



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: July 9, 2019

DATE: Tuesday, July 02, 2019

TO: Board of County Commissioners

FROM: Christine Vuletich, Assistant County Manager, Finance and Administration
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THROUGH: Dave Solaro, Interim County Manager
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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 2019B"[in the maximum principal amount of \$11,650,000], 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 Park Bonds, Series 2006 and Building Refunding Bonds, Series 2011B, in the maximum principal amount of [\$11,650,000]. 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

Park Bonds, Series 2006

On May 23, 2006, the Board of County Commissioners approved the issuance of Washoe County, Nevada, General Obligation (Limited Tax) Parks Bonds (Additionally Secured by Pledged Revenues), Series 2006, in the amount of \$25,305,000.

On February 24, 2009, the Board of County Commissioners approved the defeasance of and the payment of principal of and interest on a portion of the Park Bonds, Series 2006, in the maximum amount of \$12,000,000.

AGENDA ITEM # _____

Building Refunding Bonds, Series 2011B

On October 23, 2001 the Board of County Commissioners approved the issuance of 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 Washoe County, Nevada, General Obligation, (Limited Tax), Building Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2011B, in the amount of 12,565,000, to refinance the original 2001A Building Bonds.

BACKGROUND

The Board is being asked today to adopt an ordinance to refinance the 2006 Park Bonds and the 2011B Building Refunding Bonds with the issuance of the proposed Series 2019B Refunding Bonds for the purpose of obtaining a lower interest rate to reduce debt service costs. The Series 2019B 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. A Request for Financing (RFF) was issued to lenders interested in a private placement to refinance the 2011B and 2006 Bonds. The RFF closed on July 1, 2019, and bids from various banks were received.

The 2019B 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 2019B 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.

FISCAL IMPACT

The currently outstanding Park Bonds, Series 2006 carry a true interest cost of 4.43% and the Building Refunding Bonds, Series 2001B carry a true interest cost of 4.26%. It is anticipated that the proposed 2019B Refunding Bonds can be refinanced at an estimated interest rate of 2.6%, and would provide total interest savings of approximately \$780,000, or 6.3% of the refunded par amount of the outstanding bonds (preliminary refunding summary prepared by JNA Consulting Group, LLC, on next page).

This refinancing will not extend the term of the existing debt. Final maturity is November 1, 2029.

Washoe County
Building Refunding Bonds, Series 2019 (2006 & 2011B Bonds)
Refunding Summary

Fiscal Year	Refunded Bonds				2019B Bonds					Savings
	Principal	Rate	Interest	Total	Principal	Rate	Interest	Cash Contrib.	Total	
2019										
2020	825,000	4.180%	455,487	1,280,487	124,000	2.600%	197,085	918,827	1,239,912	40,576
2021	860,000	4.180%	420,271	1,280,271	935,000	2.600%	262,951		1,197,951	82,320
2022	895,000	4.180%	383,591	1,278,591	958,000	2.600%	238,342		1,196,342	82,249
2023	930,000	4.180%	345,449	1,275,449	979,000	2.600%	213,161		1,192,161	83,288
2024	970,000	4.180%	305,739	1,275,739	1,005,000	2.600%	187,369		1,192,369	83,370
2025	1,015,000	4.180%	264,252	1,279,252	1,035,000	2.600%	160,849		1,195,849	83,403
2026	1,055,000	4.180%	220,989	1,275,989	1,060,000	2.600%	133,614		1,193,614	82,375
2027	2,105,000	**	176,054	2,281,054	2,106,000	2.600%	92,456		2,198,456	82,598
2028	1,055,000	4.250%	110,244	1,165,244	1,060,000	2.600%	51,298		1,111,298	53,946
2029	1,100,000	4.375%	65,406	1,165,406	1,089,000	2.600%	23,361		1,112,361	53,045
2030	395,000	4.375%	17,281	412,281	354,000	2.600%	4,602		358,602	53,679
	\$11,205,000		\$2,764,764	\$13,969,764	\$10,705,000		\$1,565,088	\$918,827	\$13,188,915	\$780,849
	229,557	Plus: Accrued Interest to Redemption Date							Plus: Rounding	206
	136,400	Plus: Redemption Premium							Net Savings	\$781,055
	92,607	Plus: Transaction Costs								
	(39,738)	Less: Escrow Investment Earnings								
	(918,827)	Less: Cash Contribution								
	10,705,000	Total Cost of Refunding								

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 2019B” in the maximum principal amount of \$11,650,000, 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 \$11,650,000, 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.