

DRAFT

**AMENDMENT TO THE
CITY OF RENO, NEVADA
DEBT MANAGEMENT POLICY**

Dated June 30, 2021



**AMENDMENT TO DEBT MANAGEMENT POLICY
DATED JUNE 30, 2021**

The City of Reno, Nevada (the "City") Debt Management Policy dated June 30, 2021, is hereby amended to include updates to the sections entitled "General Obligation Revenue Bonds Paid from Consolidated Tax Revenues ("Consolidated Tax Bonds")" and "Debt Capacity."

This amendment reflects the proposed issuance of approximately \$38,000,000 in general obligation consolidated tax revenue bonds (additionally secured by pledged revenues) for the purpose of acquiring, constructing, improving and equipping a Building Project and a Recreational Project.

The Proposed Bonds will be additionally secured with revenues derived from a 15% portion of the City's portion of the Consolidated Tax Revenues.

Pursuant to NRS 360.698, the Bonds will be additionally paid from a pledge of certain tax revenues up to 15% of the Consolidated Tax Distribution Fund allocable to the City for the payment of the principal of and interest on the Bonds. The Consolidated Tax Distribution Fund consists of local government revenues from six sources (collectively, the "Consolidated Tax Revenues"): Supplemental City/County Relief Tax ("SCCRT"), Basic City/County Relief Tax ("BCCRT"), Cigarette Tax, Liquor Tax, Governmental Services Tax ("GST"), and Real Property Transfer Tax ("RPTT"). NRS 360.698 allows for up to 15% of the combination of the Consolidated Tax Revenues to be pledged as security for debt. Senate Bill 254 of the 1997 Legislature amended NRS 377.080, (which was replaced in revision by NRS 360.698) which previously authorized a pledge of up to 15% of SCCRT. Pursuant to the provisions of Senate Bill 254, pledges of SCCRT made prior to the effective date were replaced by a pledge of the combined revenues as of July 1, 1998.

The following pages reflect the revision of the City's Debt Management Policy.

General Obligation Revenue Bonds Paid from Consolidated Tax Revenues

Existing, Authorized and Proposed General Obligation Bond Indebtedness Paid from the Consolidated Tax Revenues

Consolidated Tax Revenues are comprised of the City's share of six taxes imposed by the State; revenues received by the State are shared with local governments pursuant to a formula established by State law. The Consolidated Tax Revenues include revenues collected from two sales and use taxes (the Supplemental City/County Relief Tax ("SCCRT") and the Basic City/County Relief Tax ("BCCRT")), the Cigarette Tax, the Liquor Tax, the Governmental Services Tax ("GST"), and the Real Property Transfer Tax ("RPTT").

Additionally Secured by Room Tax Pledged Revenues - In addition to a pledge of the Consolidated Tax Revenues, the 2013A Capital Improvement Refunding Bonds are also secured by a pledge of revenues received from room tax revenues. Room Tax Revenues consist of the revenues derived from certain taxes on the rental of transient lodging. The Room Tax Revenues include revenues from the "Bowling Facility Tax" and the "1999 Tax."

Bowling Facility Tax - The Bowling Facility Tax is a tax imposed by the County at the rate of 1% on the gross receipts of the rental of transient lodging within the County. According to State law, Bowling Facility Tax revenues must be used for the purpose of constructing, maintaining, improving or operating a multi-purpose bowling facility within the County. The Bowling Facility Tax is imposed pursuant to the Bowling Facility Project Act and currently is collected by the Reno-Sparks Convention and Visitors Authority ("RSCVA").

The City and RSCVA have entered into (i) a Downtown Events Center Operating Agreement dated as of May 1, 2002, as amended by a First Amendment to Downtown Events Center Operating Agreement dated as of August 1, 2005 (collectively, the "Operating Agreement"); and (ii) an Agreement for Financing of Downtown Events Center dated as of November 13, 2001, as amended by a First Amendment to Agreement for Financing of Downtown Events Center dated as of August 1, 2005 (collectively, the "RSCVA Interlocal Agreement").

1999 Tax - The 1999 Tax consists of two separate taxes imposed on the gross receipts of the rental of transient lodging pursuant to the 1999 Act. The 1999 Tax currently is collected by RSCVA.

The first portion of the 1999 Tax consists of revenues generally limited to a maximum amount of \$1,500,000 per year, subject to annual adjustment for percentage increases in the proceeds of the tax. This portion of the 1999 Tax is described herein as the "SB 477 tax." The SB 477 tax comprises a statutorily limited portion of a 1% tax imposed on the gross receipts of the rental of transient lodging within the County, except for lodging within the City's Police Protection Area, a 45-square block area in the City's downtown business district. Collection of the SB 477 tax began June 1, 1999.

Pursuant to the 1999 Act, the Reno Redevelopment Agency (the "Agency") is entitled to the proceeds of the SB 477 tax. Amounts collected from the SB 477 tax in excess of the \$1.5 million (as adjusted in accordance with the 1999 Act) are required to be paid to the City of Sparks ("Sparks") annually in amounts specified in the statute; amounts in excess of the required payment to Sparks, if any, are to be paid to the Agency. The calculation of the \$1.5 million cap on the City's SB 477 revenues is based on receipts during a June through May cycle (rather than the fiscal year of July through June). The City receives monthly payments of SB 477 tax revenues until the \$1.5 million cap is reached each year. Thereafter, in May of each year, if total collections for the twelve-month period (June to May) are greater than the total collections for the previous twelve month cycle, the percentage increase is applied to the \$1.5 million amount and the City receives its share of the increase in May (and, if necessary, in subsequent months). All proceeds of the SB 477 tax must be used as described below.

The second portion of the 1999 Tax consists of an additional 1.5% tax on the gross receipts from the rental of transient lodging in an area determined by the City Council to specially benefit from the MultiPurpose Bowling Facility (the "downtown room tax"). Imposition of the downtown room tax is authorized by the 1999 Act. The City Council adopted an ordinance imposing the downtown room tax in a designated "Downtown Improvement Area" beginning on December 1, 2001. The Downtown Improvement Area encompasses approximately 323 acres (about 90 square blocks) in the City's downtown area and includes the Police Protection Area.

Pursuant to the 1999 Act, the 1999 Tax revenues may be used only to acquire, establish, construct, expand, equip, improve, operate and maintain capital projects identified by the Truckee Meadows Tourism Facility and Revitalization Steering Committee (the "Committee") as advisable to promote tourism in the County and located within two blocks of the Police Protection Area (each such project is a "1999 Project"). The 1999 Tax revenues also may be used to pay the principal and interest on notes, bonds or other obligations issued by the Agency to fund any 1999 Project.

The City and the Agency have entered into (i) a Facilities Agreement-Downtown Events Center dated as of March 26, 2002 (the "Facilities Agreement"), and (ii) an Interlocal Agreement dated as of November 13, 2001 (the "2001 RDA Interlocal Agreement"), pursuant to which the 1999 Tax was made available to the City. The City and the Agency have entered into a First Amendment to the 2001 RDA Interlocal Agreement dated as of September 1, 2005 (the "First Amendment to RDA Interlocal Agreement," and collectively with the 2001 RDA Interlocal Agreement, the "RDA Interlocal Agreement"), pursuant to which the 1999 Tax will be made available to the City and pledged to the payment of the bond requirements.

Future Consolidated Tax Bonds

The City is seeking authorization to issue additional general obligations bonds paid from consolidated tax revenues in the amount of \$38,000,000 to be sold in June 2022. The City reserves the privilege of issuing the bonds or other securities at any time legal requirements are satisfied.

General Obligation Consolidated Tax Revenues Bonded Indebtedness
(Additionally Secured by Room Tax Revenues)

The following table sets forth the City's outstanding and proposed general obligation/revenue bonded indebtedness that is paid from Consolidated Tax Revenues as of June 30, 2021. These bonds are additionally secured by a subordinate pledge of Room Tax Pledged Revenues.

OUTSTANDING AND PROPOSED GENERAL OBLIGATION INDEBTEDNESS
PAID FROM CONSOLIDATED TAX REVENUES & ROOM TAX PLEDGED REVENUES
City of Reno, Nevada
As of June 30, 2021

	Issued	Final Maturity	Original Amount	Outstanding
<u>Existing General Obligation Revenue Bonds</u>				
Capital Improvement Refunding Bonds, Series 2013A	07/09/13	06/01/32	\$ 36,115,000	\$ 30,665,000
<u>Proposed General Obligation Revenue Bonds</u>				
<i>Proposed Various Purpose Bonds, Series 2022</i>	<i>June 2022</i>	<i>06/01/52</i>	<i>38,000,000</i>	<u><i>38,000,000</i></u>
TOTAL				\$ 68,665,000

SOURCE: City of Reno, Nevada

General Obligation Consolidated Tax Revenues Debt Service Requirements

The following table illustrates the debt service requirements on the City's existing general obligation/revenue bonds paid from Consolidated Tax Revenues. The table also illustrates the debt service requirements on the City's revenue bonds which are paid from Consolidated Tax Revenues in addition to other pledged revenues.

CONSOLIDATED TAX SUPPORTED BONDS ^{1/}

City of Reno, Nevada

As of June 30, 2021

Fiscal Year Ending June 30	CTAX Revenues ^{1/}	% Growth	Pledged Revenues (15% of CTAX Revenues)	Pledged Room Tax Revenues ^{1/2/}	Total Special Events Center Pledged Revenues	Special Events Center Room Tax/CTAX Supported Revenues Senior Special Event Center Bonds	Subordinate Special Event Center Bonds Debt Service ^{3/}	Remaining CTAX Pledged Revenues ^{4/}	Proposed CTAX Supported Various Purpose Bonds	
						Debt Service	Debt Service	Debt Service ^{5/}	Debt Coverage	
2021	\$ 85,628,594	--	\$ 12,844,289	\$ 5,938,294	\$ 18,782,583					
2022	84,366,387	(1.47)%	12,654,958	5,456,250	18,111,208	\$ 4,458,413	\$ 3,261,963	\$ 10,390,833		
2023	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,489,225	3,342,963	10,279,021	\$ 2,475,000	4.15
2024	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,512,413	3,425,463	10,173,333	2,471,250	4.12
2025	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,543,163	3,508,963	10,059,083	2,471,250	4.07
2026	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,560,413	3,602,963	9,947,833	2,474,750	4.02
2027	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,593,663	3,686,463	9,831,083	2,471,500	3.98
2028	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,611,913	3,781,863	9,717,433	2,471,750	3.93
2029	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,640,663	3,874,613	9,595,933	2,470,250	3.88
2030	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,659,163	3,974,250	9,477,796	2,472,000	3.83
2031	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,682,663	4,073,250	9,355,296	2,471,750	3.78
2032	84,366,387	0.00	12,654,958	5,456,250	18,111,208	4,700,663	4,173,750	9,236,796	2,474,500	3.73
2033	84,366,387	0.00	12,654,958	5,456,250	18,111,208	9,003,163	--	9,108,046	2,470,000	3.69
2034	84,366,387	0.00	12,654,958	5,456,250	18,111,208	9,003,163	--	9,108,046	2,473,500	3.68
2035	84,366,387	0.00	12,654,958	5,456,250	18,111,208	9,003,163	--	9,108,046	2,469,500	3.69
2036	84,366,387	0.00	12,654,958	5,456,250	18,111,208	9,003,163	--	9,108,046	2,473,250	3.68
2037	84,366,387	0.00	12,654,958	5,456,250	18,111,208	8,998,163	--	9,113,046	2,469,250	3.69
2038	84,366,387	0.00	12,654,958	5,456,250	18,111,208	9,002,225	--	9,108,983	2,472,750	3.68
2039	84,366,387	0.00	12,654,958	5,456,250	18,111,208	9,002,413	--	9,108,796	2,473,250	3.68
2040	84,366,387	0.00	12,654,958	5,456,250	18,111,208	8,998,600	--	9,112,608	2,470,750	3.69
2041	84,366,387	0.00	12,654,958	5,456,250	18,111,208	8,998,400	--	9,112,808	2,470,250	3.69
2042	84,366,387	0.00	12,654,958	5,456,250	18,111,208	9,002,200	--	9,109,008	2,471,500	3.69
2043	84,366,387	0.00	12,654,958	5,456,250	18,111,208	8,999,400	--	9,111,808	2,469,250	3.69
2044	84,366,387	0.00	12,654,958	5,456,250	18,111,208	8,999,800	--	9,111,408	2,473,500	3.68
2045	84,366,387	0.00	12,654,958	5,456,250	18,111,208	9,002,800	--	9,108,408	2,473,750	3.68
2046	84,366,387	0.00	12,654,958	5,456,250	18,111,208	7,612,800	--	10,498,408	2,470,000	4.25
2047	84,366,387	0.00	12,654,958	--	12,654,958	--	--	12,654,958	2,472,250	5.12
2048	84,366,387	0.00	12,654,958	--	12,654,958	--	--	12,654,958	2,470,000	5.12
2049	84,366,387	0.00	12,654,958	--	12,654,958	--	--	12,654,958	2,473,250	5.12
2050	84,366,387	0.00	12,654,958	--	12,654,958	--	--	12,654,958	2,471,500	5.12
2051	84,366,387	0.00	12,654,958	--	12,654,958	--	--	12,654,958	2,469,750	5.12
2052	84,366,387	0.00	12,654,958	--	12,654,958	--	--	12,654,958	2,472,750	5.12
TOTAL						\$ 175,081,800	\$ 40,706,500		\$ 74,154,000	

- Footnotes on following page -

- 1/ Reflects the **unaudited 2021** figure and the budgeted 2022 figure, with the future growth estimated at 0%.
- 2/ Reflects the total Room Tax Revenues pledged to the 2005C Revenue Bonds and the 2019A1&2 Revenue Bonds (the "Senior Special Event Center Bonds") and the 2013A GO/Revenue Bonds (the "Subordinate Special Events Center Bonds").
- 3/ The Subordinate Special Events Center Bonds have a pledge on Room Tax Revenues which is subordinate to the Senior Special Event Center Bonds. The Subordinate Special Events Center Bonds also have a subordinate pledge on Consolidated Tax Revenues after repayment of the Senior Special Event Center Bonds.
- 4/ Represents pledged Consolidated Tax Revenues not used for existing Senior Special Events Center Bonds and Subordinate Special Event Center Bonds debt service.
- 5/ Preliminary, subject to change. Based on issuance of \$38,000,000 in June 2022. Interest estimated at a constant rate of 5.0%. To be issued on a parity lien on CTAX revenues as the 2013A GO/Revenue Bonds.

SOURCE: City of Reno, compiled by Zions Public Finance

Debt Capacity

Response to NRS 350.013 1(c):

(2) *A discussion of its capacity to incur authorized and proposed future general obligation debt without exceeding the applicable debt limit.*

The Charter for the City of Reno limits the aggregate principal amount of the City's general obligation debt to 15% of the City's total reported assessed valuation. Based upon the 2021 reported assessed valuation of \$9,757,396,596 (including the assessed valuation of the Reno Increment District, the Reno Redevelopment Agency #1 and the Reno Redevelopment Agency #2 in the amount of \$321,499,735), the City's debt limit for general obligations is \$1,463,609,489. In addition to the City's legal debt limit as a percentage of its total assessed value, the City's ability to issue future property tax supported debt is also constrained by constitutional and statutory limits of total property taxes that may be levied.

The following table illustrates the City's general obligation statutory debt limitation.

**STATUTORY DEBT LIMITATION
City of Reno, Nevada**

Statutory Debt Limitation ^{1/}	\$ 1,463,609,489
Outstanding General Obligation Indebtedness (as of June 30, 2021)	
Paid from General Fund and other legally available revenues	5,726,776
Paid from Sanitary Sewer Fund Revenues	73,573,501
Paid from Consolidated Tax Revenues and Room Tax Revenues	30,665,000
Paid from Special Assessment Revenues ^{2/}	6,801,290
Total Outstanding General Obligation Indebtedness	\$ 116,766,567
Plus: Proposed Various Purposed Consolidated Tax Revenue	\$ 38,000,000
Total Outstanding and Proposed General Obligation Indebtedness	\$ 154,766,567
Additional Statutory Debt Limitation	\$ 1,308,842,922

1/ Based upon the 2021 reported assessed valuation of \$9,757,396,596 (including the assessed valuation of the Reno Increment District, the Reno Redevelopment Agency #1 and the Reno Redevelopment Agency #2 in the amount of \$321,499,735).

2/ Secured by assessments against property improved; the City's General Fund and taxing power are contingently liable if collections of assessments are insufficient.

SOURCE: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation; City of Reno, Nevada