

## STAFF REPORT

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**Date:** October 23, 2024

**To:** Mayor and City Council

**Through:** Jackie Bryant, Interim City Manager

**Subject:** Resolution No. \_\_\_\_ (For Possible Action): Resolution pertaining to the issuance of Series 2024 General Obligation (Limited Tax) Capital Improvement Refunding Bonds for the purpose of refinancing the outstanding Series 2013A City of Reno bonds, in order to reduce interest costs and effect other economies; Authorizing the Director of Finance to arrange for the sale of bonds; and providing other matters pertaining thereto.

**From:** Vicki Van Buren, Director of Finance

**Department:** Finance

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### **Summary:**

A Resolution pertaining to the issuance of the City of Reno, Nevada, General Obligation (Limited Tax) Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2024 (the "2024 Bonds") for the purpose of refinancing certain outstanding bonds of the City (City of Reno, Nevada, General Obligation (Limited Tax) Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2013A) for the purpose of reducing interest costs and effecting other economies and authorizing the Director of Finance to arrange for the sale of the 2024 Bonds; together with other matters properly relating thereto. The 2024 Bonds will not extend the final maturity date of the 2013 Bonds of June 1, 2032.

### **Alignment with Strategic Plan:**

Fiscal Sustainability

### **Previous Council Action:**

May 22, 2013: The City Council adopted a bond ordinance authorizing the issuance of the City of Reno, Nevada, General Obligation (Limited Tax) Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2013A (the "2013 Bonds") which bonds were issued on July 9, 2013.

March 27, 2013: The City Council held a public hearing on the issuance of the 2013 Bonds.

March 1, 2013: The City published notice of intent to issue the 2013 Bonds and notice of public hearing regarding the issuance of the 2013 Bonds.

February 27, 2013: The City Council adopted the resolution of intent to issue the 2013 Bonds.

February 7, 2013: The Washoe County Debt Management Commission approved the 2013 Bonds.

January 16, 2013: The City Council adopted a resolution requesting the Washoe County Debt Management Commission to meet to consider approval of the City of Reno, Nevada, General Obligation (Limited Tax) Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2013A (the "2013 Bonds") to refinance a portion of the outstanding 2002 Bonds.

March 26, 2002: The City Council adopted a bond ordinance authorizing the issuance of the City of Reno, Nevada, Capital Improvement Revenue Bonds, Series 2002 (the "2002 Bonds") which 2002 Bonds were issued on April 29, 2002.

**Background:**

The City previously issued its 2002 Bonds on April 29, 2002. A portion of the 2002 Bonds were refinanced by the 2013 Bonds on July 9, 2013. In June 2023, Council authorized the refinancing of these bonds; however, due to interest rate increases following that approval, refinancing was not financially prudent. The 2013 Bonds are general obligation bonds of the City and are additionally secured by a lien on certain Pledged Revenues described below. All debt service on the 2002 Bonds and the 2013 Bonds has been paid first from revenues derived from certain taxes on the rental of transient lodging from the 1% bowling facility tax within the County, second from revenues derived from certain taxes on the rental of transient lodging from the 1999 Tax comprised of up to \$1,500,000 per year subject to certain adjustments, from a 1% tax within the County and 1.5% tax from the area designated to benefit from the multipurpose bowling facility and third from 15% of consolidated tax revenues (collectively, the "Pledged Revenues"). The Resolution authorizes the Director of Finance to move forward with bonds by competitive bid.

**Discussion:**

The resolution allows the Director of Finance authorization to arrange for the issuance and sale of the 2024 Bonds to refund all or a portion of the outstanding 2013 Bonds for interest rates savings and to effect other economies. The 2024 Bonds will not extend the final maturity date of the 2013 Bonds of June 1, 2032.

**Financial Implications:**

Based on estimated interest rates provided by the City's Municipal Advisor, Zions Public Finance, the new debt service is expected to lower interest costs and provide estimated debt service savings of approximately \$280,000 in each fiscal year 2026 through 2032, with estimated present value

savings of \$1.6 million or 7% of refunded par. The 2024 Bonds are general obligation bonds of the City and are additionally secured by a lien on the Pledged Revenues.

**Legal Implications:**

Legal review completed for compliance with City procedures and Nevada law.

**Recommendation:**

Staff recommends Council adopt the Resolution.

**Proposed Motion:**

I move to adopt the Resolution.

**Attachments:**

Resolution

Bond Schedule