



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: November 19, 2019

DATE: Friday, November 15, 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

SUBJECT: Recommendation to approve and execute an ordinance authorizing the issuance by Washoe County of its fully registered Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 or Series 2020 in the maximum aggregate principal amount of \$75,000,000 for the purpose of refinancing outstanding obligations; providing the form, terms and conditions of the bonds and the security therefor, and other details in connection therewith; and providing for its adoption as if an emergency exists and providing the effective date hereof. (All Commission Districts.)

SUMMARY

Staff is recommending that the Board of County Commissioners (the "Board") approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 or if issued in calendar year 2020, Series 2020 (the "2019 Bonds") for the purpose of refunding, together with other available funds, all of the outstanding bonds of the Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2010B (Taxable Direct Pay Build America Bonds) (the "2010B Bonds"), if any, and all or a portion of the outstanding Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2010C (Taxable Recovery Zone Economic Development Bonds) (the "2010C Bonds") for interest rate savings. The 2010B and the 2010C Bonds are currently outstanding in the amount of \$66,821,000 and \$10,000,000, respectively. The ordinance also references the following documents which are on file: the Preliminary Official Statement which serves as the primary offering document to potential investors; the Bond Purchase Agreement; the Continuing Disclosure Certificate which sets forth the RTC's obligations to provide notice of material events to investors in the future; and the escrow agreement for the defeasance of the 2010B Bonds and the 2010C Bonds. Refinancing these revenue bonds will produce net present value (NPV) savings of approximately \$13.6 million.

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

AGENDA ITEM # _____

PREVIOUS ACTION

On February 9, 2010, the Board adopted an ordinance authorizing the issuance of the 2010B and the 2010C Bonds.

On November 15, 2019, the Regional Transportation Commission of the County approved and executed a resolution requesting the Board of County Commissioners to issue revenue refunding bonds in the maximum aggregate principal amount of \$75,000,000 and providing other matters properly related thereto.

BACKGROUND

In March 2010, the County issued \$66,821,000 in principal amount of the 2010B Bonds and \$10,000,000 in principal amount of the 2010C Bonds to finance major street and highway construction. The 2010B Bonds and the 2010C Bonds constitute special obligations of the County payable from existing taxes on motor vehicle fuel and indexing on motor vehicle fuel taxes and special fuels taxes.

The 2010B Bonds and the 2010C Bonds maturing on or after February 1, 2021, are subject to optional redemption by the County prior to their respective maturities on or after February 1, 2020. Due to low interest rates, an opportunity exists to refund the 2010B Bonds and the 2010C Bonds for interest rate savings. Refinancing all the outstanding 2010B Bonds and the 2010C Bonds results in a full release of all funds securing the 2010B Bonds and the 2010C Bonds in the Debt Service Reserve upon closing the 2019 Bonds.

The 2019 Bonds are expected to be sold in compliance with NRS 350.155 through a negotiated sale to J.P. Morgan Securities LLC as representative of itself and Citigroup Global Markets Inc., selected through an RFP process. The attached Municipal Advisors' letter and Bond Ordinance provide additional details on the proposed refunding bonds.

FISCAL IMPACT

The maximum principal amount of 2019 Bonds to be sold is \$75,000,000. Refinancing these revenue bonds is expected to produce savings of approximately \$23.6 million in gross debt service savings, or \$13.6 million in net present value (NPV). The estimated savings results of the refunding will depend on market conditions at the time of the pricing and are subject to change as interest rates may increase or decrease in the three-month period needed to complete the refunding process.

The repayment source for the 2010B Bonds and the 2010C Bonds will not change nor will the term of the bonds being refinanced be extended by the 2019 Bonds. Modifications may be made to the financial terms from the previous bonds, including, but not limited to a reduced interest rate, reduced semi-annual payments, and the elimination of a reserve account for the 2019 Bonds.

RECOMMENDATION

It is recommended that the Board approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 or Series 2020 for the purpose of refinancing certain outstanding obligations; providing the form, terms and conditions of the bonds and the security

therefor, and other details in connection therewith; and providing for its adoption as if an emergency exists and providing the effective date hereof.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be: "Move to approve and execute an ordinance authorizing the issuance of the Washoe County, Nevada, Highway Revenue (Fuel Tax) Refunding Bonds, Series 2019 or Series 2020 for the purpose of refinancing certain outstanding obligations; providing the form, terms and conditions of the bonds and the security therefor, and other details in connection therewith; and providing for its adoption as if an emergency exists and providing the effective date hereof.