

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 annually. 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, on the next page, show the relationship between net bonded debt and population and assessed value for the City:

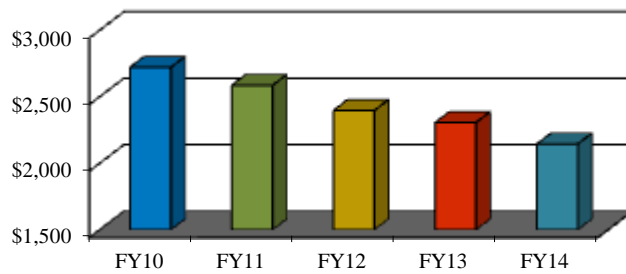
Net bonded debt equals total general obligation debt, less debt paid from enterprise fund revenues, from special assessment against benefited properties, and from special revenue sources payable solely from revenues derived from other than general ad valorem taxes.

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

Comparison of Debt to Assessed Valuation

Year	Assessed Valuation (in Thousands)	General Obligation Debt
2008	6,895,547	95,796,774
2009	7,807,017	156,347,110
2010	7,043,707	164,574,245
2011	6,444,340	159,850,329
2012	5,936,928	149,284,052
2013	6,042,432	139,165,318
2014	5,921,583	162,442,047
2015	6,374,796	N/A

Net Bonded Debt per Capita



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.

As of September 2014, the City maintains an A1 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 \$5.9 billion for the fiscal year ending June 30, 2014, the City is limited to general obligation indebtedness in the aggregate amount of \$888.2 million. The City has \$162.4 million of general obligation debt outstanding as of June 30, 2014.

Debt Margin Calculation

Assessed Valuation	\$5,921,583,095
<u>Charter Limitation on Debt</u>	<u>15%</u>
Debt Limit	\$ 888,237,464
<u>Outstanding GO Bond</u>	<u>\$ (162,442,047)</u>
Margin	\$ 725,795,417

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 to the bonds 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 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. These bonds are being paid off early in FY15, as the golf course, although still owned by the city, is currently being operated by an external, non-profit organization.

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. FY2015 SAD debt outstanding is \$17,016,070.

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. As of FY2015 outstanding debt for the ReTRAC enhancements is \$190,316,227.

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 their condition for 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

City of Reno

Bonds	Interest Rate	Maturity Date	Authorized & Issued	Outstanding	FY2015 Requirements	
					Principal	Interest
General Obligation Bonds						
<u>Supported by Any Legally Available Resources</u>						
2003 Building Bond A	1.310%	6/1/18	6,100,000	3,675,000	3,675,000	48,143
2004 Nevada Building Bond	4-5%	6/1/24	3,500,000	2,235,000	180,000	95,448
2005 Medium Term	4%	12/1/15	3,275,000	375,000	375,000	7,500
2004 Sewer Revenue Bonds	2.76-3.11%	7/1/24	73,133,162	46,969,895	4,038,414	1,314,238
2005 Sewer Revenue Bonds	2.65%	7/1/25	8,033,095	5,684,152	428,844	147,808
Clean Energy Renewable Bonds	1%	12/15/23	2,340,000	1,560,000	156,000	15,600
QECB	6.45%	6/1/25	2,261,000	1,840,000	147,000	118,680
RZEDB	6.45%	6/1/27	10,860,000	9,663,000	351,000	623,264
2009 Medium Term Street Bonds	3-5%	6/1/19	45,000,000	-	-	-
2013B Multi Purpose Medium Term	2-5%	6/1/23	32,995,000	28,450,000	4,990,000	1,270,250
2013A Events Center	4-5%	6/1/31	36,115,000	36,115,000	-	1,744,113
2010 Sewer Refunding Revenue Bonds	2-4.125%	8/1/40	21,750,000	21,750,000	510,000	789,544
2004 A Golf Course Refunding	2-4%	7/1/19	3,505,000	1,480,000	1,480,000	51,155
2010 Medium Term Fire Apparatus Bonds	3.74%	7/1/20	3,970,000	2,645,000	345,000	92,472
Total General Obligation Bonds:			252,837,257	162,442,047	16,676,258	6,318,215
Special Assessment District Debt						
1999 SAD #2	6.08-7.28%	6/1/25	13,905,000	8,900,000	560,000	643,416
1999 SAD #3	4.5-5.6%	2/1/22	1,763,728	685,000	90,000	37,280
2001 SAD #2	2.75-5%	6/1/23	2,470,000	390,000	35,000	16,244
2002 SAD #5	5.7-7.25%	12/1/25	7,500,000	5,515,000	315,000	385,878
2008 SAD A	4.167%	5/1/18	430,000	102,000	30,000	4,252
2008 SAD B	7.01%	5/1/26	1,115,000	518,000	70,000	36,315
2010 SAD #2	4%	11/1/41	939,800	906,070	17,910	35,885
Total Special Assessment District Debt:			28,123,528	17,016,070	1,117,910	1,159,270
Bonds Supported by Sales Tax and Room Tax Revenues						
2008A Retrac Senior Lien - Refunding	variable	6/1/42	143,210,000	135,255,000	1,915,000	4,490,466
2008B Retrac Senior Lien - Refunding	6.75-7.875%	6/1/51	47,416,227	47,416,227	-	-
2006C Retrac Senior Lien - Refunding	5.91%	6/1/36	8,720,000	7,645,000	180,000	451,820
2006 Retrac Lease Revenue Bonds	variable	6/1/26	14,295,000	-	-	-
2006 Sales Tax Increment	N/A	10/1/20	10,000,000	9,567,473	-	-
2002 Event Center Bonds	4-5.375%	6/1/32	108,625,000	-	-	-
2014 Taxable Lease Revenue Bonds	variable	45,444	9,188,000	8,944,000	560,000	53,486
2005A Capital Refunding Bonds	variable	6/1/32	73,450,000	68,325,000	1,725,000	2,411,873
2005B Capital Refunding Bonds	5.42-5.48%	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)	variable	7/1/27	6,080,000	-	-	-
Cabela's 2007 A Tax Exempt Sales Tax	4%	6/29/27	16,525,000	14,545,000	870,000	855,800
Cabela's 2007 B Taxable Sales Tax	6.5%	6/29/27	18,175,000	16,545,000	780,000	1,589,088
Total Bonds Supported by Sales/Room Tax:			471,321,783	323,880,256	6,030,000	9,852,533
Other						
ADP	N/A	12/31/18	1,251,307	1,126,176	250,261	-
IPS Group, Inc - Parking Meters	N/A	2/1/19	391,650	365,540	78,330	-
Hud Section 108 Loan	0.31-2.45%	8/1/20	600,000	237,000	33,000	3,544
Total Other			2,242,957	1,728,716	361,591	3,544
Capital Leases						
Golf Cart lease	3.95%	4/1/18	195,190	153,015	37,722	5,349
US Bank Equipment Purchase	7.72%	7/31/14	171,412	7,681	7,681	50
Total Capital Leases			366,602	160,696	45,403	5,399
TOTAL CITY OF RENO OUTSTANDING DEBT:			754,892,127	505,227,785	24,231,162	17,338,961

Redevelopment Area #1

Bonds	Interest Rate	Maturity Date	Authorized & Issued	Outstanding	FY2015 Requirements	
					Principal	Interest
<u>Tax Allocation Bonds</u>						
<u>Supported by Ad-Valorem Taxes</u>						
1995 Tax Allocation & Refunding Series A	5.15-6.2%	6/1/18	23,995,000	-	-	-
1998 Tax Allocation Series A	6.1-6.75%	6/1/18	4,000,000	-	-	-
1998F Downtown Redevelopment Project	4.5-5.25%	9/1/17	22,685,000	5,890,000	1,590,000	178,750
2007 Tax Allocation Bonds Series A	6.1%	6/1/23	4,000,000	4,000,000	-	244,000
2007 Tax Allocation Bonds Series B	5%	6/1/27	4,000,000	4,000,000	-	200,000
2007 Tax Allocation Bonds Series C	5.4%	6/1/27	12,690,000	12,690,000	-	685,260
Total Redevelopment Agency #1			71,370,000	26,580,000	1,590,000	1,308,010

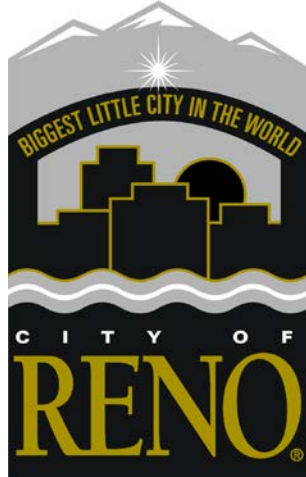
Redevelopment Area #2

Bonds	Interest Rate	Maturity Date	Authorized & Issued	Outstanding	FY2015 Requirements	
					Principal	Interest
<u>Tax Allocation Bonds</u>						
<u>Supported by Ad-Valorem Taxes</u>						
NV Land LLC	variable	6/30/18	6,000,000	3,450,000	-	-
Cabela's	6.5%	12/29/22	850,000	690,000	35,000	44,362
Total Redevelopment Agency #2			6,850,000	4,140,000	35,000	44,362
TOTAL REDEVELOPMENT AGENCY TAX ALLOCATION BONDS:			78,220,000	30,720,000	1,625,000	1,352,372

Debt Amortization Schedule Principal/Interest by Year of Maturity

FY JUNE 30,	General Obligation Debt Supported By Ad-Valorem Tax & Specific Revenues		Debt Supported By Sales Tax/Room Tax Revenues		Debt Supported By Other Specific Revenues	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	1,735,000	1,525,570	7,595,000	12,308,364	1,431,000	683,237
2016	1,815,000	1,438,183	8,475,000	11,983,137	1,521,000	624,715
2017-2021	10,355,000	5,839,110	50,761,908	54,088,008	5,736,000	2,281,532
2022-2026	12,800,000	2,803,040	68,319,099	53,170,414	7,976,684	1,376,812
2027-2031	2,800,000	146,868	78,171,885	46,726,026	2,114,000	150,478
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		
	29,505,000	11,752,771	340,843,783	554,037,144	18,778,684	5,116,775

FY JUNE 30,	Notes Payable		Installment Purchase	
	Principal	Interest	Principal	Interest
2015	866,007	100,549	1,001,762	830,394
2016	866,007	73,525	1,082,384	764,091
2017-2021	2,209,345	69,301	4,678,750	3,156,757
2022-2026			5,953,000	1,607,154
2027-2031			1,427,000	92,042
2032-2036				
2037-2041				
2042-2046				
2047-2051				
	3,941,359	243,376	14,142,896	6,450,437



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