WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: October 13, 2020

DATE: Thursday, October 08, 2020

TO: Board of County Commissioners

FROM: Christine Vuletich, Assistant County Manager, Finance and Administration 775-328-2016, cvuletich@washoecounty.us

THROUGH: Eric P. Brown, County Manager

SUBJECT: Recommendation to adopt an ordinance authorizing the issuance of the "Washoe County, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2020B" in the maximum principal amount of $9,800,000, for the purpose of refunding certain outstanding bonds secured by consolidated tax pledged revenues; providing the form, terms and conditions of the bonds and other details in connection therewith; and adopting this ordinance as if an emergency now exists. (All Commission Districts.)

SUMMARY

Staff is recommending that the Board of County Commissioners adopt this proposed bond ordinance to refund (refinance) the currently outstanding Washoe County, Nevada Building Refunding Bonds, Series 2019B, in the amount of $9,800,000. The current low interest rate environment makes it advantageous for the County to refinance these bonds at a lower interest rate for the purpose of reducing debt service costs, as allowed under NRS 350.684.

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

PREVIOUS ACTION

In 2001 the Board of County Commissioners approved the issuance of the Washoe County, Nevada General Obligation (Limited Tax) Building Bonds (Additionally Secured by Pledged Revenues), Series 2001A Building Bonds in the amount of $16,620,000 to finance the construction of the Jan Evans Juvenile Detention Facility and the Incline Maintenance Facility.

On June 28, 2011 the Board of County Commissioners approved the issuance of the Building Refunding Bonds, Series 2011B, in the amount of 12,565,000, to refinance the original 2001A Building Bonds.

On July 9, 2019 the Board of County Commissioners approved the issuance of the "Washoe County, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2019B" in the principal amount of

$11,650,000, for the purpose of refunding (refinancing) the Series 2011B Bonds and the redemption of the 2006 Parks Bonds, which resulted in present value interest savings of $847,000.

BACKGROUND

The Board is being asked today to adopt an ordinance to refinance the 2019B Bonds with the issuance of the proposed Series 2020B Refunding Bonds for the purpose of further reducing the interest rate to achieve additional debt service cost savings. The Series 2020B Refunding Bonds would be issued as a private placement with a bank, as opposed to a public sale. A private placement can be closed in a shorter time frame, limiting the risk that market interest rates would change, and saving issuance costs, as well as providing the flexibility to pay off the bonds with no prepayment penalty. A Request for Financing (RFF) was issued to lenders interested in a private placement to refinance the 2019B Bonds. The RFF closed on October 9, 2020, and bids from various banks were received.

The 2020B Refunding Bond Ordinance would authorize the Assistant County Manager of Finance and Administration to negotiate the sale of the refunding bonds with the purchasing bank and to accept a binding offer. The Series 2020B Refunding Bond Ordinance would be adopted with one reading as allowed per NRS 350.579, which allows for a bond ordinance to be adopted "as if an emergency existed". This provision was enacted by the Nevada Legislature to provide for a streamlined process that allows better market timing to lock in the most advantageous interest rate in a bond issuance.

This refinancing will not extend the term of the bonds, which will be fully repaid and terminate on November 1, 2026.

FISCAL IMPACT

The currently outstanding Building Refunding Bonds, Series 2019B carry a true interest cost of 2.3%. It is anticipated that the proposed 2020B Refunding Bonds can be refinanced at an interest rate in the range of 1.2% to 1.4%, which would provide additional present value interest savings estimated in excess of $400,000, or approximately 4.1% of the refunded par amount of the outstanding bonds.

RECOMMENDATION

It is recommended that the Board, adopt an ordinance authorizing the issuance of the "Washoe County, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2020B" in the maximum principal amount of $9,800,000, for the purpose of refunding certain outstanding bonds secured by consolidated tax pledged revenues; providing the form, terms and conditions of the bonds and other details in connection therewith; and adopting this ordinance as if an emergency now exists.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be: "Move to adopt an ordinance authorizing the issuance of the "Washoe County, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2019B" in the maximum principal amount of $9,800,000, for the purpose of

refunding certain outstanding bonds secured by consolidated tax pledged revenues; providing the form, terms and conditions of the bonds and other details in connection therewith; and adopting this ordinance as if an emergency now exists.