



# JNA Consulting Group, LLC

*Independent Public Finance Advisors*

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## MEMORANDUM

DATE: February 6, 2017

TO: Washoe County Debt Management Commission

FROM: JNA Consulting Group, LLC

RE: \$200,000,000 Washoe County School District, Nevada, General Obligation (Limited Tax) Sales Tax Bonds, (Additionally Secured by Pledged Revenues)

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Attached is an electronic copy of the financial information in support of Washoe County School District's request to issue general obligation sales tax bonds. This information also serves as an update to the District's Capital Improvement Plan, Debt Management Policy and Statement of Current and Contemplated Debt which were previously filed to the Washoe County Debt Management Commission and the State Department of Taxation.

Please contact Marty Johnson at JNA Consulting Group, LLC if you have questions or need additional information.

Thank you for your assistance.

cc: Department of Taxation  
Tom Ciesynski  
Gail Carson  
Jennifer Stern  
Ryan Henry  
Martin Johnson  
(all w/encl.)

**FINANCIAL INFORMATION PRESENTED  
TO THE DEBT MANAGEMENT COMMISSION OF  
WASHOE COUNTY, NEVADA**

**IN SUPPORT OF THE PROPOSED**

**\$200,000,000  
Washoe County School District, Nevada  
General Obligation (Limited Tax)  
Sales Tax Bonds  
(Additionally Secured by Pledged Revenues)**

## EXECUTIVE SUMMARY

Washoe County School District, Nevada (the "District") is proposing to issue \$200,000,000 in General Obligation (Limited Tax) Sales Tax Bonds (Additionally Secured by Pledged Revenues) (the "Proposed Bonds"). The District has \$532,430,746 of general obligation debt paid from property taxes authorized or outstanding as of February 1, 2017. The District will pledge the revenues generated by the imposition of a 0.54% sales tax (the "Pledged Revenues") to the Proposed Bonds. The District does not anticipate that the Proposed Bonds will have an impact on the District's tax rate. The highest overlapping tax rate within the District for fiscal year 2017 is \$3.6600. The following document details how the Proposed Bonds fit within the criteria outlined in Nevada Revised Statutes ("NRS") 350.015.

Debt Limit (page 5) – After issuance of the Proposed Bonds, in excess of \$1,600,000,000 of debt limit will be available.

Property Tax Impact (page 7) – The Proposed Bonds will be secured by a lien on the Pledged Revenues generated by a 0.54% sales tax rate. The Bond Resolution will set forth the criteria under which future bonds paid from the pledged revenues may be issued.

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## **EXHIBIT I**

### **PROJECT SUMMARY**

The District intends to use the proceeds of the Proposed Bonds to acquire, construct, repair and renovate school facilities within the District and acquiring land (collectively the "Project"). The District anticipates funding projects based on need, project cost, and available funds. The projects are not part of the Debt Management Commission criteria but as a courtesy these projects are shown in Appendix B.

## EXHIBIT II

### CRITERIA FOR CONSIDERATION (NRS 350.015)

#### **NRS 350.015 Criteria for approval or disapproval of certain proposals; requests for information; use of money received from sale of general obligation debt or from special elective tax.**

1. In determining whether to approve, conditionally or provisionally approve, or disapprove a proposal to incur debt, to enter an installment-purchase agreement with a term of more than 10 years or to levy a special elective tax, the commission shall not, except as otherwise provided in paragraph (d) and NRS 350.0135, initiate a determination as to whether the proposed debt, installment-purchase agreement or special elective tax is sought to accomplish a public purpose or to satisfy a public need. The commission shall consider, but is not limited to, the following criteria:

(a) If the proposal is to incur debt, the amount of debt outstanding on the part of the municipality proposing to incur the debt.

(b) The effect of the tax levy required for debt service on the proposed debt or to repay an installment-purchase agreement with a term of more than 10 years, or of the proposed levy of a special elective tax, upon the ability of the municipality proposing to incur the general obligation debt, enter the installment-purchase agreement or levy the special elective tax and of other municipalities to raise revenue for operating purposes.

(c) The anticipated need for other incurrences of debt, installment-purchase agreements or levies of special elective taxes by the municipality proposing to incur the debt, enter the installment-purchase agreement or levy the special elective tax and other municipalities whose tax-levying powers overlap, as shown by the county or regional master plan, if any, and by other available information.

(d) If the information set forth in paragraph (b) of subsection 4 of NRS 350.014 indicates that the proposal would result in a combined property tax rate in any of the overlapping entities within the county which exceeds the specified percentage, pursuant to subsection 1 of NRS 350.0155, of the limit provided in NRS 361.453:

(1) The public need to be served by the proceeds from the proposed debt or tax levy in accordance with the priorities established pursuant to subsection 2 of NRS 350.0155; and

(2) A comparison of that public need and other public needs that appear on the statements of current and contemplated general obligation debt and special elective taxes submitted pursuant to paragraphs (a) and (b) of subsection 1 of NRS 350.013 that may affect the combined property tax rate in any of the overlapping entities within the county.

2. The commission may make reasonable requests from a municipality for information relating to the criteria described in paragraphs (a) to (d), inclusive, of subsection 1. A municipality shall use its best efforts to comply with information requests from the commission in a timely manner.

3. If the commission approves the proposal, the amount received from the sale of the general obligation debt or from the special elective tax may be expended only for the purposes described in the proposal.

(Added to NRS by 1967, 1386; A 1977, 539; 1993, 2658; 1995, 770, 1959; 2001, 884, 2309)—  
(Substituted in revision for NRS 350.0051)

## EXHIBIT III

### FINANCIAL INFORMATION PRESENTATION

***NRS 350.015.1(a) If the proposal is to incur debt, the amount of debt outstanding on the part of the municipality proposing to incur the debt.***

#### DEBT LIMITATION AND OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS

State statutes limit the total principal amount of general obligation debt the District may have outstanding to 15% of the District's total assessed valuation. The District's limit for general obligation debt based on the assessed valuation for fiscal year 2017, including the redevelopment districts within the District of \$15,708,997,534 is \$2,356,349,630.

The tables on the following pages present the outstanding and proposed indebtedness of the District.

OUTSTANDING GENERAL OBLIGATION DEBT  
Washoe County School District  
February 1, 2017

	Date Issued	Maturity Date	Original Amount	Amount Outstanding
<b>GENERAL OBLIGATION BONDS</b>				
Refunding Bonds, Series B	08/01/02	06/01/17	\$68,940,000	\$2,715,000
School Building Bonds, Series C	05/01/07	06/01/27	65,000,000	8,280,000
School Building Bonds, Series A	03/20/08	06/01/18	55,000,000	8,085,000
School Building Bonds, Series A	02/18/09	06/01/20	45,000,000	10,055,000
School Improvement Bonds, Series B	11/12/09	06/01/24	36,930,000	36,680,000
School Improvement Bonds, Series A	04/01/10	04/01/25	10,515,000	8,715,000
Refunding Bonds, Series B	04/01/10	04/01/17	13,700,000	4,055,000
School Improvement Bonds, Series D	04/01/10	05/01/27	3,550,000	2,800,000
School Improvement Bonds, Series E	10/06/10	06/01/27	5,415,000	4,415,000
Refunding Bonds, Series F	10/06/10	06/01/23	41,515,000	30,715,000
School Improvement & Refunding Bonds	07/06/11	06/01/31	43,450,000	30,160,000
School Improvement, Series 2011B	11/17/11	06/01/31	45,000,000	30,765,000
School Improvement, Series 2012C	10/23/12	04/01/33	45,000,000	43,620,000
Refunding Bonds, Series 2012A	03/20/12	06/01/26	71,855,000	71,855,000
Refunding Bonds, Series 2013	10/10/13	05/01/21	18,085,000	14,640,000
Refunding Bonds, Series 2014	07/15/14	06/01/26	49,145,000	44,595,000
Refunding Bonds, Series 2015	03/31/15	06/01/29	45,375,000	45,375,000
Improvement & Ref. Bonds, Series 2016A	02/02/16	06/01/36	59,215,000	59,215,000
School Improvement Bonds, Series 2016B	11/10/16	05/01/37	15,000,000	15,000,000
School Improvement Bonds, Series 2017A <sup>2</sup>	02/09/17	06/01/46	55,000,000	<u>55,000,000</u>
		<b>TOTAL G.O. BONDS</b>	<b>\$526,740,000</b>	
<b>MEDIUM-TERM GENERAL OBLIGATION NOTES<sup>1</sup></b>				
Medium-Term Bonds	03/30/12	11/01/17	\$3,935,000	\$315,000
Bus Financing	06/26/13	06/30/17	2,325,000	297,301
Bus Financing	06/10/14	06/01/18	2,325,000	889,000
Bus Financing	06/10/14	06/01/19	2,325,000	1,468,446
Medium-Term Bonds	04/26/16	05/01/20	3,100,000	<u>2,721,000</u>
		<b>TOTAL</b>	<b>\$5,690,746</b>	
<b>TOTAL GENERAL OBLIGATION DEBT</b>			<b>\$532,430,746</b>	

<sup>1</sup> Paid from General Fund revenues.

<sup>2</sup> The 2017A Bonds are scheduled to close on February 9, 2017.

SOURCE: The District's 2017 Final Budget and the District's finance office

**AUTHORIZED AND PROPOSED BONDS**  
 Washoe County School District  
 February 1, 2017

<b>Issue</b>	<b>Issuance Date</b>	<b>Authorized/Proposed Amount</b>
Authorized "Rollover" Bonds	April 2017	\$15,000,000
Proposed School Improvement Bonds <sup>1</sup>	Various	<u>200,000,000</u>
		<u>\$215,000,000</u>

<sup>1</sup> General obligation revenues to be issued in one or more series

SOURCE: The District

As shown in the following table the District's general obligation statutory debt limitation is \$2,356,349,630. After issuance of the Proposed Bonds the District's remaining available debt limit will be \$1,608,918,884.

**General Obligation Debt Limit**  
 Based on Fiscal Year 2017 Assessed Value

Assessed Value	\$15,432,327,199
Redevelopment Agencies	<u>276,670,335</u>
Total Assessed Value	\$15,708,997,534
General Obligation Debt Limitation (15%)	\$2,356,349,630
Outstanding General Obligation Debt	(532,430,746)
Proposed General Obligation Debt	<u>(215,000,000)</u>
Available General Obligation Debt Limit	<u>\$1,608,918,884</u>

SOURCE: State of Nevada Department of Taxation, the District; compiled by JNA Consulting Group, LLC

***NRS 350.015.1(b) The effect of the tax levy required for debt service on the proposed debt or to repay an installment-purchase agreement with a term of more than 10 years, or of the proposed levy of a special elective tax, upon the ability of the municipality proposing to incur the general obligation debt, enter the installment-purchase agreement or levy the special elective tax and of other municipalities to raise revenue for operating purposes.***

## **THE PROPOSED BONDS**

The District will pay the Proposed Bonds with the Pledged Revenues. The District anticipates that the Pledged Revenues will be sufficient to repay the Proposed Bonds and that the issuance of the Proposed Bonds should not have an impact on the overlapping tax rate within the District.

The tables on the following pages demonstrate the District's ability to repay the Proposed Bonds with the Pledged Revenues.

The District is proposing to issue the Proposed Bonds with a lien on the Pledged Revenues. The Proposed Bonds will be issued in two or more series as funding is needed. The following table provides the pro forma debt service requirements of the Proposed Bonds assuming one issuance.

PROPOSED DEBT SERVICE REQUIREMENTS  
February 1, 2017

Fiscal Year Ending June 30	Principal	Interest <sup>1</sup>	Total
2017	\$0	\$0	\$0
2018	0	10,000,000	10,000,000
2019	0	10,000,000	10,000,000
2020	3,425,000	10,000,000	13,425,000
2021	3,595,000	9,828,750	13,423,750
2022	3,775,000	9,649,000	13,424,000
2023	3,965,000	9,460,250	13,425,250
2024	4,160,000	9,262,000	13,422,000
2025	4,370,000	9,054,000	13,424,000
2026	4,590,000	8,835,500	13,425,500
2027	4,820,000	8,606,000	13,426,000
2028	5,060,000	8,365,000	13,425,000
2029	5,315,000	8,112,000	13,427,000
2030	5,580,000	7,846,250	13,426,250
2031	5,855,000	7,567,250	13,422,250
2032	6,150,000	7,274,500	13,424,500
2033	6,455,000	6,967,000	13,422,000
2034	6,780,000	6,644,250	13,424,250
2035	7,120,000	6,305,250	13,425,250
2036	7,475,000	5,949,250	13,424,250
2037	7,850,000	5,575,500	13,425,500
2038	8,240,000	5,183,000	13,423,000
2039	8,655,000	4,771,000	13,426,000
2040	9,085,000	4,338,250	13,423,250
2041	9,540,000	3,884,000	13,424,000
2042	10,020,000	3,407,000	13,427,000
2043	10,520,000	2,906,000	13,426,000
2044	11,045,000	2,380,000	13,425,000
2045	11,595,000	1,827,750	13,422,750
2046	12,175,000	1,248,000	13,423,000
2047	<u>12,785,000</u>	<u>639,250</u>	<u>13,424,250</u>
TOTAL	\$200,000,000	\$195,886,000	\$395,886,000

<sup>1</sup> Estimated at 5%.

SOURCE: The District, compiled by JNA Consulting Group, LLC

The Proposed Bonds will be secured with the revenues generated by a 0.54 percent sales tax. The District anticipates that the Pledged Revenues will be sufficient to repay the Proposed Bonds and that no ad valorem tax rate is anticipated to be necessary for the payment of the Proposed Bonds during the term of the Proposed Bonds. There are no other bonds outstanding paid from these revenues.

The following table demonstrates the ability of the Pledged Revenues to repay the Proposed Bonds.

**PLEDGED REVENUE AND COVERAGE OF INFRASTRUCTURE SALES TAX BONDED DEBT**  
Washoe County, Nevada

	<b>2015 (actual)</b>	<b>2016 (actual)</b>	<b>2017 (estimated)<sup>1</sup></b>
Taxable Sales	\$6,817,588,648	\$7,550,466,734	\$7,550,466,734
Sales Tax Pledged Revenues <sup>2</sup>	36,814,979	40,772,520	40,772,520
Debt Service <sup>3</sup>	13,427,000	13,427,000	13,427,000
Coverage	2.74	3.04	3.04

<sup>1</sup> Assumes no growth, however FY17 YTD taxable sales are up 9%.

<sup>2</sup> Based on a .54% tax rate.

<sup>3</sup> Maximum annual debt service (FY2029)

<sup>4</sup> Tax will not be imposed until April 1, 2017

SOURCE: The District, compiled by JNA Consulting Group, LLC

## EFFECTS ON OTHER LOCAL GOVERNMENTS

***NRS 350.015.1(c) The anticipated need for other incurrences of debt, installment-purchase agreements or levies of special elective taxes by the municipality proposing to incur the debt, enter the installment-purchase agreement or levy the special elective tax and other municipalities whose tax-levying powers overlap, as shown by the county or regional master plan, if any, and by other available information.***

The District anticipates the Pledged Revenues will be sufficient to pay the principal and interest on the Proposed Bonds when due. Therefore, the Proposed Bonds should not affect the ability of other political subdivisions to raise revenue for operating purposes or debt service requirements.

The statutory tax rate limit is \$3.64 per \$100 of assessed valuation (\$.02 of State levied tax is not subject to the statutory limitation). For fiscal year 2017, the highest overlapping tax rate in Washoe County is \$3.6600, including \$0.02 levied by the State which is exempt from the limit. The overlapping tax rates should not be affected by the issuance of the Proposed Bonds.

## ADDITIONAL GENERAL OBLIGATION INDEBTEDNESS AND PROPOSED TAX LEVIES

***NRS 350.015.1(d) If the information set forth in paragraph (b) of subsection 4 of NRS 350.014 indicates that the proposal would result in a combined property tax rate in any of the overlapping entities within the county which exceeds the specified percentage, pursuant to subsection 1 of NRS 350.0155, of the limit provided in NRS 361.453:***

***(1) The public need to be served by the proceeds from the proposed debt or tax levy in accordance with the priorities established pursuant to subsection 2 of NRS 350.0155; and***

***(2) A comparison of that public need and other public needs that appear on the statements of current and contemplated general obligation debt and special elective taxes submitted pursuant to paragraphs (a) and (b) of subsection 1 of NRS 350.013 that may affect the combined property tax rate in any of the overlapping entities within the county.***

NRS requires local governments to file Capital Improvement Plans, Statements of Current and Contemplated Debt, and Debt Management Policies with the County Clerk. To the best of the District's knowledge, no Capital Improvement Plans or Debt Management Policies have been filed that identify any new voter-approved tax rates (overrides or bonds). The District has filed its required documents which include the projects to be funded by this issue. Local governments are required to submit a Debt Management Policy and Indebtedness Report by August 1<sup>st</sup> of each year.

The District does not expect the issuance of the Proposed Bonds will result in an increase in the District's tax rate. Therefore, the issuance of the Proposed Bonds should not adversely impact overlapping entities in levying tax rates for bonds or overrides.

## **REQUIRED DOCUMENT SUBMISSION**

Pursuant to NRS 350.013, the District has submitted the following documents to the Department of Taxation and the DMC:

- Statements of current and contemplated debt and retirement schedules,
- A written statement of the debt management policy of the District, and
- The District's Capital Improvement Plan, which includes the projects to be financed by the proceeds of the Proposed Bonds.

The District's Chief Financial Officer is:

Tom Ciesynski, Chief Financial Officer  
425 East 9<sup>th</sup> Street  
Reno, Nevada 89520  
775-348-0313  
Fax 775-348-0335

## APPENDIX A

### TOTAL PROPERTY TAX RATES IN WASHOE COUNTY BY TAXING UNIT

(The following table is taken directly from the Nevada Department of Taxation's Property Tax Rates for Nevada Local Governments for fiscal year 2016-2017)

WASHOE COUNTY									
1	2	3	4	5	6	7	8	9	10
LOCAL GOVERNMENT TAXING UNIT	ASSESSED VALUATION	EST. NET PROCEEDS OF MINERALS	TOTAL ASSESSED VALUATION	COMBINED TAX RATE (col 5, part B)	COUNTY TAX RATE	SPECIAL DISTRICT TAX RATE	SCHOOL TAX RATE	STATE TAX RATE #	TOTAL PROPERTY TAX RATE
Washoe County	15,429,637,750	2,689,449	15,432,327,199	1.3917			1.1385	0.1700	2.7002
Washoe County School District	15,429,637,750	2,689,449	15,432,327,199	1.1385					
Reno	7,408,228,997	16,000	7,408,244,997	0.9598	1.3917		1.1385	0.1700	3.6600
Sparks	2,644,465,360	-	2,644,465,360	0.9598	1.3917		1.1385	0.1700	3.6600
Carson Truckee Water Conservancy District	15,429,637,750	2,689,449	15,432,327,199	0.0000					-
Gerlach GID	4,643,714	-	4,643,714	0.2998	1.3917	-	1.1385	0.1700	3.0000
Grandview Terrace GID	2,238,967	-	2,238,967	-	1.3917	0.5400	1.1385	0.1700	3.2402
Incline Village GID	1,532,912,733	-	1,532,912,733	0.1183	1.3917	0.6291	1.1385	0.1700	3.4476
North Lake Tahoe Fire Protection District	1,533,552,456	-	1,533,552,456	0.6291	1.3917		1.1385	0.1700	3.3293
Palomino Valley GID (Fire District)	61,747,356	-	61,747,356	0.4198	1.3917	0.5400	1.1385	0.1700	3.6600
Regional Transportation Commission	15,429,637,750	2,689,449	15,432,327,199	-					-
Reno-Sparks Convention & Visitors Authority	15,429,637,750	1,689,449	15,431,327,199	-					-
Sun Valley Water & Sanitation District	206,160,624		206,160,624	0.1836	1.3917	0.5400	1.1385	0.1700	3.4238
Tahoe Regional Planning Agency	1,512,956,052		1,512,956,052	-					-
Truckee Meadows Fire Protection District	3,647,632,745	416,063	3,648,048,808	0.5400	1.3917	0.4198	1.1385	0.1700	3.6600
Verdi Television District	627,863,417		627,863,417	-					-

## APPENDIX B

# WCSD Capital Improvement Program (2016-2024)

## \$1,096 Million Bonding Capacity

	<u>COST</u>	<u>Sum. 2018 'A' Cap. Renewal Program</u> <u>2017/18 'A' Major Project Program</u>
• School Repairs (\$20 M/year)	\$180 M	\$20 M + \$1 M (Existing Funds)
• Additions to Damonte Ranch HS	\$30 M	\$23 M ✓
• Cold Springs HS	\$110 M	} \$0.55 M - Master Planning, Site Acq.*
• South McCarran/Butler Ranch Area HS	\$110 M	
• Wildcreek Area HS to replace Hug HS	\$110 M	
• Repurposing of existing Hug HS	\$20 M	\$0.25 M - Master Planning
• Strategic purchase of Sparks HS properties	\$4 M	\$1.5 M
• Sun Valley Area MS	\$55 M	\$4.9 M - Design, Site Acquisition*
• Arrow Creek Area MS	\$55 M	\$0.1 M - Master Planning, Site Acq.*
• Spanish Springs Area MS	\$55 M	\$3.7 M - Design, Site Acquisition*
• South Meadows Area ES	\$23 M	\$2.85 M – Design
• North Valleys/Spanish Springs Area ES	\$23 M	} \$0.1 M -Master Planning, Site Acq.*
• Seven ESs to avoid ES Multi-Track Year Round (MTYR) Calendar	\$161 M	
• Core schools investments	\$50 M	\$0.5 M – Analysis
• Nutrition Services Expansion	\$3 M	\$3.39 M ✓
• Transportation Yard Expansion	\$7 M	\$2.75 M - Site Acquisition, Utilities
• Inflation Escalation	\$100 M	---
* Site Acquisition fund to be used for all school sites		\$11.41 M *
<b>TOTAL:</b>	<b>\$1,096 M</b>	<b>\$75 M + \$1 M (Existing Funds)</b>