



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: November 27, 2018

DATE: Thursday, November 22, 2018

TO: Board of County Commissioners

FROM: Christine Vuletich, Assistant County Manager, Finance and Administration
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THROUGH: John Slaughter, County Manager
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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 2018 in the maximum aggregate principal amount of [\$220,000,000] 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 2018 (the "2018 Bonds") for the purpose of refunding all of the outstanding bonds of the Washoe County, Nevada, Highway Revenue (Motor Vehicle Fuel Tax) Bonds, Series 2009 (the "2009 Bonds") and all of the outstanding bonds of the Washoe County, Nevada, Highway Revenue (Fuel Tax) Bonds, Series 2013 (the "2013 Bonds") for interest rate savings. The 2009 Bonds and the 2013 Bonds are currently outstanding in the amount of \$60,787,000 and \$164,265,000 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 Continuing Disclosure Certificate which sets forth the County's obligations to provide notice of material events to investors in the future; and the escrow agreement for the defeasance of the 2009 Bonds and the 2013 Bonds. Refinancing these revenue bonds will produce net present value ("NPV") savings of approximately \$20,504.810 or 9.11% of the refunded bonds.

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

AGENDA ITEM # _____

PREVIOUS ACTION

On March 24, 2009 the Board adopted an ordinance authorizing the issuance of the 2009 Bonds.

On March 12, 2013, the Board adopted an ordinance authorizing the issuance of the 2013 Bonds.

On November 17, 2017, 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 \$220,000,000 and providing other matters properly related thereto.

BACKGROUND

In March 2009, the County issued \$89,567,000 of highway revenue bonds to finance major street and highway construction. In March 2013, the County issued \$165,000,000 to finance major street and highway construction. The 2009 Bonds and the 2013 Bonds constitute special obligations of the County payable solely from taxes on motor vehicle fuel and special fuels and indexing on those taxes. The 2018 Bonds will not constitute a general obligation debt or indebtedness of the County.

The 2009 Bonds and the 2013 Bonds maturing on or after February 1, 2020, are subject to optional redemption by the County prior to their respective maturities on or after February 1, 2019. Due to current low interest rates, an opportunity exists to refund the 2009 Bonds and the 2013 Bonds for interest rate savings. Refinancing all of the outstanding 2009 Bonds and 2013 Bonds results in a full release of all funds securing the 2009 Bonds and the 2013 Bonds in the Debt Service Reserve, upon closing the 2018 Bonds. The expected refinanced interest rate to refund all of the outstanding 2009 Bonds with maturities of February 1, 2019 to February 1, 2028, inclusive and outstanding 2013 Bonds with maturities of February 1, 2019 to February 1, 2043, inclusive, is approximately 4.14%.

FISCAL IMPACT

The maximum principal amount of 2018 Bonds to be sold is \$220,000,000. Refinancing these revenue bonds is expected to produce a net present value (NPV) savings of approximately \$20,504,810, or 9.11% of the refunded bonds.

The repayment source for the 2009 Bonds and the 2013 Bonds will not change nor will the term of the bonds being refinanced be extended by the 2018 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 2018 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 2018 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 2018 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."