We, as underwriters, do not require feasibility studies for a good reason; a certified public accountant will not give an opinion as to the validity of the study. Rather, the certified public accountant takes the numbers that management furnishes, works with the basic operating assumptions that have been furnished by management and compiles the numbers in the form of a study. A standard disclaimer is contained in the study that states that "since forecasts of future events are subject to uncertainties, we cannot represent these projections as specific results that will be actually

Miller & Schroeder

2- 0718

achieved, nor can we render an opinion as to these projections." Thus, we are of the opinion that a feasibility study does not give any real assurance to the future viability of the lessee or purchaser, and is an unnecessary expense to be incurred by the lessee or the purchaser.

Subsection (d) requires that the lessee or purchaser, or its parent, has a bond rating of at least a Baa issued by a nationally recognized bond rating organization. As mentioned previously, we have underwritten fifty industrial projects. Of these, only sixteen were rated, and of the sixteen rated, fifteen were rated by Fitch's Investors Service and one by Standard & Poor's. The thirty-four issues that were not rated involved strong, local companies. However, they were not Big Board or Blue Chip companies and thus did not qualify for a rating. Both Standard and Poor's and Moody's are hesitant to rate industrial revenue bond issues, and Standard and Poor's automatically rates industrial revenue bond issues one grade lower than the general corporate debt rating of the corporation. In other words, a corporation would have to quality for an "A" rating in order to receive a Baa rating on their industrial revenue bonds.

It is our opinion that the rating requirement would severely limit the applicability of the industrial revenue law in Nevada. The primary purpose of industrial revenue bond legislation is to provide a financing vehicle for small to medium size companies with a solid financial background. The company benefits through the advantageous cost of money, and the community benefits by being able to attract new industry and expand existing industry. This, of course, results in an increase in employment and the flow of money in the community. As an example, Fisher Pen Company, with offices in Illinois and California, wishes to consolidate their operation and move to Boulder City, Nevada. Both the city and the Nevada Economic Development Department are anxious to see the company locate in Boulder City. We are going to underwrite the industrial revenue bond issue that will provide the necessary funds for the relocation. Although Fisher Pen Company has a strong financial background, it is wholly owned by a single shareholder, and does not have financial statements that are strong enough to qualify for a bond rating. However, we believe that we will be able to market a bond issue based on their statements and that the company will be a valuable addition to the city.

We will conduct an extensive review of the financial statements of the company. We have to be sure that we can market the Bonds, and that the company will continue to prosper, or we may be faced with a potential liability if the Bonds go in default.

We will be happy to testify before your committee at any time. In this regard, will you please let us know when your committee plans to conduct hearings in connection with this bill.

Miller & Schroeder

2- 0719

We look forward to meeting with you and your committee in the near future.

Sincerely,

Steven W. Erickson

Steven W. Erickson
Vice President

SWE/mar
cc Senator James I. Gibson
R. E. Goodman

ASSEMBLY ACTION	SENATE ACTION	ASSEMBLY / SENATE AMENDMENT BLANK
Adopted ☐	Adopted ☐	2-0720
Lost ☐	Lost ☐	Amendments to Assembly / Senate
Date:	Date:	Bill / Joint Resolution No. 220 (BDR 20-491)
Initial:	Initial:	
Concurred in ☐	Concurred in ☐	Proposed by Committee on Government Affairs
Not concurred in ☐	Not concurred in ☐	
Date:	Date:	
Initial:	Initial:	

Amendment No. 7597

Amend section 1, page 1, line 3, delete "1.".

Amend section 1, page 1, line 4, delete "may" and insert "shall".

Amend section 1, page 1, delete lines 6 through 21 and insert:

"within the county, an ordinance enforcing the dog control regulations adopted by the district board of health pursuant to section 3 of this act. The penalty provisions of such ordinances shall be limited by the provisions of the regulations adopted by the district board of health.".

2-0721

Amend sec. 2, page 2, line 3, delete "1.".

Amend sec. 2, page 2, delete lines 5 through 20, and insert:

"enact an ordinance enforcing the dog control regulations adopted by the district board of health pursuant to section 3 of this act. The penalty provisions of such ordinances shall be limited by the provisions of the regulations adopted by the district board of health.".

Amend sec. 3, page 2, delete lines 21 through 40 and insert:

"Sec. 3. 1. The district board of health shall adopt regulations prohibiting the running at large of dogs within the health district. Such regulations shall not provide for a penalty greater than a $20 fine.

2. Regulations adopted pursuant to subsection 1 shall contain provisions adapting the regulations to local conditions within the health districts.

Sec. 4. NRS 439.410 is hereby amended to read as follows:

439.410 1. The district board of health shall have the powers, duties and authority of a county board of health in the health district.

2. The district health department shall have jurisdiction over all public health matters in the health district.

3. In addition to any other powers, duties and authority conferred on a district board of health by this [section,] section and section 3 of this act, the district board of health shall have the power by affirmative vote of a majority of all the members of the board to adopt, promulgate, amend and enforce reasonable rules and regulations consistent with law, which rules and regulations shall take effect immediately on their approval by the state board of health to:

(more)

(a) Prevent and control nuisances;

(b) Regulate sanitation and sanitary practices in the interests of the public health;

(c) Provide for the sanitary protection of water, food supplies and sewage disposal; and

(d) Protect and promote the public health generally in the geographical area subject to the jurisdiction of the health district.

4. In the adoption or amendment of any such rule or regulation, the district board of health shall observe the same requirements for notice and hearing as are prescribed for state agencies by the Nevada Administrative Procedure Act.".

Amend the title of the bill to read as follows:

"AN ACT relating to the control of dogs running at large; requiring the district boards of health to adopt regulations providing for the control of dogs running at large; requiring the governing bodies of cities and counties to adopt ordinances enforcing the regulations of the district boards of health; and providing other matters properly relating thereto.".