SECTION V

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Debt Administration

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.

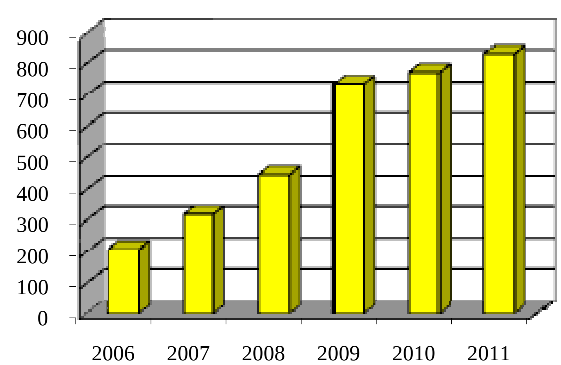
Decisions regarding the use of debt is based upon a number of factors including, but not limited to, the long-term needs of the City and the amount of resources available to repay the debt. The debt policy is not expected to anticipate every future contingency in the City's capital program or future 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 (in Thousands)	General Obligation Debt
2006	5,596,976	40,960,000
2007	6,117,073	67,240,717
2008	6,895,547	95,796,774
2009	7,807,017	164,574,245
2010	7,043,707	168,841,257
2011	6,444,340	180,631,604

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.

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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 Aa2 with negative outlook rating from Moody's and A with negative outlook 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 $6.4 billion for the fiscal year ending June 30, 2011, the City is limited to general obligation indebtedness in the aggregate amount of $966.7 million. The City has $180.6 million of general obligation debt outstanding as of June 30, 2011.

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Debt Margin Calculation	
Assessed Valuation	$6,444,340,298
Charter Limitation on Debt	15%
Debt Limit	$ 966,651,045
Outstanding GO Bond	$ -180,600,000
Margin	$ 786,051,045

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 $195,696,227.

- 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.

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Current Outstanding Debt

Bonds	Interest Rate	Maturity Date	Authorized & Issued	Outstanding	2011/2012 Requirements Principal	2011/2012 Requirements Interest
CITY OF RENO						
General Obligation Bonds						
Supported by Ad-Valorem Taxes						
1997 Street Refunding Bonds	4.2 -5.125%	5/1/12	9,025,000	1,285,000	1,285,000	65,856
Subtotal:			**9,025,000**	**1,285,000**	**1,285,000**	**65,856**
Supported by Any Legally Available Resources						
2003 Building Bond A	3.750%	6/1/18	6,100,000	6,100,000	780,000	287,310
2004 Nevada Building Bond	4.00-5.00%	6/30/24	3,500,000	2,720,000	155,000	114,847
2005 Medium Term	4.00%	12/1/15	3,275,000	1,800,000	330,000	65,400
2004 Sewer Revenue Bonds	2.99%	6/30/24	73,133,162	58,420,626	3,709,275	1,643,376
2005 Sewer Revenue Bonds	2.65%	7/1/25	8,033,095	6,904,978	396,277	180,374
Clean Energy Renewable Bonds	1.00%	12/23/15	2,340,000	2,028,000	20,280	156,000
QECB	1.00%	6/1/25	2,261,000	2,261,000	137,000	145,834
RZEDB	1.00%	6/1/27	10,860,000	10,860,000	662,000	700,470
2008 Medium Term Sewer Bonds	3.84%	4/1/18	25,000,000	18,662,000	105,000	407,700
2009 Medium Term Street Bonds	4.16%	6/1/19	45,000,000	41,665,000	3,965,000	1,678,825
2010 Sewer Refunding Revenue Bonds	variable	8/1/40	21,750,000	21,750,000	-	794,644
2010 Medium Term Fire Apparatus Bonds	variable	6/21/30	4,045,000	3,970,000	430,000	140,437
Subtotal:			**205,297,257**	**177,141,604**	**10,689,832**	**6,315,217**
Supported by Municipal Golf Course Revenues						
2004 A Golf Course Refunding	2.25 - 4.0%	7/1/19	3,505,000	2,130,000	215,000	71,396
Subtotal:			**3,505,000**	**2,130,000**	**215,000**	**71,396**
Total General Obligation Bonds:			**217,827,257**	**180,556,604**	**12,189,832**	**6,452,469**
Special Assessment District Debt						
1999 SAD #2	6.08-7.28%	1/1/25	13,905,000	10,990,000	490,000	791,446
1999 SAD #3	4.5-5.6%	2/1/22	1,763,728	955,000	90,000	50,870
2000 SAD #1	4.39%	1/15/12	147,438	14,744	14,744	647
2001 SAD #2	2.75-5.00%	6/1/23	2,470,000	1,345,000	85,000	54,834
2002 SAD #5	3.00-5.00%	12/1/25	7,500,000	6,345,000	260,000	442,254
2008 SAD A	4.17%	5/1/18	430,000	234,000	35,000	19,651
2008 SAD B	7.01%	5/1/21	1,115,000	823,000	69,000	57,692
Total Special Assessment District Debt:			**27,331,166**	**20,706,744**	**1,043,744**	**1,417,394**
Bonds Supported by Sales Tax and Room Tax Revenues						
2008A Retrac Senior Lien - Refunding	3.32%	6/1/42	143,210,000	140,155,000	1,490,000	4,773,146
2008B Retrac Senior Lien - Refunding	7.88%	6/1/51	47,416,227	47,416,227	-	0
2006C Retrac Senior Lien - Refunding	5.91%	6/30/36	8,645,000	8,125,000	150,000	480,188
2006 Retrac Lease Revenue Bonds	5.75%	6/30/26	14,295,000	10,481,684	305,000	774,499
2006 Sales Tax Increment	variable	10/1/20	10,000,000	9,567,473	-	0
2002 Event Center Bonds	5.125-5.375%	6/1/32	108,625,000	39,980,000	1,220,000	2,135,275
2005A Capital Refunding Bonds	3.53%	6/1/32	73,450,000	71,750,000	475,000	2,532,775
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	5,932,000	80,000	338,790
Cabela's 2007 A Tax Exempt Sales Tax	4.00%	6/29/27	16,525,000	15,735,000	435,000	625,100
Cabela's 2007 B Taxable Sales Tax	6.50%	6/29/27	18,175,000	17,505,000	335,000	1,132,463
Total Bonds Supported by Sales/Room Tax:			**462,058,783**	**382,284,940**	**4,490,000**	**12,792,236**
Other						
Hud Section 108 Loan	5.0-6.62%	8/1/20	660,000	336,000	33,000	22,070
Total Other			**660,000**	**336,000**	**33,000**	**22,070**
TOTAL CITY OF RENO OUTSTANDING DEBT:			**707,877,206**	**583,884,288**	**17,756,576**	**20,684,169**

Bonds	Interest Rate	Maturity Date	Authorized & Issued	Outstanding	2011/2012 Requirements Principal	2011/2012 Requirements Interest
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	10,025,000	1,310,000	470,138
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**	**30,715,000**	**1,310,000**	**1,599,398**
REDEVELOPMENT AGENCY #2						
Tax Allocation Bonds						
Supported by Ad-Valorem Taxes						
NV Land LLC	variable	6/30/18	6,000,000	4,200,000	600,000	177,285
Cabela's	6.50%	12/29/22	850,000	780,000	30,000	50,213
Total Redevelopment Agency #2			6,850,000	4,980,000	630,000	227,498
TOTAL REDEVELOPMENT AGENCY TAX ALLOCATION BONDS:			**50,225,000**	**35,695,000**	**1,940,000**	**1,826,896**

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
2012	2,780,000	1,830,314	9,990,000	14,279,342	1,038,744	1,398,478
2013	1,570,000	1,687,420	10,840,000	13,906,390	1,072,000	1,334,208
2014	1,645,000	1,608,445	13,345,000	14,906,368	1,145,000	1,266,776
2015	1,735,000	1,525,570	14,901,000	14,362,848	1,220,000	1,194,023
2016	1,815,000	1,438,183	16,201,000	13,744,509	1,260,000	1,115,199
2017	1,910,000	1,346,558	16,521,000	12,401,431	1,288,000	1,032,907
2018	1,975,000	1,266,658	18,041,000	11,674,295	1,339,000	944,396
2019	2,040,000	1,189,698	18,474,000	10,811,884	1,413,000	851,667
2020	2,155,000	1,077,388	11,109,454	11,766,594	1,510,000	752,919
2021	2,275,000	958,810	11,922,454	11,593,819	1,603,000	647,196
2022	2,400,000	833,345	12,875,454	11,403,392	1,712,000	534,487
2023	2,540,000	700,755	13,754,454	11,192,685	1,746,000	413,888
2024	2,670,000	560,275	14,792,001	10,945,722	1,724,000	289,421
2025	2,530,000	421,208	15,938,548	10,670,376	1,853,000	162,598
2026	2,660,000	287,458	18,935,326	10,335,050	693,000	26,408
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		
	35,500,000	16,878,949	425,447,467	606,632,406	20,616,744	11,964,570

Debt Amortization Schedule Principal/Interest by Year of Maturity

FISCAL YEAR JUNE 30,	ENTERPRISE FUNDS DEBT SUPPORTED BY PECIFIC OR GENERAL REVENU INSTALLMENTS PRINCIPAL	INTEREST	NOTES PAYABLE PRINCIPAL	INTEREST	INSTALLMENT PURCHASE PRINCIPAL	INTEREST
2012	4,320,552	2,689,791	633,000	197,449	955,000.00	866,584.50
2013	4,437,735	2,566,427	633,000	168,742	656,000.00	813,489.00
2014	4,563,271	2,439,145	633,000	139,989	475,000.00	779,679.00
2015	5,207,257	2,302,744	633,000	111,208	654,000.00	757,543.50
2016	5,344,792	2,157,089	633,000	82,398	702,000.00	723,862.50
2017	5,500,978	2,006,846	633,000	53,558	753,000.00	687,085.50
2018	5,655,920	1,850,509	633,000	24,684	807,000.00	647,019.00
2019	5,814,724	1,688,170	33,000	5,821	863,000.00	603,469.50
2020	5,987,503	1,516,518	33,000	3,664	921,000.00	556,308.00
2021	5,889,371	1,340,751	39,000	1,291	983,000.00	505,405.50
2022	6,060,444	1,168,378			1,049,000.00	450,504.00
2023	6,235,843	994,078			1,118,000.00	391,345.50
2024	6,415,694	814,728			1,191,000.00	327,736.50
2025	2,176,965	653,520			1,260,000.00	259,419.00
2026	984,555	602,364			1,335,000.00	178,149.00
2027	725,000	574,984			1,427,000.00	92,041.50
2028	755,000	547,650				
2029	785,000	516,850				
2030	815,000	484,850				
2031	850,000	451,550				
2032	885,000	416,850				
2033	920,000	380,750				
2034	960,000	343,150				
2035	995,000	304,050				
2036	1,040,000	263,350				
2037	1,080,000	220,275				
2038	1,125,000	174,797				
2039	1,175,000	127,359				
2040	1,225,000	77,859				
2041	1,275,000	26,297				
2042						
2043						
2044						
2045						
2046						
2047						
2048						
2049						
2050						
2051						
	89,205,605	29,701,679	4,536,000	788,804	15,149,000	8,639,642

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