



## DEBT MANAGEMENT POLICY

In Accordance with NRS 350.013 1(c)

January 2024

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**DEBT MANAGEMENT POLICY**  
**NRS 350.013 Subsection 1(c)**

Listed below are excerpts from Nevada Law, which requires local governments to submit a debt management policy:

*NRS 350.013 1. Except as otherwise provided in this section, on or before August 1 of each year, the governing body of a municipality which proposes to issue or has outstanding any general obligation debt, other general obligations or special obligations, or which levies or proposes to levy any special elective tax, shall submit to the Department of Taxation and the commission:*

*(c) A written statement of the debt management policy of the municipality, which must include, without limitation:*

- (1) A discussion of its ability to afford existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt;*
- (2) A discussion of its capacity to incur authorized and proposed future general obligation debt without exceeding the applicable debt limit;*
- (3) A discussion of its general obligation debt that is payable from property taxes per capita as compared with such debt of other municipalities in this state;*
- (4) A discussion of its general obligation debt that is payable from property taxes as a percentage of assessed valuation of all taxable property within the boundaries of the municipality;*
- (5) Policy regarding the manner in which the municipality expects to sell its debt;*
- (6) A discussion of its sources of money projected to be available to pay existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt; and*
- (7) A discussion of its operational costs and revenue sources, for the ensuing 5 fiscal years, associated with each project included in its plan for capital improvement submitted pursuant to paragraph (d), if those costs and revenues are expected to affect the property tax rate.*

This document is intended to meet the requirements of NRS 350.013 Subsection 1(c); it is not a review of the Henderson District Public Libraries' total financial position.

**Affordability of Debt**

Response to NRS 350.013 1(c):

- (1) *A discussion of its ability to afford existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt; and*
- (6) *A discussion of its sources of money projected to be available to pay existing general obligation debt, authorized future general obligation debt and proposed future general obligation debt*

### **General Obligation Bond Indebtedness**

The Henderson District Public Library (the “Library District” or “District”) has the statutory authority to issue general obligation bonds to finance various projects including, but not limited to, acquiring, constructing, or improving buildings and other real property to be used for library purposes or for purchasing books, materials or equipment for newly constructed libraries. General obligation bonds constitute direct and general obligations of the Library District, and the full faith and credit of the Library District is pledged to the payment of principal and interest due thereon, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. Any voter-approved bonds are payable from general ad-valorem taxes on all taxable property in the Library District.

In any year in which the total property taxes levied within the Library District by all applicable taxing units (e.g. the State of Nevada, Clark County, the school district, any city, or any special district including the Library District) exceed such property tax limitations, the reduction to be made by those units must be in property taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness.

Nevada statutes provide that no act concerning general obligation bonds, or their security may be repealed, amended, or modified in such a manner as to impair adversely the bonds or their security until all of the bonds have been discharged in full or provision for their payment and redemption has been fully made.

### **Existing, Authorized and Proposed General Obligation Bond Indebtedness Supported by Ad Valorem Taxes**

#### Authorized and Proposed Future Ad Valorem Supported Bonds

The Library District does not currently have authorization from its electorate to issue any general obligation bonds. The District does not have any general obligation indebtedness at this time, however, the District reserves the privilege of issuing bonds or other securities at any time legal requirements are satisfied.

### **Existing, Authorized and Proposed General Obligation Bond Indebtedness Supported by Legally Available Revenues ("Medium-Term Bonds")**

Medium-Term Bonds constitute direct and general obligations, and the full faith and credit of the Library District is pledged for the payment of principal and interest, subject to Nevada constitutional and statutory limitations regarding the Library District's operating ad valorem levy. The ad valorem tax levy available to pay the Medium-Term Bonds is limited to the District's maximum operating levy. The District's

operating levy for fiscal year 2024 is \$0.0612, which is the maximum operating levy currently allowed. The ad valorem tax rate available to pay the bonds is further limited by the limitation on the combined overlapping tax rate of \$3.64 per \$100 of assessed valuation. However, state statutes require that \$0.02 of the \$0.17 statewide property tax rate is not included in computing compliance with the \$3.64 cap.

Provisions for the payment of principal and interest requirements on Medium-Term Bonds are as provided in NRS 350.093 through 350.095. Nevada statutes provide that no act concerning the Medium-Term Bonds, or their security may be repealed, amended, or modified in such a manner as to impair materially and adversely the Bonds or their security until all of Medium-Term Bonds have been discharged in full or provision for their payment has been fully made.

Medium-Term Bonds are a debt of the Library District and the District shall pledge all legally available funds for their payment.

#### Authorized and Proposed Future Medium-Term Bonds

The Library District does not have any Medium-Term Bonds indebtedness at this time, however, the District reserves the privilege of issuing bonds or other securities at any time legal requirements are satisfied.

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| <b>Debt Capacity</b> |
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Response to NRS 350.013 1(c):

- 2) *A discussion of its capacity to incur authorized and proposed future general obligation debt without exceeding the applicable debt limit.*

State statutes limit the aggregate principal amount of the Library District's general obligation debt to 10% of the District's total reported assessed valuation. Based upon the current assessed valuation for fiscal year 2024 of \$20,165,344,921, the District's debt limit for general obligations is \$2,016,534,492.

In addition to the District's legal debt limit as a percentage of its total assessed value, the District's ability to issue future property tax supported debt is also constrained by constitutional and statutory limits of total property taxes that may be levied.

The following table illustrates the Library District's general obligation statutory debt limitation.

**STATUTORY DEBT LIMITATION**  
**Henderson District Public Libraries, Nevada**  
**For Fiscal Year 2024**

|   |                  |
|---|------------------|
| Statutory Debt Limitation <sup>1/</sup>                           | \$ 2,016,534,492 |
| Outstanding General Obligation Indebtedness (as of June 30, 2023) | \$ 0             |
| Proposed General Obligation Indebtedness (as of June 30, 2023)    | 0                |
| Total Outstanding and Proposed General Obligation Indebtedness    | \$ 0             |
| Additional Statutory Debt Limitation                              | \$ 2,016,534,492 |

1/ Based upon the current assessed valuation for fiscal year 2023 - 2024 provided by the State of Nevada Department of Taxation.

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| <p style="text-align: center;"><b>Debt Comparison</b><br/>(per capita and assessed valuation)</p> |
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Response to NRS 350.013 1(c):

- (3) *A discussion of its general obligation debt that is payable from property taxes per capita as compared with such debt of other municipalities in the state.*
- (4) *A discussion of its general obligation debt that is payable from property taxes as a percentage of assessed valuation of all taxable property within the boundaries of the municipality.*

| Library District       | Total<br>General<br>Obligation<br>Debt <sup>1/</sup> | Population <sup>2/</sup> | Fiscal Year<br>2024<br>Assessed Value | General<br>Obligation<br>Debt Per<br>Capita | General<br>Obligation<br>Debt<br>as a % of<br>Assessed<br>Value |
|------------------------|--|--------------------------|---------------------------------------|---|---|
| Boulder City           | \$ 0.00  | 15,012                   | \$ 1,038,665,412                      | \$ 0.00                                     | 0.00%   |
| Henderson              | 0.00   | 334,640                  | 20,165,344,921                        | 0.00  | 0.00%   |
| Las Vegas/Clark County | 0.00   | 1,709,804                | 97,617,763,537                        | 0.00  | 0.00%   |
| North Las Vegas        | 0.00   | 278,671                  | 13,255,789,143                        | 0.00  | 0.00%   |
| Average:               |  |                          |                                       | n/a   | n/a   |

1/ Outstanding as of June 30, 2023; does not include lease/purchase agreements or proposed debt.

2/ July 1, 2022

SOURCE: Respective Districts, Nevada Department of Taxation Red Book and Nevada Demographer

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| <b>Policy Statement for Sale of Debt</b> |
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Response to NRS 350.013 1(c):

- (5) *Policy regarding the manner in which the municipality expects to sell its debt.*

There are two ways bonds can be sold: competitive (public) or negotiated sale. NRS 350.105 to 350.195 set forth the circumstances under which a local government will sell its bonds at competitive or negotiated sale.

Competitive and negotiated sales provide for one or more pricings, depending upon market conditions or other factors. Either method can provide for changing sale dates, issue size, maturity amounts, term, bond features, etc. The timing of any sale is generally related to the requirements of the Nevada Open Meeting Law. Competitive sales are preferred unless market or other circumstances lead the Library District to conduct a negotiated sale.

### **Competitive Sale**

In a competitive sale, all underwriter(s) are invited to submit a proposal to purchase an issue of bonds. The bonds are awarded to the underwriter(s) presenting the best bid according to stipulated criteria set forth in the notice of sale. The best bid is determined based on the lowest overall interest rate.

### **Negotiated Sale**

In a negotiated sale, an exclusive arrangement is made between the issuer and an underwriter or underwriting syndicate. At the end of successful negotiations, the issue is awarded to the underwriter. If bonds are sold through a negotiated sale, the Library District will comply with the requirements of NRS 350.175.

A negotiated underwriting may be considered based upon one or more of the following criteria:

- Extremely large issue size
- Complex financing structure (i.e. new security feature, variable rate financings, new derivatives, and certain revenue issues, etc.) which provides a desirable benefit to the District
- Difficulty in marketing due to credit rating or lack of bids
- Private placement, or sale to a municipality, the state, or a federal agency
- Other factors which lead the District to conclude that competitive sale would not be effective.



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| <p><b>Operational Costs and Revenue Sources<br/>for Projects in Capital Improvement Plan</b></p> |
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Response to NRS 350.013 1(c):

- (7) *A discussion of its operational costs and revenue sources, for the ensuing 5 fiscal years, associated with each project included in its plan for capital improvement submitted pursuant to paragraph (d) if those costs and revenues are expected to affect the tax rate.*

The operational costs associated with the Library District's current capital projects have been taken into consideration with the District's current budget and are not expected to have any additional affect on the District's operating tax rate.

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| <b>Miscellaneous Items</b> |
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**Refundings**

A refunding is generally the underwriting of a new bond issue whose proceeds are used to redeem an outstanding issue. Key definitions are described as follows:

**Advance Refunding** - A method of providing for payment of debt service on a bond until the first call date or designated call date from available funds. Advance refundings are done by issuing a new bond or using available funds and investing the proceeds in an escrow account in a portfolio of U.S. government securities structured to provide enough cash flow to pay debt service on the refunded bonds.

**Current Refunding** - The duration of the escrow is 90 days or less.

**Gross Savings** - Difference between debt service on refunding bonds and refunded bonds less any contribution from a reserve or debt service fund.

**Present Value Savings** - Present value of gross savings discounted at the refunding bond yield to the closing date plus accrued interest less any contribution from a reserve or debt service fund.

Prior to beginning a refunding bond issue, the Library District will review an estimate of the savings achievable from the refunding. The Library District may also review a pro forma schedule estimating the savings assuming that the refunding is done at various points in the future.

The Library District will generally consider refunding outstanding bonds if one or more of the following conditions exist:

1. Present value savings are at least 3% of the par amount of the refunding bonds.
2. The bonds to be refunded have restrictive or outdated covenants.
3. Restructuring debt is deemed to be desirable.

The Library District may pursue a refunding not meeting the above criteria if:

1. Present value savings exceed the costs of issuing the bonds.
2. Current savings are acceptable when compared to savings that could be achieved by waiting for more favorable interest rates and/or call premiums.

**Debt Structure**

**Maturity Structures** -The term of Library District debt issues should not extend beyond the useful life of the project or equipment financed. The repayment of principal on tax supported debt should generally not extend beyond 20 years unless there are compelling factors which make it necessary to extend the term beyond this point.

Debt issued by the Library District should be structured to provide for generally level debt service. Deferring the repayment of principal should be considered only in select instances where it will take a period of time before revenues are sufficient to pay debt service.

Bond Insurance – Bond insurance is an insurance policy purchased by an issuer or an underwriter for either an entire issue or specific maturities that guarantees the payment of principal and interest.

Bond insurance can be purchased directly by the Library District prior to the bond sale (direct purchase) or at the underwriter's option and expense (bidder's option).

The decision to purchase insurance directly versus bidder's option is based on volatile markets, current investor demand for insured bonds, level of insurance premiums, or ability of the County to purchase bond insurance from bond proceeds.

When insurance is purchased directly by the Library District, the present value of the estimated debt service savings from insurance should be at least equal to or greater than the insurance premium. The bond insurance company will usually be chosen based on an estimate of the greatest net present value insurance benefit (present value of debt service savings less insurance premium).

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| <p><b>Chief Financial Officer Information</b><br/><b>NRS 350.013 Subsection 1(e)</b></p> |
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*A statement containing the name, title, mailing address and telephone number of the chief financial officer of the municipality.*

|            |   |
|------------|---|
| NAME:      | Tawana Keels  |
| TITLE:     | Chief Financial Officer and Human Resources Director  |
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