



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 06/01/17

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 \$6,000,000; 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 \$6,000,000, 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 \$6,000,000; providing certain details in connection therewith; and providing the effective date.

Board's Strategic Goal

Sustainable Infrastructure

Previous Action

Background/Issues & Analysis

The issuance of \$6,000,000 in sewer bonds and the related capital projects were included in the FY 18 Budget and Capital Improvement Program approved by the Board on May 18, 2017.

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 \$436,000 for 20 years from the Sewer Fund

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: Bond proceeds and the related capital projects were included in the City's FY 18 Budget. Final amounts to include issuance costs and debt service will be added to the Sewer Fund Budget through a budget augmentation in FY 18.

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 \$6,000,000 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 \$6,000,000.

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 June 1, 2017.

Mayor

Attest:

City Clerk

STATE OF NEVADA)
) **ss.**
CARSON CITY)

I am the duly chosen, qualified and acting Clerk of Carson City (the “City”), in the State of Nevada, and 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 June 1, 2017.

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, the State of Nevada’s official 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 study referred to in the attached resolution is attached as Exhibit "B."

IN WITNESS WHEREOF, I have hereunto set my hand this June 1, 2017.

City Clerk

EXHIBIT "A"

(Attach Copy of Notice of Meeting)

EXHIBIT "B"

(Attach Revenue Study)

Carson City, Nevada
General Obligation (Limited Tax)
Sewer Bonds, Series 2017B
Revenue Sufficiency Analysis (Combined Sewer & Drainage)

FY Ending	Pledged	Existing	Proposed Bonds			Combined	
June 30	Revenues¹	Debt Service	Principal	Interest²	Total	Debt Service	Coverage
2017	\$7,552,469						
2018	8,795,048	\$4,182,615	\$0	\$100,000	\$100,000	\$4,282,615	2.054
2019	8,795,048	4,519,295	200,000	236,000	436,000	4,955,295	1.775
2020	8,795,048	4,289,771	210,000	227,800	437,800	4,727,571	1.860
2021	8,795,048	4,294,148	215,000	219,300	434,300	4,728,448	1.860
2022	8,795,048	4,296,798	225,000	210,500	435,500	4,732,298	1.859
2023	8,795,048	4,291,457	235,000	201,300	436,300	4,727,757	1.860
2024	8,795,048	4,299,150	245,000	191,700	436,700	4,735,850	1.857
2025	8,795,048	4,005,928	255,000	181,700	436,700	4,442,628	1.980
2026	8,795,048	3,580,090	265,000	171,300	436,300	4,016,390	2.190
2027	8,795,048	3,580,628	275,000	160,500	435,500	4,016,128	2.190
2028	8,795,048	3,579,990	285,000	149,300	434,300	4,014,290	2.191
2029	8,795,048	3,578,165	300,000	137,600	437,600	4,015,765	2.190
2030	8,795,048	3,583,100	310,000	125,400	435,400	4,018,500	2.189
2031	8,795,048	3,392,515	320,000	112,800	432,800	3,825,315	2.299
2032	8,795,048	3,298,084	335,000	99,700	434,700	3,732,784	2.356
2033	8,795,048	3,135,362	350,000	86,000	436,000	3,571,362	2.463
2034	8,795,048	3,134,778	365,000	71,700	436,700	3,571,478	2.463
2035	8,795,048	1,295,057	380,000	56,800	436,800	1,731,857	5.078
2036	8,795,048	420,857	395,000	41,300	436,300	857,157	10.261
2037	8,795,048	0	410,000	25,200	435,200	435,200	20.209
2038	8,795,048	0	425,000	8,500	433,500	433,500	20.288
2039	8,795,048	0	0	0	0	0	n/a
2040	8,795,048	0	0	0	0	0	n/a
2041	8,795,048	0	0	0	0	0	n/a
2042	8,795,048	0	0	0	0	0	n/a
		\$66,757,788	\$6,000,000	\$2,814,400	\$8,814,400	\$75,572,188	

¹ Based on the City's final 2017-18 budget.

² Interest rate estimated at 4.00%.

Carson City, Nevada
General Obligation (Limited Tax)
Sewer Bonds, Series 2017B
Revenue Sufficiency Analysis (Sewer System)

FY Ending June 30	Pledged Revenues ¹	Existing Debt Service	Proposed Bonds		Total	Combined	
			Principal	Interest ²		Debt Service	Coverage
2017	\$6,812,361						
2018	8,061,701	\$3,683,668	\$0	\$100,000	\$100,000	\$3,783,668	2.131
2019	8,061,701	4,020,203	200,000	236,000	436,000	4,456,203	1.809
2020	8,061,701	3,790,762	210,000	227,800	437,800	4,228,562	1.906
2021	8,061,701	3,795,450	215,000	219,300	434,300	4,229,750	1.906
2022	8,061,701	3,797,637	225,000	210,500	435,500	4,233,137	1.904
2023	8,061,701	3,792,087	235,000	201,300	436,300	4,228,387	1.907
2024	8,061,701	3,799,825	245,000	191,700	436,700	4,236,525	1.903
2025	8,061,701	3,506,900	255,000	181,700	436,700	3,943,600	2.044
2026	8,061,701	3,508,612	265,000	171,300	436,300	3,944,912	2.044
2027	8,061,701	3,509,150	275,000	160,500	435,500	3,944,650	2.044
2028	8,061,701	3,508,512	285,000	149,300	434,300	3,942,812	2.045
2029	8,061,701	3,506,687	300,000	137,600	437,600	3,944,287	2.044
2030	8,061,701	3,511,622	310,000	125,400	435,400	3,947,022	2.042
2031	8,061,701	3,321,037	320,000	112,800	432,800	3,753,837	2.148
2032	8,061,701	3,226,606	335,000	99,700	434,700	3,661,306	2.202
2033	8,061,701	3,063,884	350,000	86,000	436,000	3,499,884	2.303
2034	8,061,701	3,063,300	365,000	71,700	436,700	3,500,000	2.303
2035	8,061,701	1,295,057	380,000	56,800	436,800	1,731,857	4.655
2036	8,061,701	420,857	395,000	41,300	436,300	857,157	9.405
2037	8,061,701	0	410,000	25,200	435,200	435,200	18.524
2038	8,061,701	0	425,000	8,500	433,500	433,500	18.597
2039	8,061,701	0	0	0	0	0	n/a
2040	8,061,701	0	0	0	0	0	n/a
2041	8,061,701	0	0	0	0	0	n/a
2042	8,061,701	0	0	0	0	0	n/a
		\$62,121,857	\$6,000,000	\$2,814,400	\$8,814,400	\$70,936,257	

¹ Based on the City's final 2017-18 budget.

² Interest rate estimated at 4.00%.