

**Carson City
Agenda Report**

Date Submitted: 9/24/13

Agenda Date Requested: 10/04/13

Time Requested: 10 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: For Possible Action: Action to adopt a resolution concerning the financing of water projects and sewer projects; directing the clerk to notify the Carson City Debt Management Commission of the City's proposals to issue General Obligations therefore; providing certain details in connection therewith; and providing the effective date hereof.

Staff Summary: The Resolution directs notice to the Carson City Debt Management Commission of the City's intent to issue \$6,000,000 Carson City, Nevada General Obligation (Limited Tax) Water Improvement Bonds (Additionally Secured by Pledged Revenues) Series 2014A, and \$24,750,000 Carson City, Nevada General Obligation (Limited Tax) Sewer Improvement Bonds (Additionally Secured by Pledged Revenues) Series 2014B. The City reasonably expects to incur expenditures with respect to the Water and Sewer Projects prior to the issuance of the Bonds and the resolution allows the city to reimburse those expenditures from the Water and Sewer Bonds.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does this action require a Business Impact Statement: () Yes (xx) No

Recommended Board Action: I move to adopt Resolution # _____, a resolution concerning the financing of water projects and sewer projects; directing the clerk to notify the Carson City Debt Management Commission of the City's proposals to issue General Obligations therefore; providing certain details in connection therewith; and providing the effective date hereof.

Explanation for Recommended Board Action: Applicable Statute, Code, Policy, Rule or Regulation: The Board of Supervisors proposes to acquire, construct, improve and equip water projects as defined in NRS 244A.056, and to acquire, construct, improve and equip sewerage projects as defined in NRS 244A.0505 which includes drainage and flood control projects. This Resolution directs the Clerk to notify the Carson City Debt Management Commission of the City's proposals to issue General Obligations and allows the city to reimburse itself from bond proceeds.

Fiscal Impact: \$9,271,512 in principal and interest from the water fund, \$35,387,886 in principal and interest from the sewer fund, and \$3,075,017 in principal and interest from the stormwater drainage funds over the next 20 years.

Explanation of Impact: The City intends to pay the debt service from the water, sewer and stormwater drainage funds.

Funding Source: Water, sewer and stormwater drainage funds.

Alternatives: Elect not to borrow money and accumulate funds to do the projects on a pay as you go basis.

Supporting Material: Resolution

Prepared By: Nick Providenti

Reviewed By: [Signature] Date: 9/24/13
(Department Head)

Marena [Signature] ^{DCM} Date: 9/24/13
(City Manager)

[Signature] Date: 9/24/13
(District Attorney)

[Signature] Date: 9/24/13
(Finance Director)

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay
2) _____ _____

(Vote Recorded By)

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

RESOLUTION NO. _____

A RESOLUTION CONCERNING THE FINANCING OF WATER PROJECTS AND SEWER PROJECTS; DIRECTING THE CLERK TO NOTIFY THE CARSON CITY DEBT MANAGEMENT COMMISSION OF THE CITY'S PROPOSALS TO ISSUE GENERAL OBLIGATIONS THEREFOR; 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 water projects as defined in NRS 244A.056 (the "Water Project"), and to acquire, construct, improve and equip sewerage projects as defined in NRS 244A.0505 which includes drainage and flood control projects (the "Sewer Project"); and

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

WHEREAS, based on studies presented to the Board, which are attached hereto as Exhibit "B," the Board hereby determines that the Water Pledged Revenues will at least equal the amount required in each year for the payment of interest and principal on such Water Bonds and that

no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of such Water Bonds for the term thereof; and that the Sewer Pledged Revenues will at least equal the amount required in each year for the payment of interest and principal on such Sewer Bonds and that no increase in the rate of an ad valorem tax is anticipated to be necessary for the payment of such Sewer Bonds for the term thereof; (collectively, the "Findings"); and

WHEREAS, the Board proposes to incur the Water 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 WATER 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 water bonds, in one series or more, in the aggregate principal amount of not exceeding \$6,000,000 for the purpose of acquiring, constructing, improving and equipping City water projects as defined in NRS 244A.056, 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 "Water Proposal"); and

WHEREAS, the Board proposes to incur the Sewer 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 \$24,750,000 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 "Sewer 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 Findings, the Water Proposal, the Sewer Proposal, the Water Project, the Sewer Project, and the financings thereof be, and the same hereby are, ratified, approved and confirmed.

Section 2. The City Clerk be, and he hereby is, authorized and directed to notify the Secretary of the Carson City Debt Management Commission ("Commission") of the City's Water Proposal and Sewer Proposal (the "Proposals"); to submit to said Secretary a statement of the Proposals and Findings in sufficient number of copies for each member of the Commission; and to request the Commission to consider and approve the Proposals and the Findings. The Finance Director or his 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 Water Project with the proceeds of the Water Bonds, the Board hereby determines and declares as follows:

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

(b) The maximum principal amount of the Water Bonds expected to be issued to reimburse such expenditures is \$6,000,000.

Section 4. In order to permit the City to reimburse itself for prior expenditures relating to the Sewer Project with the proceeds of the Sewer Bonds, the Board hereby determines and declares as follows:

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

(b) The maximum principal amount of the Sewer Bonds expected to be issued to reimburse such expenditures is \$24,750,000.

Section 5. 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 Water Bonds and Sewer Bonds pursuant to one or more of its programs.

Section 6. 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 construed to revive any resolution, or part thereof, heretofore repealed.

Section 7. 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 8. This resolution shall become effective and be in force immediately upon its adoption.

Passed and adopted this October 3, 2013.

(SEAL)

Mayor

Attest:

City Clerk

STATE OF NEVADA)
) ss.
CARSON CITY)

I, Alan Glover, the duly chosen, qualified and acting Clerk of Carson City (the "City"), in the State of Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct, complete and compared copy of a resolution of the Board of Supervisors (the "Board") adopted at a meeting of the Board held on October 3, 2013.

2. The members of the Board voted on the resolution as follows:

Those Voting Aye:

Those Voting Nay:

Those Absent:

3. The original of the resolution has been approved and authenticated by the signatures of the Mayor of the City and myself as City Clerk and has been recorded in the minute book of the Board kept for that purpose in my office, which record has been duly signed by the officers and properly sealed.

4. All members of the Board were given due and proper notice of such meeting. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice of meeting and excerpts from the agenda for the meeting relating to the resolution, as posted no later than 9:00 a.m. on the third working day prior to the meeting on the City's website and at:

- (i) Community Center
851 East William Street
Carson City, Nevada

- (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 studies referred to in the attached resolution are attached as Exhibit "B."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City this October 3, 2013.

(SEAL)

City Clerk

EXHIBIT "A"

(Attach Copy of Notice of Meeting)

EXHIBIT "B"

(Attach Revenue Studies)

Carson City, Nevada
 General Obligation (Limited Tax)
 Water Bonds, Series 2014A
 Revenue Sufficiency Analysis

FY Ending June 30 1/	Water System Net Revenues 2/	Existing Debt Service	Proposed Bonds			Combined	
			Principal	Interest 3/	Total	Debt Service	Coverage
2014	\$5,387,075	\$5,090,421				\$5,090,421	1.058
2015	5,920,403	5,126,246	\$105,000	\$256,452	\$361,452	5,487,698	1.079
2016	6,495,934	5,077,172	235,000	235,885	470,885	5,548,057	1.171
2017	7,116,712	4,978,321	235,000	233,300	468,300	5,446,621	1.307
2018	7,785,991	4,891,571	240,000	229,775	469,775	5,361,346	1.452
2019	7,785,991	4,888,921	245,000	225,455	470,455	5,359,376	1.453
2020	7,785,991	4,891,121	250,000	219,820	469,820	5,360,941	1.452
2021	7,785,991	4,895,221	255,000	213,070	468,070	5,363,291	1.452
2022	7,785,991	4,895,668	265,000	205,165	470,165	5,365,833	1.451
2023	7,785,991	4,843,915	270,000	196,155	466,155	5,310,070	1.466
2024	7,785,991	4,849,559	280,000	186,165	466,165	5,315,724	1.465
2025	7,785,991	4,724,164	295,000	175,525	470,525	5,194,689	1.499
2026	7,785,991	4,492,835	305,000	163,430	468,430	4,961,265	1.569
2027	7,785,991	4,497,134	320,000	150,315	470,315	4,967,449	1.567
2028	7,785,991	2,621,335	330,000	135,915	465,915	3,087,250	2.522
2029	7,785,991	2,621,935	350,000	120,405	470,405	3,092,340	2.518
2030	7,785,991	2,433,452	365,000	103,605	468,605	2,902,057	2.683
2031	7,785,991	1,654,279	385,000	85,720	470,720	2,124,999	3.664
2032	7,785,991	1,658,148	400,000	66,085	466,085	2,124,233	3.665
2033	7,785,991	1,383,619	425,000	45,685	470,685	1,854,304	4.199
2034	7,785,991	1,385,660	445,000	23,585	468,585	1,854,245	4.199
2035	7,785,991	1,383,703	0	0	0	1,383,703	5.627
2036	7,785,991	1,382,583	0	0	0	1,382,583	5.631
2037	7,785,991	1,381,966	0	0	0	1,381,966	5.634
2038	7,785,991	1,381,519	0	0	0	1,381,519	5.636
2039	7,785,991	1,380,908	0	0	0	1,380,908	5.638
2040	7,785,991	1,384,635	0	0	0	1,384,635	5.623
		\$90,196,010	\$6,000,000	\$3,271,512	\$9,271,512	\$99,467,522	

1/ Payments made on July 1 are considered paid in the prior fiscal year.

2/ Includes estimated impact of rates approved by the Board of Supervisors on September 19, 2013.

3/ Interest rate estimated at 4.54%.

Carson City, Nevada
 General Obligation (Limited Tax)
 Sewer & Drainage System Bonds, Series 2014B
 Revenue Sufficiency Analysis (Sewer System)

FY Ending June 30 1/	System Net Revenues 2/	Existing Debt Service	Proposed Bonds			Combined	
			Principal	Interest 3/	Total	Debt Service	Coverage
2014	\$2,902,271	\$2,355,560				\$2,355,560	1.232
2015	3,915,444	2,062,524	\$405,000	\$978,911	\$1,383,911	3,446,435	1.136
2016	5,104,144	1,899,944	890,000	900,370	1,790,370	3,690,314	1.383
2017	6,495,643	1,477,269	900,000	890,580	1,790,580	3,267,849	1.988
2018	8,121,339	1,179,169	915,000	877,080	1,792,080	2,971,249	2.733
2019	8,121,339	728,681	930,000	860,610	1,790,610	2,519,291	3.224
2020	8,121,339	728,525	950,000	839,220	1,789,220	2,517,745	3.226
2021	8,121,339	732,612	975,000	813,570	1,788,570	2,521,182	3.221
2022	8,121,339	730,975	1,005,000	783,345	1,788,345	2,519,320	3.224
2023	8,121,339	728,425	1,040,000	749,175	1,789,175	2,517,600	3.226
2024	8,121,339	734,787	1,080,000	710,695	1,790,695	2,525,482	3.216
2025	8,121,339	441,237	1,120,000	669,655	1,789,655	2,230,892	3.640
2026	8,121,339	443,075	1,165,000	623,735	1,788,735	2,231,810	3.639
2027	8,121,339	444,487	1,215,000	573,640	1,788,640	2,233,127	3.637
2028	8,121,339	445,475	1,270,000	518,965	1,788,965	2,234,440	3.635
2029	8,121,339	441,150	1,330,000	459,275	1,789,275	2,230,425	3.641
2030	8,121,339	446,412	1,395,000	395,435	1,790,435	2,236,847	3.631
2031	8,121,339	164,500	1,465,000	327,080	1,792,080	1,956,580	4.151
2032	8,121,339	163,200	1,535,000	252,365	1,787,365	1,950,565	4.164
2033	8,121,339	0	1,615,000	174,080	1,789,080	1,789,080	4.539
2034	8,121,339	0	1,700,000	90,100	1,790,100	1,790,100	4.537
		\$16,348,008	\$22,900,000	\$12,487,886	\$35,387,886	\$51,735,894	

1/ Payments made on July 1 are considered paid in the prior fiscal year.

2/ Includes estimated impact of rates approved by the Board of Supervisors on September 19, 2013.

3/ Interest rate estimated at 4.54%.

Carson City, Nevada
 General Obligation (Limited Tax)
 Sewer & Drainage System Bonds, Series 2014B
 Revenue Sufficiency Analysis (Drainage System)

FY Ending June 30	System Net Revenues 1/	Existing Debt Service	Proposed Bonds			Combined	
			Principal	Interest 2/	Total	Debt Service	Coverage
2014	\$702,128	\$436,650				\$436,650	1.608
2015	702,128	437,538	\$0	\$90,112	\$90,112	527,649	1.331
2016	702,128	436,338	0	83,180	83,180	519,518	1.352
2017	702,128	439,738	0	83,180	83,180	522,918	1.343
2018	702,128	437,538	0	83,180	83,180	520,718	1.348
2019	702,128	439,938	0	83,180	83,180	523,118	1.342
2020	702,128	446,738	45,000	83,180	128,180	574,918	1.221
2021	702,128	447,738	100,000	81,965	181,965	629,703	1.115
2022	702,128	453,138	100,000	78,865	178,865	632,003	1.111
2023	702,128	452,738	105,000	75,465	180,465	633,203	1.109
2024	702,128	456,238	110,000	71,580	181,580	637,818	1.101
2025	702,128	463,913	115,000	67,400	182,400	646,313	1.086
2026	702,128	0	115,000	62,685	177,685	177,685	3.952
2027	702,128	0	120,000	57,740	177,740	177,740	3.950
2028	702,128	0	130,000	52,340	182,340	182,340	3.851
2029	702,128	0	135,000	46,230	181,230	181,230	3.874
2030	702,128	0	140,000	39,750	179,750	179,750	3.906
2031	702,128	0	145,000	32,890	177,890	177,890	3.947
2032	702,128	0	155,000	25,495	180,495	180,495	3.890
2033	702,128	0	165,000	17,590	182,590	182,590	3.845
2034	702,128	0	170,000	9,010	179,010	179,010	3.922
		\$5,348,238	\$1,850,000	\$1,225,017	\$3,075,017	\$8,423,254	

1/ Includes estimated impact of rates approved by the Board of Supervisors on September 19, 2013.

2/ Interest rate estimated at 4.70%.