

SECTION V



Debt Administration

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Debt Administration

Nevada Revised Statute 350.0013 requires local governments file a written debt management policy with the Department of Taxation and the Washoe County Debt Management Commission each year. The policy is used to analyze the existing debt position of the City and assess the impact of future financing requirements on the City's ability to service additional debt. This analysis is not intended to review the City's total financial position or to make projections of future expenditures other than debt service.

Review and analysis of the City's debt position is required to provide a capital financing plan for infrastructure and other improvements. Both available resources and City needs drive the City's debt issuance program. Long-term projected financing is linked with economic, demographic and financial resources expected to be available to repay the debt. City debt ratios are examined as well as the impact of future debt financing on those ratios. The use of debt ratios is only one tool of many in determining a course of action and is not used exclusively in making a decision.

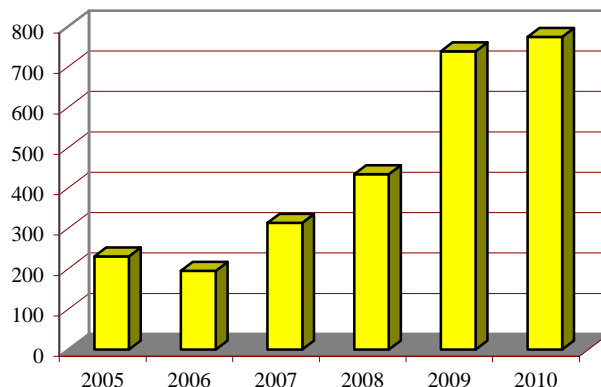
Decisions regarding the use of debt is based upon a number of factors including, but not limited to, the long-term needs of the City and the amount of resources available to repay the debt. The debt policy is not expected to anticipate every future contingency in the City's capital program or future operational needs. Sufficient flexibility is required to enable City management to respond to unforeseen circumstances or new opportunities, when appropriate.

The City will maintain direct tax supported debt at a manageable level considering economic factors including population, assessed valuation, and other current and future tax-supported essential service needs. For bonds being repaid solely with property taxes, the City will strive for a debt service fund balance in an amount not less than the succeeding year's principal and interest requirements, or in compliance with reserve fund requirements as established in bond covenants, whichever is greater. The following chart and graph show the relationship between net bonded debt and population and assessed value for the City.

Comparison of Debt to Assessed Valuation

Year	Assessed Valuation	General Obligation Debt
2005	5,105,374,124	45,055,000
2006	5,596,976,284	40,960,000
2007	6,437,304,944	67,240,717
2008	7,807,016,641	95,796,774
2009	7,043,707,442	164,574,245
2010	7,506,522,955	168,841,257

Net Bonded Debt per Capita



Net bonded debt equals total general obligation debt less debt paid from enterprise fund revenues, from special assessment against benefited properties, and from special revenue sources payable solely from revenues derived from other than general ad valorem taxes.

- The City can sell its debt directly to a bank or it can issue bonds in the municipal bond market. The decision to issue bonds or to obtain bank financing is based upon which alternative will provide the City with the lower costs. The City Council decides on an issue-by-issue basis which method of sale would be most appropriate. The City encourages the use of competitive sales for all issues unless circumstances dictate otherwise. Negotiated sales are considered if the sale is a complex financing structure (certain revenue issues, a combination of taxable/nontaxable issues, etc.) or based upon other factors which lead the Finance Department to conclude that a competitive sale would be less effective. If a negotiated sale is anticipated, then the Finance Department and City Bond Counsel establish a list of pre-qualified underwriters.

The City maintains an Aa3 rating from Moody's and A+ from Standard and Poor's.

Legal Debt Margin

The City Charter limits the aggregate principal amount of the City's general obligation debt to fifteen percent (15%) of the City's total reported assessed valuation. Based upon the assessed valuation of \$7.04 billion for the fiscal year ending June 30, 2010, the City is limited to general obligation indebtedness in the aggregate amount of \$1.057 billion. The City has \$168.8 million of general obligation debt outstanding as of June 30, 2010.

- *Debt Margin Calculation*
 - Assessed Valuation \$7,043,707,442
 - Charter Limitation on Debt 15%
 - Debt Limit \$1,056,556,116

Summary of Outstanding Debt

General Obligations Bonds supported by Ad Valorem Taxes

The City has outstanding general obligation and refunding bonds for capital facilities, including street and storm drain improvements. These bonds are supported by ad valorem taxes and constitute direct and general obligations of the City. The full faith and credit of the City is pledged for the payment of principal and interest, subject to Nevada Constitutional and statutory limitations on the aggregate amount of ad valorem taxes.

In any year in which the total property taxes (ad valorem) levied within the City by all overlapping entities (e.g. the State, Washoe County and special districts) exceed such tax limitations (\$3.64 per \$100 of assessed value), the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness.

General Obligation (Limited Tax) Medium-Term Bonds

The City issued bonds in 1997 to finance the purchase of the YWCA recreation center and for rehabilitation of Paradise Park, which was severely impacted by the drought of the late 1980's and early 1990's. A portion of the initial bonds were refunded in 2004. Both projects are in CDBG eligible areas and repayment of the bonds was secured and approved by pledged CDBG grants during the 10-year repayment schedule.

General Obligation Bonds Supported by Golf Course Revenues

The City issued these bonds in 1989 to finance the construction of the Rosewood Lakes Golf Course, an 18-hole professional course with a clubhouse and a maintenance facility. A portion of the initial bonds were refunded in 1993 and in 2004. The bonds are payable from net pledged revenues (user fees) derived from the operation of the golf course. Although the bonds are general obligations of the City, the City has paid the bonds solely from the net pledged revenues.

Special Assessment District Debt

The City established "Special Assessment Districts" (SAD's) to finance various improvements such as streets, sidewalks, sewer lines, and other projects described in NRS 271.265. A special assessment is a charge imposed against certain properties to defray part or all the cost of a specific improvement deemed to primarily benefit those properties, separate and apart from the general benefit accruing to the public at large. Since the special assessment is not available until construction is in progress, the City issues either interim warrants, which are essentially a short-term construction loan, or self-finances. Interim warrants are usually structured as a bank line of credit. Funds from the interim warrants are advanced from time to time from banks as construction financing is needed. Current SAD debt outstanding is \$24,080,432.

Interim warrants are payable from special assessments to be levied to pay, in part, the costs of improvements in assessment districts and/or from the proceeds of special assessment bonds. If these sources become insufficient to pay the interim warrants and the interest as such becomes due, the deficiency may be paid out of the Surplus and Deficiency Fund, and then further by the General Fund of the City. If there is a deficiency in the General Fund, it is mandatory for the City (in accordance with the provisions of NRS 271.495) to levy and collect ad valorem taxes upon all property in the City which is by law taxable for State, County and municipal purposes, subject to the limitations of constitutional and statutory requirements. The City's intent is to retire any interim warrants and interest thereon with special assessments and/or assessment district bond proceeds and not levy a general ad valorem tax.

ReTRAC Bonds supported by Sales Tax and Room Tax

In December of 1998 the City issued the bonds to finance a portion of the construction of a depressed railway (trench) through the downtown corridor. Additional funding for the project is being provided through state and federal funding sources. Since the original issue, further enhancements to the trench have been made. The current outstanding debt for the ReTRAC enhancements is \$212,451,227.

- Event Center Bonds supported by Room Tax

In 2002 the Reno Sparks Convention and Visitors Center sold the Downtown Bowling Center to the City, while retaining responsibility for marketing and maintenance of the facility. The City issued bonds in the amount of \$108,625,000 for expansion and remodel of the facility. The bonds are limited obligations payable from Room Tax specifically designated for this purpose.

City's Accelerated Street Program Bonds

The City has developed criteria to accelerate the construction, improvement and maintenance of neighborhood streets in order to improve the condition of the streets for use by the traveling public. The City issued bonds in June, 2009 for an accelerated street program. The City expects to fund portions of the Project in each of the fiscal years 2010, 2011 and 2012. While these bonds are General Obligation bonds, the City expects to pay the principal and interest on the debt from proceeds generated by the Streets Override measures as allowed by state statute.

Tax Allocation Bonds - Redevelopment Agency

Nevada Revised Statutes provide a means for financing redevelopment projects based upon an allocation of certain ad valorem property taxes collected within a redevelopment project area. The taxable valuation of property within a redevelopment project area last equalized prior to the effective date of the ordinance which adopts the redevelopment plan, becomes the base valuation. Taxes collected upon any increase in taxable valuation over the base valuation are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy taxes and must look specifically to the allocation of taxes procedure as described above. In 1995 and 1998, the Agency refunded a portion of the original issues.

The table on the following page summarizes the City's and Redevelopment Agency's outstanding debt.

Current Outstanding Debt

Bonds	Interest Rate	Maturity Date	Authorized & Issued	Outstanding	2010/2011 Requirements	
					Principal	Interest
CITY OF RENO						
General Obligation Bonds						
<u>Supported by Ad-Valorem Taxes</u>						
1997 Street Refunding Bonds	4.2 -5.125%	5/1/12	9,025,000	2,500,000	1,215,000	127,821
Subtotal:			9,025,000	2,500,000	1,215,000	127,821
<u>Supported by Any Legally Available Resources</u>						
2003 Building Bond A	3.750%	6/1/18	6,100,000	6,100,000	-	287,310
2003 Building Bond B	6.170%	6/1/11	4,800,000	735,000	735,000	45,349
2004 Nevada Building Bond	4.00-5.00%	6/30/24	3,500,000	2,865,000	145,000	120,647
2005 Medium Term	4.00%	12/1/15	3,275,000	2,120,000	320,000	78,400
2004 Sewer Revenue Bonds	2.99%	6/30/24	73,133,162	69,317,234	3,991,629	1,937,673
2005 Sewer Revenue Bonds	2.65%	7/1/25	8,033,095	8,033,095	375,952	200,699
2008 Medium Term Sewer Bonds	3.84%	4/1/18	25,000,000	20,845,000	2,183,000	800,448
2009 Medium Term Street Bonds	4.16%	6/1/19	45,000,000	45,000,000	3,335,000	1,778,875
Subtotal:			168,841,257	155,015,329	11,085,581	5,249,401
<u>Supported by Municipal Golf Course Revenues</u>						
2004 A Golf Course Refunding	2.25 - 4.0%	7/1/19	3,505,000	2,335,000	205,000	76,915
Subtotal:			3,505,000	2,335,000	205,000	76,915
Total General Obligation Bonds:			181,371,257	159,850,329	12,505,581	5,454,137
Special Assessment District Debt						
1999 SAD #1	5.90%	1/1/11	44,700	4,600	4,600	271
1999 SAD #2	6.08-7.28%	1/1/25	13,905,000	11,535,000	470,000	822,324
1999 SAD #3	4.5-5.6%	2/1/22	1,763,728	1,045,000	90,000	55,280
2000 SAD #1	4.39%	1/15/12	147,438	29,480	14,744	1,295
2001 SAD #2	2.75-5.00%	6/1/23	2,470,000	1,435,000	90,000	58,096
2002 SAD #5	3.00-5.00%	12/1/25	7,500,000	6,590,000	245,000	458,457
2008 SAD A	4.17%	5/1/18	430,000	355,000	41,000	14,793
2008 SAD B	7.01%	5/1/21	1,115,000	985,000	72,000	69,048
Total Special Assessment District Debt:			27,375,866	21,979,080	1,027,344	1,479,564
Bonds Supported by Sales Tax and Room Tax Revenues						
2008A Retrac Senior Lien - Refunding	3.32%	6/1/42	143,210,000	141,390,000	1,235,000	4,694,148
2008B Retrac Senior Lien - Refunding	7.88%	6/1/51	47,416,227	47,416,227	400,000	843,750
2006C Retrac Senior Lien - Refunding	5.91%	6/30/36	8,645,000	8,265,000	140,000	488,461
2006 Retrac Lease Revenue Bonds	5.75%	6/30/26	14,295,000	13,905,000	260,000	789,908
2002 Event Center Bonds	5.125-5.375%	6/1/32	108,625,000	40,985,000	1,005,000	2,180,500
2005A Capital Refunding Bonds	3.53%	6/1/32	73,450,000	72,200,000	450,000	2,548,660
2005B Capital Refunding Bonds	5.42-5.49%	6/1/40	6,445,154	6,445,154	-	-
2005C Capital Refunding Bonds	5.78%	6/1/37	9,192,402	9,192,402	-	-
2007 Tax (Fitz)	5.75%	7/1/27	6,080,000	6,008,000	76,000	343,275
Cabela's 2007 A Tax Exempt Sales Tax	4.00%	6/29/27	16,525,000	16,120,000	385,000	641,000
Cabela's 2007 B Taxable Sales Tax	6.50%	6/29/27	18,175,000	17,780,000	275,000	1,151,312
Total Bonds Supported by Sales/Room Tax:			452,058,783	379,706,783	4,226,000	13,681,014
Other						
Hud Section 108 Loan	5.0-6.62%	8/1/20	660,000	369,000	33,000	22,070
Total Other			660,000	369,000	33,000	22,070
Capital Leases						
Banc of America	1%	5/29/09	2,340,000	2,184,000	156,000	21,840
Oshkosh Capital	5.35%	11/6/11	708,338	337,884	64,836	18,077
Oshkosh Capital	4.49%	3/17/14	787,123	273,993	79,182	13,672
Oshkosh Capital	4.49%	9/1/18	2,082,622	1,689,190	210,261	77,027
Sun Trust	4.06%	6/27/16	1,245,277	878,667	132,263	35,961
Oshkosh Capital	4.39%	8/26/14	788,014	475,020	87,021	20,853
Total Capital Leases			7,951,374	5,838,754	729,563	187,430
TOTAL CITY OF RENO OUTSTANDING DEBT:			669,417,280	567,743,946	18,521,488	20,824,215

REDEVELOPMENT AGENCY #1**Tax Allocation Bonds**Supported by Ad-Valorem Taxes

1998F Downtown Redevelopment Project	4.5-5.25%	9/1/17	22,685,000	11,210,000	1,240,000	537,075
2007 Tax Allocation Bonds Series A	6.10%	6/1/23	4,000,000	4,000,000	-	244,000
2007 Tax Allocation Bonds Series B	5.00%	6/1/27	4,000,000	4,000,000	-	200,000
2007 Tax Allocation Bonds Series C	5.40%	6/1/27	12,690,000	12,690,000	-	685,260
Total Redevelopment Agency #1			43,375,000	31,900,000	1,240,000	1,666,335

REDEVELOPMENT AGENCY #2**Tax Allocation Bonds**Supported by Ad-Valorem Taxes

NV Land LLC	variable	6/30/18	6,000,000	4,800,000	600,000	204,045
Cabela's	6.50%	12/29/22	850,000	810,000	30,000	52,162
Total Redevelopment Agency #2			6,850,000	5,610,000	630,000	256,207
TOTAL REDEVELOPMENT AGENCY TAX ALLOCATION BONDS:			50,225,000	37,510,000	1,870,000	1,922,542

Debt Amortization Schedule Principal/Interest by Year of Maturity

FISCAL YEAR JUNE 30,	GENERAL OBLIGATION DEBT SUPPORTED BY AD-VALOREM TAX & SPECIFIC REVENUES		DEBT SUPPORTED BY REVENUES		DEBT SUPPORTED BY SPECIAL ASSESSMENT INSTALLMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2010	6,115,000	2,276,745	4,332,000	15,287,527	1,036,344
2011	2,630,000	1,966,966	8,616,000	15,870,950	1,027,344	1,479,565
2012	2,780,000	1,830,314	10,165,000	15,520,519	1,059,744	1,417,136
2013	1,570,000	1,687,420	11,205,000	15,111,216	1,107,000	1,351,785
2014	1,645,000	1,608,445	12,300,000	14,666,080	1,181,000	1,282,583
2015	1,735,000	1,525,570	14,031,000	14,121,121	1,245,000	1,207,986
2016	1,815,000	1,438,183	15,331,000	13,495,905	1,292,000	1,127,914
2017	1,910,000	1,346,558	16,311,000	12,815,383	1,322,000	1,043,905
2018	1,975,000	1,266,658	17,836,000	12,075,744	1,365,000	953,752
2019	2,040,000	1,189,698	18,344,000	11,197,873	1,427,000	859,687
2020	2,155,000	1,077,388	11,354,454	12,155,322	1,530,000	760,089
2021	2,275,000	958,810	12,257,454	11,945,178	1,618,000	653,231
2022	2,400,000	833,345	13,210,454	11,711,817	1,737,000	539,592
2023	2,540,000	700,755	14,194,454	11,454,611	1,761,000	417,475
2024	2,670,000	560,275	15,242,001	11,155,014	1,739,000	292,068
2025	2,530,000	421,208	16,408,548	10,822,756	1,869,000	164,167
2026	2,660,000	287,458	19,048,642	10,405,122	699,000	26,828
2027	2,800,000	146,868	18,369,736	9,912,856		
2028			15,335,283	9,539,693		
2029			14,634,377	9,323,903		
2030			15,508,924	9,177,515		
2031			16,437,565	8,922,537		
2032			17,446,659	8,690,114		
2033			9,553,947	17,095,217		
2034			9,737,455	17,413,506		
2035			9,947,849	17,732,050		
2036			10,189,801	18,051,160		
2037			9,914,896	18,175,976		
2038			10,240,841	18,444,881		
2039			10,405,101	18,859,322		
2040			10,659,919	19,191,950		
2041			9,359,786	10,215,818		
2042			9,744,859	10,445,660		
2043			1,378,107	19,483,515		
2044			1,314,009	20,174,706		
2045			1,253,472	20,891,200		
2046			1,192,935	21,574,670		
2047			1,135,959	22,285,340		
2048			1,086,105	23,105,580		
2049			1,032,690	23,816,250		
2050			986,397	24,654,385		
2051			940,104	25,459,896		
	<u>44,245,000</u>	<u>21,122,660</u>	<u>437,993,783</u>	<u>642,449,837</u>	<u>23,015,432</u>	<u>15,144,221</u>

FISCAL YEAR JUNE 30,	ENTERPRISE FUNDS GENERAL OBLIGATION DEBT SUPPORTED BY AD-VALOREM TAX & SPECIFIC REVENUES		ENTERPRISE FUNDS DEBT SUPPORTED BY SPECIFIC OR GENERAL REVENUE INSTALLMENTS		NOTES PAYABLE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	2010	4,080,876	2,130,104	2,079,000	880,282	633,000
2011	4,196,629	2,014,588	2,183,000	800,448	633,000	226,115
2012	4,320,552	1,895,147	2,292,000	716,621	633,000	197,449
2013	4,437,735	1,771,783	2,407,000	628,608	633,000	168,742
2014	4,563,271	1,644,502	2,527,000	536,179	633,000	139,989
2015	4,697,257	1,513,200	2,653,000	439,142	633,000	111,208
2016	4,824,792	1,377,845	2,786,000	337,267	633,000	82,398
2017	4,970,978	1,238,102	2,925,000	230,285	633,000	53,558
2018	5,110,920	1,093,878	3,072,000	117,965	633,000	24,684
2019	5,254,724	945,351			33,000	5,821
2020	5,412,503	792,199			33,000	3,664
2021	5,289,371	639,932			39,000	1,291
2022	5,440,444	488,859				
2023	5,595,843	333,459				
2024	5,755,694	173,609				
2025	1,496,965	32,926				
2026	284,555	3,770				
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	<u>75,733,110</u>	<u>18,089,255</u>	<u>22,924,000</u>	<u>4,686,797</u>	<u>5,802,000</u>	<u>1,269,679</u>

FISCAL YEAR JUNE 30,	INSTALLMENT PURCHASE	
	PRINCIPAL	INTEREST
2010	156,000.00	12,090.00
2011	156,000.00	21,840.00
2012	156,000.00	20,280.00
2013	156,000.00	18,720.00
2014	156,000.00	17,160.00
2015	156,000.00	15,600.00
2016	156,000.00	14,040.00
2017	156,000.00	12,480.00
2018	156,000.00	10,920.00
2019	156,000.00	9,360.00
2020	156,000.00	7,800.00
2021	156,000.00	6,240.00
2022	156,000.00	4,680.00
2023	156,000.00	3,120.00
2024	156,000.00	1,560.00
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	2,340,000	175,890

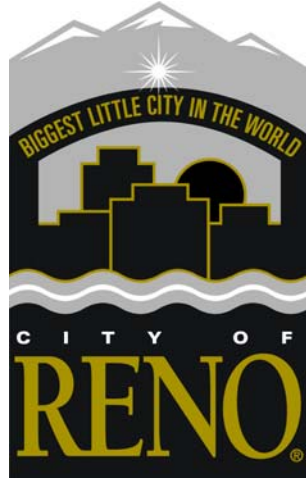
Effect of Outstanding Debt on Future Ad Valorem Tax Rates

The table below illustrates ad valorem debt service requirements and the estimated tax rate required to retire the City's outstanding ad valorem supported General Obligation Bonds.

Estimated Tax Rate Required to Service Existing General Obligation Debt

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Assessed</u> <u>Valuation</u>	<u>Principal</u> <u>and Interest</u>	<u>Estimated</u> <u>Tax Rate</u>
2009	7,043,707	5,112,394	0.0513
2010	7,506,523	5,126,394	0.0146
2011	7,806,784	1,342,821	0.0182
2012	8,119,055	1,350,856	0.0149

The assessed Valuation is based on historical growth rate of 4.0% and is shown in thousands. Since 1993/94, the reduction in the debt tax rate has been added to the tax override for street maintenance. This was passed by the voters in 2006 and runs through 2037/38.



THIS PAGE FOR NOTES