

D.2 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.

STAFF REPORT

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

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

RESOLUTION NO. ____

RESOLUTION PERTAINING TO THE ISSUANCE OF BONDS FOR THE PURPOSE OF REFINANCING CERTAIN OUTSTANDING BONDS OF THE CITY; AUTHORIZING THE DIRECTOR OF FINANCE TO ARRANGE FOR THE SALE OF BONDS; AND PROVIDING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City Council ("Council") of the City of Reno (the "City"), is authorized pursuant to Nevada Revised Statutes ("NRS") 350.500 through 350.720, as amended (the "Bond Act"), and all laws supplemental thereto to issue bonds in one series or more the City of Reno, Nevada, General Obligation (Limited Tax) Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2024 (the "Bonds") to refund all or a portion of the outstanding City of Reno, Nevada, General Obligation (Limited Tax) Capital Improvement Refunding Bonds (Additionally Secured by Pledged Revenues) Series 2013A (the "2013 Bonds") for the purpose of reducing interest costs and effecting other economies.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RENO, NEVADA:

Section 1. The Director of Finance of the City is hereby authorized to arrange for the issuance and sale of the Bonds in order to refinance all or a portion of the 2013 Bonds and to pay the costs of issuance of the Bonds. The Director of Finance of the City is hereby authorized to arrange for the conditional redemption of the 2013 Bonds, including directing conditional notices to be sent in accordance with the ordinance authorizing the issuance of the 2013 Bonds.

Section 2. The Director of Finance of the City is authorized to specify the method of sale, the terms of the Bonds, the date of their sale, the final principal amount of the Bonds, the terms of their repayment and security therefor, and other details of the Bonds, subject to the Bond Act, to offer the Bonds for sale and enter into a contract or contracts for their purchase, subject to the ratification by adoption by the Council of one or more ordinances specifying certain of the terms and details of the Bonds and delegating certain terms of the sale of the Bonds pursuant to the Bond Act. Such Bonds shall be issued on such other terms and conditions as the Council determines, all as provided in the Bond Act and as specified by the adoption of a bond ordinance or ordinances and the execution of a certificate of the Director of Finance specifying the Bond terms and details approving and ratifying their sale (the "Bond Ordinance").

Section 3. The officers of the City are hereby authorized to take all action necessary or appropriate to effectuate the provisions of this resolution, including without limitation (a) assembling of financial and other information concerning the City and the Bonds, (b) if deemed appropriate by the Director of Finance, the preparation and distribution of a preliminary official statement and an official statement in the forms specified by the Director of Finance, and (c) if deemed appropriate by the Director of Finance, the preparation and distribution of a notice inviting

bids for the Bonds. The Director of Finance is authorized to deem the official statement, if any, "final" for purposes of Rule 15(c)2-12 of the Securities and Exchange Commission.

Section 4. Sherman & Howard L.L.C. is hereby appointed as bond counsel to the City ("Bond Counsel") in connection with the Bonds and the engagement letter of Bond Counsel in the form on file with the Director of Finance is hereby approved. Zions Public Finance is hereby appointed as municipal advisor to the City ("Municipal Advisor") in connection with the Bonds and the engagement letter of the Municipal Advisor in the form on file with the Finance Director is hereby approved.

Section 5. The authority to issue the Bonds shall be deemed and considered a continuing authority to issue and deliver the Bonds at one time or from time to time, in one series or in more than one series, all as ordered by the Council. Neither the partial exercise of the authority so conferred nor the lapse of time shall be considered as exhausting or limiting the full authority so conferred.

Section 6. All action, proceedings, matters and things heretofore taken, had and done by the Council, and the officers thereof (not inconsistent with the provisions of this resolution) directed toward the Bonds, the refinancing of all or a portion of the 2013 Bonds be, and the same hereby is, ratified, approved and confirmed. This resolution shall be effective on its passage and approval.

PASSED AND ADOPTED on October 23, 2024.

(SEAL)

Hillary Schieve, Mayor
City of Reno

Attest:

Mikki Huntsman, City Clerk

\$26,000,000*
City of Reno, Nevada
General Obligation (Limited Tax)
Capital Improvement Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2024

2024		October					2024	
S	M	T	W	T	F	S		
		1	2	3	4	5		
6	7	8	9	10	11	12		
13	14	15	16	17	18	19		
20	21	22	23	24	25	26		
27	28	29	30	31				

2024		November					2024	
S	M	T	W	T	F	S		
					1	2		
3	4	5	6	7	8	9		
10	11	12	13	14	15	16		
17	18	19	20	21	22	23		
24	25	26	27	28	29	30		

2024		December					2024	
S	M	T	W	T	F	S		
1	2	3	4	5	6	7		
8	9	10	11	12	13	14		
15	16	17	18	19	20	21		
22	23	24	25	26	27	28		
29	30	31						

FINANCING SCHEDULE

DATE	EVENT
10/02/24	- Agenda deadline for the October 23, 2024 City Council ("Council") meeting
10/23/24	- Distribute Draft of Preliminary Official Statement ("POS") - Agenda deadline for the November 13, 2024 Council meeting - First reading of the Bond Ordinance
10/30/24	- Due Diligence meeting to review POS
11/07/24	- Rating Presentation Run Through
11/08/24	- Rating Presentations
11/13/24	- Adoption of Bond Ordinance
11/15/24	- Publish Bond Ordinance
11/16/24	- Effective date of Bond Ordinance
11/22/24	- Receive Ratings
11/27/24	- Post/Electronic Distribution of POS
12/05/24	- Bond Sale - Send Notice of Redemption for 2013A Bonds
12/12/24	- Bond Closing
02/28/25	- Redemption of 2013A Bonds

* Not to exceed. Preliminary, subject to change.

\$26,000,000*
City of Reno, Nevada
General Obligation (Limited Tax)
Capital Improvement Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2024

INTERESTED PARTIES

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RATING AGENCIES

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S&P Global Ratings
TBD

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* Not to exceed. Preliminary, subject to change.

September 26, 2024

**Resolution pertaining to the issuance of
Bonds for the purpose of refinancing
certain outstanding Bonds of the City
October 23, 2024**



Alignment with Strategic Plan



Discussion

- 2013A Bonds were issued July 2013
- Original issue \$36,115,000
- Refinancing is expected to lower interest costs and provide savings of approximately \$280,000 per fiscal year

Proposed

- Sale resolution allows the Finance Director authorization to arrange for the issuance and sale of the 2024 Bonds to refund outstanding 2013 Bonds for interest rate savings
- 2024 Bonds will not extend maturity date of the 2013 Bonds – final maturity date of June 1, 2032

Recommended Motion

I move to approve the resolution.