

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.

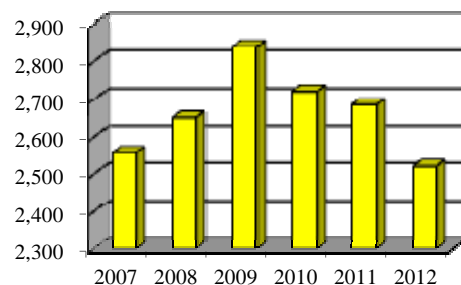
Decisions regarding the use of debt is based upon a number of factors including, but not limited to, the long-term needs of the City and the amount of resources available to repay the debt. The debt policy is not expected to anticipate every future contingency in the City's capital program or future 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 (in Thousands)	General Obligation Debt
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
2012	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.

- 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.

- - *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.

Current Outstanding Debt

City of Reno

FUND NAME OF BOND OR LOAN	ORIGINAL AMOUNT OF ISSUE	FINAL PAYMENT DATE	INTEREST RATE	BEGINNING	REQUIREMENTS FOR FISCAL YEAR		
				OUTSTANDING	ENDING JUNE 30, 2013		
				BALANCE 07/01/12	INTEREST PAYABLE	PRINCIPAL PAYABLE	TOTAL
AD VALOREM DEBT FUND (2000)							
Total - General Obligation Bonds	0			0	0	0	0
REVENUE BONDS							
2004 Nv. Building Bonds-pg 24	3,500,000	1-Jun-24	4.00-5.00	2,565,000	108,648	160,000	268,648
2003A Building Bonds-pg 24	6,100,000	1-Jun-18	3.750	5,320,000	250,572	805,000	1,055,572
2002 Event Center Bonds-pg 26	108,625,000	1-Jun-32	5.125-5.375	38,760,000	2,074,275	540,000	2,614,275
2005A Capital Refunding Bonds-pg 26	73,450,000	1-Jun-32	3.53	71,275,000	2,516,008	1,400,000	3,916,008
2005B Capital Refunding Bonds-pg 26	6,445,154	1-Jun-40	5.420-5.490	6,445,154	0	0	0
2005C Capital Refunding Bonds-pg 26	9,192,402	1-Jun-37	5.78	9,192,402	0	0	0
2008A Retrac Senior Lien-Refunding-pg 25	143,210,000	1-Jun-42	3.3200	138,665,000	4,603,678	1,635,000	6,238,678
2008B Retrac Senior Lien-Refunding-pg 25 (1)	47,416,227	1-Jun-51	7.8750	47,416,227	0	0	0
2006 Retrac Senior Lien-Refunding-pg 25	8,720,000	30-Jun-36	5.91	7,975,000	471,323	160,000	631,323
2006 Sales Tax Increment-pg 24	10,000,000	1-Oct-20	N/A	9,567,473	0	0	0
2006 Retrac Lease Revenue Bonds-pg 24	14,295,000	1-Jun-26	variable	10,181,684	203,634	350,000	553,634
2007 Tax (Fitz) - pg 24	6,080,000	1-Jul-27	5.75	5,852,000	334,046	85,000	419,046
Cabela's 2007 A Tax Exempt Sales Tax - pg 24	16,525,000	29-Jun-27	4.00	15,300,000	607,200	485,000	1,092,200
Cabela's 2007 B Taxable Sales Tax - pg 24	18,175,000	29-Jun-27	6.50	17,170,000	1,109,713	395,000	1,504,713
Total Revenue Bonds	471,733,783			385,684,940	12,279,097	6,015,000	18,294,097
MEDIUM TERM FINANCING-GO							
2009 Medium Term Streets-pg 24	45,000,000	30-Jun-19	3-5	37,700,000	1,559,875	4,200,000	5,759,875
Clean Energy Renew able Bonds (CREBs)-pg 24	2,340,000	15-Dec-23	1	1,872,000	18,720	156,000	174,720
2010 Medium Term Bonds-Fire Apparatus - pg 24	3,970,000	30-Jun-21		3,540,000	124,168	440,000	564,168
2005 Medium Term-pg 24	3,275,000	1-Dec-15	4.00	1,080,000	36,300	345,000	381,300
QECCB-pg 24	2,261,000	1-Jun-25		2,124,000	136,998	140,000	276,998
RZEDB-pg 24	10,860,000	1-Jun-27		10,198,000	657,771	360,000	1,017,771
Total - Medium Term Financing	67,706,000			56,514,000	2,533,832	5,641,000	8,174,832
SPECIAL ASSESSMENT DEBT FUNDS (2026 - 2099)							
1999 District No. 2-pg 25	13,905,000	1-Jun-25	6.08-7.28	10,285,000	738,171	510,000	1,248,171
1999 District No. 3-pg 27	1,763,728	1-Feb-22	4.5-5.6	865,000	46,370	90,000	136,370
2001 District No. 2-pg 27	2,470,000	1-Jun-23	2.75-5.00	1,175,000	48,203	85,000	133,203
2002 District No. 5-pg 26	7,500,000	1-Dec-25	3.00-5.00	6,085,000	424,865	275,000	699,865
2008 District No. A-pg 27	430,000	1-May-18	4.17	199,000	8,292	32,000	40,292
2008 District No. B-pg 27	1,115,000	1-May-21	7.01	754,000	52,855	75,000	127,855
2010 District No. 2 - pg 24	939,800	1-May-42	4.00	939,800	37,261	16,530	53,791
Total - Special Assessment Debt Funds	28,123,528			20,302,800	1,356,017	1,083,530	2,439,547
REVENUE BONDS-GO							
2004 Sew er Revenue Bonds-pg 41	73,133,162	30-Jun-24	2.99	54,711,351	1,536,765	3,815,887	5,352,652
2005 Sew er Revenue Bonds-pg 41	8,033,095	1-Jul-25	2.65	6,508,701	169,803	406,848	576,651
2010 Sew er Refunding Revenue Bonds-pg 41	21,750,000	1-Aug-40		21,750,000	794,644	0	794,644
2004 Golf Course Refunding-pg 24	3,505,000	1-Jul-19	2.25-4.0	1,915,000	65,215	215,000	280,215
Total Revenue Bonds	106,421,257			84,885,052	2,566,427	4,437,735	7,004,162
OTHER							
Hud Section 108 Loan-pg 16	600,000	1-Aug-20	5.0-6.62	303,000	3,848	33,000	36,848
Total - Other	600,000			303,000	3,848	33,000	36,848
CAPITAL LEASES							
Total-Capital Leases	0			0	0	0	0
TOTAL - ALL DEBT SERVICE	674,584,568			547,689,792	18,739,221	17,210,265	35,949,486

Redevelopment Area #1

NAME OF BOND OR LOAN	ORIGINAL AMOUNT OF ISSUE	FINAL PAYMENT DATE	INTEREST RATE	BEGINNING OUTSTANDING BALANCE 7/1/12	REQUIREMENTS FOR FISCAL YEAR ENDING JUNE 30, 2013		
					INTEREST PAYABLE	PRINCIPAL PAYABLE	TOTAL
					1995 TAX ALLOCATION & REFUNDING BONDS SERIES A	23,995,000	1-Jun-2018
1998 TAX ALLOCATION BONDS SERIES A	4,000,000	1-Jun-2018	6.10 - 6.75	0	0	0	0
1998 TAX ALLOCATION BONDS SERIES F	22,685,000	1-Sep-2017	4.5-5.25	8,715,000	401,250	1,380,000	1,781,250
2007 TAX ALLOCATION BONDS SERIES A	4,000,000	1-Jun-2023	6.100	4,000,000	244,000	0	244,000
2007 TAX ALLOCATION BONDS SERIES B	4,000,000	1-Jun-2027	5.0	4,000,000	200,000	0	200,000
2007 TAX ALLOCATION BONDS SERIES C	12,690,000	1-Jun-2027	5.4	12,690,000	685,260	0	685,260
							0
TOTAL - ALL DEBT SERVICE	71,370,000			29,405,000	1,530,510	1,380,000	2,910,510

Redevelopment Area #2

NAME OF BOND OR LOAN	ORIGINAL AMOUNT OF ISSUE	FINAL PAYMENT DATE	INTEREST RATE	BEGINNING OUTSTANDING BALANCE 7/1/12	REQUIREMENTS FOR FISCAL YEAR ENDING JUNE 30, 2013		
					INTEREST PAYABLE	PRINCIPAL PAYABLE	TOTAL
					NV Land LLC*	6,000,000	30-Jun-2018
Cabela's	850,000	29-Dec-2022	6.500	750,000	48,263	30,000	78,263
							0
TOTAL - ALL DEBT SERVICE	6,850,000			5,250,000	198,788	630,000	828,788

*NV Land LLC provided interest-only payment in Fiscal Year 2012 and deferred principal moved to Fiscal Year 2018

Debt Amortization Schedule Principal/Interest by Year of Maturity

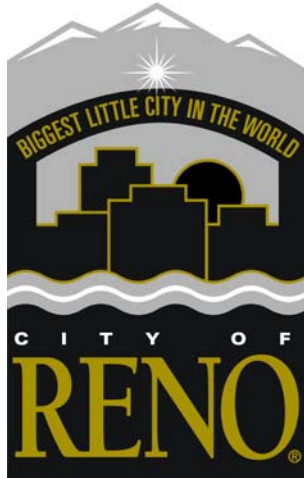
FISCAL YEAR JUNE 30,	DEBT SUPPORTED BY AD VALOREM TAX		DEBT SUPPORTED BY SALES TAX/ROOM TAX REVENUES		DEBT SUPPORTED BY SPECIAL ASSESSMENT INSTALLMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	1,570,000	1,687,420	4,615,000	11,382,196	1,072,000	1,334,208
2014	1,645,000	1,608,445	6,740,000	12,589,100	1,145,000	1,266,776
2015	1,735,000	1,525,570	7,595,000	12,308,364	1,220,000	1,194,023
2016	1,815,000	1,438,183	8,475,000	11,983,137	1,260,000	1,115,199
2017-2021	10,355,000	5,839,110	50,761,908	54,088,008	7,153,000	4,229,085
2022-2026	12,800,000	2,803,040	68,319,099	53,170,414	7,728,000	1,426,801
2027-2031	2,800,000	146,868	78,171,885	46,726,026	-	-
2032-2036	-	-	56,875,711	78,982,047	-	-
2037-2041	-	-	50,580,543	84,887,946	-	-
2042-2046	-	-	14,883,382	92,569,751	-	-
2047-2051	-	-	5,181,255	119,321,451	-	-
	<u>32,720,000</u>	<u>15,048,636</u>	<u>352,198,783</u>	<u>578,008,440</u>	<u>19,578,000</u>	<u>10,566,092</u>

Debt Amortization Schedule Principal/Interest by Year of Maturity

FISCAL YEAR JUNE 30,	DEBT SUPPORT BY AD VALOREM TAX AND SPECIFIC REVENUES		DEBT SUPPORTED BY OTHER SPECIFIC REVENUES		DEBT SUPPORTED BY SPECIFIC OR GENERAL REVENUES INSTALLMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	4,437,735	2,566,427	1,240,000	788,252	4,985,000	1,735,943
2014	4,563,271	2,439,145	1,335,000	738,161	5,270,000	1,579,107
2015	5,207,257	2,302,744	1,431,000	683,237	5,875,000	1,371,247
2016	5,344,793	2,157,089	1,521,000	624,715	6,205,000	1,136,657
2017-2021	28,848,496	8,402,793	5,736,000	2,281,532	20,375,000	1,908,123
2022-2026	21,873,501	4,233,068	7,976,684	1,376,812	-	-
2027-2031	3,930,000	2,575,884	2,114,000	150,478	-	-
2032-2036	4,800,000	1,708,150	-	-	-	-
2037-2041	5,880,000	626,588	-	-	-	-
2042-2046	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-
	<u>84,885,053</u>	<u>27,011,888</u>	<u>21,353,684</u>	<u>6,643,187</u>	<u>42,710,000</u>	<u>7,731,077</u>

Debt Amortization Schedule Principal/Interest by Year of Maturity

FISCAL YEAR JUNE 30,	INSTALLMENT PURCHASE CONTRACT		NOTES PAYABLE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	656,000	813,489	633,000	168,742
2014	475,000	779,679	633,000	139,989
2015	654,000	757,544	633,000	111,208
2016	702,000	723,863	633,000	82,398
2017-2021	4,327,000	2,999,288	1,371,000	89,018
2022-2026	5,953,000	1,607,154	-	-
2027-2031	1,427,000	92,041	-	-
2032-2036	-	-	-	-
2037-2041	-	-	-	-
2042-2046	-	-	-	-
2047-2051	-	-	-	-
	14,194,000	7,773,058	3,903,000	591,355



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