



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 10/19/17

Staff Contact: Nancy Paulson, Chief Financial Officer

Agenda Title: For Possible Action: To adopt a Resolution concerning the financing of sewer projects; directing the Clerk to notify the Carson City Debt Management Commission of the City’s proposal to issue general obligation sewer bonds additionally secured by pledged revenues, in the aggregate principal amount not to exceed \$4,875,000; providing certain details in connection therewith; and providing the effective date. (Nancy Paulson, npaulson@carson.org)

Staff Summary: The Resolution directs notice to the Carson City Debt Management Commission of the City's intent to issue general obligation sewer bonds in an amount not to exceed \$4,875,000, pursuant to Nevada Revised Statutes Chapter 350, in order to acquire, construct, improve and equip sewerage projects as defined in NRS 244A.0505, which includes drainage and flood control projects.

Agenda Action: Formal Action/Motion

Time Requested: 15 minutes

Proposed Motion

I move to adopt Resolution # _____, a Resolution concerning the financing of sewer projects; directing the Clerk to notify the Carson City Debt Management Commission of the City’s proposal to issue general obligation sewer bonds additionally secured by pledged revenues, in the aggregate principal amount not to exceed \$4,875,000; providing certain details in connection therewith; and providing the effective date.

Board’s Strategic Goal

Sustainable Infrastructure

Previous Action

Background/Issues & Analysis

At the August 3, 2017 Board of Supervisors meeting, staff was directed to begin the process of pursuing a 20-year bond in the amount of \$4,875,000 to support storm water capital expenses. A one-time Storm Water rate increase of 30 percent will be used to support the debt service on the bond.

Applicable Statute, Code, Policy, Rule or Regulation

NRS Chapters 350 and 244A

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: Estimated annual debt service payments of approximately \$370,000 for 20 years from the Stormwater Drainage Fund.

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: Final amounts of bond proceeds, issuance costs, debt service and capital projects will be added to the Stormwater Drainage Fund Budget through a budget augmentation in FY 2018.

Alternatives

Elect to not pursue the financing and accumulate funds to do projects on a pay as you go basis.

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

Summary - a resolution directing notice to the Carson City Debt Management Commission.

RESOLUTION NO. _____

A RESOLUTION CONCERNING THE FINANCING OF SEWER PROJECTS; DIRECTING THE CLERK TO NOTIFY THE CARSON CITY DEBT MANAGEMENT COMMISSION OF THE CITY'S PROPOSAL TO ISSUE GENERAL OBLIGATION SEWER BONDS ADDITIONALLY SECURED BY PLEDGED REVENUES; PROVIDING CERTAIN DETAILS IN CONNECTION THEREWITH; AND PROVIDING THE EFFECTIVE DATE HEREOF.

WHEREAS, Carson City, in the State of Nevada (the "City" and "State," respectively), is organized and operating pursuant to the provisions of Chapter 276, Statutes of Nevada 1971 (the "Charter") and the general laws of the State; and

WHEREAS, pursuant to Section 7.020 of the Charter (the "Project Act"), the City is authorized to borrow money for any corporate purpose and to evidence such borrowing by the issuance of bonds or other securities pursuant to the Local Government Securities Law (being cited as Nevada Revised Statutes ("NRS") 350.500 through 350.720 (the "Bond Act"); and

WHEREAS, the Board of Supervisors (the "Board") proposes to acquire, construct, improve and equip sewerage projects as defined in NRS 244A.0505, which includes drainage and flood control projects (the "Project"); and

WHEREAS, the Board pursuant to NRS 350.020(3) (subject to the approval of the proposal to issue general obligation bonds by the Carson City Debt Management Commission), proposes to issue general obligation sewer bonds additionally secured by a pledge of the revenues of the City's sewer and drainage system (the "Bonds") of which the Project is a part (the "Pledged Revenues"); and

WHEREAS, based on the study presented to the Board, which is attached hereto as Exhibit "B," the Board hereby determines that the Pledged Revenues will at least equal the amount required in each year for the payment of interest and principal on such Bonds and that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of such Bonds for the term thereof (the "Finding"); and

WHEREAS, the Board proposes to incur the Bonds without an election unless a petition signed by the requisite number of registered voters of the City is presented to the Board

requiring the Board to submit to the qualified electors of the City for their approval or disapproval, the following proposal:

GENERAL OBLIGATION SEWER BONDS (ADDITIONALLY SECURED BY PLEDGED REVENUES) PROPOSAL:

Shall the Board of Supervisors of Carson City, Nevada, be authorized to incur a general obligation indebtedness (additionally secured by pledged revenues) on behalf of the City by the issuance at one time, or from time to time, of the City's general obligation sewer bonds, in one series or more, in the aggregate principal amount of not exceeding \$4,875,000 for the purpose of acquiring, constructing, improving and equipping City sewerage projects as defined in NRS 244A.0505, which includes drainage and flood control projects, such bonds to mature not later than thirty (30) years from the date or respective dates of the bonds, payable from general (ad valorem) taxes (except to the extent pledged revenues and other monies are available therefor), and to be issued and sold at, above, or below par at an effective interest rate (including any sale discount) not exceeding the statutory maximum rate, if any, as shall be determined at the time of the sale thereof, and otherwise to be issued in such manner, upon such terms and conditions, with such covenants and agreements, and with such other detail as the Board may determine, including at its option but not necessarily limited to provisions for the redemption of bonds prior to maturity without or with the payment of a premium?

(the "Proposal"); and

WHEREAS, subsection 1 of NRS 350.014 provides, in relevant part, as follows:

"1. Before any proposal to incur a general obligation debt or levy a special elective tax may be submitted to the electors of a municipality . . ., or before any other formal action may be taken preliminary to the issuance of any general obligation debt, the proposed incurrence or levy must receive the favorable vote of two-thirds of the members of the commission of each county in which the municipality is situated"

and

WHEREAS, subsection 1 of NRS 350.0145 provides, in relevant part, as follows:

"1. The governing body of the municipality proposing to incur general obligation debt . . . shall notify the secretary of each appropriate commission, and shall submit a statement of its proposal in sufficient number of copies for each member of the commission"

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA:

Section 1. All action, proceedings, matters and things heretofore taken, had and done by the Board, and the officers thereof (not inconsistent with the provisions of this resolution) directed toward the Finding, the Proposal, the Project, and the financings thereof be, and the same hereby are, ratified, approved and confirmed.

Section 2. The City Clerk be, and she hereby is, authorized and directed to notify the Secretary of the Carson City Debt Management Commission (“Commission”) of the City’s Proposal (the “Proposal”); to submit to said Secretary a statement of the Proposal and Finding in sufficient number of copies for each member of the Commission; and to request the Commission to consider and approve the Proposal and the Finding. The Chief Financial Officer or her designee is authorized to file any of the information required by NRS 350.013 to the extent required to comply with NRS 350.013.

Section 3. In order to permit the City to reimburse itself for prior expenditures relating to the Project with the proceeds of the Bonds, the Board hereby determines and declares as follows:

(a) The City reasonably expects to incur expenditures with respect to the Project prior to the issuance of the Bonds for financing the Project and to reimburse those expenditures from the issuance of the Bonds; and

(b) The maximum principal amount of the Bonds expected to be issued to reimburse such expenditures is \$4,875,000.

Section 4. The officers of the City are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution, including without limitation, requesting the State to purchase the Bonds pursuant to one or more of its programs.

Section 5. All resolutions, or parts thereof, in conflict with the provisions of this resolution, are hereby repealed to the extent only of such inconsistency. This repealer shall not be constructed to revive any resolution, or part thereof, heretofore repealed.

Section 6. If any section, paragraph, clause or other provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such

section, paragraph, clause or other provision shall not affect any of the remaining provisions of this resolution.

Section 7. This resolution shall become effective and be in force immediately upon its adoption.

Passed and adopted this October 19, 2017.

Mayor

Attest:

City Clerk

- (ii) Public Safety Complex
885 East Musser Street
Carson City, Nevada
- (iii) City Hall
201 North Carson Street
Carson City, Nevada
- (iv) Carson City Library
900 North Roop Street
Carson City, Nevada
- (v) Business Resource & Innovation Center (BRIC)
108 East Proctor Street
Carson City, Nevada

is attached as Exhibit "A."

5. At least 3 working days before such meeting, such notice was delivered to each member of the Board and to each person, if any, who has requested notice of meetings of the Board in accordance with the provisions of Chapter 241 of NRS.

6. The revenue study referred to in the attached resolution is attached as Exhibit "B."

IN WITNESS WHEREOF, I have hereunto set my hand this October 19, 2017.

City Clerk

EXHIBIT "A"

(Attach Copy of Notice of Meeting)

EXHIBIT "B"

(Attach Revenue Study)

Carson City, Nevada
General Obligation (Limited Tax)
Stormwater Drainage Bonds, Series 2018
Revenue Sufficiency Analysis (Combined Sewer & Drainage)

FY Ending June 30	Pledged Revenues ¹	Existing Debt Service ²	Proposed Bonds		Total	Combined	
			Principal	Interest ³		Debt Service	Coverage
2017	\$7,537,145						
2018	9,193,241	\$4,295,488	\$0	\$0	\$0	\$4,295,488	2.140
2019	9,193,241	4,949,826	130,000	237,604	367,604	5,317,430	1.729
2020	9,193,241	4,719,227	155,000	213,675	368,675	5,087,902	1.807
2021	9,193,241	4,726,230	165,000	205,675	370,675	5,096,905	1.804
2022	9,193,241	4,725,179	170,000	197,300	367,300	5,092,479	1.805
2023	9,193,241	4,720,838	180,000	188,550	368,550	5,089,388	1.806
2024	9,193,241	4,729,131	190,000	179,300	369,300	5,098,431	1.803
2025	9,193,241	4,437,359	200,000	169,550	369,550	4,806,909	1.913
2026	9,193,241	4,011,272	210,000	159,300	369,300	4,380,572	2.099
2027	9,193,241	4,008,559	220,000	148,550	368,550	4,377,109	2.100
2028	9,193,241	4,009,047	230,000	137,300	367,300	4,376,347	2.101
2029	9,193,241	4,007,597	245,000	125,425	370,425	4,378,022	2.100
2030	9,193,241	4,013,731	255,000	112,925	367,925	4,381,656	2.098
2031	9,193,241	3,825,247	270,000	99,800	369,800	4,195,047	2.191
2032	9,193,241	3,727,415	285,000	85,925	370,925	4,098,340	2.243
2033	9,193,241	3,565,794	295,000	72,900	367,900	3,933,694	2.337
2034	9,193,241	3,565,709	310,000	60,800	370,800	3,936,509	2.335
2035	9,193,241	1,727,332	320,000	48,200	368,200	2,095,532	4.387
2036	9,193,241	850,457	335,000	35,100	370,100	1,220,557	7.532
2037	9,193,241	431,262	350,000	21,400	371,400	802,662	11.453
2038	9,193,241	432,172	360,000	7,200	367,200	799,372	11.501
2039	9,193,241	0	0	0	0	0	n/a
2040	9,193,241	0	0	0	0	0	n/a
2041	9,193,241	0	0	0	0	0	n/a
2042	9,193,241	0	0	0	0	0	n/a
		\$75,478,871	\$4,875,000	\$2,506,479	\$7,381,479	\$82,860,349	

¹ Based on the City's final 2017-18 budget, including impact of 30% storm water rate increase approved by the Board on October 19, 2017.

² Includes pro-forma debt on the Series 2017B Sewer Bonds which are expected to close on 11/7/17.

³ Interest rate estimated at 4.40%.

Carson City, Nevada
General Obligation (Limited Tax)
Stormwater Drainage Bonds, Series 2018
Revenue Sufficiency Analysis (Stormwater System)

FY Ending June 30	Pledged Revenues ¹	Existing Debt Service	Proposed Bonds			Combined	
			Principal	Interest ²	Total	Debt Service	Coverage
2017	\$724,784						
2018	1,131,540	\$498,947	\$0	\$0	\$0	\$498,947	2.268
2019	1,131,540	499,092	130,000	237,604	367,604	866,695	1.306
2020	1,131,540	499,009	155,000	213,675	368,675	867,684	1.304
2021	1,131,540	498,699	165,000	205,675	370,675	869,374	1.302
2022	1,131,540	499,160	170,000	197,300	367,300	866,460	1.306
2023	1,131,540	499,369	180,000	188,550	368,550	867,919	1.304
2024	1,131,540	499,325	190,000	179,300	369,300	868,625	1.303
2025	1,131,540	499,028	200,000	169,550	369,550	868,578	1.303
2026	1,131,540	71,478	210,000	159,300	369,300	440,778	2.567
2027	1,131,540	71,478	220,000	148,550	368,550	440,028	2.572
2028	1,131,540	71,478	230,000	137,300	367,300	438,778	2.579
2029	1,131,540	71,478	245,000	125,425	370,425	441,903	2.561
2030	1,131,540	71,478	255,000	112,925	367,925	439,403	2.575
2031	1,131,540	71,478	270,000	99,800	369,800	441,278	2.564
2032	1,131,540	71,478	285,000	85,925	370,925	442,403	2.558
2033	1,131,540	71,478	295,000	72,900	367,900	439,378	2.575
2034	1,131,540	71,478	310,000	60,800	370,800	442,278	2.558
2035	1,131,540	0	320,000	48,200	368,200	368,200	3.073
2036	1,131,540	0	335,000	35,100	370,100	370,100	3.057
2037	1,131,540	0	350,000	21,400	371,400	371,400	3.047
2038	1,131,540	0	360,000	7,200	367,200	367,200	3.082
2039	1,131,540	0	0	0	0	0	n/a
2040	1,131,540	0	0	0	0	0	n/a
2041	1,131,540	0	0	0	0	0	n/a
2042	1,131,540	0	0	0	0	0	n/a
		\$4,635,931	\$4,875,000	\$2,506,479	\$7,381,479	\$12,017,410	

¹ Based on the City's final 2017-18 budget, including impact of 30% storm water rate increase approved by the Board on October 19, 2017.

² Interest rate estimated at 4.40%.