



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: June 15, 2021

DATE: Thursday, June 10, 2021

TO: Board of County Commissioners

FROM: Christine Vuletich, Assistant County Manager, Finance and Administration
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THROUGH: Eric P. Brown, County Manager

SUBJECT: Recommendation To Adopt And Execute An Ordinance Authorizing The Issuance By The County Of Its Negotiable "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Refunding Bonds (Additionally Secured By Pledged Revenues, Series 2021," In The Maximum Aggregate Principal Amount Of \$14,105,000 For The Purpose Of Refunding Certain Outstanding Bonds Secured By The Infrastructure Sales Tax For Flood Control; Providing The Form, Terms And Conditions Of The Bonds And Providing Other Matters Relating Thereto: And Providing For Adoption As If An Emergency 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 2006 General Obligation Sales Tax Revenue Flood Control Bonds. The 2006 Bonds were issued as variable interest rate debt, with a rate reset required, at least every five years. The current low interest rate environment makes it advantageous for the County to refinance these bonds at a fixed interest rate for the remaining 15-year term the bonds will be outstanding for purpose of reducing the risk of higher future debt service costs, as allowed under NRS 350.684.

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

PREVIOUS ACTION

On May 18, 2006, the Washoe County General Obligation Sales Tax Revenue Flood Control Bonds, Series 2006 were issued for expansion of and improvements to the flood control system.

On May 25, 2021, the Board of County Commissioners approved the engagement of Sherman & Howard, LLC., to provide bond counsel and special disclosure counsel for

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the proposed refunding (refinancing) of the Washoe County General Obligation Sales Tax Revenue Flood Control Bonds, Series 2006.

BACKGROUND

The Board is being asked today to adopt an ordinance to refinance the Washoe County General Obligation Sales Tax Revenue Flood Control Bonds, Series 2006 with the issuance of the proposed Series 2021B Refunding Bonds for the purpose of converting the bonds from a variable interest rate to a fixed rate to achieve future debt service cost savings. This refinancing will not extend the term of the bonds, which will be fully repaid and terminate on December 1, 2035.

The 2006 Bonds are direct and general obligations of the County and payable as to principal and interest from a pledge of infrastructure sales tax revenues backed by general (ad valorem) taxes levied against all taxable property within the County. The proposed Series 2021B Bonds would be issued pursuant to the constitution and laws of the State, including NRS 244A.011 through 244A.065 (the "Project Act"), NRS 350.500 through 350.720, inclusive (the "Bond Act"), Chapter 348 of NRS (the "Supplemental Bond Act"), Chapter 377B (the "Infrastructure Act") and the Bond Ordinance.

The Bond Ordinance would authorize the County's Chief Financial Officer, or in such officer's absence the County Manager, to accept a binding bid for the Bonds, the Bonds to bear interest at the rates per annum provided in the bond purchase proposal submitted by the Purchaser, at a price equal to the principal amount thereof, plus accrued interest, if any, to the date of delivery of the Bonds, less a discount or plus a premium not exceeding 9% of the principal amount. The 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 for the ability to lock in the most advantageous interest rate in a bond issuance.

FISCAL IMPACT

The currently outstanding General Obligation Sales Tax Revenue Flood Control Bonds, Series 2006 will terminate on December 1, 2035. These bonds are currently at a variable interest rate of 0.814%, which will be required to be reset on May 1, 2022. The proposed 2021B Refunding Bonds would be refinanced with a fixed annual interest rate estimated in the range of 1.4%. The proposed refinancing is estimated to provide present value savings of approximately \$18,000, but more importantly would reduce the risk of higher interest rate resets over the remaining 14 years that the bonds will be outstanding.

RECOMMENDATION

It is recommended that the Board, Adopt An Ordinance Authorizing The Issuance By The County Of Its Negotiable "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Refunding Bonds (Additionally Secured By Pledged Revenues, Series 2021," In The Maximum Aggregate Principal Amount Of \$14,105,000 For The Purpose Of Refunding Certain Outstanding Bonds Secured By The Infrastructure Sales Tax For Flood Control; Providing The Form, Terms And Conditions Of The Bonds And

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POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be: "Move to Adopt An Ordinance Authorizing The Issuance By The County Of Its Negotiable "Washoe County, Nevada, General Obligation (Limited Tax) Flood Control Refunding Bonds (Additionally Secured By Pledged Revenues, Series 2021," In The Maximum Aggregate Principal Amount Of \$14,105,000 For The Purpose Of Refunding Certain Outstanding Bonds Secured By The Infrastructure Sales Tax For Flood Control; Providing The Form, Terms And Conditions Of The Bonds And Providing Other Matters Relating Thereto: And Providing For Adoption As If An Emergency Exists."