



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: June 11, 2019

DATE: Thursday, June 06, 2019

TO: Board of County Commissioners

FROM: Christine Vuletich, Assistant County Manager, Finance & Administration
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THROUGH: John Slaughter, County Manager

SUBJECT: Recommendation to adopt an ordinance designated by the short title "2019A&B RSCVA Ratification Ordinance"; consenting and agreeing to be bound by the provisions of the Reno-Sparks Convention and Visitors Authority's resolution authorizing the issuance of the Washoe County, Nevada Taxable/Tax-Exempt General Obligation (Limited Tax) Reno-Sparks Convention & Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2019A&B in the combined aggregate principal amount not to exceed [\$70,000,000;] ratifying action taken, approving and confirming action to be taken in the Authority's financing and in the imposition, collection, and assignment of room taxes and the pledge of such taxes to said bonds; prescribing other details in connection therewith; and providing for its adoption as if an emergency exists and the effective date. (All Commission Districts.)

SUMMARY

Staff is recommending the Board of County Commissioners adopt a ratification ordinance consenting and agreeing to be bound by the provisions of a resolution of the RSCVA authorizing the issuance of bonds by the RSCVA, in the name of and on behalf of the County, in an aggregate principal amount not to exceed [\$70,000,000] to refinance portions of the currently outstanding Washoe County, Nevada, General Obligation (Limited Tax) Reno-Sparks Convention & Visitors Authority Refunding Bonds, Series 2011 (the "2011 Bonds"). Interest rates have declined since the issuance of the 2011 Bonds, and pursuant to NRS 350.684, the RSCVA, in the name of and on behalf of the County, is authorized to issue refunding bonds for the purpose of reducing interest costs or effecting other economies.

Washoe County Strategic Objective supported by this item: Stewardship of our Community

AGENDA ITEM # _____

PREVIOUS ACTION

On November 23, 1999, the Board of County Commissioners approved a ratification ordinance consenting to the issuance of the RSCVA's 1999A and 1999B Convention Center Bonds (the "1999 Bonds"). Concurrent with the issuance of the 1999 Bonds, a cooperative agreement was entered into between Washoe County and the RSCVA, which among other matters, outlined the RSCVA's duties in connection with issuance of the 1999 Bonds (the "Cooperative Agreement").

On February 27, 2001, the Board of County Commissioners adopted a ratification ordinance consenting to the issuance of the RSCVA's 2001 refunding bonds, which refinanced portions of the 1999A Bonds for debt service savings.

On August 23, 2011, the Board of County Commissioners adopted a third ratification ordinance consenting to the issuance of the 2011 Bonds, which refinanced the 2001 Bonds, and in connection therewith, the Cooperative Agreement was amended.

Pursuant to Section 4.5 of the Cooperative Agreement, the RSCVA has heretofore placed funds into irrevocable escrow accounts to prepay \$2,910,000 of the final maturity of the 2011 Bonds. The 2011 Bonds are currently outstanding in an amount of \$84,240,000.

On April 25, 2019, the Board of Directors of the RSCVA adopted a bond resolution authorizing the issuance of up to \$70,000,000 of Series 2019A&B refunding bonds to refund a portion of the 2011 Bonds for the purpose of reducing interest costs.

BACKGROUND

The Board is being asked to adopt an ordinance which ratifies actions taken by the Board of Directors of RSCVA and consents to the RSCVA's issuance of bonds to refinance the 2011 Bonds for interest savings. Interest rates have declined since the 2011 Bonds were issued. The proposed Series 2019A&B refunding bonds will be sold through a direct placement with a bank.

Current federal tax law limits the ability to issue tax-exempt refunding bonds except in certain circumstances. Tax-exempt refunding bonds may only be issued if the bonds to be refunded are redeemable within 90 days of the issuance of refunding bonds. The 2011 Bonds are not redeemable until July 2021, and therefore, tax-exempt refunding debt cannot be issued today. To comply with federal tax law, the proposed Series 2019A&B refunding bonds will be federally taxable until federal tax law permits a reissuance and conversion to tax-exempt obligations (colloquially, a "Cinderella" bond). The tax-exempt conversion is expected to occur in April 2021 without further action by the Board of County Commissioners or the Authority's Board of Directors. Both the taxable and tax-exempt interest rates will be determined at the closing of the financing, which is expected to occur by the end of the current fiscal year.

The proposed 2019A&B RSCVA Ratification Ordinance pertains to the sale, issuance and payment of bonds, and therefore, may be adopted by a two-third majority of the Board of County Commissioners "as if an emergency exists" in one reading pursuant NRS 350.579.

The contemplated refunding will not change the final maturity of the 2011 Bonds (currently July 2032). It will also not increase the debt service paid by RSCVA in any fiscal year. The terms of the Cooperative Agreement, as amended, between the County and the RSCVA shall remain unchanged.

FISCAL IMPACT

No expected fiscal impact. The Series 2019A&B refunding bonds are general obligations of the County but are expected to be paid from room tax revenues collected by the RSCVA.

Debt service savings from refinancing are estimated between \$4.8 and \$6.8 million over the life of the refunding bonds. The effective interest rate on the refunding bonds is estimated between 3.15% and 3.45%.

RECOMMENDATION

It is recommended that the Board adopt an ordinance consenting and agreeing to be bound by the provisions of the Reno-Sparks Convention and Visitors Authority's resolution authorizing the issuance of the Washoe County, Nevada Taxable/Tax-Exempt General Obligation (Limited Tax) Reno-Sparks Convention & Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2019A&B in the combined aggregate principal amount not to exceed \$70,000,000; ratifying action taken, approving and confirming action to be taken in the Authority's financing and in the imposition, collection, and assignment of room taxes and the pledge of such taxes to said bonds; prescribing other details in connection therewith; and providing for its adoption as if an emergency exists and the effective date.

POSSIBLE MOTION

Should the Board approve, a possible motion would be: "Move to adopt an ordinance designated by the short title "2019A&B RSCVA Ratification Ordinance"; consenting and agreeing to be bound by the provisions of the Reno-Sparks Convention and Visitors Authority's resolution authorizing the issuance of the Washoe County, Nevada Taxable/Tax-Exempt General Obligation (Limited Tax) Reno-Sparks Convention & Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2019A&B in the combined aggregate principal amount not to exceed \$70,000,000; ratifying action taken, approving and confirming action to be taken in the Authority's financing and in the imposition, collection, and assignment of room taxes and the pledge of such taxes to said bonds; prescribing other details in connection therewith; and providing for its adoption as if an emergency exists and the effective date."